

**VILLAGE OF LYONS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**



Prepared by the Finance Department

VILLAGE OF LYONS, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2015

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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, 2015, 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 represents 100 percent of the assets and net position and 89 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, with the exception of the Lyons Police Pension Trust Fund, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 12 to the financial statements, the Village of Lyons, Illinois implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and changes in fund balance- budget and actual, schedules of funding progress and employer contributions, schedules of changes in village net pension liability and related ratios and schedules of village contributions, on pages 3–15 and 66–73 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 26, 2016, 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 26, 2016

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

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, 2015.

Financial Highlights

- The Village adopted a structurally balanced budget with no reliance on one time financial infusions or borrowing. This budget includes provisions to fund general obligation installment contracts without a dedicated tax levy and tax increment debt where incremental revenues are not sufficient to service its related debt.

The budget has two other major safeguards to protect against deficit spending. First, the budget has a \$500,000 contingency provision to offset spending in excess of budgetary amounts. Since overall spending in expenditures and transfers out was below the overall budget, the Village did not adopt an amended budget. The excess spending in a given budget category was offset by savings in other line items including the contingency.

The second safeguard is the management of capital spending. In addition to funding capital spending from bonds and grants, the Village also funds capital spending in transfers from the General Fund. The Village monitors budgetary performance to manage such transfers to maintain balanced operations.

- General fund revenues increased by 13.5%, or \$1,309,047, in 2015 compared to 2014. Property taxes in the general fund were limited by the state limitation law to an annual increase of 1.5%. Actual collections were slightly larger due to the collection of past due taxes. The Village's share of municipal sales taxes and distribution of income taxes and use tax accounted for \$273,533 of the revenue increase. The newly implemented non home rules sales tax approved by referendum in November 2014 generated a half year of new revenue of \$376,812. The full year of revenues from the gaming tax and imposed food and beverage tax resulted in an increase of \$141,188. Reimbursements from the Village's enterprise funds for internal services provided by the General Fund increased \$211,250 reflecting the Public Works department taking over garbage collection. Seizure revenue from police actions increased by \$212,276 although such funds are restricted to fund certain public safety costs. The net changes in the balance of the revenues reflect typical fluctuations between years.
- Fiscal year 2015 reflected continued progress in controlling Village expenditures. Total General Fund spending in 2015 increased by \$202,766 or 2.1%. This increase resulted from the increased General Fund spending by Public Works to operate the garbage collection service and retro pay to the police for prior years to settle their contract. All other expenditures netted to no increase over 2014.

The Village finalized contracts with all unions in 2015. The final police contract limited salary increases through 2018 to 2%. The contract relaxed staffing mandates (resulting in the need for less officers and/or overtime), allows for the employment of part time officers that do not earn medical and pension benefits, and establishes a "Tier II" pay scale for future employees. At the

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

end of 2016, the reorganization of the police department will be complete with the elimination of the commander's position.

- General obligation bonds, debt certificates, and alternate revenue bonds increased by \$3,981,521 from \$23,897,051 to \$27,878,572. The Village refunded \$4,500,000 of the Series 2005 Bonds for future debt service savings of \$760,421 or a current economic present value savings of \$576,421, 12.8% of the par amount of the bonds refunded. The Village issued \$4,860,000 of its Series 2015B bonds along with a bond premium of \$513,905 also secured by the recently imposed non-home rules sales tax to accelerate renovations to roads and alleys within the Village. The Village retired \$1,400,000 of outstanding debt in 2015.
- The actuarial funding requirement for the Village's major pension plans (IMRF and Police) was \$1,206,033. Of this amount, the Village funded \$715,771 or 59% of the actuarial funding requirements to fund 90% of the actuarial liability as of 2045 as mandated by the State of Illinois since 1994. In 2015, the unfunded liability that is now referred to as the Net Pension Liability increased by \$3,247,537 to \$18,169,468 due to underperformance of investments, changes in assumptions, underfunding by the Village and planned increase based on the "ramp up" amortization method. As a result, IMRF is 90% funded and Police Pension being 35% funded.

GASB 68 was implemented in 2015 resulting in the Net Pension Liability (formerly the unfunded liability) to be reflected as a liability on the Statement of Net Position. There were no changes to the more widely used fund financial statements. Administratively, the Village adopted a policy to fully fund the actuarial "ramp up" liability beginning in 2016 and explore other funding options to accelerate the elimination of the Net Pension Liability that has been accumulated over the last 65 years.

- The Village updated its actuarial valuation of its Other Post Employment Benefits ("OPEB") during 2015. 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's water and sewer enterprise fund embarked on a \$7.9 million capital plan to address infrastructure deficiencies that leads to a water loss of approximately 35% of annual water purchases. In addition to sound conservation, controlling water loss would reduce the cost of purchase water passed on 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. 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.
- There are advances to other funds totaling \$1,234,399 from the General, Debt Service and the Capital Projects Funds. These amounts are not expected to be repaid in the next six months. Accordingly, the fund balances of the respective fund making the advance have been reserved by the same amount. Further, any future write-off would have no impact on the Village's liquidity or unassigned fund balances. The Village is exploring options to recover these funds and restore the liquidity to the advancing funds.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

Overview of the Financial Statements

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

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

The Government-wide Financial Statements are rarely used by the Village and the financial community with whom we interact. Financial analysts and creditors are more concerned about the capacity of the Village to raise resources to fund current operations and repay debt. Further, the net position financial model does not recognize certain assets such as future TIF revenues that have been used extensively by the Village to fund economic incentives for redevelopment. Finally, the net position financial statement focuses on capital assets and depreciation that are retrospective costs of the Village and have no future benefit. 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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

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.

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 65 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 66 through 75 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

Statement of Net Position

The following table shows the comparison between 2014 and 2015 Statement of Net Position for both governmental and business-type activities as restated:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
ASSETS						
Cash and cash equivalents	1,899,193	6,702,077	7,526	4,097	1,906,719	6,706,174
Receivables	4,731,583	4,999,467	1,327,646	1,417,305		
Internal balances	683,673	955,161	(683,673)	(955,161)	0	0
Other asset	192,046	155,978	0	0	192,046	155,978
Capital assets, net of depreciation	<u>34,857,309</u>	<u>34,705,782</u>	<u>4,584,934</u>	<u>7,731,070</u>	<u>39,442,243</u>	<u>42,436,852</u>
TOTAL ASSETS	<u>42,363,804</u>	<u>47,518,465</u>	<u>5,236,433</u>	<u>8,197,311</u>	<u>47,600,237</u>	<u>55,715,776</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>433,382</u>	<u>2,250,252</u>	<u>0</u>	<u>0</u>	<u>433,382</u>	<u>2,250,252</u>
LIABILITIES						
Accounts payable and other liabilities	1,349,280	1,584,995	1,080,464	926,865	2,429,744	2,511,860
Interest payable	93,640	115,800	0	0	93,640	115,800
Current portion of long term debt	<u>1,603,781</u>	<u>1,759,899</u>	<u>0</u>	<u>60,052</u>	<u>1,603,781</u>	<u>1,819,951</u>
TOTAL CURRENT LIABILITIES	3,046,701	3,460,694	1,080,464	986,917	4,127,165	4,447,611
Non current liabilities	<u>39,333,640</u>	<u>46,625,421</u>	<u>1,069,873</u>	<u>3,780,284</u>	<u>40,403,513</u>	<u>50,405,705</u>
TOTAL LIABILITIES	<u>42,380,341</u>	<u>50,086,115</u>	<u>2,150,337</u>	<u>4,767,201</u>	<u>44,530,678</u>	<u>54,853,316</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,708,358</u>	<u>3,745,127</u>	<u>0</u>	<u>0</u>	<u>3,708,358</u>	<u>3,745,127</u>
NET ASSETS						
Invested in capital assets--net of related debt	24,028,979	23,877,452	4,584,934	3,714,186	28,613,913	27,591,638
Restricted						
Public safety	264,675	536,776	0	0	264,675	536,776
Debt service	19,608	3,457	0	0	19,608	3,457
Unrestricted	<u>(18,179,590)</u>	<u>(28,480,210)</u>	<u>(1,498,838)</u>	<u>(284,076)</u>	<u>(19,678,428)</u>	<u>(28,764,286)</u>
TOTAL NET ASSETS	<u>(3,291,513)</u>	<u>(4,062,525)</u>	<u>3,086,096</u>	<u>3,430,110</u>	<u>(205,417)</u>	<u>(632,415)</u>

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

- Current assets increased as the Village enhanced cash flow and reflect bond proceeds.
- Noncurrent liabilities increased as the Village issued long term for road and alley improvements and the increase in the Net Pension Liability discussed in more detail later.
- 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 significantly reduced unrestricted deficit by realizing a full year of rate increases in the water fund and a reduction in costs for garbage collection by the Village taking over the operation. The business-type activities fixed assets increased with a corresponding increase to debt.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

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.

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
REVENUES						
Program Revenues:						
Charges for services	1,932,230	2,188,046	3,358,994	3,813,236	5,291,224	6,001,282
Operating grants and contributions	319,965	275,584	0	0	319,965	275,584
Capital grants and contributions	125,503	337,521	0	0	125,503	337,521
General revenues:						
Property taxes	3,617,583	3,648,629	0	0	3,617,583	3,648,629
Other taxes	4,827,963	5,595,019	0	0	4,827,963	5,595,019
Interest	574	1,680	2	2	576	1,682
Other Revenues	<u>100,091</u>	<u>85,153</u>	<u>0</u>	<u>0</u>	<u>100,091</u>	<u>85,153</u>
Total revenues	<u>10,923,909</u>	<u>12,131,632</u>	<u>3,358,996</u>	<u>3,813,238</u>	<u>14,282,905</u>	<u>15,944,870</u>
EXPENSES						
General government	1,729,478	1,865,424	0	0	1,729,478	1,865,424
Building, zoning and planning	476,145	568,950	0	0	476,145	568,950
Police	4,576,804	5,335,722	0	0	4,576,804	5,335,722
Fire and ESDA	1,297,779	1,192,926	0	0	1,297,779	1,192,926
Community development	42,304	31,542	0	0	42,304	31,542
Recreation	289,766	205,666	0	0	289,766	205,666
Public works	1,450,537	2,519,118	0	0	1,450,537	2,519,118
Interest on long-term debt	1,154,493	1,183,296	0	0	1,154,493	1,183,296
Water and sewer	0	0	2,960,056	2,893,470	2,960,056	2,893,470
Garbage	0	0	693,233	569,206	693,233	569,206
Emergency 911	<u>0</u>	<u>0</u>	<u>111,226</u>	<u>6,547</u>	<u>111,226</u>	<u>6,547</u>
Total expenses	<u>11,017,306</u>	<u>12,902,644</u>	<u>3,764,515</u>	<u>3,469,223</u>	<u>14,781,821</u>	<u>16,371,867</u>
Change in Net Assets before Transfers	(93,397)	(771,012)	(405,519)	344,015	(498,916)	(426,997)
NET ASSETS--						
BEGINNING AS RESTATED	<u>(3,198,116)</u>	<u>(3,291,513)</u>	<u>3,491,615</u>	<u>3,086,096</u>	<u>293,499</u>	<u>(205,417)</u>
NET ASSETS--ENDING	<u>(3,291,513)</u>	<u>(4,062,525)</u>	<u>3,086,096</u>	<u>3,430,111</u>	<u>(205,417)</u>	<u>(632,414)</u>

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

- Governmental activities were supported by tax increases from the new non home rule sales taxes, increases in the municipal portion of state sales taxes and state income taxes and the full year of taxes from the food and beverage tax and gaming revenues.
- Capital grants were limited to improve roadways and alleys in targeted areas of the Village. The Village share of seizure income on previous cases was realized this year.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

- Business-type activities reflect higher water and sewer revenues resulting from the first full year of the 2014 rate increase with slightly lower operation costs. The rate increase was implemented to offset costs particularly the major increase in purchase water due to City of Chicago rate increases and to pay debt service on water system improvements. Garbage collection costs decreased as the Village took over the operation of the service. E911 costs decreased as system costs were fully depreciated in 2014. The profits from the fund will be used to repay advances from other funds as long as the Village receives these funds.

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	Offsetting	
	<u>Expenditures</u>	<u>Revenues</u>	<u>Percent</u>
General government	1,865,424	1,027,644	55%
Building, zoning and planning	568,950	224,641	39%
Police	5,335,722	610,428	11%
Fire and ESDA	1,192,926	309,549	26%
Community development	31,542	-	0%
Recreation	205,666	22,270	11%
Public works	2,519,118	606,619	24%

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 Village following outlines the major financial goals that the Village set and the progress to date:

- Increase unrestricted fund balance to 20% of annual General Fund expenditures. The Unrestricted Fund Balance as of December 31, 2015 is 12.4%. If the Village had not undertaken the cost reduction and service enhancement initiative by taking over garbage collections resulting in a net advance of \$250,000 to the Garbage Fund with a fund balance restriction in the General fund, the percentage would have been 15.3%. The Village continues to explore options to achieve this goal without compromising services.
- Establish a contingency/rainy day fund to address unforeseen issues. The targeted goal of such a fund would be 10% of General Fund expenditures or \$850,000. Since these funds have not been set aside, the Village has established a annual contingency operating reserve of \$500,000 in the General Fund Budget. In addition, the Village restricts capital funding from the General Fund until risks of unforeseen issues are reduced.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

- Improve funding of pension liabilities. The main challenge is the police pension fund that is funded at 37%. The Village continued to increase funding in 2015. Beginning in 2016, the Village budgeted to fully fund the state actuarial funding mandate. However, as discussed later in this section, this increased funding commitment will still result in substantial funding demands on the Village in the future.
- Establish a funding program for capital equipment. The 2015 financial statements had a \$250,000 General Fund expenditure category for capital equipment and \$1,000,000 budget to transfer funds for capital budgets. These amounts as well as proceeds of bond issues were incorporated in the 2016 budget. Unlike other governments that compile extensive wish lists for capital projects (a capital improvement plan), the Village has been focusing on raising resources from numerous channels to address deferred infrastructure. Since a major commitment has been made, the Village will develop a Capital Improvement Plan for 2017 to 2022 to prioritize projects after those completed in 2016.

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	\$3,061,191	30.54%
Sales Taxes	1,954,937	19.50%
Utility Taxes	771,149	7.69%
State Income Taxes	1,145,623	11.43%
Other Taxes	<u>802,082</u>	<u>8.00%</u>
Subtotal	7,734,982	77.17%
Licences and Permits	520,405	5.19%
Intergovernmental	16,890	0.17%
Charges for Services	533,749	5.35%
Fines and Forfeits	608,067	6.07%
Investment Earnings	1,626	0.02%
Quarry Royalties	482,820	4.82%
Other	<u>124,556</u>	<u>1.22%</u>
	<u>\$10,023,095</u>	<u>100.01%</u>

Budgetary Control

Pursuant to action by the Village Board in 2015, the Mayor is designated as Chief Budget Officer of the Village and is responsible for overseeing the 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. The Finance Department compiles the budgets and financial results to aid the Mayor and Village Manager achieve budgetary control.

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In 2015, the Village established additional processes to control financial operations. First, the budget including all anticipated transfers for debt service for debt supported by General Fund Sales taxes and shortfalls of Economic Development Funds in funding debt service is structurally balanced. Previous challenges mounted as budgets were not structurally balanced. Budgetary data is constantly monitored with department responsible to maintain their budgets. As mentioned earlier, the Village has established a \$500,000 contingency account to address unforeseen costs. Management goals are to not use these funds so they can flow into additional fund balances to achieve fund balance and rainy day goals as well as capital projects. Finally, financial data is reported periodically to the Board. The overall commitment to financial discipline will result in continued success in achieving financial goals.

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. As previously noted, the growth in taxes are the result of the recently enacted non home rule sales tax, increases in the municipal portion of state sales taxes and state income taxes and the full year of taxes from the food and beverage tax and gaming revenues.
- Total general fund expenditures were slightly under budget by \$23,420. Transfers for capital projects and debt service were \$390,000 under budget. Police Department spending exceeded budget by \$184,727 due to retro pay increases for 2014 and extra payroll costs particularly overtime to comply with the previous contract. The Village expects to contain Police Department expenditures in 2016 and thereafter based on the new contract with the union that limits annual pay increases to existing officers to 2%, reduces minimum staffing requirements, allows the hiring of part time officers to address peak staffing requirement, and establishes a Tier II payroll schedule for all future hires. The costs savings from this new contract and final reduction of remaining legacy costs from the 2014 restructuring of the Police Department allows the Village to increase its funding to the Police Pension Plan.

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 will maximize contributions to repay outstanding general obligation bonds that funded prior initiatives. The Village is exploring options to funding the remaining deficit in TIF 4. 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.

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 and the Village restructured the debt to repay the debt at the lowest borrowing rate with limited support from the general fund.

VILLAGE OF LYONS

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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 \$9,255,000 of direct tax supported debt. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$4,850,000 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 \$4,405,000 are outstanding at the end of the year to fund various general fund projects particularly the completion of the municipal complex. This debt is 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 available to fund general fund operations in the future. The tax supported debt that was outstanding prior to 2015 has decreased by \$780,000 in 2015 reflecting repayment of existing debt and refunding of the Series 2005 bonds as noted on page 44 of this report. The refunding will result in future debt service savings of \$760,421 or a current economic present value savings of \$576,421, 12.8% of the par amount of the bonds refunded. The bonds will be repaid one year earlier than the refunded bonds in 2025.

In 2015, the Village issued additional direct tax supported bonds totaling \$4,860,000 plus a premium of \$513,905 to fund roads and alleys. The debt repayment is secured by the newly imposed non home rule sales tax that was approved by referendum in November 2014 as well as the general obligation of the Village. The bonds will allow the acceleration of addressing deferred infrastructure needs so residents can benefit sooner. Further, engineer projections show that costs to address these infrastructure needs in the future would exceed the interest to complete the projects now.

The second type of debt is the Tax Increment Debt outstanding at the end of 2015 consists of \$11,165,000 of alternate revenue bonds and \$800,000 of debt certificates totaling \$11,965,000. Due to reduced assessed valuations, the projected incremental taxes are lower than in 2010 when most of this debt was originally 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 to spread out the potential impact on the General Fund. 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. The Village faces major challenges to upgrade keeping its water infrastructure to comply with current industry standards. For example, water leakage has averaged at 35% of all water purchased in the past several years. The Illinois Environmental Protection Agency

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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 international water treaties 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 of which \$3,840,336 is outstanding at the end of 2015.

The last type of debt is cash flow borrowings. The Village did not issue any cash flow borrowings in 2015.

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. In December 2015 the Village's rating was upgraded to A with Stable Outlook based on the village's improved management practices and budgetary flexibility. The Village's debt outlook and future ratings actions are dependent on restoring financial accountability and internal controls, spending constraints and economic development.

The Village is rated by Standard & Poor's Rating Services. Such ratings reflect only the view of the Rating Agency at the time such ratings were issued and any explanation of the significance of such ratings may be obtained from the Rating Agency at the following address: Standard & Poor's, 55 Water St., New York, NY 10041.

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. In 2015, the Village issued \$4,850,000 of bonds secured by its non home rule sales taxes to accelerate projects.

The Village plans to continue its commitment to fund capital projects from operations. In 2015, the Village targeted to budget \$1 million of General Fund revenues primarily from the non home rule sales tax, food and beverage taxes, and gaming taxes for capital and related debt repayment such as the 2015 bonds. Further, additional taxes and revenues from economic development primarily the quarry land reclamation would at least partially fund capital projects.

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Third, the Village's water fund has historically set aside a portion of its water revenue to fund capital costs. In 2014, the Village increased water rate 40% to provide pay the increased water cost from the City of Chicago and fund capital projects. The first phase of this capital program will fund \$7.9 million of projects.

Overall, the Village spent a record amount totaling \$4,622,102 in capital outlay in 2015. Besides addressing deficient infrastructure, the Village is targeting future operational savings from these programs.

Pension Plans

At the inception of Village's sponsorship of pension plans primarily in participation in the Illinois Municipal Retirement Fund ("IMRF") and the Police Pension plan, State funding authorization inadequately funded the plans. The state funding method adopted in 1994 lacked enforcement mechanisms and did not effectively detail the financial consequences of inadequately funding plans. At the same time, other state laws particularly the Property Tax Extension Limitation Law prevented local governments from raising revenue to adequately fund expenditures including pensions that are mandated by the State.

The amortization of the unfunded liability is based on a "level percent of salary" that is used to calculate the normal pension cost. This application results in "ramped up funding" where mandated pension contributions for existing Village employees' unfunded pension costs are lower in initial years and added to the unfunded liability. This results in a projected increase from the current \$1.0 million level funding for unfunded pension costs in 2015 to approximately \$2.6 million in 2040 if all assumptions relative to future salary increases, employee retention, mortality, and investment returns are achieved.

Besides deferring pension contributions, the unfunded liability is impacted by variances of actual results compared to assumptions. Unfavorable variances increase the unfunded liability; favorable variances decrease. The main factors that impact the unfunded liability are investment performance and salary increases. Currently, these variances are incorporated into subsequent actuarial valuations resulting in increases or decreases of the contribution to amortize the unfunded liability until 2040. When the pension plans are close to being fully funded, an alternative funding mechanism will need to be developed.

The actuarial funding requirement for the Village's major pension plans (IMRF and Police) in 2015 was \$1,206,033. Of this amount, the Village funded \$715,771 or 59% of the actuarial funding requirements to fund 90% of the actuarial liability as of 2045 as mandated by the State of Illinois since 1994. At the end of 2015, the unfunded liability that is now referred to as the Net Pension Liability increased by \$3,247,537 to \$18,169,468 due to underperformance of investments, changes in assumptions, underfunding by the Village and the planned deferral based on the "ramp up" amortization method. Based on these amounts, the Village's IMRF pension liability is 90% funded and Police Pension is 35% funded.

GASB 68 was implemented in 2015 resulting in the Net Pension Liability (formerly the unfunded liability) to be reflected as a liability on the Statement of Net Position. There were no changes to the more widely used fund financial statements. GASB 68 pension expense reflected in the Statement of Activities is \$504,646 for IMRF and \$1,615,373 for Police Pension. The GASB 68 pension expense is higher than

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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the amount funded and expensed in fund financial statements by amounts deferred due to the “ramped up funding” method and by the recognition of variances in the pension funding assumptions in the Statement of Activities.

GASB 68 intended to separate the recognition of pension expense from the funding method. Instead it continues to combine two different accounting concepts. The current portion of the pension cost historically referred to as “normal cost” is being funded (\$171,343 for IMRF and \$214,179 for Police Pension) and should be the primary pension expense. The remainder is a debt rather than a current year employee benefit. The annual increase in the unfunded pension cost should be accounted as the equivalent of interest with the deferral due to the “ramped up funding” method adding to the debt. The variances due to investment performance, salary variations, and other factors should “modify” the future “interest” similar to a variable rate debt. While GASB 68 attempts to provide a more meaningful valuation of the pension liability, it is confusing by introducing additional measures that do not provide guidance to municipalities to address the pension funding issue.

Administratively, the Village adopted a policy to fully fund the actuarial “ramp up” liability beginning in 2016. This will require additional funding of approximately \$435,000 compared to 2015 funding level. The Village has budgeted to meet this funding increase through the completion of the police restructuring and the terms of the new police contract.

The Village will also seek other funding to reduce the unfunded liability to reduce annual expense from the \$1,206,033 that should have been funded in 2015 to \$385,552. The Village could also avoid future cost increase for unfunded pension costs that are projected to increase from \$820,000 in 2015 to \$2.2 million in 2040. Finally, the Village has taken the following actions that should maintain and even reduce normal pension costs:

- Changed the composition of its police force with a great component of part time employees that do not participate in the Village’s pension plans.
- Reduce work force based on elimination of staffing mandates in the contract.
- Lower salary schedule and pension benefits for future hires known as Tier II

The Village has already seen some benefits from the police restructuring. The normal cost for 2016 for the Police Pension plan is \$116,228 compared to \$214,179 for 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,702,077	\$ 4,097	\$ 6,706,174
Receivables	4,999,467	1,417,305	6,416,772
Internal balances	955,161	(955,161)	-
Prepaid expenses	155,978	-	155,978
Capital assets not being depreciated			
Land	15,018,479	91,021	15,109,500
Construction in progress	125,228	2,885,256	3,010,484
Capital assets, net of accumulated depreciation			
Buildings and improvements	16,348,497	173,386	16,521,883
Vehicles and equipment	468,529	263,929	732,458
Infrastructure	2,745,049	4,317,478	7,062,527
Total assets	<u>47,518,465</u>	<u>8,197,311</u>	<u>55,715,776</u>
Deferred Outflow of Resources			
Deferred outflow of resources - pensions	2,133,515	-	2,133,515
Call premium on refunded debt	116,737	-	116,737
Total deferred outflows of resources	<u>2,250,252</u>	<u>-</u>	<u>2,250,252</u>
Liabilities			
Accounts payable and other current liabilities	1,578,121	926,865	2,504,986
Accrued interest payable	115,800	-	115,800
Due to library	2,388	-	2,388
Due to pensions	4,486	-	4,486
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	189,899	-	189,899
Bonds, notes and other debts	1,570,000	60,052	1,630,052
Due in more than one year			
Net pension liability	18,169,468	-	18,169,468
Net pension obligation	62,373	-	62,373
Other post-employment benefit obligation	1,325,411	-	1,325,411
Accrued compensated absences	759,597	-	759,597
Bonds, notes and other debts	26,308,572	3,780,284	30,088,856
Total liabilities	<u>50,086,115</u>	<u>4,767,201</u>	<u>54,853,316</u>
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	46,694	-	46,694
Unearned revenues	3,698,433	-	3,698,433
Total deferred inflows of resources	<u>3,745,127</u>	<u>-</u>	<u>3,745,127</u>
Net Position			
Invested in capital assets, net of related debt	23,877,452	3,714,186	27,591,638
Restricted for			
Public safety	536,776	-	536,776
Debt service	3,457	-	3,457
Unrestricted	(28,480,210)	(284,076)	(28,764,286)
Total net position	<u>\$ (4,062,525)</u>	<u>\$ 3,430,110</u>	<u>\$ (632,415)</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 1,865,424	\$ 1,027,644	\$ -	\$ -	\$ (837,780)	\$ -	\$ (837,780)	
Building, planning and zoning	568,950	224,641	-	-	(344,309)	-	(344,309)	
Police protection	5,335,722	597,140	13,288	-	(4,725,294)	-	(4,725,294)	
Fire protection and ESDA	1,192,926	309,549	-	-	(883,377)	-	(883,377)	
Community development	31,542	-	-	-	(31,542)	-	(31,542)	
Recreation	205,666	22,270	-	-	(183,396)	-	(183,396)	
Public works	2,519,118	6,802	262,296	337,521	(1,912,499)	-	(1,912,499)	
Interest and issuance costs	1,183,296	-	-	-	(1,183,296)	-	(1,183,296)	
Total government activities	12,902,644	2,188,046	275,584	337,521	(10,101,493)	-	(10,101,493)	
Business-Type Activities								
Water and Sewer	2,893,470	3,093,861	-	-	-	200,391	200,391	
Garbage	569,206	633,957	-	-	-	64,751	64,751	
Emergency 911	6,547	85,418	-	-	-	78,871	78,871	
Total business-type activities	3,469,223	3,813,236	-	-	-	344,013	344,013	
Total primary government	\$ 16,371,867	\$ 6,001,282	\$ 275,584	\$ 337,521	(10,101,493)	344,013	(9,757,480)	
General Revenues and Transfers								
Property taxes					3,648,629	-	3,648,629	
Property taxes - incremental					921,228	-	921,228	
Sales taxes					1,954,937	-	1,954,937	
State income tax					1,145,623	-	1,145,623	
Utility taxes					771,149	-	771,149	
Other taxes					802,082	-	802,082	
Unrestricted investment earnings					1,680	1	1,681	
Sale of Village assets					78,038	-	78,038	
Other income					7,115	-	7,115	
Total general revenues and transfers					9,330,481	1	9,330,482	
Change in Net Position					(771,012)	344,014	(426,998)	
Net Position - Beginning of Year (as restated)					(3,291,513)	3,086,096	(205,417)	
Net Position - End of Year					\$ (4,062,525)	\$ 3,430,110	\$ (632,415)	

VILLAGE OF LYONS, ILLINOIS
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,056,098	\$ 16,254	\$ 115,008	\$ 5,514,717	\$ 6,702,077
Receivables					
Property taxes	3,082,764	57,372	646,730	-	3,786,866
Accounts	1	-	-	24,214	24,215
Other taxes	1,139,702	-	-	-	1,139,702
Other receivables	48,684	-	-	-	48,684
Prepaid items	126,367	-	-	29,611	155,978
Due from other funds	557,302	-	-	-	557,302
Advance from other funds	748,032	-	356,299	130,068	1,234,399
Total assets	<u>\$ 6,758,950</u>	<u>\$ 73,626</u>	<u>\$ 1,118,037</u>	<u>\$ 5,698,610</u>	<u>\$ 13,649,223</u>
Liabilities					
Accounts payable	\$ 272,655	\$ -	\$ 2,960	\$ 368,568	\$ 644,183
Accrued payroll	171,985	-	-	-	171,985
Other liabilities	761,953	-	-	-	761,953
Due to library	2,388	-	-	-	2,388
Due to pensions	4,486	-	-	-	4,486
Due to other funds	-	-	113,508	-	113,508
Advance from other funds	-	723,032	-	-	723,032
Total liabilities	<u>1,213,467</u>	<u>723,032</u>	<u>116,468</u>	<u>368,568</u>	<u>2,421,535</u>
Deferred Inflows of Resources					
Unearned revenue	<u>3,056,620</u>	<u>-</u>	<u>641,813</u>	<u>-</u>	<u>3,698,433</u>
Total deferred inflows of resources	<u>3,056,620</u>	<u>-</u>	<u>641,813</u>	<u>-</u>	<u>3,698,433</u>
Fund Balances					
Nonspendable					
Prepaid items	126,367	-	-	29,611	155,978
Long-term interfund advances	748,032	-	356,299	130,068	1,234,399
Restricted					
Public safety	536,776	-	-	-	536,776
Debt service	-	-	3,457	-	3,457
Unassigned	<u>1,077,688</u>	<u>(649,406)</u>	<u>-</u>	<u>5,170,363</u>	<u>5,598,645</u>
Total fund balances	<u>2,488,863</u>	<u>(649,406)</u>	<u>359,756</u>	<u>5,330,042</u>	<u>7,529,255</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,758,950</u>	<u>\$ 73,626</u>	<u>\$ 1,118,037</u>	<u>\$ 5,698,610</u>	<u>\$ 13,649,223</u>

VILLAGE OF LYONS, ILLINOIS
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total fund balances - governmental funds	\$ 7,529,255
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,705,782
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Tax supported debt - G.O. bonds	(10,443,213)
Tax supported debt - Debt certificate	(4,405,000)
TIF supported debt - G.O. bonds (Repaid with Alternate Revenue Sources)	(12,230,359)
TIF supported debt - Debt certificate	(800,000)
Accrued compensated absences	(949,496)
Net pension obligation from firefighters' pension funding	(62,373)
Net pension liability from IMRF and police pension funding	(18,169,468)
Net obligation for other post-retirement benefit	(1,325,411)

Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Position.	(115,800)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	2,086,821
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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.	<u>116,737</u>
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Net position of governmental activities	<u>\$ (4,062,525)</u>
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 3,061,191	\$ -	\$ 587,438	\$ -	\$ 3,648,629
Incremental property taxes	-	921,228	-	-	921,228
Sales	1,954,937	-	-	-	1,954,937
Utility	771,149	-	-	-	771,149
State income tax allocation	1,145,623	-	-	-	1,145,623
Other taxes	802,082	-	-	-	802,082
License and permits	520,405	-	-	-	520,405
Intergovernmental	16,890	-	-	262,296	279,186
Charges for services	533,749	-	-	-	533,749
Fines and forfeitures	608,067	-	-	-	608,067
Investment earnings	1,626	30	-	24	1,680
Royalties	482,820	-	-	-	482,820
Other revenue	124,556	-	-	337,521	462,077
Total revenues	<u>10,023,095</u>	<u>921,258</u>	<u>587,438</u>	<u>599,841</u>	<u>12,131,632</u>
Expenditures					
Current					
General government	1,327,582	-	-	-	1,327,582
Building, planning and zoning	589,989	-	-	-	589,989
Police protection	3,971,169	-	-	-	3,971,169
Fire protection and ESDA	1,159,733	-	-	-	1,159,733
Community development	-	31,542	-	-	31,542
Recreation	326,475	-	-	-	326,475
Public works	1,200,474	-	-	-	1,200,474
Capital outlays	91,743	-	-	1,246,025	1,337,768
Debt service					
Principal payments	-	-	5,900,000	-	5,900,000
Interest and fiscal charges	-	-	1,015,420	-	1,015,420
Debt issuance costs	-	-	118,138	138,434	256,572
Total expenditures	<u>8,667,165</u>	<u>31,542</u>	<u>7,033,558</u>	<u>1,384,459</u>	<u>17,116,724</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,355,930</u>	<u>889,716</u>	<u>(6,446,120)</u>	<u>(784,618)</u>	<u>(4,985,092)</u>
Other Financing Sources (Uses)					
Bond proceeds	-	-	4,405,000	4,860,000	9,265,000
Premium on bonds	-	-	219,308	513,906	733,214
Transfers in	270,000	-	1,099,000	975,000	2,344,000
Transfers out	(1,225,000)	(849,000)	-	(270,000)	(2,344,000)
Total other financing sources (uses)	<u>(955,000)</u>	<u>(849,000)</u>	<u>5,723,308</u>	<u>6,078,906</u>	<u>9,998,214</u>
Net Change in Fund Balances	<u>400,930</u>	<u>40,716</u>	<u>(722,812)</u>	<u>5,294,288</u>	<u>5,013,122</u>
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 2,488,863</u>	<u>\$ (649,406)</u>	<u>\$ 359,756</u>	<u>\$ 5,330,042</u>	<u>\$ 7,529,255</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, 2015

Net change in fund balances - total governmental funds	\$	5,013,122
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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.		(151,527)
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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.		5,900,000
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Interest on long-term bonds is shown as a fund expenditure when paid, but is accrued in the Statement of Activities.		(22,159)
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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.		(9,265,000)
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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.		(616,522)
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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 and amortized in the statement of activities.		(5,837)
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Changes in non-current compensated absences (increase of \$113,930), net pension liabilities and related deferred inflows and outflows (net increase of \$1,418,658), net pension obligations (increase of \$2,069), and other post-retirement benefits (increase of \$89,432) are not reported as expenditures in the fund statements, but are recorded in the Statement of Activities.		(1,623,089)
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Change in net position of governmental activities	\$	(771,012)
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water and Sewer	Garbage	Emergency 911	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,237	\$ 1,462	\$ 1,398	\$ 4,097
Accounts receivable (net of allowance)	527,512	118,175	-	645,687
IEPA Receivable	771,618	-	-	771,618
Due from other funds	-	-	-	-
Total current assets	<u>1,300,367</u>	<u>119,637</u>	<u>1,398</u>	<u>1,421,402</u>
Capital assets				
Non-depreciable	2,976,277	-	-	2,976,277
Depreciable	7,160,527	270,850	499,371	7,930,748
Less accumulated depreciation	<u>(2,642,334)</u>	<u>(34,250)</u>	<u>(499,371)</u>	<u>(3,175,955)</u>
Total capital assets, net of accumulated depreciation	<u>7,494,470</u>	<u>236,600</u>	<u>-</u>	<u>7,731,070</u>
Total assets	<u><u>\$ 8,794,837</u></u>	<u><u>\$ 356,237</u></u>	<u><u>\$ 1,398</u></u>	<u><u>\$ 9,152,472</u></u>
Liabilities				
Current liabilities				
Accounts payable	\$ 874,373	\$ 52,492	\$ -	\$ 926,865
Due to other funds	353,794	90,000	-	443,794
Advance from other funds	-	250,000	261,367	511,367
IEPA loan payable, current portion	<u>60,052</u>	<u>-</u>	<u>-</u>	<u>60,052</u>
Total current liabilities	<u>1,288,219</u>	<u>392,492</u>	<u>261,367</u>	<u>1,942,078</u>
Noncurrent liabilities				
IEPA loan payable	<u>3,780,284</u>	<u>-</u>	<u>-</u>	<u>3,780,284</u>
Total noncurrent liabilities	<u>3,780,284</u>	<u>-</u>	<u>-</u>	<u>3,780,284</u>
Total liabilities	<u>5,068,503</u>	<u>392,492</u>	<u>261,367</u>	<u>5,722,362</u>
Net Position				
Investment in capital assets, net of related debt	3,714,186	-	-	3,714,186
Unrestricted	<u>12,148</u>	<u>(36,255)</u>	<u>(259,969)</u>	<u>(284,076)</u>
Total net position	<u>3,726,334</u>	<u>(36,255)</u>	<u>(259,969)</u>	<u>3,430,110</u>
Total liabilities and net position	<u><u>\$ 8,794,837</u></u>	<u><u>\$ 356,237</u></u>	<u><u>\$ 1,398</u></u>	<u><u>\$ 9,152,472</u></u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water and Sewer	Garbage	Emergency 911	Total
Operating Revenues				
Charges for sales and services	\$ 3,093,861	\$ 633,957	\$ 85,418	\$ 3,813,236
Operating Expenses				
Administration	275,000	115,000	-	390,000
Operations	2,491,158	419,956	6,547	2,917,661
Depreciation and amortization	103,951	34,250	-	138,201
Total operating expenses	2,870,109	569,206	6,547	3,445,862
Operating income (loss)	223,752	64,751	78,871	367,374
Nonoperating Revenues (Expenses)				
Interest expense	(23,361)	-	-	(23,361)
Investment earnings	-	-	1	1
Total nonoperating revenues (expenses)	(23,361)	-	1	(23,360)
Income (Loss) Before Transfers	200,391	64,751	78,872	344,014
Change in Net Position	200,391	64,751	78,872	344,014
Net Position - Beginning of Year	3,525,943	(101,006)	(338,841)	3,086,096
Net Position - End of Year	\$ 3,726,334	\$ (36,255)	\$ (259,969)	\$ 3,430,110

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water and Sewer	Garbage	Emergency 911	Total
Cash Flows from Operating Activities				
Received from customers and users	\$ 3,109,798	\$ 636,959	\$ 85,418	\$ 3,832,175
Payments to suppliers	(2,271,282)	(192,181)	(6,547)	(2,470,010)
Payments for interfund services	(670,000)	(321,250)	-	(991,250)
Net cash provided by (used for) operating activities	<u>168,516</u>	<u>123,528</u>	<u>78,871</u>	<u>370,915</u>
Cash Flows from Noncapital Financing Activities				
Change in interfund receivables/payables	<u>207,704</u>	<u>148,784</u>	<u>(85,000)</u>	<u>271,488</u>
Net cash provided by financing activities	<u>207,704</u>	<u>148,784</u>	<u>(85,000)</u>	<u>271,488</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction (sale) of capital assets	(3,013,484)	(270,850)	-	(3,284,334)
Interest expense	(23,361)	-	-	(23,361)
Loan principal payments	(27,454)	-	-	(27,454)
Loan proceeds	<u>2,689,316</u>	<u>-</u>	<u>-</u>	<u>2,689,316</u>
Net cash used for capital and related financing activities	<u>(374,983)</u>	<u>(270,850)</u>	<u>-</u>	<u>(645,833)</u>
Cash Flows from Investing Activities				
Interest received	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net Change in Cash and Cash Equivalents	<u>1,237</u>	<u>1,462</u>	<u>(6,128)</u>	<u>(3,429)</u>
Cash and Cash Equivalents- Beginning of Year	<u>-</u>	<u>-</u>	<u>7,526</u>	<u>7,526</u>
Cash and Cash Equivalents- End of Year	<u>\$ 1,237</u>	<u>\$ 1,462</u>	<u>\$ 1,398</u>	<u>\$ 4,097</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ 223,752	\$ 64,751	\$ 78,871	\$ 367,374
Adjustments to reconcile operating activities to net cash provided (used) by operating activities:				
Depreciation and amortization	103,951	34,250	-	138,201
Bad debt expense	14,515	-	-	14,515
Change in accounts receivable	1,422	3,002	-	4,424
Change in accounts payable	(175,124)	21,525	-	(153,599)
Total adjustments	<u>(55,236)</u>	<u>58,777</u>	<u>-</u>	<u>3,541</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 168,516</u>	<u>\$ 123,528</u>	<u>\$ 78,871</u>	<u>\$ 370,915</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2015

Assets

Cash and cash equivalents	\$	403,223
Interest receivable		32,552
Due from general fund		4,486
Investments, at fair value		
U.S. governmental agencies securities		1,062,814
State and local government securities		333,199
Corporate bonds		1,447,318
Mutual funds and equities		6,294,741
Total assets		<u>9,578,333</u>

Net Position Held in Trust for Pension Benefits	\$	<u>9,578,333</u>
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Additions

Contributions	
Employer	\$ 553,645
Plan members	127,995
Total contributions	<u>681,640</u>
Investment Income	
Interest earned	(344,346)
Net appreciation in	
Fair value of investments	226,130
Less investment expense	(25,274)
Net investment earnings	<u>(143,490)</u>
Total additions	<u>538,150</u>

Deductions

Administration	26,435
Benefits and refunds	1,665,473
Total deductions	<u>1,691,908</u>

Change in Net Position	<u>(1,153,758)</u>
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Net Position Held in Trust for Pension Benefits

Beginning of Year	<u>10,732,091</u>
End of Year	<u><u>\$ 9,578,333</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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 Village 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, 2015

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, 2015

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, 2015

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, 2015

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, 2015, 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, 2015, 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, 2015

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 2015 are levied in December 2014 and attach as an enforceable lien on the property on January 1, 2015. Tax bills are prepared by the County and issued on or about February 1, 2015 and July 1, 2015 and are payable in two installments on or about March 1, 2015 and August 1, 2015. 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, 2015

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

As of December 31, 2015, the following funds had deficit fund balances:

	<u>Deficit</u>
Proprietary Fund- Emergency 911	\$ 259,969
Economic Development	649,406
Proprietary Fund - Garbage	36,255

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 seven 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 has and intends to continue to utilize the surcharge revenue going forward to repay the advances until the advances are repaid or the Village ceases to operate the center. 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 or joint venture 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 written off.

The Garbage Fund deficit partially resulted from disputed dumping costs being negotiated with the Village's previous contractor. The Village took over garbage collection in 2015 that had previously been provided by a general contractor. The Village had to acquire equipment to provide the service resulting in a liability to the General Fund. In 2015, the Village reduced the deficit by operating the garbage collection internally. The portion of the interfund that will not be repaid in the first three months of 2016 has been recorded as an advance. The Village expects to repay the advance in three years.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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 .160% at December 31, 2015. 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, 2015, the Village held \$7,146,790 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 .49% at December 31, 2015. 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, 2015, the Village held \$7,954 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. There was no balance in these accounts at December 31, 2015.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Village's cash and cash equivalents were invested as follows at December 31, 2015:

Cash on Hand	\$	705
Bank Accounts		(449,284)
Money Market Funds		
Illinois Funds		7,146,799
IMET		<u>7,954</u>
Total Money Market Funds		<u>7,154,753</u>
Total Cash and Cash Equivalent	\$	<u>6,706,174</u>

At year end the carrying amount of the Village's deposits totaled \$6,706,174 and the bank balance was \$8,505,495. 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, 2015, the Village's Police Pension Fund investments were as follows:

<u>Investment Type</u>	<u>Investment Maturities</u>				
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agencies	\$ 1,062,814	\$ 179,792	\$ 299,343	\$ 579,702	\$ 3,977
Corporate Bonds	1,447,318	-	991,411	455,907	-
State and Local Obligations	333,199	-	107,212	225,987	-
	<u>\$ 2,843,331</u>	<u>\$ 179,792</u>	<u>\$ 1,397,966</u>	<u>\$ 1,261,596</u>	<u>\$ 3,977</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, 11% were rated AA+, 4% were rated A+, 30% were rated A, 25% were rated A-, 25% were rated BBB+, and 5% were BBB. For the State and Local Obligations, 34% were rated AA+ and 66% were not rated.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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	\$ 1,545,970 *	54%
Mid-Cap Equity Funds	307,293	11%
Small-Cap Equity Funds	154,999	5%
International Equity Funds	<u>867,926 *</u>	30%
	<u>\$ 2,876,188</u>	

* Represent over 5% of total net position.

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, 2015

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 15,018,479	\$ -	\$ -	\$ 15,018,479
Construction in progress	-	125,228	-	125,228
Total Capital Assets Not Being Depreciated	15,018,479	125,228	-	15,143,707
Capital Assets Being Depreciated				
Buildings and Improvements	18,183,077	29,000	-	18,212,077
Vehicles and Equipment	2,455,895	103,290	-	2,559,185
Infrastructure	4,106,533	-	-	4,106,533
Total Capital Assets Being Depreciated	24,745,505	132,290	-	24,877,795
Less Accumulated Depreciation for				
Buildings And Improvements	1,601,424	262,156	-	1,863,580
Vehicles and Equipment	1,987,774	102,882	-	2,090,656
Infrastructure	1,317,477	44,007	-	1,361,484
Total Accumulated Depreciation	4,906,675	409,045	-	5,315,720
Total Capital Assets Being Depreciated, Net	19,838,830	(276,755)	-	19,562,075
Governmental Activities Capital Assets, Net	\$ 34,857,309	\$ (151,527)	\$ -	\$ 34,705,782

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

General Government	\$ 244,712
Building, Planning and Zoning	8,928
Police Protection	49,652
Fire Protection and ESDA	24,037
Public Works	81,716
	<u>\$ 409,045</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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	2,680,039	1,055,890	2,885,256
Total Capital Assets Not Being Depreciated	1,352,128	2,680,039	1,055,890	2,976,277
Capital Assets Being Depreciated				
Buildings and Improvements	280,609	-	-	280,609
Vehicles and Equipment	689,606	270,850	-	960,456
Infrastructure	5,300,348	1,389,335	-	6,689,683
Total Capital Assets Being Depreciated	6,270,563	1,660,185	-	7,930,748
Less Accumulated Depreciation for				
Buildings And Improvements	102,548	4,677	-	107,225
Vehicles and Equipment	645,936	50,591	-	696,527
Infrastructure	2,289,272	82,933	-	2,372,205
Total Accumulated Depreciation	3,037,756	138,201	-	3,175,957
Total Capital Assets Being Depreciated, Net	3,232,807	1,521,984	-	4,754,791
Business-Type Activities Capital Assets, Net	\$ 4,584,935	\$ 4,202,023	\$ 1,055,890	\$ 7,731,068

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

Water and Sewer	\$ 103,951
Garbage	34,250
	<u>\$ 138,201</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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, 2015 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	\$ 4,486
General	Debt Service	113,508
General	Water/Sewer	353,794
General	Garbage	90,000

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	Garbage	\$ 250,000
General	Economic Development	498,032
Debt Service	Economic Development	225,000
Debt Service	Emergency 911	131,299
Capital Improvement	Emergency 911	130,068
		<u>\$ 1,234,399</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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	Capital Improvement	<u>\$ 270,000</u>
Economic Development	Economic Development	<u>180,000</u>
Debt Service	General	250,000
	Economic Development	<u>849,000</u>
		1,099,000
Capital Improvement	General	<u>975,000</u>
		<u><u>\$2,524,000</u></u>

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

TIF District #1	\$ 221,000
TIF District #2	160,000
TIF District #3	288,000
TIF District #4	<u>180,000</u>
	<u><u>\$ 849,000</u></u>

The following summarizes the transfers in 2015:

- Transfer from the Capital Improvement Fund to the General Fund represents the transfer of motor fuel tax revenues as a reimbursement of public works costs related to the streets function.
 - Transfers within the Economic Development Fund are to cover expenditures within other districts, which are allowable as the TIF Districts border each other.
 - Transfers from the General Fund to the Capital Improvement Fund are to provide funds for capital projects.
 - Transfer from the General Fund to the Debt Service Fund is to cover shortfalls in funding debt payments from the TIF Districts that make up the Economic Development Fund and debt payments from sales taxes.
 - Transfers from the Economic Development Fund to the Debt Service Fund represent transfers to cover debt service payments on TIF District debt.
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VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 7 - LONG-TERM DEBT

Long-Term Debt Summary

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

	Beginning Balances (Restated)	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
Tax Supported Debt	\$ 10,035,000	\$ 9,998,213	\$ 5,185,000	\$ 14,848,213	\$ 770,000
Tax Increment Debt	13,862,051	-	831,692	13,030,359	800,000
Net Pension Obligations	5,300,108	2,069	5,239,804	62,373	-
Net Pension Liability	14,908,521	3,260,947	-	18,169,468	-
Compensated Absences	835,566	113,930	-	949,496	189,899
Other Post-Employment Benefits Obligation	1,235,979	89,432	-	1,325,411	-
Total Governmental Activities Long-Term Liabilities	46,177,225	13,464,591	11,256,496	48,385,320	1,759,899
Business-Type Activities					
Revenue Debt - IEPA Loan	1,069,873	2,797,917	27,454	3,840,336	60,052
Total Business-Type Activities Long-Term Liabilities	1,069,873	2,797,917	27,454	3,840,336	60,052
Total Long-Term Liabilities	\$ 47,247,098	\$ 16,262,508	\$ 11,283,950	\$ 52,225,656	\$ 1,819,951

Current Year Issuances

On December 22, 2015, the Village issued two separate debt issuances: \$4,860,000 General Obligation Bonds (Alternate Revenue Source), Series 2015B ("Series 2015B Bonds") and \$4,405,000 General Obligation Bonds, Series 2015C ("Series 2015C Bonds"). With premiums, the total amount of all two issuances was \$9,998,213.

The purpose of the Series 2015B Bonds was to fund capital projects consisting of roads and alley, and to pay related costs of issuance on the Alternate Bonds. The Series 2015B Bonds are payable from an additional one percent (1%) non home-rule retailer's occupation taxes, use taxes, service occupation taxes and service use taxes ("Pledged Revenues"). They also are secured by ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount ("Pledged Taxes"). The Village will not abate the Pledged Taxes until the Pledged Revenues are collected and segregated into a separate debt service account to repay the Alternate Bonds.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements December 31, 2015

NOTE 7- LONG-TERM DEBT (Continued)

The purpose of the Series 2015C Bonds was to refund the outstanding Series 2005 Bonds of the Village for economic savings, and to pay related costs of issuance on the GO Bonds. The Series 2015C Bonds are direct and general obligations of the Village. They are secured by ad valorem real property taxes resulting from dedicated debt service levies in amounts sufficient to provide for the timely payment of the principal and interest on the Bonds as those amounts come due.

Tax Supported Debt

These are bond issues and installment contracts where the Village has pledged its full faith and credit to support the bonds. The intended source of repayment are debt service property taxes and general and non-home rule sales taxes of the General fund.

	Beginning Balances	Issuance	Retirements	Ending Balances	Due Within One Year
General Obligation Bonds of 2005, due in annual installments of \$250,000 to \$500,000 plus interest at 3.400% to 5.625% through December 15, 2026.	\$ 4,815,000	\$ -	\$ 4,815,000	\$ -	\$ -
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.	545,000	-	100,000	445,000	105,000
General Obligation Bonds (Alternate Revenue Source) Series 2015B, due in annual installments of \$145,000 to 360,000 plus interest at 3.0% to 5.0% through December 1, 2038.	-	4,860,000	-	4,860,000	-
General Obligation Bonds of 2015C, due in annual installments of \$385,000 to \$505,000 plus interest at 2.00% to 4.00% through December 15, 2025.	-	4,405,000	-	4,405,000	385,000
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.	3,160,000	-	190,000	2,970,000	195,000
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.	1,515,000	-	80,000	1,435,000	85,000
Premium on Debt	-	733,213	-	733,213	-
	<u>\$10,035,000</u>	<u>\$ 9,998,213</u>	<u>\$ 5,185,000</u>	<u>\$14,848,213</u>	<u>\$ 770,000</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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

Tax increment debt were issued as general obligation bonds, but are intended to be funded from revenues of the TIF Districts. Since TIF revenues are currently insufficient to fully fund debt service, the Village has pledged and used general sales taxes for any shortfalls.

	Ending Balances	Issuance	Retirements	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	-
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	-	715,000	800,000	800,000
Premium on debt	1,213,991	-	118,213	1,095,778	-
Discount on debt	(31,940)	-	(1,521)	(30,419)	-
	<u>\$ 13,862,051</u>	<u>\$ -</u>	<u>\$ 831,692</u>	<u>\$ 13,030,359</u>	<u>\$ 800,000</u>

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 7- LONG-TERM DEBT (Continued)

	Beginning Balances	Issuance	Retirements	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	\$ 2,797,917	\$ 27,454	\$ 3,840,336	\$ 60,052
	<u>\$ 1,069,873</u>	<u>\$ 2,797,917</u>	<u>\$ 27,454</u>	<u>\$ 3,840,336</u>	<u>\$ 60,052</u>

Future Debt Maturities

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

	Governmental Activities				Total	
	Tax Supported Debt		Tax Increment Debt			
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 770,000	\$ 551,522	\$ 800,000	\$ 559,268	\$ 1,570,000	\$ 1,110,790
2017	790,000	558,753	-	519,268	790,000	1,078,021
2018	955,000	530,892	710,000	519,268	1,665,000	1,050,160
2019	985,000	497,436	795,000	487,968	1,780,000	985,404
2020	920,000	461,394	760,000	454,118	1,680,000	915,512
2021-2025	5,145,000	1,733,485	3,770,000	1,712,390	8,915,000	3,445,875
2026-2030	2,115,000	850,200	2,190,000	1,013,186	4,305,000	1,863,386
2031-2035	1,410,000	474,500	2,940,000	448,250	4,350,000	922,750
2036-2038	1,025,000	104,250	-	-	1,025,000	104,250
	\$ 14,115,000	\$ 5,762,432	\$ 11,965,000	\$ 5,713,716	\$ 26,080,000	\$ 11,476,148

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 2015 (2014 EAV) and the most recently available EAV (2015 EAV):

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 7- LONG-TERM DEBT (Continued)

	<u>2014 EAV</u>	<u>2015 EAV</u>
EAV per county tax levy	\$ 152,531,880	\$ 147,817,541
Add EAV exemptions from tax extension	20,234,765	20,605,657
Add EAV associated with TIF districts	6,880,649	7,167,728
Total Village equalized assessed valuation	<u>\$ 179,647,294</u>	<u>\$ 175,590,926</u>
 Legal debt limit - 8.625% of assessed value	 \$ 15,494,579	 \$ 15,144,717
 Amount of debt application to limit		
General obligation bonds and debt certificates	<u>11,550,000</u>	<u>10,055,000</u>
 Legal debt margin	 <u>\$ 3,944,579</u>	 <u>\$ 5,089,717</u>

The Village maintained Legal Debt Margin at the end of 2015.

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, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

Plan Descriptions: The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for the Police and Firefighters' Pension Plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan issues a separate report on the pension plan and are available for inspection at Village Hall. The Firefighters' Pension Plan does not issue a separate report. IMRF benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. The report can be obtained online at www.imrf.org.

Below is aggregate information related to the IMRF and Police Pension plans in total reported by the Village as of and for the year ended December 31, 2015:

	IMRF	Police	Total
Total Pension Liability	\$ 11,046,796	\$ 26,631,088	\$ 37,677,884
Plan Fiduciary Net Position	9,930,335	9,578,081	19,508,416
Town's net pension liability	<u>\$ 1,116,461</u>	<u>\$ 17,053,007</u>	<u>\$ 18,169,468</u>
Deferred Inflows of Resources	\$ 46,694	\$ -	\$ 46,694
Deferred Outflows of Resources	733,159	1,400,356	2,133,515
Pension Expense	504,646	1,615,373	2,120,019

Illinois Municipal Retirement Fund (IMRF)

General Information about the Pension Plan

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the year ended December 31, 2015 was 10.76% of covered payroll. The employer annual required contribution rate for calendar year 2014 was 11.33%.

At December 31, 2015, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries	60
Inactive, Non-retired Members	38
Active Members	<u>35</u>
Total	133

Net Pension Liability

The Village's net pension liability for the IMRF plan was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	3.5%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50% including inflation
Investment Rate of Return:	7.49%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

specific rates were developed from the RP-2014 Employee Morality Table with adjustments to match current IMRF experience.

There were no benefit changes during the year.

Long Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Changes in the Net Pension Liability

IMRF

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 10,570,700	\$ 10,195,950	\$ 374,750
Changes for the year:			
Service Cost	189,683	-	189,683
Interest on the Total Pension Liability	781,991	-	781,991
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(31,155)	-	(31,155)
Changes of Assumptions	13,576	-	13,576
Contributions - Employer	-	219,278	(219,278)
Contributions - Employees	-	112,469	(112,469)
Net Investment Income	-	50,934	(50,934)
Benefit Payments, including Refunds			
of Employee Contributions	(477,999)	(477,999)	-
Other (Net Transfer)	-	(170,297)	170,297
Net Changes	476,096	(265,615)	741,711
Balances at December 31, 2015	<u>\$ 11,046,796</u>	<u>\$ 9,930,335</u>	<u>\$ 1,116,461</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
IMRF Net Pension Liability/(Asset)	\$ 2,588,869	\$ 1,116,461	\$ (87,028)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$504,646 related to IMRF. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IMRF:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,694
Changes of assumptions	89,684	-
Net difference between projected and actual earnings on pension plan investments	<u>643,475</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 733,159</u>	<u>\$ 46,694</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31</u>	<u>IMRF</u>
2016	\$ 215,337
2017	162,941
2018	167,642
2019	140,545

Police Pension Plan

General Information about the Pension Plan

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 and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The Village accounts for the plan as a pension trust fund.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension shall be increased by 2.5% of final salary for each 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 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 salary cap increases every year thereafter.

The monthly pension 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. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3.00% of the amount of the pension payable at the time of the increase. 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 of retirement or the month following the attainment of age 60, by the lesser of 3.00% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 50 and receive a reduced benefit.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. Effective January 1, 2011, 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. For the year ended December 31, 2015, the Village's contribution was 44.42% of covered payroll.

At December 31, 2015, the Police Pension Plan membership consisted of:

<u>Membership</u>	<u>Participants</u>
Retirees and beneficiaries currently receiving benefits	24
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	<u>12</u>
Total	<u><u>37</u></u>

Net Pension Liability

The Village's net pension liability for the Police Pension Plan was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial cost method was entry age normal with a level percent of pay.

Actuarial Assumptions: The following actuarial assumptions were used to determine the total pension liability in the December 31, 2015 actuarial valuation and the prior valuation:

	<u>Current Valuation</u>	<u>Prior Valuation</u>
Interest Rate	7.00%	7.00%
Discount Rate	7.00%	7.00%
Salary Increases	4.00%-12.90%	2.00%-3.00%
Projected Increase in Payroll	3.50%	5.50%
Inflation	3.00%	3.00%

Mortality rates for the December 31, 2015 actuarial valuation are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date. The prior valuation was based on the RP 2000 Mortality Table CHBCA.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Long Term Expected Rate of Return: The long term expected rate of return on the Plan's investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
US Treasuries	4%	1.80%
US Agencies	11%	2.00%
Taxable IL Municipal Bonds	4%	2.00%
US Corporate Bonds	15%	2.50%
US High Yield Bonds	4%	3.50%
Emerging Market Bonds	5%	4.00%
US Large Cap Equity	38%	5.00%
US Mid Cap Equity	3%	5.30%
US Small Cap Equity	2%	5.00%
International Stocks	8%	5.30%
Emerging Market Stocks	1%	4.30%
Real Estate	2%	4.80%
Global Infrastructure	3%	1.30%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 7.00% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The longer term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (for the future benefit payments that are not covered by the plan's projected net position).

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.57% and the resulting single discount rate is 7.00%.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2014	<u>\$ 25,266,108</u>	<u>\$ 10,732,337</u>	<u>\$ 14,533,771</u>
Changes for the year:			
Service Cost	213,953	-	213,953
Interest on the Total Pension Liability	1,712,319	-	1,712,319
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	537,965	-	537,965
Changes of Assumptions	509,554	-	509,554
Contributions - Employer	-	496,493	(496,493)
Contributions - Employees	-	127,995	(127,995)
Net Investment Income	-	(143,498)	143,498
Benefit Payments, including Refunds of Employee Contributions	(1,608,811)	(1,608,811)	-
Other (Net Transfer)	-	(26,435)	26,435
Net Changes	<u>1,364,980</u>	<u>(1,154,256)</u>	<u>2,519,236</u>
Balances at December 31, 2015	<u><u>\$ 26,631,088</u></u>	<u><u>\$ 9,578,081</u></u>	<u><u>\$ 17,053,007</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability related to the police pension plan of the Village calculated using the discount rate of 7.00% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 20,759,781	\$ 17,053,007	\$ 14,020,793

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Police Pension Fund report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$1,615,373 related to the police pension plan. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 366,091	\$ -
Changes of assumptions	346,757	-
Net difference between projected and actual earnings on pension plan investments	<u>687,508</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,400,356</u>	<u>\$ -</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to police pensions will be recognized in pension expense in future periods as follows:

Year Ended December 31	Police
2016	\$ 506,548
2017	506,548
2018	215,384
2019	171,876

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, 2015 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, 2015, 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, 2015

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 Firefighters' Pension Plan does not hold investments as of December 31, 2015.

The Village generally pays administrative costs for the Firefighters' Pension Plan.

Net Pension Obligation

The Village funds the annual required contribution of the Firefighters' Pension Plan on a pay-as-you-go basis. Funds are paid out of a checking account maintained by the Village that is funded with property taxes. The funds are not held in trust. Therefore, reporting under GASB Statement No. 68 does not apply to this plan.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Prior pension pronouncements will continue to be adhered to and a liability for net pension obligation will be reported.

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 2015 were prepared as of December 31, 2015. 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) 25 year (closed period) level percentage of pay amortization of unfunded liability.

For the year ended December 31, 2015, Village contributions were as follows:

	Firefighters' Pension
	<hr/>
Annual required contributions	\$ 55,000
Interest on net pension obligation (asset)	4,221
Adjustment to annual required contribution	<hr/> -
Annual pension cost	59,221
Contributions made	<hr/> 57,152
Change in net pension obligation (asset)	2,069
Net pension obligation (asset), beginning	<hr/> 60,304
Net pension obligation (asset), ending	<hr/> <hr/> \$ 62,373

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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

	Fiscal Year Ending	Firefighters' Pension
Annual pension cost	2015	\$ 59,221
	2014	58,854
	2013	58,481
Actual contribution	2015	57,152
	2014	53,600
	2013	53,159
Percent contributed	2015	96.51%
	2014	91.07%
	2013	90.90%
Net pension obligation (asset)	2015	62,373
	2014	60,304
	2013	55,050

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, 2015

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status

At December 31, 2015 (latest actuarial valuation date), the funded status was as follows:

	<u>Firefighters' Pension</u>
Actuarial value of assets	\$ 252
Actuarial accrued liability	339,972
Unfunded actuarial liability	339,720
Funded ratio	0.07%
Covered payroll	N/A
Unfunded liability as a percent of covered payroll	N/A

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, 2015, the membership consists of the following:

Retirees and beneficiaries currently receiving benefits	21
Active non-vested members	<u>42</u>
Total membership	<u>63</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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, 2015, 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, 2015. 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)	\$ 204,505
Adjustment to ARC	(72,611)
Interest cost	<u>55,619</u>
Total OPEB cost	187,513
Employer contributions made	<u>(98,081)</u>
Increase in net OPEB obligation	89,432
Net OPEB obligation, January 1, 2015	<u>1,235,979</u>
Net OPEB obligation, December 31, 2015	<u><u>\$1,325,411</u></u>

Funded Status and Funding Progress

Actuarial accrued liability (AAL)	\$2,360,977
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$2,360,977
Funded ratio	0%
Covered payroll	<u>\$2,758,316</u>
UAAL as a percentage of covered payroll	<u><u>85.59%</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

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, 2015 actuarial valuation, the entry age normal cost method was applied. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced to an ultimate rate of 4.5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

During the current year, the Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. As a result of the conversion, the Village reported prior period adjustments related to the elimination of net pension obligation balances as of the prior year-end and the establishment of net pension liability and deferred inflow and outflow balances related to the Village's police and Illinois Municipal Retirement Fund pension plans in which Village employees participate. The schedule below details the effects of the prior period adjustments in the governmental activities within the government-wide financial statements.

Governmental Activities

Initial Beginning Net Position, January 1, 2015	6,133,672
Elimination of beginning net pension obligation balances	5,239,804
Establishment of beginning net pension liability balances	(14,908,521)
Establishment of beginning deferred inflow of resources related to pensions	(67,276)
Establishment of beginning deferred outflow of resources related to pensions	310,808
Restated Beginning Net Position, January 1, 2015	<u><u>(3,291,513)</u></u>

The fund financial statements are not affected by this restatement.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2015

NOTE 13 – SUBSEQUENT EVENT

On January 7, 2016, the Village issued two separate debt issuances: \$500,000 General Obligation Bonds (Alternate Revenue Source), Series 2015A (“Series 2015A Bonds”) and \$555,000 General Obligation Limited Bonds, Series 2015D (“Series 2015D Bonds”). The purpose of the Series 2015A Bonds was to refund certain outstanding obligations to restructure debt and to pay related costs of issuance. The purpose of the Series 2015D Bonds was to fund capital projects including roads and equipment, and to pay related costs of issuance.

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, 2015

	Original and Final Budget	Actual
Revenues		
Taxes	\$ 8,254,604	\$ 7,734,982
Intergovernmental	15,000	16,890
License, fees and permits	542,000	520,405
Charges for services	1,383,200	1,524,999
Fines and forfeitures	606,500	608,067
Investment earnings	1,500	1,626
Quarry revenues	430,000	482,820
Miscellaneous	75,500	124,556
Total revenues	<u>11,308,304</u>	<u>11,014,345</u>
Expenditures		
Current		
General government	2,161,435	1,837,582
Building, planning and zoning	594,811	589,989
Police protection	3,786,442	3,971,169
Fire protection and ESDA	1,166,812	1,159,733
Recreation	289,319	326,475
Public works	1,366,175	1,681,724
Capital outlay	250,000	91,743
Debt service		
Interest and fiscal charges	20,000	-
Total expenditures	<u>9,634,994</u>	<u>9,658,415</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,673,310</u>	<u>1,355,930</u>
Other Financing Sources (Uses)		
Transfers in	-	270,000
Transfers out	(1,615,000)	(1,225,000)
Total other financing sources (uses)	<u>(1,615,000)</u>	<u>(955,000)</u>
Net Change in Fund Balance	<u>58,310</u>	<u>400,930</u>
Fund Balance - Beginning of Year	<u>2,087,933</u>	<u>2,087,933</u>
Fund Balance - End of Year	<u><u>\$ 2,146,243</u></u>	<u><u>\$ 2,488,863</u></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, 2015

	Original and Final Budget	Actual
Revenues		
Incremental property taxes	\$ 866,800	\$ 921,228
Investment earnings	-	30
Total revenues	<u>866,800</u>	<u>921,258</u>
Expenditures		
Community development	<u>23,000</u>	<u>31,542</u>
Total expenditures	<u>23,000</u>	<u>31,542</u>
Excess (Deficiency) of Revenues over Expenditures	<u>843,800</u>	<u>889,716</u>
Other Financing Sources (Uses)		
Transfers in	200,000	180,000
Transfers out	<u>(1,065,000)</u>	<u>(1,029,000)</u>
Total other financing sources (uses)	<u>(865,000)</u>	<u>(849,000)</u>
Net Change in Fund Balance	<u>(21,200)</u>	<u>40,716</u>
Fund Balance - Beginning of Year	<u>(690,122)</u>	<u>(690,122)</u>
Fund Balance - End of Year	<u><u>\$ (711,322)</u></u>	<u><u>\$ (649,406)</u></u>

VILLAGE OF LYONS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2015

Last 10 Fiscal Years (Only 2 Fiscal Years Available as of December 31, 2015)

	2015	2014
Total pension liability		
Service cost	\$ 189,683	\$ 219,024
Interest	781,991	728,681
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(31,155)	(107,604)
Changes of Assumptions	13,576	323,757
Benefit Payments, Including Refunds of Member Contributions	(477,999)	(398,790)
Net Change in Total Pension Liability	476,096	765,068
Total Pension Liability - Beginning	10,570,700	9,805,632
Total Pension Liability - Ending (a)	\$ 11,046,796	\$ 10,570,700
Plan Fiduciary Net Position		
Contributions - employer	\$ 219,278	\$ 193,399
Contributions - member	112,469	84,680
Net Investment Income	50,934	589,300
Benefit Payments, Including Refunds of Member Contributions	(477,999)	(398,790)
Administrative Expense	-	-
Other	(170,297)	6,345
Net Change in Fiduciary Net Position	\$ (265,615)	\$ 474,934
Plan Fiduciary Net Position - Beginning	10,195,950	9,721,016
Plan Fiduciary Net Position - Ending (b)	\$ 9,930,335	\$ 10,195,950
Net Pension Liability - Ending (a)-(b)	\$ 1,116,461	\$ 374,750
Liability	89.89%	96.45%
Covered-Employee Payroll	\$ 1,990,512	\$ 1,717,458
Net Pension Liability as a Percentage of Covered-Employee Payroll	56.09%	21.82%

Notes to Schedule:

Information is presented for those years for which it was available

VILLAGE OF LYONS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE CONTRIBUTIONS
DECEMBER 31, 2015

Last 10 Fiscal Years (Only 2 Fiscal Years Available as of December 31, 2015)

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 214,179	\$ 183,940
Contributions in Relation to the Actuarially Determined Contribution	<u>219,278</u>	<u>193,399</u>
Contribution Deficiency (Excess)	(5,099)	(9,459)
Covered-Employee Payroll	1,990,512	1,717,458
Contributions as a Percentage of Covered-Employee Payroll	11.02%	11.26%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 28-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Inflation: 3%

Salary Increases: 4.4% to 16%, including inflation

Investment Rate of Return: 7.5%

Retirement Age: Experience based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010

Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used.

Other Information: There were no benefit changes during the year

Information is presented for those years for which it was available

VILLAGE OF LYONS, ILLINOIS
POLICE PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2015

Last 10 Fiscal Years (Only 2 Fiscal Years Available as of December 31, 2015)

	2015	2014
Total pension liability		
Service cost	\$ 213,953	\$ 533,266
Interest	1,712,319	1,677,871
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	537,965	(1,706,332)
Changes of Assumptions	509,554	1,517,128
Benefit Payments, Including Refunds of Member Contributions	(1,608,811)	(1,450,830)
Net Change in Total Pension Liability	1,364,980	571,103
Total Pension Liability - Beginning	25,266,108	24,695,005
Total Pension Liability - Ending (a)	\$ 26,631,088	\$ 25,266,108
 Plan Fiduciary Net Position		
Contributions - employer	\$ 496,493	\$ 438,151
Contributions - member	127,995	149,617
Net Investment Income	(143,498)	707,878
Benefit Payments, Including Refunds of Member Contributions	(1,608,811)	(1,450,830)
Administrative Expense	(26,435)	(40,960)
Other	-	-
Net Change in Fiduciary Net Position	\$ (1,154,256)	\$ (196,144)
 Plan Fiduciary Net Position - Beginning	10,732,337	10,928,481
Plan Fiduciary Net Position - Ending (b)	\$ 9,578,081	\$ 10,732,337
 Net Pension Liability - Ending (a)-(b)	\$ 17,053,007	\$ 14,533,771
 Liability	35.97%	42.48%
 Covered-Employee Payroll	\$ 1,117,697	\$ 1,264,005
Net Pension Liability as a Percentage of Covered-Employee Payroll	1525.73%	1149.82%

Notes to Schedule:

Information is presented for those years for which it was available

VILLAGE OF LYONS, ILLINOIS
POLICE PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE CONTRIBUTIONS
DECEMBER 31, 2015

Last 10 Fiscal Years (Only 2 Fiscal Years Available as of December 31, 2015)

	2015	2014
Actuarially Determined Contribution	\$ 991,854	\$ 920,045
Contributions in Relation to the Actuarially Determined Contribution	496,493	438,151
Contribution Deficiency (Excess)	495,361	481,894
Covered-Employee Payroll	1,117,697	1,264,005
Contributions as a Percentage of Covered- Employee Payroll	44.42%	34.66%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported

Actuarial Cost Method: Entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 25-year closed period

Asset Valuation Method: 5-year smoothed market

Inflation: 3%

Salary Increases: 4.0% to 12.9%, including inflation

Investment Rate of Return: 7.0%

Retirement Age: L&A 2016 Illinois Police Retirement Rates Capped at age 65

Mortality: L&A 2016 Illinois Police Mortality Rates

Other Information: There were no benefit changes during the year

Information is presented for those years for which it was available

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2015

**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)
12/31/2015	\$ 252	\$ 339,972	\$ 339,720	0.07%	N/A	N/A
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

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

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2015

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)
12/31/2015	\$ -	\$ 2,360,977	\$ 2,360,977	0.00%	\$ 2,758,316	85.59%
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%

Actuarial Assumptions

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 Years
Asset valuation method	Market
Investment rate of return	4.50%
Projected salary increases	3.50%
Healthcare inflation rate	8.00% initial, reducing 0.5% per year until 4.5%
Percentage of active employees assumed to elect benefits	100.00%

A. BUDGETS

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

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

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

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

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

For the year ended December 31, 2015, expenditures exceeded budget, exclusive of depreciation, in the following funds:

Economic Development Fund	\$ 8,542
Debt Service Fund	4,780,153
Water and Sewer Fund	555,109
Emergency 911 Fund	6,547

The following explains the budget variances in each fund:

Economic Development Fund

The Village reimburses school districts for students that are residents of Tax Increment Finance Districts. There was an additional student compared to the original budget.

Debt Service Fund

The variance relates to the repayment of debt from the proceeds of general obligation refunding bonds issued in 2015 that were not included in the operating budget. The ordinance authorizing the bonds created authority for the Village to spend these funds even though they were not included in the operating budget.

VILLAGE OF LYONS, ILLINOIS

Notes to the required supplementary information
December 31, 2015

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET (Continued)

Water and Sewer Fund

The costs in excess of budget were due to additional costs for system repairs to combat water loss and system rehabilitation and a lower reduction of water loss than budgeted. This resulted in lower operating profit for the fund.

C. RECONCILIATION OF BUDGETARY TO GAAP REPORTING – GENERAL FUND

Revenues

Charges for services (budgetary)	\$1,524,999
Less reimbursements	<u>(991,250)</u>
Charges for services (GAAP)	533,749

Expenditures

	<u>Gen Govt</u>	<u>Public Works</u>
Budgetary basis	1,837,582	1,681,724
Less reimbursements	<u>(510,000)</u>	<u>(481,250)</u>
GAAP basis	1,327,582	1,200,474

**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, 2015**

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Taxes			
Property Taxes			
General/corporate	\$ 650,000	\$ 663,605	\$ 638,149
IMRF	115,000	117,798	112,497
Street and bridge	60,000	61,386	57,927
Fire protection	450,000	460,789	436,281
Police protection	800,000	819,014	773,733
Social security	110,000	112,670	106,658
Auditing	30,000	30,771	28,870
Police pension	500,000	496,492	438,151
Fire pension	55,000	55,652	53,600
Liability insurance	53,604	54,994	61,292
Ambulance service	150,000	153,546	148,831
Road and bridge	35,000	34,474	37,553
Total property taxes	<u>3,008,604</u>	<u>3,061,191</u>	<u>2,893,542</u>
Other Taxes			
Replacement	60,000	70,928	58,573
Municipal sales	1,500,000	1,578,125	1,439,266
Non-home rule sales	700,000	376,812	-
Income tax - municipal share	1,250,000	1,145,623	1,041,844
Telecommunication utility	390,000	242,246	266,129
Cable television utility	110,000	128,866	124,546
Electric utility	350,000	276,461	287,392
Natural gas utility	150,000	123,576	187,787
Local use	250,000	236,928	206,033
Hotel/motel	80,000	77,473	56,572
Foreign fire	6,000	12,711	13,767
Local food & beverage	250,000	199,130	94,886
Illinois gaming	150,000	204,912	167,968
Total other taxes	<u>5,246,000</u>	<u>4,673,791</u>	<u>3,944,763</u>
Total taxes	<u>8,254,604</u>	<u>7,734,982</u>	<u>6,838,305</u>
Intergovernmental			
Public safety grant and reimbursement	15,000	13,288	6,193
Other grants and reimbursements	-	3,602	51,499
Total intergovernmental	<u>15,000</u>	<u>16,890</u>	<u>57,692</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
Licenses and Permits (cont.)			
Riverside lawn fire district fees	\$ 2,000	\$ 2,000	\$ 2,000
Liquor licenses	75,000	48,250	36,276
Vehicle licenses	200,000	149,013	145,783
Garage sales permits	-	702	1,313
Property maintenance inspections	-	39,607	64,795
Building permits	175,000	113,468	87,274
Plumbing permits	-	15,986	10,722
HVAC permits	-	10,241	10,569
Electrical permits	-	6,689	5,087
Contractor licenses	-	38,150	32,835
Zoning hearings/maps/codes	-	500	3,170
Business licenses	90,000	95,799	86,366
Total licenses and permits	542,000	520,405	486,190
Charges for Services			
Antenna agreements	280,000	193,852	210,562
Advertising for Village property	6,000	10,078	-
Collection agency revenue	200	-	-
Police and fire reports	2,000	2,420	2,214
Ambulance service fees	275,000	296,937	232,546
Fire recovery fees	-	8,192	5,321
Recreation fees	35,000	22,270	12,076
Interfund charges			
Water and sewer public works reimbursement	275,000	275,000	390,000
Water and sewer administration	395,000	395,000	275,000
Garbage public works reimbursement	-	206,250	-
Garbage administration	115,000	115,000	115,000
Total charges for services	1,383,200	1,524,999	1,242,719
Fines and Fees			
Liquor fines	2,500	2,062	-
Nuisance, abatement and adjudication	100,000	160,046	182,059
State Y-tickets	200,000	24,777	114,294
Parking P-tickets	170,000	107,844	171,067
DUI fines	5,000	40,916	12,036
Towing fees	70,000	15,420	24,245
Red light photo enforcement	-	-	1,300
Alarm board fees	8,000	-	3,086
State seizure revenue	25,000	30,068	34,751
Federal seizure revenue	25,000	216,959	-
Other	1,000	9,975	100,343
Total fines and fees	606,500	608,067	643,181

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
Investment Income - Interest			
Interest	\$ 1,500	\$ 1,626	\$ 495
Royalties			
Quarry revenues	430,000	482,820	411,267
Miscellaneous			
Sale of Village property	2,000	78,038	1,058
Rent of Village assets	2,000	10,200	7,561
Insurance and damage recovery	2,000	20,268	5,249
COBRA premium payments	15,000	-	-
Project & program reimbursement	15,000	-	-
Overtime reimbursement	2,500	-	-
Refunds and rebates	20,000	2,535	253
Senior taxi donation	2,000	10,315	7,115
Miscellaneous	15,000	3,200	4,213
Total miscellaneous	75,500	124,556	25,449
Total revenues	\$ 11,308,304	\$ 11,014,345	\$ 9,705,298

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
General Government			
Administration			
Salaries and benefits	\$ 569,749	\$ 875,691	\$ 597,962
Professional services	48,400	75,493	73,958
Communications	59,300	119,877	128,447
Professional development	23,300	36,532	28,196
Operations	33,000	35,430	36,091
Other	503,986	4,738	12,642
Total administration	<u>1,237,735</u>	<u>1,147,761</u>	<u>877,296</u>
Legal Services			
Professional services	<u>201,500</u>	<u>187,085</u>	<u>196,789</u>
Finance			
Professional services	355,700	182,342	277,056
Other	<u>2,000</u>	<u>31,022</u>	<u>40,953</u>
Total finance	<u>357,700</u>	<u>213,364</u>	<u>318,009</u>
Human Resources			
Salaries and benefits	59,000	11,600	26,075
Professional services	10,000	3,850	-
Operations	<u>8,900</u>	<u>10,690</u>	<u>7,123</u>
Total human resources	<u>77,900</u>	<u>26,140</u>	<u>33,198</u>
Risk Management			
Professional services	200,000	179,137	192,798
Other expenditures	<u>1,600</u>	<u>-</u>	<u>-</u>
Total risk management	<u>201,600</u>	<u>179,137</u>	<u>192,798</u>
Information Technology			
Professional services	58,000	45,360	77,200
Other	<u>27,000</u>	<u>35,330</u>	<u>23,887</u>
Total information technology	<u>85,000</u>	<u>80,690</u>	<u>101,087</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
General Government (cont.)			
Police and fire commission			
Professional development	\$ -	\$ 3,405	\$ 856
Total police and fire commission	-	3,405	856
 Total general government	 2,161,435	 1,837,582	 1,720,033
Building, Planning and Zoning			
Building			
Salaries and benefits	422,116	376,373	322,165
Professional services	127,000	134,642	131,284
Communications	10,800	8,976	11,133
Professional development	5,120	324	8,345
Operations	28,625	69,332	44,058
Total building	593,661	589,647	516,985
 Planning and Zoning			
Professional services	850	-	320
Communications	300	342	-
Total planning and zoning	1,150	342	320
 Total building, planning and zoning	 594,811	 589,989	 517,305
Police			
Administration			
Salaries and benefits	776,158	743,725	1,091,651
Pensions	500,000	496,492	438,151
PEDA expenditures	-	64,594	50,716
Communications	151,395	15,262	18,987
Professional development	5,538	11,034	8,646
Operations	172,172	239,866	175,136
Professional services	-	182,922	105,599
Other expenditures	807	1,103	336
Total administration	1,606,070	1,754,998	1,889,222

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
Police (cont.)			
Investigations			
Salaries and benefits	\$ -	\$ -	\$ 148,818
Total investigations	-	-	148,818
Patrol Operations			
Salaries and benefits	1,533,154	1,645,261	1,510,247
Professional services	3,340	5,670	3,684
Operations	8,115	27,130	14,961
Other expenditures	11,000	-	-
Total patrol operations	1,555,609	1,678,061	1,528,892
Dispatch Operations			
Salaries and benefits	514,263	387,766	500,163
Professional services	100,000	134,181	70,469
Communications	-	14,663	-
Operations	10,500	1,500	1,932
Total dispatch operations	624,763	538,110	572,564
Total police	3,786,442	3,971,169	4,139,496
Fire Protection and ESDA			
Operations			
Salaries and benefits	517,292	542,962	605,046
Fire pension	55,000	57,152	53,600
Communications	11,420	11,968	11,102
Professional development	39,000	18,252	37,801
Operations	97,000	83,333	123,121
Other	1,000	-	-
Total operations	720,712	713,667	830,670
Emergency Medical Services (EMS)			
Professional services	426,000	430,619	428,056
Operations	20,100	15,447	11,313
Total emergency medical services (EMS)	446,100	446,066	439,369
Total fire protection and ESDA	1,166,812	1,159,733	1,270,039

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
Recreation			
Recreation department			
Salaries and benefits	\$ 112,545	\$ 112,434	\$ 98,083
Professional services	27,900	21,688	15,081
Communications	19,200	15,014	17,273
Operations	14,100	35,531	46,358
Total recreation	<u>173,745</u>	<u>184,667</u>	<u>176,795</u>
Community Events			
Salaries and benefits	8,074	9,838	9,720
Operations	13,000	53,776	26,379
Other	17,000	-	-
Total community events	<u>38,074</u>	<u>63,614</u>	<u>36,099</u>
Hotel/Motel Events			
Operations	<u>77,500</u>	<u>78,194</u>	<u>76,872</u>
Total hotel/motel events	<u>77,500</u>	<u>78,194</u>	<u>76,872</u>
Total recreation	<u>289,319</u>	<u>326,475</u>	<u>289,766</u>
Public Works			
Administration			
Salaries and benefits	184,821	264,723	211,830
Professional services	-	946	-
Communications	48,500	4,679	4,282
Operations	<u>43,150</u>	<u>56,262</u>	<u>42,583</u>
Total administration	<u>276,471</u>	<u>326,610</u>	<u>258,695</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Final Budget	Actual	Actual
Public Works (cont.)			
Streets and Forestry			
Salaries and benefits	\$ 655,348	\$ 792,826	\$ 642,790
Professional services	3,000	9,279	14,535
Professional development	-	65	-
Operations	234,100	332,515	215,823
Total streets and forestry	<u>892,448</u>	<u>1,134,685</u>	<u>873,148</u>
Buildings and Grounds			
Professional services	32,500	28,482	32,515
Operations	40,300	67,480	36,085
Total buildings and grounds	<u>72,800</u>	<u>95,962</u>	<u>68,600</u>
Village Garage			
Salaries and benefits	119,456	118,561	114,233
Operations	5,000	5,906	3,781
Total village garage	<u>124,456</u>	<u>124,467</u>	<u>118,014</u>
Total public works	<u>1,366,175</u>	<u>1,681,724</u>	<u>1,318,457</u>
Interest	<u>20,000</u>	<u>-</u>	<u>51,771</u>
Capital Outlay	<u>250,000</u>	<u>91,743</u>	<u>148,782</u>
Total expenditures	<u>\$ 9,634,994</u>	<u>\$ 9,658,415</u>	<u>\$ 9,455,649</u>

**VILLAGE OF LYONS, ILLINOIS
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT (TIF FUNDS)
DECEMBER 31, 2015**

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Assets					
Cash and cash equivalents	\$ 2,251	\$ 1,175	\$ 1,667	\$ 11,161	\$ 16,254
Property tax receivable	20,245	-	37,127	-	57,372
Total assets	<u>\$ 22,496</u>	<u>\$ 1,175</u>	<u>\$ 38,794</u>	<u>\$ 11,161</u>	<u>\$ 73,626</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	22,496	1,175	38,794	(711,871)	(649,406)
Total fund balances	<u>22,496</u>	<u>1,175</u>	<u>38,794</u>	<u>(711,871)</u>	<u>(649,406)</u>
Total liabilities and fund balances	<u>\$ 22,496</u>	<u>\$ 1,175</u>	<u>\$ 38,794</u>	<u>\$ 11,161</u>	<u>\$ 73,626</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, 2015

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Revenues					
Incremental property taxes	\$ 264,746	\$ 148,609	\$ 505,490	\$ 2,383	\$ 921,228
Investment earnings	-	-	19	11	30
Total revenues	<u>264,746</u>	<u>148,609</u>	<u>505,509</u>	<u>2,394</u>	<u>921,258</u>
Expenditures					
Community development	<u>30,792</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>31,542</u>
Total expenditures	<u>30,792</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>31,542</u>
Excess (Deficiency) of Revenues over Expenditures	<u>233,954</u>	<u>147,859</u>	<u>505,509</u>	<u>2,394</u>	<u>889,716</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	180,000	180,000
Transfers out	<u>(221,000)</u>	<u>(160,000)</u>	<u>(468,000)</u>	<u>(180,000)</u>	<u>(1,029,000)</u>
Total other financing sources (uses)	<u>(221,000)</u>	<u>(160,000)</u>	<u>(468,000)</u>	<u>-</u>	<u>(849,000)</u>
Net Change in Fund Balances	<u>12,954</u>	<u>(12,141)</u>	<u>37,509</u>	<u>2,394</u>	<u>40,716</u>
Fund Balances - Beginning of Year	<u>9,542</u>	<u>13,316</u>	<u>1,285</u>	<u>(714,265)</u>	<u>(690,122)</u>
Fund Balances - End of Year	<u>\$ 22,496</u>	<u>\$ 1,175</u>	<u>\$ 38,794</u>	<u>\$ (711,871)</u>	<u>\$ (649,406)</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 296,000	\$ 264,746	\$ 304,559
Investment income	-	-	9
Total revenues	<u>296,000</u>	<u>264,746</u>	<u>304,568</u>
Expenditures			
Community development	23,000	30,792	24,289
Debt service			
Principal retirement	-	-	255,000
Interest and fiscal charges	-	-	89,684
Total expenditures	<u>23,000</u>	<u>30,792</u>	<u>368,973</u>
Excess (Deficiency) of Revenues over Expenditures	<u>273,000</u>	<u>233,954</u>	<u>(64,405)</u>
Other Financing Sources (Uses)			
Transfers out	(265,000)	(221,000)	(101,829)
Total other financing sources (uses)	<u>(265,000)</u>	<u>(221,000)</u>	<u>(101,829)</u>
Net Change in Fund Balance	<u>\$ 8,000</u>	<u>12,954</u>	<u>(166,234)</u>
Fund Balance - Beginning of Year		<u>9,542</u>	<u>175,776</u>
Fund Balance - End of Year		<u>\$ 22,496</u>	<u>\$ 9,542</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 145,000	\$ 148,609	\$ 146,122
Investment income	-	-	7
Total revenues	<u>145,000</u>	<u>148,609</u>	<u>146,129</u>
Expenditures			
Community development	-	750	3,000
Debt service			
Principal retirement	-	-	45,000
Interest and fiscal charges	-	-	48,927
Total expenditures	<u>-</u>	<u>750</u>	<u>96,927</u>
Excess (Deficiency) of Revenues over Expenditures	<u>145,000</u>	<u>147,859</u>	<u>49,202</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	<u>(180,000)</u>	<u>(160,000)</u>	<u>(36,488)</u>
Total other financing sources (uses)	<u>(180,000)</u>	<u>(160,000)</u>	<u>(36,488)</u>
Net Change in Fund Balance	<u>\$ (35,000)</u>	<u>(12,141)</u>	<u>12,714</u>
Fund Balance - Beginning of Year		<u>13,316</u>	<u>602</u>
Fund Balance - End of Year		<u>\$ 1,175</u>	<u>\$ 13,316</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 420,000	\$ 505,490	\$ 426,482
Investment income	-	19	45
Total revenues	<u>420,000</u>	<u>505,509</u>	<u>426,527</u>
Expenditures			
Debt service			
Principal retirement	-	-	170,000
Interest and fiscal charges	-	-	75,634
Total expenditures	<u>-</u>	<u>-</u>	<u>245,634</u>
Excess (Deficiency) of Revenues over Expenditures	<u>420,000</u>	<u>505,509</u>	<u>180,893</u>
Other Financing Sources (Uses)			
Transfers out	<u>(420,000)</u>	<u>(468,000)</u>	<u>(180,000)</u>
Total other financing sources (uses)	<u>(420,000)</u>	<u>(468,000)</u>	<u>(180,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>37,509</u>	<u>893</u>
Fund Balance - Beginning of Year		<u>1,285</u>	<u>392</u>
Fund Balance - End of Year		<u>\$ 38,794</u>	<u>\$ 1,285</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 5,800	\$ 2,383	\$ 6,037
Investment income	-	11	-
Total revenues	<u>5,800</u>	<u>2,394</u>	<u>6,037</u>
Expenditures			
Community development	-	-	15,015
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	190,000
Interest and fiscal charges	-	-	119,401
Total expenditures	<u>-</u>	<u>-</u>	<u>324,416</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,800</u>	<u>2,394</u>	<u>(318,379)</u>
Other Financing Sources (Uses)			
Transfers In	200,000	180,000	180,000
Transfers out	(200,000)	(180,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>180,000</u>
Net Change in Fund Balance	<u>\$ 5,800</u>	<u>2,394</u>	<u>(138,379)</u>
Fund Balance - Beginning of Year		<u>(714,265)</u>	<u>(575,886)</u>
Fund Balance - End of Year		<u>\$ (711,871)</u>	<u>\$ (714,265)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Property taxes	\$ 665,000	\$ 587,438	\$ 724,041
Total revenues	665,000	587,438	724,041
Expenditures			
Debt service			
Principal retirement	1,465,000	5,900,000	11,998,330
Interest and fiscal charges	788,405	1,015,420	781,542
Costs of issuance	-	118,138	296,430
Total expenditures	2,253,405	7,033,558	13,076,302
Excess (Deficiency) of Revenues over Expenditures	(1,588,405)	(6,446,120)	(12,352,261)
Other Financing Sources/(Uses)			
Bond proceeds	-	4,405,000	12,680,000
Premium on bonds	-	219,308	1,213,991
Discount on bonds	-	-	(31,940)
Transfers in	1,500,000	1,099,000	747,670
Transfers out	-	-	(1,551,771)
Total other financing sources/(uses)	1,500,000	5,723,308	13,057,950
Net Change in Fund Balance	\$ (88,405)	(722,812)	705,689
Fund Balance - Beginning of Year		1,082,568	376,879
Fund Balance - End of Year		\$ 359,756	\$ 1,082,568

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, 2015

	2015		2014
	Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ 480,000	\$ 262,296	\$ 265,788
Investment income	100	24	18
Grant revenue	-	337,521	125,503
Total revenues	<u>480,100</u>	<u>599,841</u>	<u>391,309</u>
Expenditures			
Costs of issuance	-	138,434	-
Capital outlay	<u>1,500,000</u>	<u>1,246,025</u>	<u>552,305</u>
Total expenditures	<u>1,500,000</u>	<u>1,384,459</u>	<u>552,305</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,019,900)</u>	<u>(784,618)</u>	<u>(160,996)</u>
Other Financing Sources (Uses)			
Bond proceeds	-	4,860,000	-
Premium on bonds	-	513,906	-
Transfers in	1,000,000	975,000	-
Transfers out	<u>-</u>	<u>(270,000)</u>	<u>-</u>
Total other financing sources(uses)	<u>1,000,000</u>	<u>6,078,906</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (19,900)</u>	<u>5,294,288</u>	<u>(160,996)</u>
Fund Balance - Beginning of Year		<u>35,754</u>	<u>196,750</u>
Fund Balance - End of Year		<u>\$ 5,330,042</u>	<u>\$ 35,754</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION- BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014
	Final Budget	Actual	Actual
Operating Revenues			
Water sales	\$ 4,225,000	\$ 2,865,393	\$ 2,431,934
Sewer charges	-	132,484	109,909
Water tap charges	-	26,168	25,413
Late penalties	-	55,898	51,310
Water turn-on fees	-	9,618	11,300
Meter sales	-	4,300	1,130
Total operating revenues	<u>\$ 4,225,000</u>	<u>\$ 3,093,861</u>	<u>\$ 2,630,996</u>
Operating Expenses			
Administration			
General fund administration charges	395,000	275,000	395,000
Total administration	<u>395,000</u>	<u>275,000</u>	<u>395,000</u>
Operations			
Water department			
Professional services	-	-	3,250
Communications	-	12,416	10,696
Operations	1,800,000	1,988,895	2,030,563
General fund public works reimbursement	-	395,000	385,000
Total water department	<u>1,800,000</u>	<u>2,396,311</u>	<u>2,429,509</u>
Sewer department			
Professional services	-	6,317	14,901
Operations	-	88,530	32,462
Total sewer department	<u>-</u>	<u>94,847</u>	<u>47,363</u>
Total operations	<u>1,800,000</u>	<u>2,491,158</u>	<u>2,476,872</u>
Depreciation and Amortization	<u>120,000</u>	<u>103,951</u>	<u>88,184</u>
Total operating expenses	<u>2,315,000</u>	<u>2,870,109</u>	<u>2,960,056</u>
Operating Income (Loss)	<u>1,910,000</u>	<u>223,752</u>	<u>(329,060)</u>
Nonoperating Revenues (Expenses)			
Principal repayment	(90,544)	-	-
Interest expense	<u>(50,000)</u>	<u>(23,361)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(140,544)</u>	<u>(23,361)</u>	<u>-</u>
Change in Net Position	<u>\$ 1,769,456</u>	<u>200,391</u>	<u>(329,060)</u>
Net Position - Beginning of Year		<u>3,525,943</u>	<u>3,855,003</u>
Net Position - End of Year		<u>\$ 3,726,334</u>	<u>\$ 3,525,943</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Operating Revenues			
Garbage collection	\$ 640,000	\$ 615,919	\$ 619,600
Late penalties	-	14,708	15,971
Toters	-	2,167	2,062
Garbage stickers	-	1,163	1,012
Total operating revenues	<u>640,000</u>	<u>633,957</u>	<u>638,645</u>
Operating Expenses			
Administration			
General fund administration charges	<u>100,000</u>	<u>115,000</u>	<u>115,000</u>
Total administration	<u>100,000</u>	<u>115,000</u>	<u>115,000</u>
Operations			
Professional services	560,000	211,006	575,133
Operations	-	2,700	3,100
General fund public works reimbursement	-	206,250	-
Total operations	<u>560,000</u>	<u>419,956</u>	<u>578,233</u>
Depreciation and Amortization	<u>-</u>	<u>34,250</u>	<u>-</u>
Total operating expenses	<u>660,000</u>	<u>569,206</u>	<u>693,233</u>
Operating Income (Loss)	<u>(20,000)</u>	<u>64,751</u>	<u>(54,588)</u>
Change in Net Position	<u>\$ (20,000)</u>	<u>64,751</u>	<u>(54,588)</u>
Net Position - Beginning of Year		<u>(101,006)</u>	<u>(46,418)</u>
Net Position - End of Year		<u>\$ (36,255)</u>	<u>\$ (101,006)</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, 2015

	2015		2014
	Final Budget	Actual	Actual
Operating Revenues			
Charges for service			
E-911 surcharge	\$ 110,000	\$ 85,418	\$ 89,353
Operating Expenses			
Communications	-	6,211	9,732
Operations	-	336	415
Depreciation	-	-	101,079
Total operating expenses	-	6,547	111,226
Operating Income (Loss)	110,000	78,871	(21,873)
Non-Operating Revenues (Expenses)			
Interest income	-	1	2
Interest and fiscal charges	-	-	-
Net non-operating revenues (expenses)	-	1	2
Income (Loss) before Transfer	110,000	78,872	(21,871)
Change in Net Position	\$ 110,000	78,872	(21,871)
Net Position - Beginning of Year		(338,841)	(316,970)
Net Position - End of Year		\$ (259,969)	\$ (338,841)

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2015

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 402,971	\$ 252	\$ 403,223
Interest receivable	32,552	-	32,552
Due from general fund	4,486	-	4,486
Investments, at fair value			
U.S. governmental agencies securities	1,062,814	-	1,062,814
State and local government securities	333,199	-	333,199
Corporate bonds	1,447,318	-	1,447,318
Mutual funds and equities	6,294,741	-	6,294,741
	<u>9,578,081</u>	<u>252</u>	<u>9,578,333</u>
Total assets			
	<u>9,578,081</u>	<u>252</u>	<u>9,578,333</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$ 9,578,081</u></u>	<u><u>\$ 252</u></u>	<u><u>\$ 9,578,333</u></u>

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 496,493	\$ 57,152	\$ 553,645
Plan members	127,995	-	127,995
Total contributions	<u>624,488</u>	<u>57,152</u>	<u>681,640</u>
Investment earnings			
Interest and dividends	(344,354)	8	(344,346)
Net increase (decrease) in fair value of investments	<u>226,130</u>	<u>-</u>	<u>226,130</u>
Total investment earnings	(118,224)	8	(118,216)
Less investment expense	<u>(25,274)</u>	<u>-</u>	<u>(25,274)</u>
Net investment earnings	(143,498)	8	(143,490)
Total additions	<u>480,990</u>	<u>57,160</u>	<u>538,150</u>
Deductions			
Administration	26,435	-	26,435
Benefits and refunds	<u>1,608,811</u>	<u>56,662</u>	<u>1,665,473</u>
Total deductions	<u>1,635,246</u>	<u>56,662</u>	<u>1,691,908</u>
Change in Net Position	<u>(1,154,256)</u>	<u>498</u>	<u>(1,153,758)</u>
Net Position Held in Trust for Pension Benefits			
Beginning of Year	<u>10,732,337</u>	<u>(246)</u>	<u>10,732,091</u>
End of Year	<u><u>\$ 9,578,081</u></u>	<u><u>\$ 252</u></u>	<u><u>\$ 9,578,333</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, 2015

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 500,000	\$ 496,493
Plan members	230,000	127,995
Total contributions	<u>730,000</u>	<u>624,488</u>
Investment earnings		
Interest and dividends	600,000	(344,354)
Net increase in fair value of investments	<u>-</u>	<u>226,130</u>
Total investment earnings	600,000	(118,224)
Less investment expense	<u>(30,000)</u>	<u>(25,274)</u>
Net investment earnings	<u>570,000</u>	<u>(143,498)</u>
Total additions	<u>1,300,000</u>	<u>480,990</u>
Deductions		
Administration	25,000	26,435
Benefits and refunds	<u>925,000</u>	<u>1,608,811</u>
Total deductions	<u>950,000</u>	<u>1,635,246</u>
Change in Net Position	<u>350,000</u>	<u>(1,154,256)</u>
Net Position Held in Trust for Pension Benefits		
Beginning of Year	<u>10,732,337</u>	<u>10,732,337</u>
End of Year	<u><u>\$ 11,082,337</u></u>	<u><u>\$ 9,578,081</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, 2015

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 55,000	\$ 57,152
Investment earnings		
Interest and dividends	-	8
Net investment earnings	-	8
Total additions	55,000	57,160
Deductions		
Benefits and refunds	55,005	56,662
Total deductions	55,005	56,662
Change in Net Position	(5)	498
Net Position Held in Trust for Pension Benefits		
Beginning of Year	1,117	(246)
End of Year	\$ 1,112	\$ 252