

**VILLAGE OF LYONS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014**



Prepared by the Finance Department

VILLAGE OF LYONS, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2014

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FINANCIAL SECTION



VILLAGE OF LYONS, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees
Village of Lyons, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village of Lyons, Illinois' 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, of the assets and net position and 96 percent of the revenues/additions of the aggregate remaining fund information. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2014, 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.

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 61-65 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2015, on our consideration of the Village of Lyons, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lyons, Illinois' internal control over financial reporting and compliance.

JW & Associates, P.C.

South Chicago Heights, Illinois
August 25, 2015

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

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, 2014.

Financial Highlights

- The Village restructured its outstanding debt relating to tax increment financing districts and Tax Anticipation Warrants in December 2014. This restructuring accomplished the following objectives:
 - Restored the Village's General Fund Unassigned Fund Balance to \$1,202,596 or 13.9% of General Fund Expenditures by repaying the Tax Anticipation Warrants. This Fund Balance amount is a major improvement over the previous year's balance.
 - Converted \$9,925,000 of debt with variable interest rates and subject to tender to the Village before maturity at the option of the bond holder to fixed rate bonds. This eliminates future uncertainty about debt service payments.
 - Refunded \$1.3 million in bonds for lower interest rates and future savings in debt service.
 - Created a structure to accumulate debt service one year in advance to reduce future liquidity challenges to the Village.
 - Maximized the amount of the certificates and alternate bonds that will be paid from tax increment revenue despite the recent reduction in these revenues. The balance of the scheduled debt service will be repaid at the same level of sales taxes that the Village has committed to debt service over the past four years. Any increase in tax increment revenue would release sales taxes in the future for other Village purposes.
 - Despite the restructuring, the Village does not expect to collect its administrative costs reimbursement and credit enhancement subsidy from the tax increment funds going forward. All tax increment funds will be needed for existing commitments and debt service.
- General fund revenues increased by 2.6% in 2013 compared to 2012 or \$226,412. Property taxes in the general fund were limited by the state limitation law to an annual increase of 2.0%. The Village's share of municipal sales taxes and distribution of income taxes accounted for \$117,454 of the revenue increase. Increased revenues also resulted from the gaming tax and the newly imposed food and beverage tax of \$196,403. Offsetting revenue declines were in police tickets and ambulance service fees.
- Fiscal year 2014 reflected major progress in controlling the costs of the Village. Total General Fund spending in 2014 was reduced by \$419,560 or 4.2%. This resulted from cost controls in all departments. Most significant was the reduction in force in the police department from 30 full time officers to 15. This includes the resignation of the Police Chief and the retirement of one commander. The Village Manager has assumed the additional role as acting Police Chief. In addition, the Police Commander's Union agreed to disband at the end of 2016 with one commander committing to retire at that time and the other would be transferred to the patrol

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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force. Further, there were severance and unemployment costs associated with the reduction in force as well as increased overtime due to staffing mandates pursuant to the existing expired contract that remains in effect. However, the Village has not negotiated a final contract with the remaining police force due to a contested change in police union representation among the remaining officers. The Village expects additional savings in future years now that the severance and unemployment costs have been totally disbursed and the remaining commanders' positions sunset. Additional savings may be realized when a final contract is negotiated as work rules are rationalized and existing officers retire and are replaced with part time and/or lower paid tier 2 policemen.

- General obligation bonds, debt certificates, and alternate revenue bonds increased by \$1,203,721 from \$22,693,330 to \$23,897,051. However, short term Tax Anticipation Warrants of \$1,500,000 were retired from the proceeds of long term debt certificates. The Village is targeting the retirement of its existing debt by 2035 and has regained debt capacity for future needs.
- The actuarial funding requirement of the Village for all pension plans was \$1,391,835. Of this amount, the Village funded \$708,647 or 51% of the actuarial funding requirements to fully fund all Village pension plans by 2040 as mandated by the State of Illinois. The primary funding shortfall was in the police pension plan 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 ten years ending in 2011. Specifically, the Village has committed to increasing the police pension contributions by at least \$100,000 annually until the full annual actuarial 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 and 2014. 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 \$714,265. This deficit was funded through advances from the general and debt service funds. The Village could recoup a portion of this deficit from the ultimate sale and development of the commercial parcels, increased tax increment in TIF 3 that is adjacent and connected to TIF 4 and potential revenue sharing on future development of another quarry adjacent to the TIF District once that quarry is reclaimed in three to seven years. The Village has reserved fund balances in the funds that made the advances. Accordingly, any future write-off of the balance would have no impact on the Village's liquidity or unassigned fund balances.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

- 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 105% over five years. The Village has embarked on a \$7.9 million capital program to replace troubled water mains and water meters to reduce the water loss. In 2014, the Village implemented a rate increase for the first time since 2010 to fund the increase in wholesale water costs from the City of Chicago and the new capital program.
- 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 until the Village is no longer entitled to these revenues based on recent changes to state law. Any balance not recovered will not affect the Village's unassigned fund balances since these advances are fully reserved in each respective fund.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

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.

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

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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 2013 and 2014 Statement of Net Position for both governmental and business-type activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
ASSETS						
Current assets	5,998,370	6,630,776	632,711	1,335,172	6,631,081	7,965,948
Restricted assets	1,704,366	0	0	0	1,704,366	0
Internal balances	428,065	683,673	(428,065)	(683,673)	0	0
Other asset	74,341	192,046	0	0	74,341	192,046
Capital assets, net of depreciation	<u>34,949,026</u>	<u>34,857,309</u>	<u>3,513,090</u>	<u>4,584,934</u>	<u>38,462,116</u>	<u>39,442,243</u>
TOTAL ASSETS	<u>43,154,168</u>	<u>42,363,804</u>	<u>3,717,736</u>	<u>5,236,433</u>	<u>46,871,904</u>	<u>47,600,237</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>122,574</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,574</u>
LIABILITIES						
Accounts payable and other liabilities	2,998,166	1,349,280	226,121	1,080,464	3,224,287	2,429,744
Interest payable	279,962	93,640	0	0	279,962	93,640
Tax anticipation warrants	750,000	0	0	0	750,000	0
Current portion of long term debt	<u>1,336,024</u>	<u>1,603,781</u>	<u>0</u>	<u>0</u>	<u>1,336,024</u>	<u>1,603,781</u>
TOTAL CURRENT LIABILITIES	5,364,152	3,046,701	226,121	1,080,464	5,590,273	4,127,165
Non current liabilities	<u>27,951,200</u>	<u>29,664,923</u>	<u>0</u>	<u>1,069,873</u>	<u>27,951,200</u>	<u>30,734,796</u>
TOTAL LIABILITIES	<u>33,315,352</u>	<u>32,711,624</u>	<u>226,121</u>	<u>2,150,337</u>	<u>33,541,473</u>	<u>34,861,961</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,611,747</u>	<u>3,641,082</u>	<u>0</u>	<u>0</u>	<u>3,611,747</u>	<u>3,641,082</u>
NET ASSETS						
Invested in capital assets--net of related debt	24,120,696	24,028,979	3,513,090	4,584,934	27,633,786	28,613,913
Restricted						
Public safety	268,684	264,675	0	0	268,684	264,675
Debt service	19,608	19,608	0	0	19,608	19,608
Unrestricted	<u>(18,181,919)</u>	<u>(18,179,590)</u>	<u>(21,475)</u>	<u>(1,498,838)</u>	<u>(18,203,394)</u>	<u>(19,678,428)</u>
TOTAL NET ASSETS	<u>6,227,069</u>	<u>6,133,672</u>	<u>3,491,615</u>	<u>3,086,096</u>	<u>9,718,684</u>	<u>9,219,768</u>

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Current assets increased as the Village enhanced cash flow and repaid the Tax Anticipation Warrants with long term debt.
- Restricted assets associated with governmental activities were released and the Village had no additional responsibility in administering the funds.
- Noncurrent liabilities increased as the Village issued long term debt to repay the Tax Anticipation Warrants.
- 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 financial 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 increased 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, 2014

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>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
REVENUES						
Program Revenues:						
Charges for services	2,147,591	1,932,230	3,102,918	3,358,994	5,250,509	5,291,224
Operating grants and contributions	335,379	319,965	0	0	335,379	319,965
Capital grants and contributions	205,322	125,503	0	0	205,322	125,503
General revenues:						
Property taxes	3,541,135	3,617,583	0	0	3,541,135	3,617,583
Other taxes	4,555,659	4,827,963	0	0	4,555,659	4,827,963
Interest	599	574	54	2	653	576
Other Revenues	<u>56,611</u>	<u>100,091</u>	<u>0</u>	<u>0</u>	<u>56,611</u>	<u>100,091</u>
Total revenues	<u>10,842,296</u>	<u>10,923,909</u>	<u>3,102,972</u>	<u>3,358,996</u>	<u>13,945,268</u>	<u>14,282,905</u>
EXPENSES						
General government	1,536,145	1,729,478	0	0	1,536,145	1,729,478
Building, zoning and planning	479,751	476,145	0	0	479,751	476,145
Police	5,832,577	4,576,804	0	0	5,832,577	4,576,804
Fire and ESDA	1,211,832	1,297,779	0	0	1,211,832	1,297,779
Community development	39,880	42,304	0	0	39,880	42,304
Recreation	309,163	289,766	0	0	309,163	289,766
Public works	1,202,993	1,450,537	0	0	1,202,993	1,450,537
Interest on long-term debt	872,907	1,154,493	0	0	872,907	1,154,493
Water and sewer	0	0	2,490,297	2,960,056	2,490,297	2,960,056
Garbage	0	0	674,554	693,233	674,554	693,233
Emergency 911	<u>0</u>	<u>0</u>	<u>120,568</u>	<u>111,226</u>	<u>120,568</u>	<u>111,226</u>
Total expenses	<u>11,485,248</u>	<u>11,017,306</u>	<u>3,285,419</u>	<u>3,764,515</u>	<u>14,770,667</u>	<u>14,781,821</u>
Change in Net Assets before Transfers	(642,952)	(93,397)	(182,447)	(405,519)	(825,399)	(498,916)
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets before Transfers	(642,952)	(93,397)	(182,447)	(405,519)	(825,399)	(498,916)
NET ASSETS--						
BEGINNING AS RESTATED	<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>
NET ASSETS--ENDING	<u>6,227,069</u>	<u>6,133,672</u>	<u>3,491,615</u>	<u>3,086,096</u>	<u>9,718,684</u>	<u>9,219,768</u>

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

- Governmental activities charges for services decreased as increase in nuisance fees were offset by reduced traffic and parking revenue. Also, the Village charges 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, 2014

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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 have forced the Village to look for economies as they proceed with the ongoing operations.
 - Business-type activities maintained stable operations. The Village increased water rates to offset the increased rates in water purchases and capital costs to improve the system.

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	1,729,478	911,845	53%
Building, zoning and planning	476,145	214,452	45%
Police	4,576,804	550,241	12%
Fire and ESDA	1,297,779	242,081	19%
Community development	42,304	-	0%
Recreation	289,766	12,076	4%
Public works	1,450,537	447,003	31%

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

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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 2014 were beyond the Village's control, there was not a systematic plan to address these variances to prevent significant deficit spending. The Village implemented such a plan in 2014 resulting in a reduction of its annual General Fund operating deficit measured in net change in fund balance excluding bond proceeds to repay the Tax Anticipation Warrant to \$359,704 compared to a comparable General Fund deficit in 2013 of \$1,050,985 excluding transfers from other funds. The 2014 deficit resulted from severance costs associated with the reduction in the police force and unnecessary overtime payments to current policemen due to outdated contract work rules. The Village intends to continue its budgetary control and has budgeted improved operations in 2015.

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

	<u>Amount</u>	<u>Percent of Total</u>
Property Taxes	\$2,893,542	32.42%
Sales Taxes	1,439,266	16.13%
Utility Taxes	865,854	9.70%
State Income Taxes	1,041,844	11.67%
Other Taxes	<u>597,799</u>	<u>6.70%</u>
Subtotal	6,838,305	76.63%
Licences and Permits	486,190	5.45%
Intergovernmental	57,692	0.65%
Charges for Services	462,719	5.20%
Fines and Forfeits	643,181	7.21%
Investment Earnings	495	0.01%
Quarry Royalties	411,267	4.61%
Other	<u>25,449</u>	<u>0.27%</u>
	<u>\$8,925,298</u>	<u>100.03%</u>

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 ten year period ending in 2011 to meet the actuarial funding requirement as funds were diverted to pay for the increased cost of

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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.

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 the new gaming and food and beverage taxes and the increase in general sales taxes.
- Total general fund expenditures were slightly under budget by \$45,979. More impressive, 2014 spending was \$419,560 under 2013 spending levels. The most significant reduction was in the Police Department that reduced spending by \$826,721 or 16.7% even with a \$100,000 increase in pension funding.

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. In connection with the bond restructuring in 2014, the Village addressed liquidity challenges by eliminating the need to advance fund January 1 debt service from the General Fund. 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 State grants in 2014. 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

VILLAGE OF LYONS

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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.

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 future construction activity in metropolitan Chicago, this quarry is estimated to be filled within three to seven years. At that point, the Village becomes owner of the quarry land and can develop that land for other uses.

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 \$10,035,000 of direct tax supported debt. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$5,360,000 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 \$4,675,000 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 \$793,330 in 2014 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. Originally, this debt consisted of Alternate Revenue bonds and Debt Certificates with a general obligation credit support. Further, the timing of the debt payments on the Tax Increment Debt was the major reason that the Village had to borrow the Tax Anticipation Warrants. Accordingly, the 2014 Alternate Revenue Bonds and 2014 Debt Certificates totaling \$12,680,000 were deemed to replace the bonds and debt certificates previously identified as Tax Increment Supported debt totaling \$12,500,000 in 2013. Due to reduced assessed valuations, the projected incremental taxes are lower than in 2010 when most of this debt was issued. Accordingly, unless the assessments increase with a corresponding increase in incremental revenues, a portion of this debt will be funded through the Village's sales taxes. This resulted in the extension of the final maturity of the debt to 2035. The details of the Tax Increment Debt are outlined on pages 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 previously repaid at the end of the 2011. The Village faces major challenges to upgrade keeping its water infrastructure to comply with current industry 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 and not sold to customers. However, compliance is more critical due to water treaties

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involving the use of Lake Michigan water. The Village has begun a capital program to address water mains and meters through a low interest Illinois Environmental Protection Agency loans for \$7.9 million.

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 primary expenditure of funds that needed to be paid was the principal and interest on the Village's TIF debt certificates. The Village issued debt certificates in 2014 that provided funds to repay the outstanding Tax Anticipation Warrant. The Village did not need additional cash flow borrowings since repaying the warrants.

By refunding debt certificates with alternate revenue bonds, the Village reduced the debt subject to its debt limit. Accordingly, the Village has flexibility to issue additional debt including General Obligation Debt.

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. In December 2014, the Village's debt was downgraded to A- due to the limited amount of unrestricted fund balance. 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 had three historical main sources of funding. First, periodic grants from state and Federal sources primarily the Community Development Block Grant program administered by Cook County have funded most recent street repairs. Funds from the operating budget have supplemented these programs in certain years.

Second, the Village has funded infrastructure from debt. The debt includes general obligation bonds, limited tax bonds, installment contracts, and tax increment bonds including alternate revenue bonds that are secured by a revenue source and general property taxes. Since the Village had maximized its borrowing by 2010, there is little opportunity to borrow additional funds from existing revenues to fund infrastructure.

Third, the Village's water fund has historically set aside a portion of its water revenue to fund capital costs. Even though the water fund debt was repaid in 2011, there is little capacity to issue additional bonds since the wholesale rate that the Village purchases water has increased dramatically since 2010.

Since the Village like most governments are facing significant challenges to restore infrastructure, additional funding sources were needed. In April 2014, the Village passed a referendum authorizing a 1% non-home rule sales tax. Subject to achieving and maintaining structurally balanced budgets, the

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December 31, 2014

funds from this tax along with the newly implemented food and beverage tax and video gaming tax are to be dedicated to infrastructure work in the Village. This should provide approximately \$1 million annually for capital programs. Further, the Village also approved an ordinance in July 2014 giving notice of the intent to issue up to \$5 million in alternate revenue bonds secured by this tax to accelerate projects.

The second initiative was an increase in water rates to fund improvements to the water system to address the aging distribution system and replace water meters. To accelerate projects, the Village obtained a loan from the Illinois Environmental Protection Agency of \$7.9 million to fund the first phase of these projects.

The Village's major capital expenditures in 2014 were water main replacement and street repairs. Since the Village has a substantial amount of resources, coming in the near term, a concerted plan is being developed to prioritize spending through a Capital Improvement Plan. This framework should be outlined in connection with the issuance of bonds later in 2015.

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, 2014

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and cash equivalents	\$ 1,899,193	\$ 7,526	\$ 1,906,719
Receivables	4,731,583	1,327,646	6,059,229
Internal balances	683,673	(683,673)	-
Prepaid expenses	167,046	-	167,046
Assets held for resale	25,000	-	25,000
Capital assets not being depreciated			
Land	15,018,479	91,021	15,109,500
Construction in progress	-	1,261,107	1,261,107
Capital assets, net of accumulated depreciation			
Buildings and improvements	16,581,653	178,061	16,759,714
Vehicles and equipment	468,121	43,669	511,790
Infrastructure	2,789,056	3,011,076	5,800,132
Total assets	<u>42,363,804</u>	<u>5,236,433</u>	<u>47,600,237</u>
Deferred Outflow of Resources			
Call premium on refunded debt	122,574	-	122,574
Total deferred inflows of resources	<u>122,574</u>	<u>-</u>	<u>122,574</u>
Liabilities			
Accounts payable and other current liabilities	1,345,048	1,080,464	2,425,512
Accrued interest payable	93,640	-	93,640
Due to pension funds	4,232	-	4,232
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	167,113	-	167,113
Bonds, notes and other debts	1,400,000	-	1,400,000
Due in more than one year			
Net pension obligations	5,300,108	-	5,300,108
Other post-employment benefit obligation	1,235,979	-	1,235,979
Accrued compensated absences	668,453	-	668,453
Bonds, notes and other debts	22,497,051	1,069,873	23,566,924
Total liabilities	<u>32,711,624</u>	<u>2,150,337</u>	<u>34,861,961</u>
Deferred Inflows of Resources			
Unearned revenues	3,641,082	-	3,641,082
Total deferred inflows of resources	<u>3,641,082</u>	<u>-</u>	<u>3,641,082</u>
Net Position			
Invested in capital assets, net of related debt	24,028,979	3,515,061	27,544,040
Restricted for			
Public safety	264,675	-	264,675
Debt service	19,608	-	19,608
Unrestricted	(18,179,590)	(428,965)	(18,608,555)
Total net position	<u>\$ 6,133,672</u>	<u>\$ 3,086,096</u>	<u>\$ 9,219,768</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 1,729,478	\$ 911,845	\$ -	\$ -	\$ (817,633)	\$ -	\$ (817,633)	
Building, planning and zoning	476,145	214,452	-	-	(261,693)	-	(261,693)	
Police protection	4,576,804	544,048	6,193	-	(4,026,563)	-	(4,026,563)	
Fire protection and ESDA	1,297,779	242,081	-	-	(1,055,698)	-	(1,055,698)	
Community development	42,304	-	-	-	(42,304)	-	(42,304)	
Recreation	289,766	12,076	-	-	(277,690)	-	(277,690)	
Public works	1,450,537	7,728	313,772	125,503	(1,003,534)	-	(1,003,534)	
Interest and issuance costs	1,154,493	-	-	-	(1,154,493)	-	(1,154,493)	
Total government activities	11,017,306	1,932,230	319,965	125,503	(8,639,608)	-	(8,639,608)	
Business-Type Activities								
Water and Sewer	2,960,056	2,630,996	-	-	-	(329,060)	(329,060)	
Garbage	693,233	638,645	-	-	-	(54,588)	(54,588)	
Emergency 911	111,226	89,353	-	-	-	(21,873)	(21,873)	
Total business-type activities	3,764,515	3,358,994	-	-	-	(405,521)	(405,521)	
Total primary government	\$ 14,781,821	\$ 5,291,224	\$ 319,965	\$ 125,503	(8,639,608)	(405,521)	(9,045,129)	
General Revenues and Transfers								
Property taxes					3,617,583	-	3,617,583	
Property taxes - incremental					883,200	-	883,200	
Sales taxes					1,439,266	-	1,439,266	
State income tax					1,041,844	-	1,041,844	
Utility taxes					865,854	-	865,854	
Other taxes					597,799	-	597,799	
Unrestricted investment earnings					574	2	576	
Sale of Village assets					1,058	-	1,058	
Other income					99,033	-	99,033	
Total general revenues and transfers					8,546,211	2	8,546,213	
Change in Net Position					(93,397)	(405,519)	(498,916)	
Net Position - Beginning of Year					6,227,069	3,491,615	9,718,684	
Net Position - End of Year					\$ 6,133,672	\$ 3,086,096	\$ 9,219,768	

VILLAGE OF LYONS, ILLINOIS
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 972,185	\$ 32,910	\$ 719,281	\$ 174,817	\$ 1,899,193
Receivables					
Property taxes	2,941,910	-	658,938	-	3,600,848
Accounts	1	-	-	27,018	27,019
Other taxes	933,582	-	-	-	933,582
Grant receivable	-	-	-	100,000	100,000
Other receivables	70,134	-	-	-	70,134
Prepaid items	122,630	-	-	44,416	167,046
Assets held for resale	25,000	-	-	-	25,000
Due from other funds	409,775	-	-	-	409,775
Advance from other funds	498,032	-	356,299	215,068	1,069,399
Total assets	<u>\$ 5,973,249</u>	<u>\$ 32,910</u>	<u>\$ 1,734,518</u>	<u>\$ 561,319</u>	<u>\$ 8,301,996</u>
Liabilities					
Accounts payable	\$ 311,886	\$ -	\$ -	\$ 378,096	\$ 689,982
Accrued payroll	135,488	-	-	-	135,488
Other liabilities	519,578	-	-	-	519,578
Due to other funds	4,232	-	-	72,469	76,701
Advance from other funds	-	723,032	-	-	723,032
Total liabilities	<u>971,184</u>	<u>723,032</u>	<u>-</u>	<u>450,565</u>	<u>2,144,781</u>
Deferred Inflows of Resources					
Unearned revenue	<u>2,914,132</u>	<u>-</u>	<u>651,950</u>	<u>75,000</u>	<u>3,641,082</u>
Total deferred inflows of resources	<u>2,914,132</u>	<u>-</u>	<u>651,950</u>	<u>75,000</u>	<u>3,641,082</u>
Fund Balances					
Nonspendable					
Prepaid items	122,630	-	-	44,416	167,046
Assets held for resale	25,000	-	-	-	25,000
Long-term interfund advances	498,032	-	356,299	215,068	1,069,399
Restricted					
Public safety	264,675	-	-	-	264,675
Debt service	-	-	726,269	-	726,269
Unassigned	<u>1,202,596</u>	<u>(690,122)</u>	<u>-</u>	<u>(223,730)</u>	<u>288,744</u>
Total fund balances	<u>2,087,933</u>	<u>(690,122)</u>	<u>1,082,568</u>	<u>35,754</u>	<u>2,516,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,973,249</u>	<u>\$ 32,910</u>	<u>\$ 1,734,518</u>	<u>\$ 561,319</u>	<u>\$ 8,301,996</u>

VILLAGE OF LYONS, ILLINOIS
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total fund balances - governmental funds	\$ 2,516,133
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.	34,857,309
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	(5,360,000)
Tax supported debt - Debt certificate	(6,190,000)
TIF supported debt - G.O. bonds (Repaid with Alternate Revenue Sources)	(12,347,051)
Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Position.	(93,640)
Accrued compensated absences are reported in the Statement of Net Position, but are not included in the fund financial statements.	(835,566)
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.	(5,300,108)
The difference between the reacquisition price and the net carrying amount of refunded debt is a deferred outflow of resources in the government-wide statements but is an expenditure in the funds.	122,574
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.	<u>(1,235,979)</u>
Net position of governmental activities	<u><u>\$ 6,133,672</u></u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 2,893,542	\$ -	\$ 724,041	\$ -	\$ 3,617,583
Incremental property taxes	-	883,200	-	-	883,200
Sales	1,439,266	-	-	-	1,439,266
Utility	865,854	-	-	-	865,854
State income tax allocation	1,041,844	-	-	-	1,041,844
Other taxes	597,799	-	-	-	597,799
License and permits	486,190	-	-	-	486,190
Intergovernmental	57,692	-	-	265,788	323,480
Charges for services	462,719	-	-	-	462,719
Fines and forfeitures	643,181	-	-	-	643,181
Investment earnings	495	61	-	18	574
Royalties	411,267	-	-	-	411,267
Other revenue	25,449	-	-	125,503	150,952
Total revenues	<u>8,925,298</u>	<u>883,261</u>	<u>724,041</u>	<u>391,309</u>	<u>10,923,909</u>
Expenditures					
Current					
General government	1,330,033	-	-	-	1,330,033
Building, planning and zoning	517,305	-	-	-	517,305
Police protection	4,139,496	-	-	-	4,139,496
Fire protection and ESDA	1,270,039	-	-	-	1,270,039
Community development	-	42,304	-	-	42,304
Recreation	289,766	-	-	-	289,766
Public works	928,457	-	-	-	928,457
Capital outlays	148,782	-	-	552,305	701,087
Debt service					
Principal payments	-	660,000	11,998,330	-	12,658,330
Interest and fiscal charges	51,771	333,646	781,542	-	1,166,959
Debt issuance costs	-	-	296,430	-	296,430
Total expenditures	<u>8,675,649</u>	<u>1,035,950</u>	<u>13,076,302</u>	<u>552,305</u>	<u>23,340,206</u>
Excess (Deficiency) of Revenues over Expenditures	<u>249,649</u>	<u>(152,689)</u>	<u>(12,352,261)</u>	<u>(160,996)</u>	<u>(12,416,297)</u>
Other Financing Sources (Uses)					
Bond proceeds	-	-	12,680,000	-	12,680,000
Premium on bonds	-	-	1,213,991	-	1,213,991
Discount on bonds	-	-	(31,940)	-	(31,940)
Transfers in	1,551,771	-	747,670	-	2,299,441
Transfers out	(609,353)	(138,317)	(1,551,771)	-	(2,299,441)
Total other financing sources (uses)	<u>942,418</u>	<u>(138,317)</u>	<u>13,057,950</u>	<u>-</u>	<u>13,862,051</u>
Net Change in Fund Balances	<u>1,192,067</u>	<u>(291,006)</u>	<u>705,689</u>	<u>(160,996)</u>	<u>1,445,754</u>
Fund Balances - Beginning of Year	<u>895,866</u>	<u>(399,116)</u>	<u>376,879</u>	<u>196,750</u>	<u>1,070,379</u>
Fund Balances - End of Year	<u>\$ 2,087,933</u>	<u>\$ (690,122)</u>	<u>\$ 1,082,568</u>	<u>\$ 35,754</u>	<u>\$ 2,516,133</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, 2014

Net change in fund balances - total governmental funds	\$	1,445,754
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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 \$370,033 exceeded capital asset additions of \$ 278,316 in the current period.		(91,717)
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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		12,658,330

Interest on long-term bonds is shown as a fund expenditure when paid, but is accrued in the Statement of Activities.		186,322
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The issuance of long-term debt is shown as an other financing source in the governmental funds but the principal outstanding is shown as a long-term liability.		(12,680,000)
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Governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are unavailable and amortized in the statement of activities.		(1,182,051)
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The difference between the reacquisition price and the net carrying amount of refunded debt is a deferred outflow of resources in the government-wide statements but is an expenditure in the funds		122,574
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Changes in non-current compensated absences (decrease of \$287,196), net pension obligations (increase of \$684,071), and other post-retirement benefits (increase of \$158,723) are not reported as expenditures in the fund statements, but are recorded in the Statement of Activities.		(552,609)
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Change in net position of governmental activities	\$	(93,397)
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Water and Sewer	Garbage	Emergency 911	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ 7,526	\$ 7,526
Accounts receivable (net of allowance)	543,449	121,177	-	664,626
IEPA Receivable	663,020	-	-	663,020
Due from other funds	108,202	-	-	108,202
Total current assets	<u>1,314,671</u>	<u>121,177</u>	<u>7,526</u>	<u>1,443,374</u>
Capital assets				
Non-depreciable	1,352,128	-	-	1,352,128
Depreciable	5,771,192	-	499,371	6,270,563
Less accumulated depreciation	<u>(2,538,386)</u>	<u>-</u>	<u>(499,371)</u>	<u>(3,037,757)</u>
Total capital assets, net of accumulated depreciation	<u>4,584,934</u>	<u>-</u>	<u>-</u>	<u>4,584,934</u>
Total assets	<u>\$ 5,899,605</u>	<u>\$ 121,177</u>	<u>\$ 7,526</u>	<u>\$ 6,028,308</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,049,497	\$ 30,967	\$ -	\$ 1,080,464
Due to other funds	254,292	191,216	-	445,508
Advance to other funds	<u>-</u>	<u>-</u>	<u>346,367</u>	<u>346,367</u>
Total current liabilities	<u>1,303,789</u>	<u>222,183</u>	<u>346,367</u>	<u>1,872,339</u>
Noncurrent liabilities				
IEPA loan payable	<u>1,069,873</u>	<u>-</u>	<u>-</u>	<u>1,069,873</u>
Total noncurrent liabilities	<u>1,069,873</u>	<u>-</u>	<u>-</u>	<u>1,069,873</u>
Total liabilities	<u>2,373,662</u>	<u>222,183</u>	<u>346,367</u>	<u>2,942,212</u>
Net Position				
Investment in capital assets, net of related debt	3,515,061	-	-	3,515,061
Unrestricted	<u>10,882</u>	<u>(101,006)</u>	<u>(338,841)</u>	<u>(428,965)</u>
Total net position	<u>3,525,943</u>	<u>(101,006)</u>	<u>(338,841)</u>	<u>3,086,096</u>
Total liabilities and net position	<u>\$ 5,899,605</u>	<u>\$ 121,177</u>	<u>\$ 7,526</u>	<u>\$ 6,028,308</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer	Garbage	Emergency 911	Total
Operating Revenues				
Charges for sales and services	\$ 2,630,996	\$ 638,645	\$ 89,353	\$ 3,358,994
Operating Expenses				
Administration	395,000	115,000	-	510,000
Operations	2,476,872	578,233	10,147	3,065,252
Depreciation and amortization	88,184	-	101,079	189,263
Total operating expenses	2,960,056	693,233	111,226	3,764,515
Operating income (loss)	(329,060)	(54,588)	(21,873)	(405,521)
Nonoperating Revenues (Expenses)				
Investment earnings	-	-	2	2
Total nonoperating revenues (expenses)	-	-	2	2
Income (Loss) Before Transfers	(329,060)	(54,588)	(21,871)	(405,519)
Change in Net Position	(329,060)	(54,588)	(21,871)	(405,519)
Net Position - Beginning of Year	3,855,003	(46,418)	(316,970)	3,491,615
Net Position - End of Year	\$ 3,525,943	\$ (101,006)	\$ (338,841)	\$ 3,086,096

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer	Garbage	Emergency 911	Total
Cash Flows from Operating Activities				
Received from customers and users	\$ 2,518,284	\$ 638,868	\$ 89,353	\$ 3,246,505
Payments to suppliers	(1,325,578)	(605,184)	(10,147)	(1,940,909)
Payments for interfund services	(665,000)	(115,000)	-	(780,000)
Net cash provided by (used for) operating activities	<u>527,706</u>	<u>(81,316)</u>	<u>79,206</u>	<u>525,596</u>
Cash Flows from Noncapital Financing Activities				
Change in interfund receivables/payables	254,292	81,316	(80,000)	255,608
Net cash provided by financing activities	<u>254,292</u>	<u>81,316</u>	<u>(80,000)</u>	<u>255,608</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction (sale) of capital assets	(1,261,107)	-	-	(1,261,107)
Loan proceeds	406,853	-	-	406,853
Net cash used for capital and related financing activities	<u>(854,254)</u>	<u>-</u>	<u>-</u>	<u>(854,254)</u>
Cash Flows from Investing Activities				
Interest received	-	-	2	2
Net Change in Cash and Cash Equivalents	<u>(72,256)</u>	<u>-</u>	<u>(792)</u>	<u>(73,048)</u>
Cash and Cash Equivalents- Beginning of Year	<u>72,256</u>	<u>-</u>	<u>8,318</u>	<u>80,574</u>
Cash and Cash Equivalents- End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,526</u>	<u>\$ 7,526</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ (329,060)	\$ (54,588)	\$ (21,873)	\$ (405,521)
Adjustments to reconcile operating activities to net cash provided (used) by operating activities:				
Depreciation and amortization	88,184	-	101,079	189,263
Bad debt expense	7,656	(362)	-	7,294
Change in accounts receivable	(120,368)	585	-	(119,783)
Change in accounts payable	881,294	(26,951)	-	854,343
Total adjustments	<u>856,766</u>	<u>(26,728)</u>	<u>101,079</u>	<u>931,117</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 527,706</u>	<u>\$ (81,316)</u>	<u>\$ 79,206</u>	<u>\$ 525,596</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2014

Assets

Cash and cash equivalents	\$	238,613
Interest receivable		38,384
Due from general fund		4,232
Investments, at fair value		
U.S. governmental agencies securities		1,266,683
State and local government securities		569,626
Corporate bonds		1,624,875
Mutual funds and equities		6,989,924
Total assets		<u>10,732,337</u>

Liabilities

Due to general fund		<u>246</u>
Net Position Held in Trust for Pension Benefits	\$	<u>10,732,091</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Additions

Contributions	
Employer	\$ 491,795
Plan members	149,617
Total contributions	<u>641,412</u>
Investment Income	
Interest earned	126,422
Net appreciation in	
Fair value of investments	622,682
Less investment expense	<u>(41,225)</u>
Net investment earnings	<u>707,879</u>
Total additions	<u>1,349,291</u>

Deductions

Administration	40,960
Benefits and refunds	<u>1,505,838</u>
Total deductions	<u>1,546,798</u>

Change in Net Position	<u>(197,507)</u>
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Net Position Held in Trust for Pension Benefits

Beginning of Year	<u>10,929,598</u>
End of Year	<u><u>\$ 10,732,091</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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. The District adheres to 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 Village does not have any component units.

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, 2014

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, 2014

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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, 2014, 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, 2014, 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, 2014

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 2014 are levied in December 2013 and attach as an enforceable lien on the property on January 1, 2014. Tax bills are prepared by the County and issued on or about February 1, 2014 and July 1, 2014 and are payable in two installments on or about March 1, 2014 and August 1, 2014. 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, 2014

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

As of December 31, 2014, the following funds had deficit fund balances:

	<u>Deficit</u>
Proprietary Fund- Emergency 911	\$ 338,841
Economic Development	690,122
Proprietary Fund - Garbage	101,006

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 six years ago. However, the initial surcharge revenue was not sufficient to repay the costs incurred including the lease of the equipment. 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. Recently passed state legislation mandates that the Village either recruit other communities to join the Village's system or the Village would need to outsource the services.

The Economic Development Fund deficit is 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 advance to the TIF 4 fund with a corresponding reservation of fund balance in each respective fund. After the TIF debt restructuring in 2014, there remains a shortfall of TIF revenue to fund outstanding debt that takes priority over repaying these advances. Unless there is a significant new source of revenue available to TIF 4, the balance will need to be repaid from other Village sources.

The Garbage Fund deficit partially resulted from disputed dumping costs being negotiated with the Village's previous contractor. In 2015, the Village assumed the operation of garbage collection in the public works department with the expectation to reduce costs. After one year, the Village will evaluate user fees for the on-going operation of the fund and address any remaining deficit including the existing amount and any settlement of the disputed dumping costs.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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 .016% at December 31, 2014. 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, 2014, the Village held \$163,295 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 .00% at December 31, 2014. 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, 2014, the Village held \$7,932 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 \$273,784 at December 31, 2014.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Village's cash and cash equivalents were invested as follows at December 31, 2014:

Cash on Hand	\$	4,594
Bank Accounts		1,457,114
Money Market Funds		
Illinois Funds		163,295
IMET		7,932
Goldman Financial Square		<u>273,784</u>
Total Money Market Funds		<u>445,011</u>
Total Cash and Cash Equivalent	\$	<u>1,906,719</u>

At year end the carrying amount of the Village's deposits totaled \$1,906,719 and the bank balance was \$2,317,521. 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, 2014, 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. Agencies	\$ 1,266,683	\$ 104,408	\$ 423,656	\$ 733,970	\$ 4,649
Corporate Bonds	1,624,875	50,064	1,149,141	425,670	-
State and Local Obligations	569,626	-	246,726	322,900	-
	<u>\$ 3,461,184</u>	<u>\$ 154,472</u>	<u>\$ 1,819,523</u>	<u>\$ 1,482,540</u>	<u>\$ 4,649</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, 3% were rated AAA, 7% were rated AA-, 50% were rated A, 21% were rated A-, 9% were rated BBB+, 7% were BBB, and 3% were not rated.. For the State and Local Obligations, 32% were rated AA+ and 68% were not rated.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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
Large-Cap Equity Funds	\$ 2,582,183	66%
Mid-Cap Equity Funds	319,172	8%
Small-Cap Equity Funds	149,584	4%
International Equity Funds	<u>874,187</u>	22%
	<u>\$ 3,925,126</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, 2014

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014 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	278,316	-	18,183,077
Vehicles and Equipment	2,485,895	-	30,000	2,455,895
Infrastructure	4,106,533	-	-	4,106,533
Total Capital Assets Being Depreciated	24,497,189	278,316	30,000	24,745,505
Less Accumulated Depreciation for				
Buildings And Improvements	1,345,995	255,429	-	1,601,424
Vehicles and Equipment	1,945,102	72,672	30,000	1,987,774
Infrastructure	1,275,545	41,932	-	1,317,477
Total Accumulated Depreciation	4,566,642	370,033	30,000	4,906,675
Total Capital Assets Being Depreciated, Net	19,930,547	(91,717)	-	19,838,830
Governmental Activities Capital Assets, Net	\$ 34,949,026	\$ (91,717)	\$ -	\$34,857,309

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

General Government	\$ 238,826
Building, Planning and Zoning	840
Police Protection	49,110
Fire Protection and ESDA	23,948
Public Works	57,309
	<u>\$ 370,033</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 4- CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 91,021	\$ -	\$ -	\$ 91,021
Construction in Progress	-	1,261,107	-	1,261,107
Total Capital Assets Not Being Depreciated	91,021	1,261,107	-	1,352,128
Capital Assets Being Depreciated				
Buildings and Improvements	280,609	-	-	280,609
Vehicles and Equipment	689,606	-	-	689,606
Infrastructure	5,300,348	-	-	5,300,348
Total Capital Assets Being Depreciated	6,270,563	-	-	6,270,563
Less Accumulated Depreciation for				
Buildings And Improvements	97,871	4,677	-	102,548
Vehicles and Equipment	528,516	117,420	-	645,936
Infrastructure	2,222,107	67,166	-	2,289,273
Total Accumulated Depreciation	2,848,494	189,263	-	3,037,757
Total Capital Assets Being Depreciated, Net	3,422,069	(189,263)	-	3,232,806
Business-Type Activities				
Capital Assets, Net	\$ 3,513,090	\$1,071,844	\$ -	\$4,584,934

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

Water and Sewer	\$ 88,184
Emergency 911	101,079
	<u>\$ 189,263</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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, 2014 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	\$ 4,232
General	Capital Improvement	72,469
General	Water/Sewer	254,292
General	Garbage	83,014
Water and Sewer	Garbage	\$ 108,202

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	\$ 498,032
Debt Service	Economic Development	225,000
Debt Service	Emergency 911	131,299
Capital Improvement	Emergency 911	215,068
		\$ 1,069,399

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 6 - INTERFUND DISCLOSURES (Continued)

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.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Debt Service	<u>\$1,551,771</u>
Economic Development	Economic Development	<u>180,000</u>
Debt Service	General	609,353
	Economic Development	<u>138,317</u>
		747,670
		<u><u>\$2,479,441</u></u>

Transfers to the Debt Service Fund from the Economic Development Fund consist of the following:

TIF District #1	\$ 36,488
TIF District #2	<u>101,829</u>
	<u><u>\$ 138,317</u></u>

The following summarizes the transfers in 2014:

- Transfer from the Debt Service Fund to the General Fund represents proceeds from the 2014 Debt Certificates that were used to repay the outstanding Tax Anticipation Warrants, a General Fund liability.
- Transfers within the Economic Development Fund are from TIF District 3 to TIF District 4 to fund a portion of the TIF District 4 debt service payments since they are coterminous TIFs.
- Transfer from the General Fund to the Debt Service Fund is for debt service on debt certificates that do not have a dedicated revenue stream such as property taxes.
- Transfers from the Economic Development Fund to the Debt Service Fund represent remaining cash balances held by the bond paying agent after repayment of the outstanding bonds in TIF Districts #1 and #2. These funds will be used to pay future debt service on the Debt Certificates and the Alternate Bonds relating to these TIF Districts

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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	\$ 10,828,330	\$ 1,515,000	\$ 793,330	\$ 11,550,000	\$ 1,400,000
Tax Increment Debt	11,865,000	-	11,865,000	-	-
Alternate Revenue Debt	-	12,347,051	-	12,347,051	-
Net Pension Obligations	4,616,037	684,071	-	5,300,108	-
Compensated Absences	1,125,751	-	290,185	835,566	167,113
Other Post-Employment Benefits Obligation	1,077,256	158,723	-	1,235,979	-
Total Governmental Activities Long-Term Liabilities	29,512,374	14,704,845	12,948,515	31,268,704	1,567,113
Business-Type Activities					
IEPA Loan	-	1,069,873	-	1,069,873	-
Total Business-Type Activities Long-Term Liabilities	-	1,069,873	-	1,069,873	-
Total Long-Term Liabilities	\$ 29,512,374	\$ 15,774,718	\$ 12,948,515	\$ 32,338,577	\$ 1,567,113

Current Year Issuances

On December 17, 2014, the Village issued three separate debt issuances: \$1,515,000 General Obligation Limited Tax Debt Certificates, Series 2014 ("the Debt Certificates"); \$3,760,000 General Obligation Bonds (Alternate Revenue Source), Series 2014A ("Series 2014A Bonds"); and \$7,405,000 General Obligation Bonds (Alternate Revenue Source), Series 2014B ("Series 2014 B Bonds"). The purpose of the bonds was to currently refund outstanding debt and to pay issuance costs. The Debt Certificates refunded Tax Anticipation Warrants, Series 2014. The Series 2014A bonds refunded the Series 2002, Series 2003A, Series 2010A and Series 2010B bonds as noted in the TIF Supported Debt section of this note. The Series 2014B bonds refunded the Series 2010C, Series 2010D, and Series 2012 bonds which are also noted in the TIF Support Debt section. With premiums and discounts, the total amount of all three issuances was \$13,862,051. As a result of the issuances, a call premium of \$122,574 has been recorded as a deferred outflow of resources in the governmental activities of the Statement of Net Position. The Village has also pledged incremental tax revenues and sales taxes to support repayment of the Debt Certificates. For the Series 2014A and Series 2014B bonds, the Village is to pay principal and interest from pledged revenues consisting of incremental tax revenue and sales taxes as well as pledged taxes consisting of ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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	Additions	Reductions	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.	\$ 5,115,000	\$ -	\$ 300,000	\$ 4,815,000	\$ 315,000
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.	645,000	-	100,000	545,000	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.	3,340,000	-	180,000	3,160,000	190,000
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.	1,595,000	-	80,000	1,515,000	80,000
Debt Certificates of 2014, due in annual installments of \$715,000 to \$800,000 plus interest at 4.00% to 5.00% through December 1, 2016.	-	1,515,000	-	1,515,000	715,000
Land Loan of 2007, due in monthly installments of \$3,178 including principal and interest at 6.25% through January 1, 2015.	39,831	-	39,831	-	-
Fire Truck Loan of 2007, due in quarterly installments of \$19,373 including principal and interest at 4.70% through February 8, 2015.	93,499	-	93,499	-	-
	<u>\$10,828,330</u>	<u>\$ 1,515,000</u>	<u>\$ 793,330</u>	<u>\$11,550,000</u>	<u>\$1,400,000</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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

	Funding Source	Ending Balances	Additions	Reductions	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	\$ 555,000	\$ -	\$ 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	2,030,000	-	2,030,000	-	-
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	820,000	-	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	2,390,000	-	2,390,000	-	-
	TIF #2	450,000	-	450,000	-	-
	TIF #3	2,835,000	-	2,835,000	-	-
	TIF #4	2,785,000	-	2,785,000	-	-
		<u>\$12,500,000</u>	<u>\$ -</u>	<u>\$11,865,000</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 7 - LONG-TERM DEBT (Continued)**General Obligation Bonds (Alternate Revenue Supported Debt)**

	Ending Balances	Additions	Reductions	Ending Balances	Due Within One Year
General Obligations Bonds (Alternate Revenue Source) Series 2014A, due in annual installments of \$500,000 at 5.0% through December 1, 2024	\$ -	\$ 3,760,000	\$ -	\$ 3,760,000	\$ -
General Obligation Bonds (Alertnate Revenue Source) Series 2014B, due in annual installments of \$210,000 to \$610,000 plus interest at 3.0% to 5.0% through December 1, 2035.	-	7,405,000	-	7,405,000	-
Premium on debt	-	1,213,991	-	1,213,991	-
Discount on debt	-	(31,940)	-	(31,940)	-
	\$ -	\$ 12,347,051	\$ -	\$ 12,347,051	\$ -

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	Additions	Reductions	Ending Balances	Due Within One Year
IEPA Loan, due in semi-annual installments including interest at 1.955% through a date not to exceed 20 years after completion date	\$ -	\$ 1,069,873	\$ -	\$ 1,069,873	\$ -
	\$ -	\$ 1,069,873	\$ -	\$ 1,069,873	\$ -

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 7- LONG-TERM DEBT (Continued)

Future Debt Maturities

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

	Governmental Activities				Total	
	Tax Supported Debt		Alternate Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,400,000	\$ 515,787	\$ -	\$ 487,535	\$ 1,400,000	\$ 1,003,322
2016	1,500,000	465,146	-	519,268	1,500,000	984,414
2017	735,000	397,325	-	519,268	735,000	916,593
2018	760,000	397,325	710,000	519,268	1,470,000	916,593
2019	790,000	336,248	795,000	487,968	1,585,000	824,216
2020-2024	3,945,000	1,190,430	4,090,000	1,906,590	8,035,000	3,097,020
2025-2029	2,420,000	216,347	2,095,000	1,099,354	4,515,000	1,315,701
2030-2034	-	-	2,865,000	591,500	2,865,000	591,500
2035	-	-	610,000	30,500	610,000	30,500
	\$ 11,550,000	\$ 3,518,608	\$ 11,165,000	\$ 6,161,251	\$ 22,715,000	\$ 9,679,859

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% was paid on the original warrants in conjunction with the roll over. In December 2014, the Village currently refunded the entire Tax Anticipation Warrant through the 2014 Debt Certificates.

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 total EAV in 2014 (2013 EAV) and the most recently available EAV (2014 EAV):

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 7- LONG-TERM DEBT (Continued)

	<u>2013 EAV</u>	<u>2014 EAV</u>
EAV used by county for tax extension	\$ 167,271,337	\$ 152,531,880
Add EAV exemptions excluded from tax extension	23,273,895	20,234,765
Add EAV associated with TIF districts	6,123,383	6,880,649
Total Village equalized assessed valuation	<u>\$ 196,668,615</u>	<u>\$ 179,647,294</u>
 Legal debt limit - 8.625% of assessed value	 \$ 16,962,668	 \$ 15,494,579
 Amount of debt application to limit		
General obligation bonds and debt certificates	<u>21,318,330</u>	<u>11,550,000</u>
 Legal debt margin	 <u>\$ (4,355,662)</u>	 <u>\$ 3,944,579</u>

The Village regained Legal Debt Margin at the end of 2014 due to the issuance of Alternate Revenue Bonds that are not subject to the Debt Limitation to refinance certain outstanding debt certificates.

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

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 2014 was 11.33% 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 rates 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.

For December 31, 2014, the Village's annual required contribution was \$204,713. The required contribution was determined as part of the December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll over an open 29-year basis.

As of December 31, 2014, the most recent actuarial valuation date, the plan was 84.02% funded. The actuarial accrued liability for benefits was \$5,863,184 and the actuarial value of assets was \$4,926,061, resulting in an underfunded actuarial accrued liability (UAAL) of \$937,123. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,806,818 and the ratio of the UAAL to the covered payroll was 52%.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2014 was 16.84%. 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 2014 was \$12,183. The required contribution for 2014 was determined as part of the December 31, 2012 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.

The employer Sheriff's Law Enforcement Personnel plan's overfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

As of December 31, 2014, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$58,739, resulting in an overfunded actuarial accrued liability (UAAL) of \$58,739. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$72,346. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2014 was \$1,264,005. At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	22
Current active members - vested	14
Current inactive members - entitled to but not yet receiving benefits	<u>3</u>
Total membership	<u><u>39</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, 2014

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 8 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, 2014 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, 2014, 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, 2014

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, 2014

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 2014 were prepared as of December 31, 2014. 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) 26 year (closed period) level percentage of pay amortization of unfunded liability.

For the year ended December 31, 2014, Village contributions were as follows:

	Police	IMRF	SLEP	Firefighters
Annual required contributions	\$ 920,045	\$ 204,712	\$12,183	\$ 55,000
Interest on net pension obligation	316,379	3,096	-	3,854
Adjustment to annual required contribution	(120,339)	(2,213)	-	-
Annual pension cost	1,116,085	205,595	12,183	58,854
Contributions made	438,151	204,713	12,183	53,600
Change in net pension obligation	677,934	882	-	5,254
Net pension obligation, beginning	4,519,704	41,284	-	55,050
Net pension obligation, ending	\$ 5,197,638	\$ 42,166	\$ -	\$ 60,304

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**Trend Information**

	Fiscal Year Ending	Illinois Municipal Retirement	SLEP	Police Pension	Firefighters' Pension
Annual pension cost	2014	\$ 204,713	\$ 12,183	\$ 1,116,085	\$ 58,854
	2013	261,325	17,109	1,082,884	58,481
	2012	282,390	14,960	938,970	57,007
Actual contribution	2014	204,713	12,183	438,151	53,600
	2013	260,461	17,109	317,437	53,159
	2012	276,296	14,960	308,582	47,432
Percent contributed	2014	100.0%	100.0%	39.26%	91.07%
	2013	100.0%	100.0%	29.31%	90.90%
	2012	98.0%	100.0%	32.86%	83.20%
Net pension obligation	2014	42,166	-	5,197,638	60,304
	2013	41,284	-	4,519,705	55,050
	2012	40,419	-	3,754,257	49,728

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2014

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status

At December 31, 2014 (latest actuarial valuation date), the funded status was as follows:

	Police Pension	Firefighters' Pension	IMRF	SLEP
Actuarial value of assets	\$ 10,728,105	\$ -	\$ 4,926,061	\$ 58,739
Actuarial accrued liability	25,266,108	321,600	5,863,184	-
Unfunded actuarial liability	14,538,003	321,600	937,123	(58,739)
Funded ratio	42.46%	0.00%	84.02%	0.00%
Covered payroll	1,264,005	N/A	1,806,818	72,346
Unfunded liability as a percent of covered payroll	1150.15%	N/A	51.87%	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, 2014, 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, 2014

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, 2014. 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	(70,038)
Interest cost	<u>82,087</u>
Total OPEB cost	200,723
Employer contributions made	<u>(42,000)</u>
Increase in net OPEB obligation	158,723
Net OPEB obligation, January 1, 2014	<u>1,077,256</u>
Net OPEB obligation, December 31, 2014	<u><u>\$1,235,979</u></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><u>41.74%</u></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.

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, 2014

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 6,800,142	\$ 7,098,142	\$ 6,838,305
Intergovernmental	15,000	15,000	57,692
License, fees and permits	620,000	452,000	486,190
Charges for services	1,333,200	1,353,200	1,242,719
Fines and forfeitures	576,500	452,500	643,181
Investment earnings	1,500	1,500	495
Quarry revenues	350,000	425,000	411,267
Miscellaneous	75,500	75,500	25,449
Total revenues	<u>9,771,842</u>	<u>9,872,842</u>	<u>9,705,298</u>
Expenditures			
Current			
General government	2,141,031	1,642,763	1,720,033
Building, planning and zoning	408,795	536,945	517,305
Police protection	4,200,577	4,424,013	4,139,496
Fire protection and ESDA	1,155,366	1,194,700	1,270,039
Recreation	215,447	282,896	289,766
Public works	1,234,583	1,361,777	1,318,457
Capital outlay	250,000	52,959	148,782
Debt service			
Interest and fiscal charges	5,575	5,575	51,771
Total expenditures	<u>9,611,374</u>	<u>9,501,628</u>	<u>9,455,649</u>
Excess (Deficiency) of Revenues over Expenditures	<u>160,468</u>	<u>371,214</u>	<u>249,649</u>
Other Financing Sources (Uses)			
Transfers in	-	1,650,000	1,551,771
Transfers out	(595,000)	(595,000)	(609,353)
Total other financing sources (uses)	<u>(595,000)</u>	<u>1,055,000</u>	<u>942,418</u>
Net Change in Fund Balance	<u>(434,532)</u>	<u>1,426,214</u>	<u>1,192,067</u>
Fund Balance - Beginning of Year	<u>895,866</u>	<u>895,866</u>	<u>895,866</u>
Fund Balance - End of Year	<u>\$ 461,334</u>	<u>\$ 2,322,080</u>	<u>\$ 2,087,933</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, 2014

	Original Budget	Final Budget	Actual
Revenues			
Incremental property taxes	\$ 975,000	\$ 975,000	\$ 883,200
Investment earnings	-	-	61
Total revenues	<u>975,000</u>	<u>975,000</u>	<u>883,261</u>
Expenditures			
Community development	21,000	21,000	42,304
Debt service			
Principal retirement	660,000	660,000	660,000
Interest and fiscal charges	347,308	347,308	333,646
Total expenditures	<u>1,028,308</u>	<u>1,028,308</u>	<u>1,035,950</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(53,308)</u>	<u>(53,308)</u>	<u>(152,689)</u>
Other Financing Sources (Uses)			
Transfers in	300,000	300,000	180,000
Transfers out	(355,000)	(455,000)	(318,317)
Total other financing sources (uses)	<u>(55,000)</u>	<u>(155,000)</u>	<u>(138,317)</u>
Net Change in Fund Balance	<u>(108,308)</u>	<u>(208,308)</u>	<u>(291,006)</u>
Fund Balance - Beginning of Year	<u>(399,116)</u>	<u>(399,116)</u>	<u>(399,116)</u>
Fund Balance - End of Year	<u><u>\$ (507,424)</u></u>	<u><u>\$ (607,424)</u></u>	<u><u>\$ (690,122)</u></u>

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2014

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)
12/31/2014	\$ 4,926,061	\$ 5,863,184	\$ 937,123	84.02%	\$ 1,806,818	51.87%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$5,857,931. On a market basis, the funded ratio would be 99.91%.

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)
12/31/2014	\$ 58,739	\$ -	\$ (58,739)	0.00%	\$ 72,346	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$64,473. On a market basis, the funded ratio would be 0.00%.

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2014

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)
12/31/2014	\$ 10,728,105	\$ 25,266,108	\$ 14,538,003	42.46%	\$ 1,264,005	1150.15%
12/31/2013	10,924,410	24,695,005	13,770,595	44.24%	2,054,948	670.12%
12/31/2012	9,955,400	22,302,018	12,346,618	44.64%	2,319,225	532.36%

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)
12/31/2014	\$ -	\$ 321,600	\$ 321,600	0.00%	N/A	N/A
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

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

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2014

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)
12/31/2014	\$ -	\$ 1,586,747	\$ 1,586,747	0.00%	\$ 4,557,303	34.82%
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%

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%

VILLAGE OF LYONS, ILLINOIS

Notes to the required supplementary information
December 31, 2014

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, 2014, expenditures exceeded budget, exclusive of depreciation, in the following funds:

Economic Development Fund	\$ 7,642
Debt Service Fund	11,824,623
Capital Improvement Fund	82,305
Water and Sewer Fund	676,272
Garbage Fund	33,233
Emergency 911 Fund	6,226

The following explains the budget variances in each fund:

Economic Development Fund

The Village concluded the remediation process with the Illinois Environmental Protection Agency in 2014. The budget variance resulted from costs to complete this process offset by positive variances in other spending.

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET (Continued)**Debt Service Fund**

The variance relates to the repayment of debt from the proceeds of debt certificates and alternate bonds borrowed in 2014 that were not included in the operating budget. The bond proceeds are reflected as another financing source, but the bond repayment is shown as an expenditure. The ordinance authorizing the bonds created authority for the Village to spend these funds even though they were not included in the operating budget.

Capital Improvement Fund

The Village incurred expenditures for projects that were intended to be funded in the subsequent year. The grant funds were received, but after the time period that would allow them to be recognized as revenue in the fund.

Water and Sewer Fund

Village incurred additional expenses in connection with its current water main rehabilitation that were not envisioned at the beginning of the year. Further, the City of Chicago had further raised water rates that were not offset until the Village raised water rates late in 2014.

Garbage Fund

Disposal fees for the Village's garbage had increased beyond what was expected. The Village is reviewing these costs with the former contractor for an explanation.

C. RECONCILIATION OF BUDGETARY TO GAAP REPORTING – GENERAL FUND

Revenues

Charges for services (budgetary)	\$1,242,719
Less reimbursements	<u>(780,000)</u>
Charges for services (GAAP)	462,719

Expenditures

	<u>Gen Govt</u>	<u>Public Works</u>
Budgetary basis	1,720,033	1,318,457
Less reimbursements	<u>(390,000)</u>	<u>(390,000)</u>
GAAP basis	1,330,033	928,457

**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, 2014

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Revenues				
Taxes				
Property Taxes				
General/corporate	\$ 650,000	\$ 650,000	\$ 638,149	\$ 487,098
IMRF	115,000	115,000	112,497	156,368
Street and bridge	60,000	60,000	57,927	49,255
Fire protection	450,000	450,000	436,281	421,406
Police protection	800,000	800,000	773,733	658,887
Social security	110,000	110,000	106,658	105,565
Auditing	30,000	30,000	28,870	16,532
Police pension	450,000	450,000	438,151	317,437
Fire pension	55,000	55,000	53,600	43,144
Liability insurance	59,142	59,142	61,292	243,853
Ambulance service	150,000	150,000	148,831	299,823
Road and bridge	35,000	35,000	37,553	36,631
Total property taxes	<u>2,964,142</u>	<u>2,964,142</u>	<u>2,893,542</u>	<u>2,835,999</u>
Other Taxes				
Replacement	60,000	60,000	58,573	57,336
Municipal sales	1,400,000	1,400,000	1,439,266	1,326,214
Income tax - municipal share	1,100,000	1,100,000	1,041,844	1,037,442
Telecommunication utility	390,000	390,000	266,129	309,830
Cable television utility	110,000	110,000	124,546	127,534
Electric utility	300,000	300,000	287,392	282,825
Natural gas utility	190,000	190,000	187,787	146,524
Local use	200,000	200,000	206,033	181,472
Hotel/motel	80,000	80,000	56,572	67,712
Foreign fire	6,000	6,000	13,767	12,668
Local food & beverage	-	125,000	94,886	-
Illinois gaming	-	173,000	167,968	66,451
Total other taxes	<u>3,836,000</u>	<u>4,134,000</u>	<u>3,944,763</u>	<u>3,616,008</u>
Total taxes	<u>6,800,142</u>	<u>7,098,142</u>	<u>6,838,305</u>	<u>6,452,007</u>
Intergovernmental				
Public safety grant and reimbursement	15,000	15,000	6,193	23,904
Other grants and reimbursements	-	-	51,499	22,777
Total intergovernmental	<u>15,000</u>	<u>15,000</u>	<u>57,692</u>	<u>46,681</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Licenses and Permits				
Riverside lawn fire district fees	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Liquor licenses	75,000	75,000	36,276	47,195
Vehicle licenses	215,000	160,000	145,783	159,795
Garage sales permits	-	-	1,313	752
Property maintenance inspections	-	-	64,795	31,875
Building permits	130,000	130,000	87,274	86,526
Plumbing permits	-	-	10,722	7,267
HVAC permits	-	-	10,569	5,535
Electrical permits	-	-	5,087	4,646
Contractor licenses	-	-	32,835	30,600
Zoning hearings/maps/codes	-	-	3,170	3,926
Gaming fees	78,000	-	-	-
Business licenses	120,000	85,000	86,366	89,246
Total licenses and permits	620,000	452,000	486,190	469,363
Charges for Services				
Antenna agreements	280,000	280,000	210,562	205,280
Advertising for Village property	6,200	6,200	-	-
Police and fire reports	2,000	2,000	2,214	2,590
Ambulance service fees	230,000	250,000	232,546	262,077
Fire recovery fees	-	-	5,321	220
Recreation fees	35,000	35,000	12,076	31,311
Interfund charges				
Water and sewer public works reimbursemen	390,000	390,000	390,000	375,000
Water and sewer administration	275,000	275,000	275,000	260,000
Garbage administration	115,000	115,000	115,000	105,000
Total charges for services	1,333,200	1,353,200	1,242,719	1,241,478
Fines and Fees				
Liquor fines	2,500	2,500	-	1,500
Nuisance, abatement and adjudication	70,000	130,000	182,059	108,988
State Y-tickets	200,000	111,000	114,294	234,760
Parking P-tickets	170,000	75,000	171,067	176,304
DUI fines	5,000	5,000	12,036	7,474
Towing fees	70,000	70,000	24,245	63,040
Red light photo enforcement	-	-	1,300	5,700
Alarm board fees	8,000	8,000	3,086	5,398
State seizure revenue	25,000	25,000	34,751	109,176
Federal seizure revenue	25,000	25,000	-	6,703
Other	1,000	1,000	100,343	43,727
Total fines and fees	576,500	452,500	643,181	762,770

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Investment Income - Interest				
Interest	\$ 1,500	\$ 1,500	\$ 495	\$ 526
Royalties				
Quarry revenues	350,000	425,000	411,267	408,498
Miscellaneous				
Sale of Village property	2,000	2,000	1,058	18,713
Rent of Village assets	2,000	2,000	7,561	15,428
Insurance and damage recovery	2,000	2,000	5,249	5,695
COBRA premium payments	15,000	15,000	-	-
Project & program reimbursement	15,000	15,000	-	-
Overtime reimbursement	2,500	2,500	-	-
Refunds and rebates	20,000	20,000	253	-
Senior taxi donation	2,000	2,000	7,115	10,795
Miscellaneous	15,000	15,000	4,213	6,932
Total miscellaneous	75,500	75,500	25,449	57,563
Total revenues	\$ 9,771,842	\$ 9,872,842	\$ 9,705,298	\$ 9,438,886

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
General Government				
Administration				
Salaries and benefits	\$ 472,350	\$ 520,745	\$ 597,962	\$ 543,275
Professional services	48,395	48,395	73,958	79,670
Communications	86,126	86,126	128,447	103,046
Professional development	22,889	22,889	28,196	28,594
Operations	32,882	27,307	36,091	33,221
Other	727,012	2,012	12,642	5,574
Total administration	<u>1,389,654</u>	<u>707,474</u>	<u>877,296</u>	<u>793,380</u>
Legal Services				
Professional services	<u>191,411</u>	<u>375,323</u>	<u>196,789</u>	<u>175,892</u>
Finance				
Professional services	250,000	250,000	277,056	318,198
Other	<u>6,663</u>	<u>6,663</u>	<u>40,953</u>	<u>34,583</u>
Total finance	<u>256,663</u>	<u>256,663</u>	<u>318,009</u>	<u>352,781</u>
Human Resources				
Salaries and benefits	44,072	44,072	26,075	20,695
Professional services	6,375	6,375	-	19,500
Operations	<u>3,592</u>	<u>3,592</u>	<u>7,123</u>	<u>1,779</u>
Total human resources	<u>54,039</u>	<u>54,039</u>	<u>33,198</u>	<u>41,974</u>
Risk Management				
Professional services	172,693	172,693	192,798	180,634
Other expenditures	<u>1,571</u>	<u>1,571</u>	<u>-</u>	<u>-</u>
Total risk management	<u>174,264</u>	<u>174,264</u>	<u>192,798</u>	<u>180,634</u>
Information Technology				
Professional services	75,000	75,000	77,200	69,168
Operations	<u>-</u>	<u>-</u>	<u>23,887</u>	<u>32,639</u>
Total information technology	<u>75,000</u>	<u>75,000</u>	<u>101,087</u>	<u>101,807</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
General Government (cont.)				
Police and fire commission				
Professional development	\$ -	\$ -	\$ 856	\$ 634
Total police and fire commission	-	-	856	634
 Total general government	 2,141,031	 1,642,763	 1,720,033	 1,647,102
Building, Planning and Zoning				
Building				
Salaries and benefits	255,386	323,852	322,165	335,435
Professional services	68,477	68,477	131,284	109,838
Communications	8,366	8,366	11,133	7,816
Professional development	1,972	1,972	8,345	1,447
Operations	73,838	133,522	44,058	24,587
Total building	408,039	536,189	516,985	479,123
 Planning and Zoning				
Professional services	400	400	320	628
Communications	356	356	-	-
Total planning and zoning	756	756	320	628
 Total building, planning and zoning	 408,795	 536,945	 517,305	 479,751
Police				
Administration				
Salaries and benefits	1,237,559	1,092,886	1,091,651	1,083,936
Pensions	450,000	450,000	438,151	317,437
PEDA expenditures	-	-	50,716	55,510
Communications	109,742	109,742	18,987	32,083
Professional development	5,538	5,538	8,646	7,661
Operations	172,172	172,172	175,136	232,836
Professional services	-	-	105,599	128,913
Other expenditures	807	807	336	2,246
Total administration	1,975,818	1,831,145	1,889,222	1,860,622

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Police (cont.)				
Investigations				
Salaries and benefits	\$ 262,977	\$ 262,977	\$ 148,818	\$ 352,446
Professional development	1,339	1,339	-	1,050
Total investigations	<u>264,316</u>	<u>264,316</u>	<u>148,818</u>	<u>353,496</u>
Patrol Operations				
Salaries and benefits	1,322,826	1,690,945	1,510,247	1,956,553
Professional services	4,893	4,893	3,684	6,194
Operations	13,600	13,600	14,961	46,232
Other expenditures	5,338	5,338	-	-
Total patrol operations	<u>1,346,657</u>	<u>1,714,776</u>	<u>1,528,892</u>	<u>2,008,979</u>
Dispatch Operations				
Salaries and benefits	-	510,000	500,163	729,786
Professional services	-	94,029	70,469	-
Communications	-	-	-	10
Operations	613,786	9,747	1,932	13,324
Total dispatch operations	<u>613,786</u>	<u>613,776</u>	<u>572,564</u>	<u>743,120</u>
Total police	<u>4,200,577</u>	<u>4,424,013</u>	<u>4,139,496</u>	<u>4,966,217</u>
Fire Protection and ESDA				
Operations				
Salaries and benefits	572,536	594,145	605,046	561,758
Fire pension	37,275	55,000	53,600	53,159
Communications	11,137	11,137	11,102	10,564
Professional development	13,535	13,535	37,801	12,180
Operations	89,883	89,883	123,121	95,246
Other	-	-	-	1,033
Total operations	<u>724,366</u>	<u>763,700</u>	<u>830,670</u>	<u>733,940</u>
Emergency Medical Services (EMS)				
Professional services	419,000	419,000	428,056	417,263
Operations	12,000	12,000	11,313	14,606
Total emergency medical services (EMS)	<u>431,000</u>	<u>431,000</u>	<u>439,369</u>	<u>431,869</u>
Total fire protection and ESDA	<u>1,155,366</u>	<u>1,194,700</u>	<u>1,270,039</u>	<u>1,165,809</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Recreation				
Recreation department				
Salaries and benefits	\$ 74,083	\$ 99,683	\$ 98,083	\$ 93,439
Professional services	25,000	67,449	15,081	15,264
Communications	18,858	18,258	17,273	21,487
Operations	5,603	5,603	46,358	38,064
Total recreation	<u>123,544</u>	<u>190,993</u>	<u>176,795</u>	<u>168,254</u>
Community Events				
Salaries and benefits	6,201	6,201	9,720	10,175
Operations	12,282	12,282	26,379	24,941
Other	2,433	2,433	-	-
Total community events	<u>20,916</u>	<u>20,916</u>	<u>36,099</u>	<u>35,116</u>
Hotel/Motel Events				
Operations	<u>70,987</u>	<u>70,987</u>	<u>76,872</u>	<u>105,793</u>
Total hotel/motel events	<u>70,987</u>	<u>70,987</u>	<u>76,872</u>	<u>105,793</u>
Total recreation	<u>215,447</u>	<u>282,896</u>	<u>289,766</u>	<u>309,163</u>
Public Works				
Administration				
Salaries and benefits	189,297	189,297	211,830	191,962
Communications	4,850	4,850	4,282	4,508
Operations	<u>32,117</u>	<u>89,311</u>	<u>42,583</u>	<u>24,091</u>
Total administration	<u>226,264</u>	<u>283,458</u>	<u>258,695</u>	<u>220,561</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Public Works (cont.)				
Streets and Forestry				
Salaries and benefits	\$ 653,451	\$ 653,451	\$ 642,790	\$ 669,011
Professional services	-	-	14,535	3,036
Operations	178,571	248,571	215,823	221,051
Total streets and forestry	<u>832,022</u>	<u>902,022</u>	<u>873,148</u>	<u>893,098</u>
Buildings and Grounds				
Professional services	31,352	31,352	32,515	30,635
Operations	31,678	31,678	36,085	28,756
Total buildings and grounds	<u>63,030</u>	<u>63,030</u>	<u>68,600</u>	<u>59,391</u>
Village Garage				
Salaries and benefits	108,661	108,661	114,233	106,712
Operations	4,606	4,606	3,781	4,905
Total village garage	<u>113,267</u>	<u>113,267</u>	<u>118,014</u>	<u>111,617</u>
Total public works	<u>1,234,583</u>	<u>1,361,777</u>	<u>1,318,457</u>	<u>1,284,667</u>
Interest	<u>5,575</u>	<u>5,575</u>	<u>51,771</u>	<u>22,500</u>
Capital Outlay	<u>250,000</u>	<u>52,959</u>	<u>148,782</u>	<u>-</u>
Total expenditures	<u>\$ 9,611,374</u>	<u>\$ 9,501,628</u>	<u>\$ 9,455,649</u>	<u>\$ 9,875,209</u>

**VILLAGE OF LYONS, ILLINOIS
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT (TIF FUNDS)
DECEMBER 31, 2014**

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Assets					
Cash and cash equivalents	\$ 9,542	\$ 13,316	\$ 1,285	\$ 8,767	\$ 32,910
Total assets	<u>\$ 9,542</u>	<u>\$ 13,316</u>	<u>\$ 1,285</u>	<u>\$ 8,767</u>	<u>\$ 32,910</u>
Liabilities					
Advance from other funds	\$ -	\$ -	\$ -	\$ 723,032	\$ 723,032
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>723,032</u>	<u>723,032</u>
Fund Balances					
Unassigned	9,542	13,316	1,285	(714,265)	(690,122)
Total fund balances	<u>9,542</u>	<u>13,316</u>	<u>1,285</u>	<u>(714,265)</u>	<u>(690,122)</u>
Total liabilities and fund balances	<u>\$ 9,542</u>	<u>\$ 13,316</u>	<u>\$ 1,285</u>	<u>\$ 8,767</u>	<u>\$ 32,910</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, 2014

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Revenues					
Incremental property taxes	\$ 304,559	\$ 146,122	\$ 426,482	\$ 6,037	\$ 883,200
Investment earnings	9	7	45	-	61
Total revenues	<u>304,568</u>	<u>146,129</u>	<u>426,527</u>	<u>6,037</u>	<u>883,261</u>
Expenditures					
Community development	24,289	3,000	-	15,015	42,304
Debt service					
Principal retirement	255,000	45,000	170,000	190,000	660,000
Interest and fiscal charges	89,684	48,927	75,634	119,401	333,646
Total expenditures	<u>368,973</u>	<u>96,927</u>	<u>245,634</u>	<u>324,416</u>	<u>1,035,950</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(64,405)</u>	<u>49,202</u>	<u>180,893</u>	<u>(318,379)</u>	<u>(152,689)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	180,000	180,000
Transfers out	(101,829)	(36,488)	(180,000)	-	(318,317)
Total other financing sources (uses)	<u>(101,829)</u>	<u>(36,488)</u>	<u>(180,000)</u>	<u>180,000</u>	<u>(138,317)</u>
Net Change in Fund Balances	<u>(166,234)</u>	<u>12,714</u>	<u>893</u>	<u>(138,379)</u>	<u>(291,006)</u>
Fund Balances - Beginning of Year	<u>175,776</u>	<u>602</u>	<u>392</u>	<u>(575,886)</u>	<u>(399,116)</u>
Fund Balances - End of Year	<u>\$ 9,542</u>	<u>\$ 13,316</u>	<u>\$ 1,285</u>	<u>\$ (714,265)</u>	<u>\$ (690,122)</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, 2014

	2014			2013
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues				
Taxes				
Incremental property taxes	\$ 370,000	\$ 370,000	\$ 304,559	\$ 369,746
Investment income	-	-	9	-
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>304,568</u>	<u>369,746</u>
Expenditures				
Community development	18,000	18,000	24,289	17,094
Debt service				
Principal retirement	205,000	205,000	255,000	205,000
Interest and fiscal charges	99,304	99,304	89,684	96,596
Total expenditures	<u>322,304</u>	<u>322,304</u>	<u>368,973</u>	<u>318,690</u>
Excess (Deficiency) of Revenues over Expenditures	<u>47,696</u>	<u>47,696</u>	<u>(64,405)</u>	<u>51,056</u>
Other Financing Sources (Uses)				
Transfers out	<u>(155,000)</u>	<u>(255,000)</u>	<u>(101,829)</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(155,000)</u>	<u>(255,000)</u>	<u>(101,829)</u>	<u>(150,000)</u>
Net Change in Fund Balance	<u>\$ (107,304)</u>	<u>\$ (207,304)</u>	<u>(166,234)</u>	<u>(98,944)</u>
Fund Balance - Beginning of Year			<u>175,776</u>	<u>274,720</u>
Fund Balance - End of Year			<u>\$ 9,542</u>	<u>\$ 175,776</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 145,000	\$ 146,122	\$ 145,720
Investment income	-	7	-
Total revenues	<u>145,000</u>	<u>146,129</u>	<u>145,720</u>
Expenditures			
Community development	3,000	3,000	3,000
Debt service			
Principal retirement	95,000	45,000	80,000
Interest and fiscal charges	<u>48,773</u>	<u>48,927</u>	<u>52,532</u>
Total expenditures	<u>146,773</u>	<u>96,927</u>	<u>135,532</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,773)</u>	<u>49,202</u>	<u>10,188</u>
Other Financing Sources (Uses)			
Transfers in	155,000	-	-
Transfers out	<u>-</u>	<u>(36,488)</u>	<u>(52,000)</u>
Total other financing sources (uses)	<u>155,000</u>	<u>(36,488)</u>	<u>(52,000)</u>
Net Change in Fund Balance	<u>\$ 153,227</u>	<u>12,714</u>	<u>(41,812)</u>
Fund Balance - Beginning of Year		<u>602</u>	<u>42,414</u>
Fund Balance - End of Year		<u>\$ 13,316</u>	<u>\$ 602</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 460,000	\$ 426,482	\$ 412,834
Investment income	-	45	24
Total revenues	<u>460,000</u>	<u>426,527</u>	<u>412,858</u>
Expenditures			
Debt service			
Principal retirement	170,000	170,000	165,000
Interest and fiscal charges	<u>80,231</u>	<u>75,634</u>	<u>80,231</u>
Total expenditures	<u>250,231</u>	<u>245,634</u>	<u>245,231</u>
Excess (Deficiency) of Revenues over Expenditures	<u>209,769</u>	<u>180,893</u>	<u>167,627</u>
Other Financing Sources (Uses)			
Transfers out	<u>(200,000)</u>	<u>(180,000)</u>	<u>(266,500)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(180,000)</u>	<u>(266,500)</u>
Net Change in Fund Balance	<u>\$ 9,769</u>	<u>893</u>	<u>(98,873)</u>
Fund Balance - Beginning of Year		<u>392</u>	<u>99,265</u>
Fund Balance - End of Year		<u>\$ 1,285</u>	<u>\$ 392</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ -	\$ 6,037	\$ 11,345
Investment income	-	-	5
Total revenues	-	6,037	11,350
Expenditures			
Community development	-	15,015	19,786
Capital outlay	-	-	5,864
Debt service			
Principal retirement	190,000	190,000	185,000
Interest and fiscal charges	119,000	119,401	124,159
Total expenditures	309,000	324,416	334,809
Excess (Deficiency) of Revenues over Expenditures	(309,000)	(318,379)	(323,459)
Other Financing Sources (Uses)			
Transfers In	300,000	180,000	333,500
Total other financing sources (uses)	300,000	180,000	333,500
Net Change in Fund Balance	\$ (9,000)	(138,379)	10,041
Fund Balance - Beginning of Year		(575,886)	(585,927)
Fund Balance - End of Year		\$ (714,265)	\$ (575,886)

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, 2014

	2014			2013
	Original Budget	Final Budget	Actual	Actual
Revenues				
Property taxes	\$ 688,000	\$ 688,000	\$ 724,041	\$ 705,136
Total revenues	<u>688,000</u>	<u>688,000</u>	<u>724,041</u>	<u>705,136</u>
Expenditures				
Debt service				
Principal retirement	771,024	771,024	11,998,330	740,338
Interest and fiscal charges	480,655	480,655	781,542	511,488
Costs of issuance	-	-	296,430	-
Total expenditures	<u>1,251,679</u>	<u>1,251,679</u>	<u>13,076,302</u>	<u>1,251,826</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(563,679)</u>	<u>(563,679)</u>	<u>(12,352,261)</u>	<u>(546,690)</u>
Other Financing Sources/(Uses)				
Bond proceeds	-	-	12,680,000	-
Premium on bonds	-	-	1,213,991	-
Discount on bonds	-	-	(31,940)	-
Transfers in	595,000	595,000	747,670	547,662
Transfers out	<u>(100,000)</u>	<u>(1,650,000)</u>	<u>(1,551,771)</u>	<u>-</u>
Total other financing sources/(uses)	495,000	(1,055,000)	13,057,950	547,662
Net Change in Fund Balance	<u>\$ (68,679)</u>	<u>\$ (1,618,679)</u>	<u>705,689</u>	<u>972</u>
Fund Balance - Beginning of Year			<u>376,879</u>	<u>375,907</u>
Fund Balance - End of Year			<u>\$ 1,082,568</u>	<u>\$ 376,879</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ 480,000	\$ 265,788	\$ 293,234
Investment income	23	18	44
Grant revenue	-	125,503	205,322
Total revenues	<u>480,023</u>	<u>391,309</u>	<u>498,600</u>
Expenditures			
Capital outlay	<u>470,000</u>	<u>552,305</u>	<u>430,730</u>
Total expenditures	<u>470,000</u>	<u>552,305</u>	<u>430,730</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,023</u>	<u>(160,996)</u>	<u>67,870</u>
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Net Change in Fund Balance	<u>\$ 10,023</u>	<u>(160,996)</u>	<u>(182,130)</u>
Fund Balance - Beginning of Year		<u>196,750</u>	<u>378,880</u>
Fund Balance - End of Year		<u>\$ 35,754</u>	<u>\$ 196,750</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF OPERATING REVENUES-BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013
	Final Budget	Actual	Actual
Revenues			
Water sales	\$ 2,300,000	\$ 2,431,934	\$ 2,189,196
Sewer charges	-	109,909	103,994
Water tap charges	-	25,413	4,993
Late penalties	-	51,310	43,529
Water turn-on fees	-	11,300	6,800
Meter sales	-	1,130	2,605
Total operating revenues	<u>\$ 2,300,000</u>	<u>\$ 2,630,996</u>	<u>\$ 2,351,117</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF OPERATING EXPENSES-BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013
	Final Budget	Actual	Actual
Administration			
General fund administration charges	\$ 395,000	\$ 395,000	\$ 260,000
Total administration	<u>395,000</u>	<u>395,000</u>	<u>260,000</u>
Operations			
Water department			
Professional services	-	3,250	3,163
Communications	-	10,696	12,983
Operations	1,800,000	2,030,563	1,725,245
General fund public works reimbursement	-	385,000	375,000
Total water department	<u>1,800,000</u>	<u>2,429,509</u>	<u>2,116,391</u>
Sewer department			
Professional services	-	14,901	12,779
Operations	-	32,462	12,859
Total sewer department	<u>-</u>	<u>47,363</u>	<u>25,638</u>
Total operations	<u>1,800,000</u>	<u>2,476,872</u>	<u>2,142,029</u>
Depreciation and Amortization	<u>120,000</u>	<u>88,184</u>	<u>88,268</u>
Total operating expenses	<u>\$ 2,315,000</u>	<u>\$ 2,960,056</u>	<u>\$ 2,490,297</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Operating Revenues			
Garbage collection	\$ 640,000	\$ 619,600	\$ 624,915
Late penalties	-	15,971	14,395
Toters	-	2,062	1,130
Garbage stickers	-	1,012	798
Total operating revenues	<u>640,000</u>	<u>638,645</u>	<u>641,238</u>
Operating Expenses			
Administration			
Professional services	<u>100,000</u>	<u>115,000</u>	<u>105,000</u>
Total administration	<u>100,000</u>	<u>115,000</u>	<u>105,000</u>
Operations			
Professional services	<u>560,000</u>	<u>575,133</u>	<u>568,804</u>
Operations	<u>-</u>	<u>3,100</u>	<u>750</u>
Total operations	<u>560,000</u>	<u>578,233</u>	<u>569,554</u>
Total operating expenses	<u>660,000</u>	<u>693,233</u>	<u>674,554</u>
Operating Income (Loss)	<u>(20,000)</u>	<u>(54,588)</u>	<u>(33,316)</u>
Change in Net Position	<u>\$ (20,000)</u>	<u>(54,588)</u>	<u>(33,316)</u>
Net Position - Beginning of Year		<u>(46,418)</u>	<u>(13,102)</u>
Net Position - End of Year		<u>\$ (101,006)</u>	<u>\$ (46,418)</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, 2014

	2014		2013
	Final Budget	Actual	Actual
Operating Revenues			
Charges for service			
E-911 surcharge	\$ 140,000	\$ 89,353	\$ 110,563
Operating Expenses			
Communications	-	9,732	11,481
Operations	-	415	336
Depreciation	105,000	101,079	102,038
Total operating expenses	105,000	111,226	113,855
Operating Income (Loss)	35,000	(21,873)	(3,292)
Non-Operating Revenues (Expenses)			
Interest income	-	2	54
Interest and fiscal charges	-	-	(6,713)
Net non-operating revenues (expenses)	-	2	(6,659)
Income (Loss) before Transfer	35,000	(21,871)	(9,951)
Change in Net Position	\$ 35,000	(21,871)	(9,951)
Net Position - Beginning of Year		(316,970)	(307,019)
Net Position - End of Year		\$ (338,841)	\$ (316,970)

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2014

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 238,613	\$ -	\$ 238,613
Interest receivable	38,384	-	38,384
Due from general fund	4,232	-	4,232
Investments, at fair value			
U.S. governmental agencies securities	1,266,683	-	1,266,683
State and local government securities	569,626	-	569,626
Corporate bonds	1,624,875	-	1,624,875
Mutual funds and equities	6,989,924	-	6,989,924
	<u>10,732,337</u>	<u>-</u>	<u>10,732,337</u>
Total assets			
	<u>10,732,337</u>	<u>-</u>	<u>10,732,337</u>
Liabilities			
Cash overdraft	-	246	246
	<u>-</u>	<u>246</u>	<u>246</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 10,732,337</u>	<u>\$ (246)</u>	<u>\$ 10,732,091</u>

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 438,151	\$ 53,644	\$ 491,795
Plan members	149,617	-	149,617
Total contributions	<u>587,768</u>	<u>53,644</u>	<u>641,412</u>
Investment earnings			
Interest and dividends	126,421	1	126,422
Net increase (decrease) in fair value of investments	<u>622,682</u>	<u>-</u>	<u>622,682</u>
Total investment earnings	749,103	1	749,104
Less investment expense	<u>(41,225)</u>	<u>-</u>	<u>(41,225)</u>
Net investment earnings	707,878	1	707,879
Total additions	<u>1,295,646</u>	<u>53,645</u>	<u>1,349,291</u>
Deductions			
Administration	40,960	-	40,960
Benefits and refunds	<u>1,450,830</u>	<u>55,008</u>	<u>1,505,838</u>
Total deductions	<u>1,491,790</u>	<u>55,008</u>	<u>1,546,798</u>
Change in Net Position	<u>(196,144)</u>	<u>(1,363)</u>	<u>(197,507)</u>
Net Position Held in Trust for Pension Benefits			
Beginning of Year	<u>10,928,481</u>	<u>1,117</u>	<u>10,929,598</u>
End of Year	<u><u>\$ 10,732,337</u></u>	<u><u>\$ (246)</u></u>	<u><u>\$ 10,732,091</u></u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION-
BUDGET AND ACTUAL
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 450,000	\$ 438,151
Plan members	260,000	149,617
Total contributions	<u>710,000</u>	<u>587,768</u>
Investment earnings		
Interest and dividends	600,000	126,421
Net increase in fair value of investments	<u>-</u>	<u>622,682</u>
Total investment earnings	600,000	749,103
Less investment expense	<u>(30,000)</u>	<u>(41,225)</u>
Net investment earnings	<u>570,000</u>	<u>707,878</u>
Total additions	<u>1,280,000</u>	<u>1,295,646</u>
Deductions		
Administration	25,000	40,960
Benefits and refunds	<u>925,000</u>	<u>1,450,830</u>
Total deductions	<u>950,000</u>	<u>1,491,790</u>
Change in Net Position	<u>330,000</u>	<u>(196,144)</u>
Net Position Held in Trust for Pension Benefits		
Beginning of Year	<u>10,928,481</u>	<u>10,928,481</u>
End of Year	<u><u>\$ 11,258,481</u></u>	<u><u>\$ 10,732,337</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, 2014

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 55,000	\$ 53,644
Investment earnings		
Interest and dividends	-	1
Net investment earnings	-	1
Total additions	55,000	53,645
Deductions		
Benefits and refunds	55,005	55,008
Total deductions	55,005	55,008
Change in Net Position	(5)	(1,363)
Net Position Held in Trust for Pension Benefits		
Beginning of Year	1,117	1,117
End of Year	\$ 1,112	\$ (246)