

Village of Lyons, Illinois

A Historic Community with a Vision for the Future



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2016

VILLAGE OF LYONS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

INTRODUCTORY SECTION

Principal Officials	I.
Organizational Chart.....	II.
Letter of Transmittal.....	III. – VIII.

FINANCIAL SECTION

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis.....	3 - 15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	18
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities.....	21
Proprietary Funds	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Fiduciary Funds	
Statement of Fiduciary Net Position.....	25
Statement of Change in Fiduciary Net Position.....	26
Notes to Financial Statements.....	27 - 67

(Continued)

VILLAGE OF LYONS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	
General Fund	68
Economic Development Fund	69
Schedules of Changes in Village Net Pension Liability and Related Ratios and Village Contributions	
Illinois Municipal Retirement Fund	70 - 71
Police Pension Plan	72 - 73
Fire Pension Plan	74
Schedule of Funding Progress and Employer Contributions	
Other Postemployment Benefit Plan	75
Notes to Required Supplementary Information	76 - 77

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Major Governmental Funds

General Fund	
Schedule of Revenues - Budget and Actual	78 - 80
Schedule of Expenditures - Budget and Actual	81 - 83
Special Revenue Funds	
Economic Development (TIF Funds)	
Combining Balance Sheet	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	85
TIF #1 Operations Fund	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	86
TIF #2 Operations Fund	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	87

(Continued)

VILLAGE OF LYONS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)

Major Governmental Funds (Continued)

Special Revenue Fund (Continued)

TIF #3 Operations Fund

Schedule of Revenues, Expenditures and Change in Fund Balance

- Budget and Actual 88

TIF #4 Operations Fund

Schedule of Revenues, Expenditures and Change in Fund Balance

- Budget and Actual..... 89

Debt Service Fund

Schedule of Revenues, Expenditures and Change in Fund Balance

- Budget and Actual..... 90

Capital Improvement Fund

Schedule of Revenues, Expenditures and Change in Fund Balance

- Budget and Actual 91

Proprietary Funds

Water and Sewer Fund

Schedule of Revenues, Expenses and Change in Net Position

- Budget and Actual 92

Garbage Fund

Schedule of Revenues, Expenses and Change in Net Position

- Budget and Actual 93

Emergency 911 Fund

Schedule of Revenues, Expenses and Change in Net Position

- Budget and Actual 94

Fiduciary Funds

Police Pension Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual 95

(Continued)

VILLAGE OF LYONS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements

Debt Certificates of 2007.....	96
Debt Certificates of 2009B	97
Ambulance Revolving Loan Program.....	98
Land Loan of 2016.....	99
General Obligation Bonds of 2009A	100
General Obligation Bonds of 2015C.....	101
General Obligation Bonds of 2015D.....	102
General Obligation Bonds (Alternate Revenue Source) of 2015B.....	103
General Obligation Bonds (Alternate Revenue Source) of 2015A.....	104
General Obligation Bonds (Alternate Revenue Source) of 2014A.....	105
General Obligation Bonds (Alternate Revenue Source) of 2014B.....	106
IEPA Loan L175137.....	107
IEPA Loan L175303.....	108
IEPA Loan L175136.....	109

STATISTICAL SECTION

Basic Financial Statements

Financial Trends	
Net Position by Components.....	110
Changes in Net Position.....	111 - 112
Fund Balances of Governmental Funds.....	113
Changes in Fund Balances of Governmental Funds.....	114
Revenue Capacity	
General Governmental Tax Revenues by Source.....	115
Assessed Value and Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates.....	117
Principal Property Taxpayers.....	118
Property Tax Levies and Collections.....	119
Debt Capacity	
Ratios of Outstanding Debt by Type	120
Schedule of Direct and Overlapping Governmental Activities Debt.....	121
Ratios of General Bonded Debt Outstanding	122
Schedule of Legal Debt Margin	123

(Continued)

VILLAGE OF LYONS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

STATISTICAL SECTION (Continued)

Demographic and Economic Information	
Demographic and Economic Statistics.....	124
Principal Employers.....	125
Operating Information	
Full-Time Equivalent City Government Employees by Function.....	126
Operating Indicators by Function/Program.....	127
Capital Asset Statistics by Function/Program	128

INTRODUCTORY SECTION



VILLAGE OF LYONS, ILLINOIS

**VILLAGE OF LYONS
PRINCIPAL OFFICIALS
DECEMBER 31, 2016**

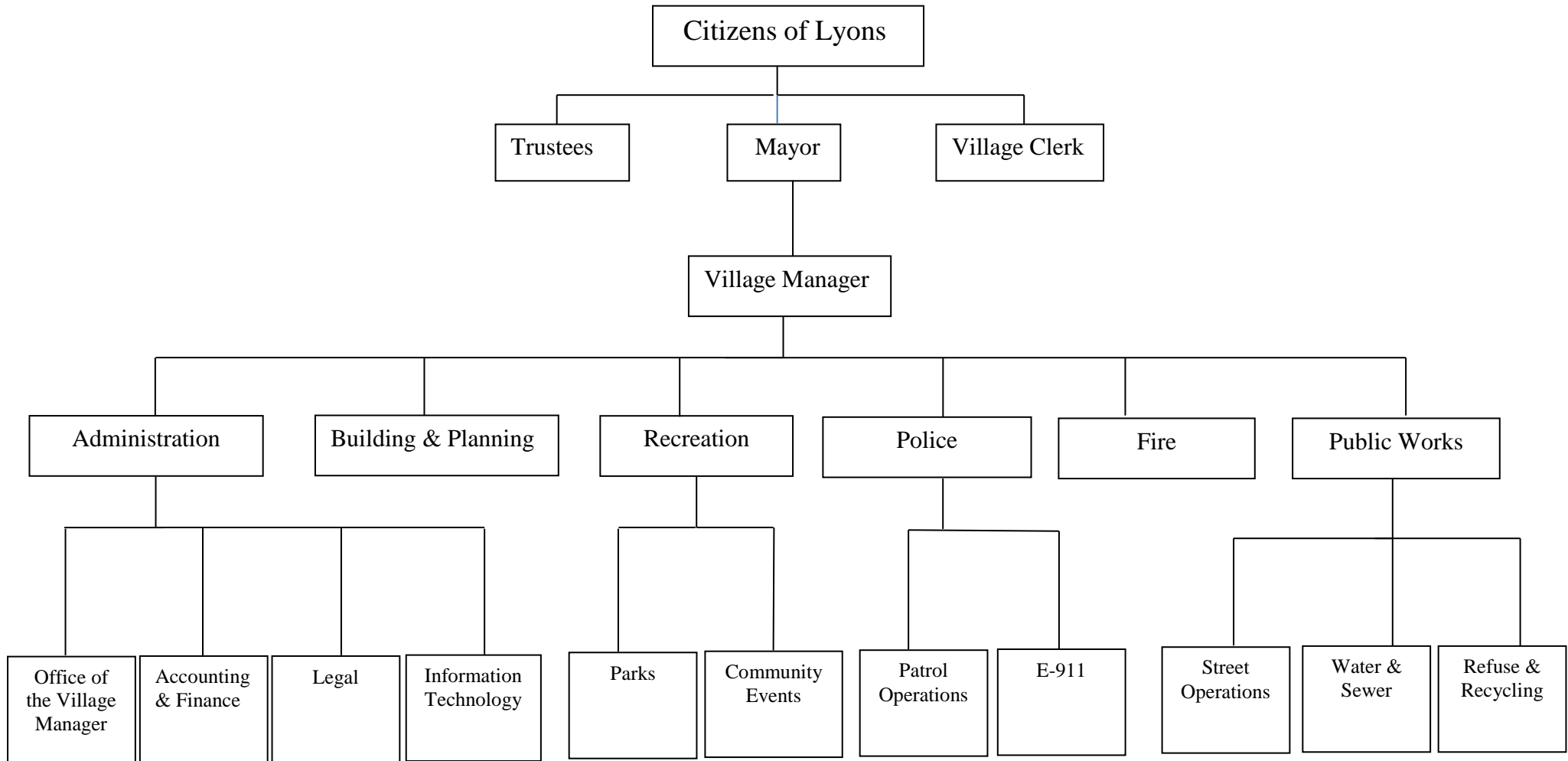
MEMBERS OF THE VILLAGE BOARD

CHRISTOPHER GETTY	MAYOR
IRMA QUINTERO	CLERK
PAT ALONZI	TRUSTEE
TERESA ECHEVERRIA	TRUSTEE
DANIEL HILKER	TRUSTEE
PAUL MARCHIORI	TRUSTEE
GREG RAMIREZ	TRUSTEE
JAMES VESELSKY	TRUSTEE

DEPARTMENT HEADS

THOMAS SHEAHAN	VILLAGE MANAGER
JAMES KEATING	POLICE CHIEF
GORDON NORD	FIRE CHIEF
IRMA QUINTERO	CLERK/TREASURER
JOHN PIERCE	DIRECTOR, BUILDING & PLANNING
FRANK TORRES	DIRECTOR, PARKS & RECREATION
DANIEL DENYS	DIRECTOR, FINANCE

Village of Lyons Organizational Chart





Village of Lyons

July 27, 2017

Mayor and Trustees of the Village of Lyons
Lyons Residents and Businesses
Bondholders, Vendors and Other Stake Holders

The Comprehensive Annual Report (the "CAFR") of the Village of Lyons, Illinois (the "Village") for the fiscal year ended December 31, 2016 is submitted herewith. This report provides a financial depiction of the Village's operations for fiscal year 2016 and the resulting financial condition as of December 31, 2016. The CAFR is to provide all of the stakeholders relevant information of the community including the continued investment by our businesses, the financial security for our residents, and maximum transparency to the Village's employees and vendors to allow the Village to continue to move forward.

Responsibility for the accuracy, completeness and the fairness of the financial information including additional disclosures rests with Village management. Village management has assumed this responsibility and presents the accompanying CAFR with the expectation that it should provide more than an adequate insight into the operations and financial condition of the Village.

GW and Associates, P.C. has conducted an audit of the Village and has issued an unqualified opinion on the Village's financial statements for the year ended December 31, 2016. This report is included at the beginning of the Financial Section of the CAFR.

At the direction and oversight of the Village Board, Village management has established a comprehensive system of internal controls designed to assure that the assets of the Village are safeguarded against loss, theft or misuse. This system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements annually in conformity with generally accepted accounting principles and on an interim basis to provide management and the Village Board timely information to manage operations. There are limitations to the internal controls the Village can implement. Accordingly, internal controls are designed to provide reasonable, but not absolute, assurance that the objectives to safeguard assets and provide reliable information are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of the costs and benefits require estimates and judgements by management that may not be abundantly clear.

This letter of transmittal should be read in conjunction with management's discussion and analysis that is located after the auditor's report in the front of the Financial Section. This information should provide the most complete assessment of the Village's current financial condition and its future prospects.

The Village and its Services

The Village was incorporated in 1888. The Village is subject to certain general laws of the State of Illinois which are applicable to all municipalities. The Village is located approximately 12 miles southwest of

4200 Lawndale Avenue • Lyons, Illinois 60534-2247 • (708) 442-4500 • Fax (708) 442-4431

downtown Chicago and encompasses approximately two square miles. The Village is bordered by the Village of Riverside to the north, the Village of Brookfield to the south and west, the Villages of Stickney and Forest View and the City of Berwyn to the east, and the Village of McCook to the south.

Legislative authority for the Village is vested in the Mayor and six Trustees (collectively, the “*Village Board*”). The Village Board determines the compensation of all the Village officers and employees, levy taxes, license businesses, appropriate funds, borrow money, and otherwise make all decisions relating to the finances and affairs of the Village. The Mayor casts votes only in the case of a tie or if his attendance is required to have a quorum to conduct business. The Village Manager is the Chief Executive Officer of the Village and possesses the power to appoint officers, develop the Village budget, hire and fire all employees and manage daily operations in the Village Hall. The Finance Department, under the direction of the Village Manager, is responsible for financial operations of the Village. The Mayor, Village Clerk and Treasurer are elected at large for 4-year terms.

The Village Manager appoints the heads of Village departments. The major appointed officials are the Finance Director, Director of Public Works, the Building Commissioner, the Fire Chief and the Chief of Police. The Mayor appoints members to a number of Village boards and commissions with the advice and consent of the Village Board.

Incorporated in 1888, Lyons is steeped in earlier historical roots. In 1673 French Explorer Louis Joliet and Jesuit missionary Father Pierre Marquette left Green Bay, Wisconsin by canoe in search of a western passage to the Pacific. As they traveled into the Spanish controlled area of Louisiana, they realized that the mighty Mississippi drained into the already well known Gulf of Mexico. With winter approaching, they headed north as quickly as possible. To save time the Pottawatomie Indians that were with them encouraged a change in the course to the Illinois River. This short cut led to the Des Plaines River and caused these travelers to discover “Le Portage”. This half mile wide area of land connecting the Chicago River and the Des Plaines River, over which they could carry their canoes and supplies, was to become the discovery that they would both become famous for. Later known as the Chicago Portage, this small area became the “Gateway to the West”, and was used by thousands of early settlers and traders traveling both east and west. The discovery of “Le Portage” was the impetus that led to Chicago becoming a center for world trade.

Louis Joliet conceived the idea of constructing a canal to connect the two waterways. This idea was to become a reality 200 years later with the opening of the Illinois—Michigan Canal. Today, a statue stands in Lyons at the Chicago Portage National Historic Site just north of Interstate 55 along Harlem Avenue, commemorating this historic National Heritage Corridor which stretches southwest thru LaSalle, Illinois.

Hofmann Tower is one of the most impressive historical sites in the suburban area. This eight story castle-like concrete structure was built in 1908 by George Hofmann, Jr. The tower was the centerpiece of a large recreational area that included powered boat rides, canoeing, picnicking, dancing and orchestral concerts plus a large beer garden. For years, Hofmann Tower was the tallest building west of the Chicago’s Loop and thrilled thousands of visitors with a breathtaking view of Chicago and the surrounding area.

Library facilities are provided in the Village by the Lyons Library. The Village owns and operates four park sites on 10 acres. The Parks include two softball/little league fields, two little league fields, two tennis courts, a community room at the Village Hall, and a recreation hall with classroom/meeting rooms. School facilities are provided by School Districts No. 103 (grade school), School District No. 201 (high school) and Community College District No. 527 (junior college). MacNeal Memorial Hospital, located in adjacent City

of Berwyn, is a teaching healthcare facility with approximately 427 beds and provides general medical and surgical services with specialties. Loyola Hospital, a regional trauma center, is located in Maywood to the north of the Village.

Chicago's nearby Loop can be reached in under 20 minutes via Interstates 290 (Eisenhower) and 55 (Stevenson), which pass to the immediate north and south, respectively, of the Village's borders. The METRA BNSF Commuter railway and Pace bus system offers Village residents local and alternative transportation throughout the Chicago area.

The Village provides the full range of municipal services contemplated by statute or charter. These services include public safety, roadway maintenance, refuse disposal, public improvements, planning and zoning, engineering and inspection, water and sewer utility service, youth and certain other social services, and general administrative services.

The Village has a diverse tax base. Commercial and industrial properties account for approximately 32% of the Village's property tax base. More importantly, commercial developments along major arteries of Harlem Avenue, Ogden Avenue and First Avenue generate sales and other taxes that support the Villages operations. The industrial corridor of the Village is located at its southern border along 47th Street.

Economic development has been a major focus of the Village. The Village has established four tax increment financing districts to provide funding to new initiative over the past fifteen years. The major current economic development initiative is to redevelop the Lyons Quarry located on the southeast corner of First Avenue and Plainfield Road/Ogden Avenue. When land reclamation activities are completed, the operator will donate over 40 acres to the Village. In anticipation of this donation, the Village has elected to enhance land reclamation activities to accelerate the ultimate redevelopment of the site. Planning for the exchange that is expected over the next several years is currently underway.

The Accounting System and Budgeting

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Village's accounting records are generally maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to liquidate obligations of the current period and expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. After the end of the fiscal year, the Village's management makes various adjustments to the accounting records to permit the preparation of certain financial statements on the accrual basis of accounting to comply with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

The Village operates under the budget system. State law requires that a municipality operating under the budget system adopt its annual budget prior to the start of its fiscal year. Through the budget, spending

authority is conveyed by expenditure object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contracts, and other commitments are effectively recorded as temporary expenditures in order to reserve the proper portion of the applicable budgetary account. The legal level of budgetary control is the department level or, where no departmental segregation of a fund exists, the fund level.

Initially, the Finance Department compiles a draft Village departmental expenditure budgets based upon the historical spending and initial service requests. These spending plans are initially reviewed with the Department Heads, the Village Manager and the Mayor. At the same time, the Village compiles an estimate of anticipated revenues for the upcoming budget year. After several reviews and adjustments, the Mayor submits his proposed Village budget to the Village Board for adoption before the start of the fiscal year and in connection with the adoption of the property tax levy. A public hearing is conducted on the budget before its adoption.

Starting in 2015, the Village Budget is designed to be structurally balanced. To further achieve that goal, the Village has budgeted a contingency (\$500,000 in 2016) to address unexpected financial issues that could arise. In addition, the Village has targeted new tax revenues to address Village infrastructure issues. However, the funds are only allocated and transferred to the capital development fund only if the Village's general fund will remain balanced.

Infrastructure is an important focus of the Village. The main focus is on providing resources to address these needs rather than extensively study and documenting the need. The Village has implemented new taxes primarily the nonhome rule sales tax that received voter approval to provide additional funds to address infrastructure needs. The Village has also raised water and sewer rates to provide additional funds to address the aging water system.

Factors Affecting Economic Condition

Local Economy. The economic outlook for the Village has stabilized since the 2008 recession. The Village continues to benefit from the strong metropolitan Chicagoland economy. A major focus of the Village over the past fifteen years has been economic development to stabilize and expand the key economic corridors of the Village. Economic activity such as sales taxes have recovered and now exceed the levels prior to the recession. The reduction in real estate values since 2008 appears to have ended and recent reports indicate increased values.

Long-Term Financial Planning. The Village relies on its annual budget to provide adequate resources to fund operations and invest in infrastructure improvements. After years of deficits due to the economy and other factors, the general fund operations have stabilized and remain structurally balanced. The Village's budgeting process and spending control (contingency and controlled capital expenditures) should maintain structurally balance budgets into the future.

Debt management has been a major focus of the Village and affects future operating budgets. The Village has targeted accelerated debt repayment to the extent that resources are available. At the same time, the Village's goal is to minimize the use of general taxes such as sales taxes to support debt repayment.

The other major long term financial planning activity continues to be economic development. The current focus is on the redevelopment of the Lyons Quarry once land reclamation processes are completed. A

major portion of the land will be donated to the Village. The key is to accelerate the actual building of projects after the donation.

Financial Policies. The Village has established several specific policies to guide its financial operations. Those policies relate to accounting and financial reporting, budgeting and revenue management, debt management, cash management and investments, and purchasing. Some of the most significant policies include:

- Maintain a diversified revenue structure.
- Adopt structurally balanced budgets unless the fund balance exceeds its target.
- Maintain a General Fund balance of 10% of expenditures. This is the initial goal of the Village; over time, a larger balance would be expected.
- Limit debt repayment to match the revenues being generated from the project.
- Adequately fund pension plans to reduce the impact on future generations.

2016 Accomplishments

The Village is committed to constantly improving the delivery of its services thereby enhancing the quality of life for its residents and the operating environment for its businesses. Among the Village's more notable accomplishments in 2016 were:

- Complete the restructuring of the Police Department. In order to address budgetary factors, there was a reduction in force. The revised structure and staffing was based on a study of the workload of the department and alternative methods to provide for service. The budgetary savings have been substantially achieved without any notable increase in crime.
- Street and Alley Reconstruction Program. The Village adopted a one percent nonhome rule sales tax to provide additional capital funds to the Village particularly for road and alley improvements. In 2016, the Village accelerated the program by borrowing \$5 million to fund projects now rather than over ten to fifteen years.
- Increased pension funding so that the Village meets the Illinois Municipal Retirement Fund required contributions and increased the funding for the Police Pension Fund.
- Watersystem Improvement Program. The Village completed the initial \$6 million phase of water main replacement in 2016.
- Offer programs to improve Village parkways. After removing hundreds of trees primarily due to the emerald ash borer, the Village started a parkway tree program sharing the replacement cost with the resident. The Village continues to offer sidewalk replacement programs on a cost share basis as well.
- Maintain a proactive Vacant Property Maintenance Enforcement Program. In response to the national foreclosure crisis, the Village established a program to require the registration and maintenance of vacant properties to prevent blight.
- Maintain a diversity of community events for Village residents. These include an annual car show, Fourth of July activities, National Night Out, summer music in the parks, and other activities.

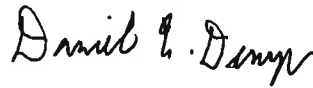
Acknowledgments

The Village is fortunate to have a professional and dedicated Board of Trustees to guide our Village. The Village administration and its staff takes great pride in serving the Village and performing their duties at the highest levels while maintaining uncompromising integrity and sound financial policies. We sincerely appreciate all of the contributions of the entire business office and department heads in making this document first class. Finally we wish to thank the staff of GW and Associates, P.C. for the guidance and oversight of our audit process and the final presentation of our CAFR.

Respectfully submitted,



Thomas Sheahan
Village Manager



Daniel Denys
Finance Director

FINANCIAL SECTION



VILLAGE OF LYONS, ILLINOIS

GW & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4415 West Harrison Street, Suite 434
Hillside, IL 60162

Phone (708) 755-8182
Fax (708) 755-8326

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lyons Police Pension Trust Fund, which represent 100 percent of the assets, net position, and revenues 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, 2016, 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. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68* in 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 70-75 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 introductory section, combining and individual fund financial statements and schedules, supplemental schedules and statistical section 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.

The introductory and statistical sections and supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2017, 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.

Hillside, Illinois
July 27, 2017

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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, 2016.

Financial Highlights

- The Village adopted its second consecutive 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, projected shortfalls related to tax increment debt where incremental revenues are not sufficient to service its related debt, and debt service on bonds to accelerate capital projects funded by the voter approved sales tax increase.

The budget has two other major safeguards to protect against deficit spending. First, the budget had 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 via transfers from the General Fund. The Village monitors budgetary performance to manage such transfers to maintain balanced operations.

- General fund revenues decreased slightly by 1.5%, or \$150,823, in 2016 compared to 2015. Property taxes in the general fund were limited by the state limitation law to an annual increase of 0.8%. The net changes in the revenues reflect typical fluctuations between years.
- In fiscal year 2016, total General Fund expenditures increased by \$581,667 or 6.7%. This increase was primary in public works and administration due to unplanned costs relating to the extensive capital program for street and alley reconstruction, quarry reclamation efforts, and watermain replacement. The increase in recreation expenditures were related to the significant reconstruction of the parks and acquisition of related equipment for operations and events.
- General obligation bonds, debt certificates, and alternate revenue bonds excluding unamortized premium decreased by \$315,000 in 2016 from \$26,080,000 to \$25,765,000. The Village issued \$1,255,000 in debt in 2016 for refunding for restructuring purposes and additional capital projects. The Village retired \$1,570,000 of outstanding debt in 2016. There was a net increase of \$2,683,694 in debt to the Illinois Environmental Protection Agency to fund improvements to the Villages water system.
- The actuarial funding requirement to fund 90% of the actuarial liability as of 2040 as mandated by the State of Illinois since 1994 for the Village's major pension plans (IMRF and Police) was \$1,144,149. Of this amount, the Village funded \$1,076,450 or 94% of the actuarial funding requirements. In 2016, the Net Pension Liability increased by \$1,059,417 to \$19,228,885 due to underperformance of investments, changes in assumptions, underfunding by the Village and

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

planned increase based on the “ramp up” amortization method. As a result, IMRF is 90% funded and Police Pension being 34% funded.

GASB 73 was implemented in 2016 for the Fire Pension plan with one annuitant member only. 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 2016. 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 is completing the initial \$7.9 million capital plan to address infrastructure deficiencies that leads to a water loss of approximately 35% of annual water purchases. The Village is working on a strategic plan to upgrade the water infrastructure.
- There are advances to other funds totaling \$1,074,399 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.

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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

The Government-wide Financial Statements does not recognize certain assets such as future TIF revenues that have been used extensively by the Village to fund economic incentives for redevelopment. This practice results in deficits that require additional analysis by the Village's bondholders, creditors, and rating analysts. The Government-wide Financial Statements focus 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.

The Village maintains four major categories of governmental funds:

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

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

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

- Water and sewer
- Garbage
- E-911

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

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

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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 67 of this report. Other information included in this report includes certain required supplementary information concerning budget versus actual comparisons for the general fund and major special revenue fund and 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 68 through 77 of this report.

Statement of Net Position

The following table shows the comparison between 2015 and 2016 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>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Cash and cash equivalents	6,702,077	2,395,523	4,097	29,228	6,706,174	2,424,751
Receivables	4,999,467	4,808,434	1,417,305	1,282,986	6,416,772	6,091,420
Internal balances	955,161	867,312	(955,161)	(867,312)	0	0
Other asset	155,978	151,876	0	0	155,978	151,876
Capital assets, net of depreciation	<u>34,705,782</u>	<u>41,541,275</u>	<u>7,731,070</u>	<u>10,166,996</u>	<u>42,436,852</u>	<u>51,708,271</u>
TOTAL ASSETS	<u>47,518,465</u>	<u>49,764,420</u>	<u>8,197,311</u>	<u>10,611,898</u>	<u>55,715,776</u>	<u>60,376,318</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,250,252</u>	<u>2,234,321</u>	<u>0</u>	<u>0</u>	<u>2,250,252</u>	<u>2,234,321</u>
LIABILITIES						
Accounts payable and other liabilities	1,584,995	3,513,370	926,865	216,473	2,511,860	3,729,843
Interest payable	115,800	120,393	0	0	115,800	120,393
Current portion of long term debt	<u>1,759,899</u>	<u>1,099,203</u>	<u>60,052</u>	<u>61,256</u>	<u>1,819,951</u>	<u>1,160,459</u>
TOTAL CURRENT LIABILITIES	3,460,694	4,732,966	986,917	277,729	4,447,611	5,010,695
Non current liabilities	<u>46,625,421</u>	<u>48,491,992</u>	<u>3,780,284</u>	<u>6,462,774</u>	<u>50,405,705</u>	<u>54,954,766</u>
TOTAL LIABILITIES	<u>50,086,115</u>	<u>53,224,958</u>	<u>4,767,201</u>	<u>6,740,503</u>	<u>54,853,316</u>	<u>59,965,461</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,745,127</u>	<u>3,844,430</u>	<u>0</u>	<u>0</u>	<u>3,745,127</u>	<u>3,844,430</u>
NET ASSETS						
Invested in capital assets--net of related debt	23,877,452	23,941,275	3,714,186	3,501,873	27,591,638	27,443,148
Restricted						
Public safety	536,776	536,776	0	0	536,776	536,776
Debt service	3,457	416,049	0	0	3,457	416,049
Unrestricted	<u>(28,480,210)</u>	<u>(29,964,747)</u>	<u>(284,076)</u>	<u>369,522</u>	<u>(28,764,286)</u>	<u>(29,595,225)</u>
TOTAL NET ASSETS	<u>(4,062,525)</u>	<u>(5,070,647)</u>	<u>3,430,110</u>	<u>3,871,395</u>	<u>(632,415)</u>	<u>(1,199,252)</u>

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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

- Current assets decreased as the Village expended bond proceeds on capital projects.
- 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 capital improvement 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.
- For business-type activities, the Village converted an unrestricted deficit into an unrestricted surplus due to another year of water user revenues based on continued realization 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.
- Non-current liabilities increased due to the increase in net pension liability in the Police Pension fund, the addition of the Fire Pension fund, and the water debt.

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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
REVENUES						
Program Revenues:						
Charges for services	2,188,046	1,940,588	3,813,236	3,818,155	6,001,282	5,758,743
Operating grants and contributions	275,584	273,167	0	0	275,584	273,167
Capital grants and contributions	337,521	80,148	0	0	337,521	80,148
General revenues:						
Property taxes	3,648,629	3,521,387	0	0	3,648,629	3,521,387
Other taxes	5,595,019	5,941,902	0	0	5,595,019	5,941,902
Interest	1,680	21,776	2	0	1,682	21,776
Other Revenues	<u>85,153</u>	<u>70,387</u>	<u>0</u>	<u>0</u>	<u>85,153</u>	<u>70,387</u>
Total revenues	<u>12,131,632</u>	<u>11,849,355</u>	<u>3,813,238</u>	<u>3,818,155</u>	<u>15,944,870</u>	<u>15,667,510</u>
EXPENSES						
General government	1,865,424	1,807,350	0	0	1,865,424	1,807,350
Building, zoning and planning	568,950	731,497	0	0	568,950	731,497
Police	5,335,722	5,134,497	0	0	5,335,722	5,134,497
Fire and ESDA	1,192,926	755,713	0	0	1,192,926	755,713
Community development	31,542	23,291	0	0	31,542	23,291
Recreation	205,666	454,698	0	0	205,666	454,698
Public works	2,519,118	2,212,930	0	0	2,519,118	2,212,930
Interest on long-term debt	1,183,296	1,035,939	0	0	1,183,296	1,035,939
Water and sewer	0	0	2,893,470	2,844,290	2,893,470	2,844,290
Garbage	0	0	569,206	591,903	569,206	591,903
Emergency 911	<u>0</u>	<u>0</u>	<u>6,547</u>	<u>0</u>	<u>6,547</u>	<u>0</u>
Total expenses	<u>12,902,644</u>	<u>12,155,915</u>	<u>3,469,223</u>	<u>3,436,193</u>	<u>16,371,867</u>	<u>15,592,108</u>
Change in Net Assets before Transfers	(771,012)	(306,560)	344,015	381,962	(426,997)	75,402
Transfers	<u>0</u>	<u>(59,323)</u>	<u>0</u>	<u>59,323</u>	<u>0</u>	<u>0</u>
Change in Net Assets after Transfers	(771,012)	(365,883)	344,015	441,285	(426,997)	75,402
NET ASSETS--						
BEGINNING AS RESTATED	<u>(3,933,752)</u>	<u>(4,704,764)</u>	<u>3,086,095</u>	<u>3,430,110</u>	<u>(847,657)</u>	<u>(1,274,654)</u>
NET ASSETS--ENDING	<u>(4,704,764)</u>	<u>(5,070,647)</u>	<u>3,430,110</u>	<u>3,871,395</u>	<u>(1,274,654)</u>	<u>(1,199,252)</u>

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

- Governmental activities were supported by taxes particularly non-home rule sales taxes, the municipal portion of state sales taxes, state income taxes, 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.
- Business-type activities reflect higher water and sewer revenues resulting from 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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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

	Total <u>Expenditures</u>	Offsetting <u>Revenues</u>	<u>Percent</u>
General government	1,763,851	322,448	18%
Building, zoning and planning	707,981	468,922	66%
Police	3,883,485	141,670	4%
Fire	1,144,311	293,215	26%
Recreation	456,136	17,070	4%
Public works	1,039,227	32,486	3%

Traditional Fund Accounting

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 following outlines the major financial goals that the Village has informally 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, 2016 is 11.7%. 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 14.4%. 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 an 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. The Village is closing on a line of credit for \$500,000 to also address.
- Improve funding of pension liabilities. The main challenge is the police pension fund that is funded at 34%. The Village continued to increase funding in 2016 by levying for 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. 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. The Village spent over \$10 million on capital expenditures in 2016. 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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 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	\$2,879,419	29.17%
Sales Taxes	2,310,479	23.40%
Utility Taxes	530,528	5.37%
State Income Taxes	1,021,538	10.35%
Other Taxes	1,075,750	<u>10.90%</u>
Subtotal	7,817,714	79.20%
Licences and Permits	572,215	5.80%
Intergovernmental	6,137	0.06%
Charges for Services	491,766	5.00%
Fines and Forfeits	459,170	4.65%
Investment Earnings	5,855	0.06%
Quarry Royalties	427,128	4.33%
Other	<u>92,287</u>	<u>0.91%</u>
	<u>\$9,872,272</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.

In 2016, 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 departments 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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

Actual budgetary results are summarized on pages 78 to 83 for the General Fund. The following are the major variances noted:

- General revenues were 6% below budget or \$708,228. While property taxes should have been level with 2015, delays in payments have resulted in lower funding. Other taxes were lower than predicted since delays in remittances in prior years by the state had made it more difficult to project. Quarry revenues did not increase as expected in 2016.
- Total general fund expenditures were slightly over budget by \$72,643. This was more than offset by eliminating transfers for capital projects. Police Department expenditures in 2016 reflect a recent 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. The remaining legacy costs have been fully eliminated from the department as of December 31, 2016. Additional savings will be realized in the future as existing Tier I officers are replaced with Tier II officers over time.

As to other funds, the two major budgetary challenges in the past were 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 fund the remaining deficit in TIF 4. These results are noted on pages 84 to 89 of this report. The debt service fund revenues including transfers and expenditures were in line with the budget as noted on page 90 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.

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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

Debt Service

The Village has four types of outstanding debt to repay from numerous sources. First, the Village has \$14,600,000 of direct tax supported debt outstanding at the end of 2016. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$4,915,000 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 \$4,325,000 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 balance of Tax Supported debt of \$5,360,000 are alternate revenue bonds secured by the recently 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 debt type is Tax Increment Debt. At the end of 2016, this debt consisted of \$11,165,000 of alternate revenue bonds. 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 47 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 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 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 low interest Illinois Environmental Protection Agency loans for \$7.9 million of which \$6,524,030 is outstanding at the end of 2016.

The last type of debt is cash flow borrowings. The Village did not issue any cash flow borrowings in 2016.

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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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.

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 resulting in Net Pension Liabilities, essentially additional debt of the Village. 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 \$1.2 million level funding for unfunded pension costs in 2016 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 2016 was \$1,144,149. Of this amount, the Village funded \$1,076,450 or 94% of the actuarial funding requirements to fund 90% of the actuarial liability as of 2040 (100% by 2045) as mandated by the State of Illinois since 1994. At the end of 2016, the unfunded liability for these funds that is now referred to as the Net Pension Liability increased by \$1,059,477 to \$19,252,885 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 34% funded.

GASB 68 was implemented in 2015 resulting in the Net Pension 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 \$335,848 for IMRF and \$1,963,966 for Police Pension. The GASB 68 pension expense is higher than 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.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

Administratively, the Village adopted a policy to fully fund the actuarial “ramp up” liability beginning in 2016. 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 by approximately \$1 million related to the unfunded liability. The Village could also avoid future cost increase for unfunded pension costs that are projected to increase 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

Capital Projects

The Village’s capital project fund has had four 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. The Village spent approximately \$7,599,326 that will be bond funded.

Third, the Village funds capital projects from operations. No such funds were allocated in 2016 due to budgetary issues in the General Fund. Further, additional taxes and revenues from economic development primarily the quarry land reclamation would at least partially fund capital projects.

Finally, 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. In 2016, the Village spent \$2,683,694 on water system improvements

Overall, the Village spent a record amount totaling \$9,972,584 in capital outlay in 2016. Besides addressing deficient infrastructure, the Village is targeting future operational savings from these programs.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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.

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,395,523	\$ 29,228	\$ 2,424,751
Receivables	4,808,434	1,282,986	6,091,420
Internal balances	867,312	(867,312)	-
Prepaid expenses	144,867	-	144,867
Due from library	7,009	-	7,009
Capital assets not being depreciated			
Land	15,443,965	91,021	15,534,986
Construction in progress	5,456,279	604,062	6,060,341
Capital assets, net of accumulated depreciation			
Buildings and improvements	16,597,469	169,243	16,766,712
Vehicles and equipment	967,530	213,338	1,180,868
Infrastructure	3,076,032	9,089,332	12,165,364
Total assets	49,764,420	10,611,898	60,376,318
Deferred Outflow of Resources			
Deferred outflow of resources - pensions	2,123,421	-	2,123,421
Call premium on refunded debt	110,900	-	110,900
Total deferred outflows of resources	2,234,321	-	2,234,321
Liabilities			
Accounts payable and other current liabilities	3,509,147	216,473	3,725,620
Accrued interest payable	120,393	-	120,393
Due to pensions	4,223	-	4,223
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	199,203	-	199,203
Bonds, notes and other debts	900,000	61,256	961,256
Due in more than one year			
Net pension liability	19,707,270	-	19,707,270
Other post-employment benefit obligation	1,405,719	-	1,405,719
Accrued compensated absences	796,812	-	796,812
Bonds, notes and other debts	26,582,191	6,462,774	33,044,965
Total liabilities	53,224,958	6,740,503	59,965,461
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	198,328	-	198,328
Unearned revenues	3,646,102	-	3,646,102
Total deferred inflows of resources	3,844,430	-	3,844,430
Net Position			
Net investment in capital assets	23,941,275	3,501,873	27,443,148
Restricted for			
Public safety	536,776	-	536,776
Debt service	416,049	-	416,049
Unrestricted	(29,964,747)	369,522	(29,595,225)
Total net position	\$ (5,070,647)	\$ 3,871,395	\$ (1,199,252)

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General government	\$ 1,807,350	\$ 978,444	\$ -	\$ -	\$ (828,906)	\$ -	\$ (828,906)
Building, planning and zoning	731,497	250,017	-	-	(481,480)	-	(481,480)
Police protection	5,134,497	386,500	-	-	(4,747,997)	-	(4,747,997)
Fire protection and ESDA	755,713	300,220	-	-	(455,493)	-	(455,493)
Community development	23,291	-	-	-	(23,291)	-	(23,291)
Recreation	454,698	17,070	-	-	(437,628)	-	(437,628)
Public works	2,212,930	8,337	273,167	80,148	(1,851,278)	-	(1,851,278)
Interest and issuance costs	1,035,939	-	-	-	(1,035,939)	-	(1,035,939)
Total government activities	<u>12,155,915</u>	<u>1,940,588</u>	<u>273,167</u>	<u>80,148</u>	<u>(9,862,012)</u>	<u>-</u>	<u>(9,862,012)</u>
Business-Type Activities							
Water and Sewer	2,844,290	3,047,206	-	-	-	202,916	202,916
Garbage	591,903	641,543	-	-	-	49,640	49,640
Emergency 911	-	129,406	-	-	-	129,406	129,406
Total business-type activities	<u>3,436,193</u>	<u>3,818,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,962</u>	<u>381,962</u>
Total primary government	<u>\$ 15,592,108</u>	<u>\$ 5,758,743</u>	<u>\$ 273,167</u>	<u>\$ 80,148</u>	<u>(9,862,012)</u>	<u>381,962</u>	<u>(9,480,050)</u>
General Revenues and Transfers							
Property taxes					3,521,387	-	3,521,387
Property taxes - incremental					1,003,607	-	1,003,607
Sales taxes					2,310,479	-	2,310,479
State income tax					1,021,538	-	1,021,538
Utility taxes					750,312	-	750,312
Other taxes					855,966	-	855,966
Unrestricted investment earnings					21,776	-	21,776
Sale of Village assets					35,745	-	35,745
Other income					72,370	-	72,370
Transfers					(59,323)	59,323	-
Gain/(Loss) on disposal of assets					(37,728)	-	(37,728)
Total general revenues and transfers					<u>9,496,129</u>	<u>59,323</u>	<u>9,555,452</u>
Change in Net Position					<u>(365,883)</u>	<u>441,285</u>	<u>75,402</u>
Net Position - Beginning of Year (as Restated)					<u>(4,704,764)</u>	<u>3,430,110</u>	<u>(1,274,654)</u>
Net Position - End of Year					<u>\$ (5,070,647)</u>	<u>\$ 3,871,395</u>	<u>\$ (1,199,252)</u>

See accompanying notes to financial statements

VILLAGE OF LYONS, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,627,852	\$ 10,351	\$ 415,074	\$ 342,246	\$ 2,395,523
Receivables					
Property taxes	2,979,535	5,110	674,879	-	3,659,524
Accounts	1	-	-	25,452	25,453
Other taxes	1,098,020	-	-	-	1,098,020
Other receivables	25,437	-	-	-	25,437
Prepaid items	130,061	-	-	14,806	144,867
Due from library	7,009	-	-	-	7,009
Due from other funds	515,945	-	-	525,000	1,040,945
Advance from other funds	748,032	-	225,000	101,367	1,074,399
Total assets	<u>\$ 7,131,892</u>	<u>\$ 15,461</u>	<u>\$ 1,314,953</u>	<u>\$ 1,008,871</u>	<u>\$ 9,471,177</u>
Liabilities					
Accounts payable	\$ 208,607	\$ -	\$ -	\$ 2,376,653	\$ 2,585,260
Accrued payroll	82,053	-	-	-	82,053
Other liabilities	841,831	-	-	-	841,831
Due to pensions	4,223	-	-	-	4,223
Due to other funds	525,000	-	-	-	525,000
Advance to other funds	-	723,032	-	-	723,032
Total liabilities	<u>1,661,714</u>	<u>723,032</u>	<u>-</u>	<u>2,376,653</u>	<u>4,761,399</u>
Deferred Inflows of Resources					
Unearned revenue	<u>2,972,198</u>	<u>-</u>	<u>673,904</u>	<u>-</u>	<u>3,646,102</u>
Total deferred inflows of resources	<u>2,972,198</u>	<u>-</u>	<u>673,904</u>	<u>-</u>	<u>3,646,102</u>
Fund Balances					
Nonspendable					
Prepaid items	130,061	-	-	14,806	144,867
Long-term interfund advances	748,032	-	225,000	101,367	1,074,399
Restricted					
Public safety	536,776	-	-	-	536,776
Debt service	-	-	416,049	-	416,049
Unassigned	<u>1,083,111</u>	<u>(707,571)</u>	<u>-</u>	<u>(1,483,955)</u>	<u>(1,108,415)</u>
Total fund balances	<u>2,497,980</u>	<u>(707,571)</u>	<u>641,049</u>	<u>(1,367,782)</u>	<u>1,063,676</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,131,892</u>	<u>\$ 15,461</u>	<u>\$ 1,314,953</u>	<u>\$ 1,008,871</u>	<u>\$ 9,471,177</u>

VILLAGE OF LYONS, ILLINOIS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Total Fund Balances - Governmental Funds	\$	1,063,676
---	----	-----------

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.		41,541,272
---	--	------------

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		(11,043,524)
Tax supported debt - debt certificate		(4,125,000)
Tax supported debt - loans		(200,000)
TIF supported debt - G.O. bonds (Repaid with Alternate Revenue Sources)		(12,113,667)
Accrued compensated absences		(996,015)
Net pension liability from IMRF and police pension funding		(19,707,270)
Net obligation for other post-retirement benefit		(1,405,719)

Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Position.		(120,393)
--	--	-----------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		1,925,093
---	--	-----------

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.		110,900
--	--	---------

Net Position of Governmental Activities	\$	(5,070,647)
--	-----------	--------------------

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 2,879,419	\$ -	\$ 641,968	\$ -	\$ 3,521,387
Incremental property taxes	-	1,003,607	-	-	1,003,607
Sales	2,310,479	-	-	-	2,310,479
Utility	750,312	-	-	-	750,312
State income tax allocation	1,021,538	-	-	-	1,021,538
Other taxes	855,966	-	-	-	855,966
License and permits	572,215	-	-	-	572,215
Intergovernmental	6,137	-	-	273,167	279,304
Charges for services	491,766	-	-	-	491,766
Fines and forfeitures	459,170	-	-	-	459,170
Investment earnings	5,855	19	-	15,902	21,776
Royalties	427,128	-	-	-	427,128
Other revenue	92,287	-	-	80,148	172,435
Total revenues	<u>9,872,272</u>	<u>1,003,626</u>	<u>641,968</u>	<u>369,217</u>	<u>11,887,083</u>
Expenditures					
Current					
General government	1,763,851	-	-	-	1,763,851
Building, planning and zoning	707,981	-	-	-	707,981
Police protection	3,883,485	-	-	-	3,883,485
Fire protection	1,144,311	-	-	-	1,144,311
Community development	-	15,645	-	-	15,645
Recreation	456,136	-	-	-	456,136
Public works	1,039,227	-	-	-	1,039,227
Capital outlays	253,841	7,646	-	7,599,326	7,860,813
Debt service					
Principal payments	-	-	1,570,000	-	1,570,000
Interest and fiscal charges	-	-	1,147,680	-	1,147,680
Debt issuance costs	-	-	18,719	20,076	38,795
Total expenditures	<u>9,248,832</u>	<u>23,291</u>	<u>2,736,399</u>	<u>7,619,402</u>	<u>19,627,924</u>
Excess (Deficiency) of Revenues over Expenditures	<u>623,440</u>	<u>980,335</u>	<u>(2,094,431)</u>	<u>(7,250,185)</u>	<u>(7,740,841)</u>
Other Financing Sources (Uses)					
Bond proceeds	-	-	500,000	755,000	1,255,000
Premium on bonds	-	-	32,224	47,361	79,585
Transfers in	250,000	-	1,843,500	-	2,093,500
Transfers out	(864,323)	(1,038,500)	-	(250,000)	(2,152,823)
Total other financing sources (uses)	<u>(614,323)</u>	<u>(1,038,500)</u>	<u>2,375,724</u>	<u>552,361</u>	<u>1,275,262</u>
Net Changes in Fund Balances	<u>9,117</u>	<u>(58,165)</u>	<u>281,293</u>	<u>(6,697,824)</u>	<u>(6,465,579)</u>
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 2,497,980</u>	<u>\$ (707,571)</u>	<u>\$ 641,049</u>	<u>\$ (1,367,782)</u>	<u>\$ 1,063,676</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, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$ (6,465,579)
---	----------------

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 capital asset additions of \$7,193,219, exceeded depreciation of \$319,998 in the current period.	6,873,221
Loss on the disposal of capital assets are not recorded in the governmental funds.	(37,728)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.	1,570,000
Interest on long-term bonds is shown as a fund expenditure when paid, but is accrued in the Statement of Activities.	(4,593)
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.	(1,334,585)
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.	160,966
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)
Changes in compensated absences (increase of \$46,519), net pension liabilities and related deferred inflows and outflows (net increase of \$994,921), and other post-retirement benefits (increase of \$80,308) are not reported as expenditures in the fund statements, but are recorded in the Statement of Activities.	(1,121,748)

Change in Net Position of Governmental Activities	\$ (365,883)
--	--------------

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Water and Sewer	Garbage	Emergency 911	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 7,369	\$ 21,859	\$ 29,228
Accounts receivable (net of allowance)	545,608	116,090	25,005	686,703
IEPA Receivable	596,283	-	-	596,283
Due from other funds	-	-	-	-
Total current assets	<u>1,141,891</u>	<u>123,459</u>	<u>46,864</u>	<u>1,312,214</u>
Capital assets				
Non-depreciable	695,083	-	-	695,083
Depreciable	12,016,852	270,850	499,371	12,787,073
Less accumulated depreciation	<u>(2,747,288)</u>	<u>(68,501)</u>	<u>(499,371)</u>	<u>(3,315,160)</u>
Total capital assets, net of accumulated depreciation	<u>9,964,647</u>	<u>202,349</u>	<u>-</u>	<u>10,166,996</u>
Total assets	<u><u>\$ 11,106,538</u></u>	<u><u>\$ 325,808</u></u>	<u><u>\$ 46,864</u></u>	<u><u>\$ 11,479,210</u></u>
Liabilities				
Current liabilities				
Accounts payable	\$ 197,313	\$ 2,423	\$ 16,737	\$ 216,473
Due to other funds	455,945	60,000	-	515,945
Advance from other funds	-	250,000	101,367	351,367
IEPA loan payable, current portion	61,256	-	-	61,256
Total current liabilities	<u>714,514</u>	<u>312,423</u>	<u>118,104</u>	<u>1,145,041</u>
Noncurrent liabilities				
IEPA loan payable	6,462,774	-	-	6,462,774
Total noncurrent liabilities	<u>6,462,774</u>	<u>-</u>	<u>-</u>	<u>6,462,774</u>
Total liabilities	<u>7,177,288</u>	<u>312,423</u>	<u>118,104</u>	<u>7,607,815</u>
Net Position				
Net investment in capital assets	3,501,873	-	-	3,501,873
Unrestricted	427,377	13,385	(71,240)	369,522
Total net position	<u>3,929,250</u>	<u>13,385</u>	<u>(71,240)</u>	<u>3,871,395</u>
Total liabilities and net position	<u><u>\$ 11,106,538</u></u>	<u><u>\$ 325,808</u></u>	<u><u>\$ 46,864</u></u>	<u><u>\$ 11,479,210</u></u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Garbage	Emergency 911	Total
Operating Revenues				
Charges for sales and services	\$ 3,047,206	\$ 641,543	\$ 129,406	\$ 3,818,155
Operating Expenses				
Administration	380,909	125,000	-	505,909
Operations	2,232,574	432,652	-	2,665,226
Depreciation and amortization	164,954	34,251	-	199,205
Total operating expenses	<u>2,778,437</u>	<u>591,903</u>	<u>-</u>	<u>3,370,340</u>
Operating income (loss)	<u>268,769</u>	<u>49,640</u>	<u>129,406</u>	<u>447,815</u>
Nonoperating Revenues (Expenses)				
Transfers In	-	-	59,323	59,323
Interest expense	(65,853)	-	-	(65,853)
Total nonoperating revenues (expenses)	<u>(65,853)</u>	<u>-</u>	<u>59,323</u>	<u>(6,530)</u>
Changes in Net Position	<u>202,916</u>	<u>49,640</u>	<u>188,729</u>	<u>441,285</u>
Net Position - Beginning of Year	<u>3,726,334</u>	<u>(36,255)</u>	<u>(259,969)</u>	<u>3,430,110</u>
Net Position - End of Year	<u><u>\$ 3,929,250</u></u>	<u><u>\$ 13,385</u></u>	<u><u>\$ (71,240)</u></u>	<u><u>\$ 3,871,395</u></u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Garbage	Emergency 911	Total
Cash Flows from Operating Activities				
Received from customers and users	\$ 3,039,521	\$ 643,628	\$ 129,406	\$ 3,812,555
Payments to suppliers	(2,634,634)	(232,721)	-	(2,867,355)
Payments for interfund services	(655,909)	(375,000)	-	(1,030,909)
Net cash provided by (used for) operating activities	<u>(251,022)</u>	<u>35,907</u>	<u>129,406</u>	<u>(85,709)</u>
Cash Flows from Noncapital Financing Activities				
Interfund transfers	-	-	59,323	59,323
Change in interfund receivables/payables	102,151	(30,000)	(168,268)	(96,117)
Net cash provided by financing activities	<u>102,151</u>	<u>(30,000)</u>	<u>(108,945)</u>	<u>(36,794)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction (sale) of capital assets	(2,584,890)	-	-	(2,584,890)
Interest expense	(65,853)	-	-	(65,853)
Loan principal payments	(60,652)	-	-	(60,652)
Loan proceeds	2,859,029	-	-	2,859,029
Net cash used for capital and related financing activities	<u>147,634</u>	<u>-</u>	<u>-</u>	<u>147,634</u>
Net Change in Cash and Cash Equivalents	<u>(1,237)</u>	<u>5,907</u>	<u>20,461</u>	<u>25,131</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,237</u>	<u>1,462</u>	<u>1,398</u>	<u>4,097</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 7,369</u>	<u>\$ 21,859</u>	<u>\$ 29,228</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ 268,769	\$ 49,640	\$ 129,406	\$ 447,815
Adjustments to reconcile operating activities to net cash provided (used) by operating activities:				
Depreciation and amortization	164,954	34,251	-	199,205
Bad debt expense	10,411	-	-	10,411
Change in accounts receivable	(18,096)	2,085	-	(16,011)
Change in accounts payable	(677,060)	(50,069)	-	(727,129)
Total adjustments	<u>(519,791)</u>	<u>(13,733)</u>	<u>-</u>	<u>(533,524)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (251,022)</u>	<u>\$ 35,907</u>	<u>\$ 129,406</u>	<u>\$ (85,709)</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2016

Assets

Cash and cash equivalents	\$	634,955
Interest receivable		43,241
Due from general fund		4,223
Investments, at fair value		
U.S. governmental agencies securities		1,956,367
State and local government securities		455,733
Corporate bonds		2,034,477
Mutual funds and equities		4,228,527
Total assets		<u>9,357,523</u>

Net Position Held in Trust for Pension Benefits	\$	<u>9,357,523</u>
--	-----------	-------------------------

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Additions

Contributions	
Employer	\$ 925,237
Plan members	118,614
Total contributions	<u>1,043,851</u>
Investment Income	
Interest earned	(106,005)
Net appreciation in	
Fair value of investments	406,772
Less investment expense	<u>(21,732)</u>
Net investment earnings	<u>279,035</u>
Total additions	<u>1,322,886</u>

Deductions

Administration	31,274
Benefits and refunds	1,435,060
Transfers to other pensions	<u>77,362</u>
Total deductions	<u>1,543,696</u>

Change in Net Position	<u>(220,810)</u>
-------------------------------	------------------

Net Position Held in Trust for Pension Benefits

Beginning of Year	<u>9,578,333</u>
End of Year	<u>\$ 9,357,523</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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 other than the Pension Trust fund described below.

Blended Component Units

The Village reports the following Pension Trust fund:

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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 Fund), 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 fund accounts for the activities of the Police Pension System, which accumulates 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, 2016

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. While not meeting the criteria for required reporting as a major fund, the Village has chosen to report this fund as major.

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. While not meeting the criteria for required reporting as a major fund, the Village has chosen to report this fund as major.

Additionally, the Village reports the following fiduciary fund:

Pension Trust Fund is reported as a fiduciary fund and accounts for the Police retirement funding.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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, 2016

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. 72.

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, 2016

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, 2016, 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, 2016, 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.

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 investment in capital assets 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

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/Outflows 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. Finally, the government-wide financial statements also report deferred inflows related to pensions.

The Village reports deferred outflows of resources on the government-wide financial statements. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The items that qualify for reporting in this category for the Village relate to the Village’s pension plans.

Property Taxes

Property taxes for 2016 are levied in December 2015 and attach as an enforceable lien on the property on January 1, 2016. Tax bills are prepared by the County and issued on or about February 1, 2016 and July 1, 2016 and are payable in two installments on or about March 1, 2016 and August 1, 2016. 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, 2016

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

As of December 31, 2016, the following funds had deficit fund balances:

	<u>Deficit</u>
Capital Improvement	\$ 1,367,782
Economic Development	707,571
Proprietary Fund - Emergency 911	71,240

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 Capital Improvement Fund deficit results from expenditures for capital projects related to the following:

- Equipment acquisition,
- Land acquisition, and
- Engineering and supplemental site development work at the Lyons Quarry at the southeast corner of First Avenue (Route 171) and Plainfield/Ogden Avenues.

These expenditures were financed through advances from the General fund and the vendors. The Village adopted a reimbursement resolution on April 5, 2016 to allow for the issuance of future debt to reimburse the Village for such capital expenditures. The Village intends to issue the installment contracts and bonds between August 1, 2017 and September 15, 2017 to reimburse the Village for these expenditures to repay the General Fund and the vendors. The Village has a commitment from a local financial institution to purchase the installment contracts and bonds.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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 .543% at December 31, 2016. 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, 2016, the Village held \$971,405 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 .76% at December 31, 2016. 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, 2016, the Village held \$7,980 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. At December 31, 2016, the Village held \$389,371 in Amalgamated Bank accounts.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Village's cash and cash equivalents were invested as follows at December 31, 2016:

Cash on Hand		\$	705
Bank Accounts			1,006,381
Money Market Funds			
Illinois Funds	1,020,314		
Amalgamated Bank	389,371		
IMET	<u>7,980</u>		
Total Money Market Funds			<u>1,417,665</u>
Total Cash and Cash Equivalent		\$	<u>2,424,751</u>

The Police Pension Fund has the following recurring fair value measurements as of December 31, 2016:

	Total December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Agencies	\$ 1,956,367	\$ -	\$ 1,956,367	\$ -
Corporate Bonds	2,034,477	-	2,034,477	-
State and Local Obligations	455,733	-	455,733	-
Equity Securities:	-			
Common Stocks	3,017,765	3,017,765	-	-
Mutual Funds	<u>1,210,762</u>	<u>1,210,762</u>	<u>-</u>	<u>-</u>
Total Investments	\$ 8,675,104	\$ 4,228,527	\$ 4,446,577	\$ -

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

At year end the carrying amount of the Village's deposits totaled \$2,424,676 and the bank balance was \$3,794,776. 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.

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. Money market mutual funds and equity mutual funds are not subject to custodial credit risk disclosures. The Police Pension Fund does not have a formal written policy with regards to custodial credit risk for investments.

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.

In accordance with the Police Pension Fund's investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity which at the same time matching investment maturities to projected fund liabilities.

At December 31, 2016, the Village's Police Pension Fund investments were as follows:

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Agencies	\$ 1,956,367	\$ 151,788	\$ 1,002,872	\$ 798,441	\$ 3,266
Corporate Bonds	455,733	-	66,293	389,440	-
State and Local Obligations	2,034,477	-	84,844	1,949,633	-
	<u>\$ 4,446,577</u>	<u>\$ 151,788</u>	<u>\$ 1,154,009</u>	<u>\$ 3,137,514</u>	<u>\$ 3,266</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in securities of U.S. Government agencies were all rated AAA by Standard & Poor's, or Aaa by Moody's Investor Services. The State and Local Obligations are rated AA+ by Standard & Poor's and the Corporate Bonds are rated AAA to BBB by Standard & Poor's.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Concentration

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Village's investment policy does not limit the amount it may invest in any one issuer.

The Police Pension Board establishes the following target allocation across asset classes:

Asset Class	Target	Long Term Expected Real Rate of Return
Fixed Income	31%	N/A
Domestic Equities	52%	1.25-33.5%
International Equities	5%	5.93-7.80%
Real Estate	3%	1.46-11.90%
Emerging Markets	3%	0.68-10.70%
Commodities	3%	3.10-7.30%
Cash and Equivalents	3%	0%

At year end, the Police Pension Fund does not have any investments over 5 percent of the total fund (other than investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments). Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and are backed by the issuing organization.

Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulations.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 15,018,479	\$ 425,486	\$ -	\$ 15,443,965
Construction in progress	125,228	5,456,279	125,228	5,456,279
Total Capital Assets Not Being Depreciated	15,143,707	5,881,765	125,228	20,900,244
Capital Assets Being Depreciated				
Buildings and Improvements	18,212,077	522,604	-	18,734,681
Vehicles and Equipment	2,559,185	680,962	247,750	2,992,397
Infrastructure	4,106,533	377,349	-	4,483,882
Total Capital Assets Being Depreciated	24,877,795	1,580,915	247,750	26,210,960
Less Accumulated Depreciation for				
Buildings And Improvements	1,863,580	273,632	-	2,137,212
Vehicles and Equipment	2,090,656	133,233	199,022	2,024,867
Infrastructure	1,361,484	46,366	-	1,407,850
Total Accumulated Depreciation	5,315,720	453,231	199,022	5,569,929
Total Capital Assets Being Depreciated, Net	19,562,075	1,127,684	48,728	20,641,031
Governmental Activities Capital Assets, Net	\$ 34,705,782	\$ 7,009,449	\$ 173,956	\$ 41,541,275

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

General Government	\$ 249,255
Building, Planning and Zoning	11,224
Police Protection	16,369
Fire Protection and ESDA	54,574
Public Works	121,809
	<u>\$ 453,231</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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	2,885,256	337,724	2,618,918	604,062
Total Capital Assets Not Being Depreciated	2,976,277	337,724	2,618,918	695,083
Capital Assets Being Depreciated				
Buildings and Improvements	280,609	-	-	280,609
Vehicles and Equipment	960,456	-	60,000	900,456
Infrastructure	6,689,683	4,916,326	-	11,606,009
Total Capital Assets Being Depreciated	7,930,748	4,916,326	60,000	12,787,074
Less Accumulated Depreciation for				
Buildings And Improvements	107,225	4,141	-	111,366
Vehicles and Equipment	696,527	50,591	60,000	687,118
Infrastructure	2,372,205	144,472	-	2,516,677
Total Accumulated Depreciation	3,175,957	199,204	60,000	3,315,161
Total Capital Assets Being Depreciated, Net	4,754,791	4,717,122	-	9,471,913
Business-Type Activities Capital Assets, Net	\$ 7,731,068	\$ 5,054,846	\$ 2,618,918	\$ 10,166,996

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

Water and Sewer	\$ 164,954
Garbage	34,251
	<u>\$ 199,205</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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, 2016 consist of the following:

<u>Due to/from Other Funds</u>		
Receivable Fund	Payable Fund	Amount
Capital Improvement	General	<u>\$ 525,000</u>
General	Water/Sewer	<u>455,945</u>
General	Garbage	<u>60,000</u>

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

Advances

<u>Advance to/from Other Funds</u>		
Receivable Fund	Payable Fund	Amount
General	Garbage	\$ 250,000
General	Economic Development	498,032
Debt Service	Economic Development	225,000
Capital Improvement	Emergency 911	<u>101,367</u>
		<u>\$ 1,074,399</u>

Advances represent long-term borrowings among funds, or payments from one fund on behalf of another, to be paid as cash is available in the fund owing the balance. The receivable funds have a corresponding reserved fund balance for the amount of the advances. The Village anticipates that future cash flow of the garbage fund will repay its advances in five years. The advances to the Economic Development Fund (TIF4) will be repaid in the future from economic development in TIF 4 or potential future adjacent TIF districts

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 6 - INTERFUND DISCLOSURES (Continued)

that would include the redevelopment of the Lyons Quarry. The Emergency 911 Fund will continue to make payments from telephone surcharge revenue as long as the Village operates the call center.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Capital Improvement	\$ 250,000
Economic Development	Economic Development	275,000
Debt Service	General	805,000
	Economic Development	1,038,500
		1,843,500
E-911	General	59,323
		<u>\$2,427,823</u>

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

TIF District #1	\$ 295,000
TIF District #2	162,500
TIF District #3	296,000
TIF District #4	285,000
	<u>\$ 1,038,500</u>

The following summarizes the transfers in 2016:

- 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.
- 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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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	\$ 14,848,213	\$ 1,334,585	\$ 814,274	\$ 15,368,524	\$ 900,000
Tax Increment Debt	13,030,359	-	916,692	12,113,667	-
Net Pension Liability	18,874,332	1,049,292	216,354	19,707,270	-
Compensated Absences	949,496	46,519	-	996,015	199,203
Other Post-Employment Benefits Obligation	1,325,411	80,308	-	1,405,719	-
Total Governmental Activities Long-Term Liabilities	49,027,811	2,510,704	1,947,320	49,591,195	1,099,203
Business-Type Activities					
Revenue Debt - IEPA Loan	3,840,336	2,743,746	60,052	6,524,030	61,256
Total Business-Type Activities Long-Term Liabilities	3,840,336	2,743,746	60,052	6,524,030	61,256
Total Long-Term Liabilities	\$ 52,868,147	\$ 5,254,450	\$ 2,007,372	\$ 56,115,225	\$ 1,160,459

The net pension liability differs from the amounts in Note 10 due to the inclusion of an immaterial balance of \$1,092 from the Village's former participation in the IMRF SLEP plan for which note disclosures are not provided.

Current Year Issuances

On January 26, 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"). With premiums, the total amount of all two issuances was \$1,124,035.

The purpose of the Series 2015A Bonds was to refund certain outstanding obligations to restructure debt. Specifically, the bond proceeds reimbursed the Village for funds previously advanced to make schedule debt service payments on the Series 2007 and 2009B Bonds in December of 2015 as a result of a delay in the sale of the bonds. The bonds also refunded the interest payments due on those bonds in 2016 and paid costs of issuance of the 2015A Bonds. The Series 2015A Bonds are direct and general obligations of the Village. They

are payable from Pledged Revenues consisting of Sales Taxes of the Village and ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 7- LONG-TERM DEBT (Continued)

The purpose of the Series 2015D Bonds was to fund capital projects consisting of roads and equipment, and to pay related costs of issuance on the Alternate Bonds. The Series 2015D Bonds are payable from Pledged Taxes consisting of ad valorem property taxes levied against all of the taxable property in the Village. The levy of such taxes is limited to the Debt Service Extension Base including the outstanding Limited Bonds.

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements December 31, 2016

NOTE 7 - LONG-TERM DEBT (Continued)

	Beginning Balances	Issuance	Retirements	Ending Balances	Due Within One Year
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.	445,000	-	105,000	340,000	110,000
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	-	385,000	4,020,000	385,000
General Obligation Bonds (Alternate Revenue Source) of 2015A, due in annual installments of \$155,000 to \$135,000 plus interest at 4.00% through December 1, 2029.	-	500,000	-	500,000	-
General Obligation Bonds of 2015D, due in annual installments of \$95,000 to \$120,000 plus interest at 3.00% to 4.00% through December 1, 2024.	-	555,000	-	555,000	-
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.	2,970,000	-	195,000	2,775,000	205,000
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.	1,435,000	-	85,000	1,350,000	90,000
Ambulance Revolving Loan Program through the Illinois Finance Authority, due in annual installments of \$10,000 at 0% interest, through November 1, 2026.	-	100,000	-	100,000	10,000
Real Estate Purchase Liability for the purchase of property at 3945 Joliet Avenue, due in an annual installment of \$100,000 at 0% interest, through October 2017.	-	100,000	-	100,000	100,000
Premium on Debt	733,213	79,585	44,274	768,524	-
	<u>\$14,848,213</u>	<u>\$ 1,334,585</u>	<u>\$ 814,274</u>	<u>\$15,368,524</u>	<u>\$ 900,000</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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.	800,000	-	800,000	-	-
Premium on debt	1,095,778	-	118,213	977,565	-
Discount on debt	(30,419)	-	(1,521)	(28,898)	-
	<u>\$ 13,030,359</u>	<u>\$ -</u>	<u>\$ 916,692</u>	<u>\$ 12,113,667</u>	<u>\$ -</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 7- LONG-TERM DEBT (Continued)

Business-Type Activity – Revenue Supported Debt

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

	Beginning Balances	Issuance	Retirements	Ending Balances	Due Within One Year
IEPA Loan, due in semi-annual installments including interest at 1.955% through a date not to exceed 20 years after completion date	\$ 3,840,336	\$ 2,743,746	\$ 60,052	\$ 6,524,030	\$ 61,256
	\$ 3,840,336	\$ 2,743,746	\$ 60,052	\$ 6,524,030	\$ 61,256

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
2017	900,000	598,903	-	519,268	900,000	1,118,171
2018	965,000	571,042	710,000	519,268	1,675,000	1,090,310
2019	995,000	537,586	795,000	487,968	1,790,000	1,025,554
2020	1,025,000	501,544	760,000	454,118	1,785,000	955,662
2021	1,070,000	465,476	800,000	421,318	1,870,000	886,794
2022-2026	5,335,000	1,652,831	3,425,000	1,528,990	8,760,000	3,181,821
2027-2031	2,130,000	784,028	2,290,000	922,268	4,420,000	1,706,296
2032-2036	1,480,000	404,000	2,385,000	301,250	3,865,000	705,250
2037-2038	700,000	53,000	-	-	700,000	53,000
	\$ 14,600,000	\$ 5,568,410	\$ 11,165,000	\$ 5,154,448	\$ 25,765,000	\$ 10,722,858

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 7- LONG-TERM DEBT (Continued)

Business Type Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 230,098	\$ 117,496	\$ 347,594
2018	277,116	134,917	412,033
2019	283,138	128,895	412,033
2020	289,291	122,741	412,033
2021	295,579	116,454	412,033
2022-2026	1,577,102	483,061	2,060,163
2027-2031	1,756,139	304,023	2,060,163
2032-2036	1,778,653	107,248	1,885,900
2037-	36,915	613	37,528
	<u>\$ 6,524,031</u>	<u>\$ 1,515,447</u>	<u>\$ 8,039,477</u>

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):

	<u>2014 EAV</u>	<u>2015 EAV</u>
EAV used for tax extension	\$ 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>10,055,000</u>	<u>9,140,000</u>
 Legal debt margin	 <u>\$ 5,439,579</u>	 <u>\$ 6,004,717</u>

The Village maintained Legal Debt Margin at the end of 2016.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 9 - DEFERRED COMPENSATION PLAN

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

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

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 is 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, Police and Fire Pension plans in total reported by the Village as of and for the year ended December 31, 2016:

Total Pension Liability	\$ 39,573,181
Plan Fiduciary Net Position	<u>19,867,003</u>
Village's net pension liability	<u>\$ 19,706,178</u>
Deferred Inflows of Resources	\$ 198,328
Deferred Outflows of Resources	2,123,421
Pension Expense	2,142,467

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Because the Village's business-type activities have no full time employees, the net pension liability is reported only under governmental activities.

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.

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, 2016 was 10.69% of covered payroll. The employer annual required contribution rate for calendar year 2016 was 10.72%.

At December 31, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries	61
Inactive, Non-retired Members	37
Active Members	<u>36</u>
Total	134

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The Village's net pension liability for the IMRF plan was measured as of December 31, 2016 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, 2016 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:	7.50%
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 2012). 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 2012). 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 2012). The IMRF 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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 7.50% 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
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 3.78%, and the resulting single discount rate is 7.50%.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2015	\$ 11,046,796	\$ 9,943,745	\$ 1,103,051
Changes for the year:			
Service Cost	195,131	-	195,131
Interest on the Total Pension Liability	813,143	-	813,143
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	246,600	-	246,600
Changes of Assumptions	(14,821)	-	(14,821)
Contributions - Employer	-	209,714	(209,714)
Contributions - Employees	-	94,323	(94,323)
Net Investment Income	-	692,548	(692,548)
Benefit Payments, including Refunds of Employee Contributions	(575,948)	(575,948)	-
Other (Net Transfer)	-	145,097	(145,097)
Net Changes	664,105	565,734	98,371
Balances at December 31, 2016	<u>\$ 11,710,901</u>	<u>\$ 10,509,479</u>	<u>\$ 1,201,422</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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 7.50%, 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
IMRF Net Pension Liability/(Asset)	\$ 2,806,342	\$ 1,201,422	\$ (107,515)

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

For the year ended December 31, 2016, the Village recognized pension expense of \$335,848 related to IMRF. At December 31, 2016, 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	\$ 158,305	\$ 8,337
Changes of assumptions	3,634	9,514
Net difference between projected and actual earnings on pension plan investments	<u>514,615</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 676,554</u>	<u>\$ 17,851</u>

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

Year Ended December 31	IMRF
2017	\$ 255,622
2018	243,142
2019	150,242
2020	9,697

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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, 2016, the Village's contribution was 76.29% of covered payroll.

At December 31, 2016, the Police Pension Plan membership consisted of:

<u>Membership</u>	<u>Participants</u>
Retirees and beneficiaries currently receiving benefits	24
Current employees	<u>12</u>
Total	<u><u>36</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Net Pension Liability

The Village's net pension liability for the Police Pension Plan was measured as of December 31, 2016 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, 2016 actuarial valuation and the prior valuation:

	Current <u>Valuation</u>	Prior <u>Valuation</u>
Interest Rate	7.00%	7.00%
Discount Rate	7.00%	7.00%
Salary Increases	4.00%-6.85%	2.00%-3.00%
Projected Increase in Payroll	3.50%	5.50%
Inflation	2.50%	3.00%

Mortality rates for the December 31, 2016 actuarial valuation are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The mortality assumption has been updated to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully generational basis.

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:

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Asset Class	Target Allocation	Long Term Expected Rate of Return
US Treasuries	7%	1.80%
US Agencies	21%	2.00%
Taxable IL Municipal Bonds	5%	2.00%
US Corporate Bonds	22%	2.50%
US High Yield Bonds	0%	3.50%
Emerging Market Bonds	0%	4.00%
US Large Cap Equity	33%	5.00%
US Mid Cap Equity	3%	5.30%
US Small Cap Equity	1%	5.00%
International Stocks	6%	5.30%
Real Estate	1%	4.30%
Global Infrastructure	1%	4.80%
	<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).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.78% (previously 3.57%) and the resulting single discount rate is 7.00%.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**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, 2015	\$ 26,631,088	\$ 9,578,081	\$ 17,053,007
Changes for the year:			
Service Cost	272,764	-	272,764
Interest on the Total Pension Liability	1,813,299	-	1,813,299
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	381,430	-	381,430
Changes of Assumptions	(271,169)	-	(271,169)
Contributions - Employer	-	866,736	(866,736)
Contributions - Employees	-	118,614	(118,614)
Net Investment Income	-	278,983	(278,983)
Benefit Payments, including Refunds of Employee Contributions	(1,453,642)	(1,453,642)	-
Other (Net Transfer)	-	(31,273)	31,273
Net Changes	742,682	(220,582)	963,264
Balances at December 31, 2016	\$ 27,373,770	\$ 9,357,499	\$ 18,016,271

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	\$ 21,767,856	\$ 18,016,271	\$ 14,947,486

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.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2016, the Village recognized pension expense of \$1,963,966 related to the police pension plan. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 448,078	\$ -
Changes of assumptions	183,960	180,477
Net difference between projected and actual earnings on pension plan investments	<u>814,829</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,446,867</u>	<u>\$ 180,477</u>

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:

<u>Year Ended December 31</u>	<u>Police</u>
2017	\$ 618,225
2018	326,690
2019	246,677
2020	74,798

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. There are no plan assets accumulated in a trust fund. The Village payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2016 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, 2016, 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.

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,

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Significant Investments/ Related Party Transactions

The Firefighters' Pension Plan does not hold investments as of December 31, 2016.

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

Basis of Accounting

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. However, the provisions of GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", have been implemented in the current fiscal year.

Net Pension Liability

The Village's net pension liability for the Firefighters' Pension Plan was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions: The following actuarial assumptions were used to determine the total pension liability in the December 31, 2016 actuarial valuation:

Discount Rate	3.78%
Inflation	2.50%

Mortality rate for the December 31, 2016 actuarial valuation is based on the most recently released MP-2016 table for the sole beneficiary of the plan.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**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, 2015	\$ 704,864	\$252	\$704,612
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	26,785	-	26,785
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(184,359)	-	(184,359)
Changes of Assumptions	-	-	-
Contributions - Employer	-	58,501	(58,501)
Contributions - Employees	-	-	-
Net Investment Income	-	52	(52)
Benefit Payments, including Refunds of Employee Contributions	(58,780)	(58,780)	-
Other (Net Transfer)	-	-	-
Net Changes	(216,354)	(227)	(216,127)
Balances at December 31, 2016	<u>\$ 488,510</u>	<u>\$25</u>	<u>\$488,485</u>

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

The fire pension plan has no deterred outflows or deferred inflows of resources. The difference between actual and expected experience would normally be deferred and amortized over the average expected remaining service lives of active and inactive employees but that average is zero. For the year ended December 31, 2016, the Village recognized pension expense of (\$157,347) related to the fire pension plan.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

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><u>63</u></u>

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, 2016. The Village's OPEB cost, the percentage of OPEB cost contributed to the plan, and net OPEB obligation are as follows:

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)**Annual OPEB Cost**

Annual required contribution (ARC)	\$ 204,505
Adjustment to ARC	(85,757)
Interest cost	<u>59,641</u>
Total OPEB cost	178,389
Employer contributions made	<u>(98,081)</u>
Increase in net OPEB obligation	80,308
Net OPEB obligation, January 1, 2016	<u>1,325,411</u>
Net OPEB obligation, December 31, 2016	<u>\$1,405,719</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>85.59%</u>

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, 2016

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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 eight 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. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statements No. 67 and 68*. 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 related to the Village's fire pension plan 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, 2016	(4,062,525)
Elimination of beginning net pension obligation balances	62,373
Establishment of beginning net pension liability balances	<u>(704,612)</u>
Restated Beginning Net Position, January 1, 2016	<u><u>(4,704,764)</u></u>

The fund financial statements are not affected by this restatement.

NOTE 13 – TAX ABATEMENTS

The Village currently does not have any tax abatements requiring disclosure in accordance with GASB Statement 77, *Tax Abatement Disclosures*.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 14 – SUBSEQUENT EVENTS

The Village has authorized the issuance of the following debt to reimburse the Village's Capital Projects Fund and to provide working capital and has obtained a commitment from Hinsdale Bank and Trust Company to fund the debt:

- \$500,000 Taxable Line of Credit
- \$900,000 Instalment Purchase Agreement
- \$3,200,000 General Obligation Bonds (Alternative Revenue Source)

The Village expects to close on these bond financings between August 1, 2017 and September 15, 2017.

In addition, the Village has the following borrowing authorizations, but has not entered into any firm agreements to fund them:

- \$4,500,000 General Obligation Refunding Bonds (Alternative Revenue Source), Series 2017A
- \$4,000,000 Limited Tax Debt Certificates, Series 2017
- \$1,800,000 General Obligation Bonds (Alternative Revenue Source).

The Village reserves the right to issue this debt based on financing needs and market conditions.

REQUIRED SUPPLEMENTARY INFORMATION



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual
Revenues		
Taxes	\$ 8,404,000	\$ 7,817,714
Intergovernmental	25,000	6,137
License, fees and permits	482,000	572,215
Charges for services	576,000	491,766
Fines and forfeitures	443,500	459,170
Investment earnings	1,000	5,855
Quarry revenues	600,000	427,128
Miscellaneous	49,000	92,287
Total revenues	<u>10,580,500</u>	<u>9,872,272</u>
Expenditures		
Current		
General government	1,892,233	1,763,851
Building, planning and zoning	601,512	707,981
Police protection	4,122,553	3,883,485
Fire protection	1,160,453	1,144,311
Recreation	306,028	456,136
Public works	823,410	1,039,227
Capital outlay	270,000	253,841
Total expenditures	<u>9,176,189</u>	<u>9,248,832</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,404,311</u>	<u>623,440</u>
Other Financing Sources (Uses)		
Transfers in	250,000	250,000
Transfers out	(1,650,000)	(864,323)
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(614,323)</u>
Net Change in Fund Balance	<u>4,311</u>	<u>9,117</u>
Fund Balance - Beginning of Year	<u>2,488,863</u>	<u>2,488,863</u>
Fund Balance - End of Year	<u><u>\$ 2,493,174</u></u>	<u><u>\$ 2,497,980</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, 2016

	Original and Final Budget	Actual
Revenues		
Incremental property taxes	\$ 925,000	\$ 1,003,607
Investment earnings	25	19
Total revenues	<u>925,025</u>	<u>1,003,626</u>
Expenditures		
Community development	32,000	15,645
Capital outlay	-	7,646
Total expenditures	<u>32,000</u>	<u>23,291</u>
Excess (Deficiency) of Revenues over Expenditures	<u>893,025</u>	<u>980,335</u>
Other Financing Sources (Uses)		
Transfers in	200,000	275,000
Transfers out	(1,075,000)	(1,313,500)
Total other financing sources (uses)	<u>(875,000)</u>	<u>(1,038,500)</u>
Net Change in Fund Balance	<u>18,025</u>	<u>(58,165)</u>
Fund Balance - Beginning of Year	<u>(649,406)</u>	<u>(649,406)</u>
Fund Balance - End of Year	<u><u>\$ (631,381)</u></u>	<u><u>\$ (707,571)</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, 2016

Last 10 Fiscal Years (Only 3 Fiscal Years Available as of December 31, 2016)

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 195,131	\$ 189,683	\$ 219,024
Interest	813,143	781,991	728,681
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	246,600	(31,155)	(107,604)
Changes of Assumptions	(14,821)	13,576	323,757
Benefit Payments, Including Refunds of Member Contributions	(575,948)	(477,999)	(398,790)
Net Change in Total Pension Liability	664,105	476,096	765,068
Total Pension Liability - Beginning	11,046,796	10,570,700	9,805,632
Total Pension Liability - Ending (a)	<u>\$ 11,710,901</u>	<u>\$ 11,046,796</u>	<u>\$ 10,570,700</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 209,714	\$ 219,278	\$ 193,399
Contributions - member	94,323	112,469	84,680
Net Investment Income	693,638	50,934	589,300
Benefit Payments, Including Refunds of Member Contributions	(575,948)	(477,999)	(398,790)
Administrative Expense	-	-	-
Other	146,225	(170,297)	6,345
Net Change in Fiduciary Net Position	\$ 567,952	\$ (265,615)	\$ 474,934
Plan Fiduciary Net Position - Beginning	9,930,335	10,195,950	9,721,016
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,498,287</u>	<u>\$ 9,930,335</u>	<u>\$ 10,195,950</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 1,212,614</u>	<u>\$ 1,116,461</u>	<u>\$ 374,750</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.65%	89.89%	96.45%
Covered-Employee Payroll	\$ 1,961,013	\$ 1,990,512	\$ 1,717,458
Net Pension Liability as a Percentage of Covered-Employee Payroll	61.84%	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, 2016

Last 10 Fiscal Years (Only 3 Fiscal Years Available as of December 31, 2016)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 210,221	\$ 214,179	\$ 183,940
Contributions in Relation to the Actuarially Determined Contribution	209,714	219,278	193,399
Contribution Deficiency (Excess)	507	(5,099)	(9,459)
Covered-Employee Payroll	1,961,013	1,990,512	1,717,458
Contributions as a Percentage of Covered-Employee Payroll	10.69%	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: 27-year closed period

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

Inflation: 2.75%

Salary Increases: 3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013

Mortality: RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scaled MP-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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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, 2016

Last 10 Fiscal Years (Only 3 Fiscal Years Available as of December 31, 2016)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 272,764	\$ 213,953	\$ 533,266
Interest	1,813,299	1,712,319	1,677,871
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	381,430	537,965	(1,706,332)
Changes of Assumptions	(271,169)	509,554	1,517,128
Benefit Payments, Including Refunds of Member Contributions	(1,453,642)	(1,608,811)	(1,450,830)
Net Change in Total Pension Liability	<u>742,682</u>	<u>1,364,980</u>	<u>571,103</u>
Total Pension Liability - Beginning	<u>26,631,088</u>	<u>25,266,108</u>	<u>24,695,005</u>
Total Pension Liability - Ending (a)	<u><u>\$ 27,373,770</u></u>	<u><u>\$ 26,631,088</u></u>	<u><u>\$ 25,266,108</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 866,736	\$ 496,493	\$ 438,151
Contributions - member	118,614	127,995	149,617
Net Investment Income	278,983	(143,498)	707,878
Benefit Payments, Including Refunds of Member Contributions	(1,453,642)	(1,608,811)	(1,450,830)
Administrative Expense	(31,273)	(26,435)	(40,960)
Other	-	-	-
Net Change in Fiduciary Net Position	<u>\$ (220,582)</u>	<u>\$ (1,154,256)</u>	<u>\$ (196,144)</u>
Plan Fiduciary Net Position - Beginning	<u>9,578,081</u>	<u>10,732,337</u>	<u>10,928,481</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 9,357,499</u></u>	<u><u>\$ 9,578,081</u></u>	<u><u>\$ 10,732,337</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 18,016,271</u></u>	<u><u>\$ 17,053,007</u></u>	<u><u>\$ 14,533,771</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.18%	35.97%	42.48%
Covered-Employee Payroll	\$ 1,136,178	\$ 1,117,697	\$ 1,264,005
Net Pension Liability as a Percentage of Covered-Employee Payroll	1585.69%	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, 2016

Last 10 Fiscal Years (Only 3 Fiscal Years Available as of December 31, 2016)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 933,928	\$ 991,854	\$ 920,045
Contributions in Relation to the Actuarially Determined Contribution	866,736	496,493	438,151
Contribution Deficiency (Excess)	67,192	495,361	481,894
Covered-Employee Payroll	1,136,178	1,117,697	1,264,005
Contributions as a Percentage of Covered-Employee Payroll	76.29%	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: 24-year closed period

Asset Valuation Method: 5-year smoothed market

Inflation: 2.5%

Salary Increases: 4.0% to 6.85%, 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
FIRE PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2016

Last 10 Fiscal Years (Only 1 Fiscal Year Available as of December 31, 2016)

	2016
Total Pension Liability	
Service cost	\$ -
Interest	26,785
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(184,359)
Changes of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	(58,780)
Net Change in Total Pension Liability	(216,354)
Total Pension Liability - Beginning	704,864
Total Pension Liability - Ending (a)	<u>\$ 488,510</u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 58,501
Contributions - member	-
Net Investment Income	52
Benefit Payments, Including Refunds of Member Contributions	(58,780)
Administrative Expense	-
Other	-
Net Change in Fiduciary Net Position	<u>\$ (227)</u>
 Plan Fiduciary Net Position - Beginning	252
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25</u>
 Net Pension Liability - Ending (a)-(b)	<u>\$ 488,485</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.01%
 Covered-Employee Payroll	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%

Notes to Schedule:

Information is presented for those years for which it was available

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2016

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%
12/31/2012	-	1,586,747	1,586,747	0.00%	3,801,857	41.74%
12/31/2009	-	2,256,805	2,256,805	0.00%	N/A	N/A

Since plan membership is under 200, actuarial valuations are performed triennially as permitted by GASB 45. The above table presents disclosures for the last three years in which a valuation was performed.

Actuarial Assumptions

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%
N/A	Information not available

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 in the following funds:

General Fund	\$ 72,643
Debt Service Fund	105,989
Capital Improvement Fund	1,579,402

The following explains the budget variances in each fund:

General Fund

The expenditures in the general fund were over budget due to additional operational costs associated with the major infrastructure program undertaken during 2016. To compensate for the over expenditure, the Village did not transfer additional funds for capital projects (and undertake additional projects) to offset the operating cost overspending. While transfers from the general fund are considered expenditures for budgetary purposes, they are not reported as such.

Debt Service Fund

The excess expenditure relates to additional debt service on bonds issued after the budget was adopted that were not included in the budget and costs of issuance that were reflected as an expenditure rather than a reduction in bond proceeds as envisioned in the budget.

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET (Continued)

Capital Projects Fund

The Village authorized the expenditure of funds for land acquisition, vehicle purchases, and costs to accelerate the availability of the quarry for development and sale through the issuance of debt. The Village passed reimbursement resolutions whereby other Village funds were used to make the expenditure and the Village would reimburse such payments from debt to be issued in 2017. In accordance with state law, the ordinances approved by the Village Board for the debt issuance provided spending authorization for these costs. The Village did not further amend its operating budget to reflect this spending authorization.

**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, 2016**

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Property Taxes			
General/corporate	\$ 570,000	\$ 517,727	\$ 663,605
IMRF	100,000	90,451	117,798
Street and bridge	50,000	45,180	61,386
Fire protection	400,000	361,841	460,789
Police protection	675,000	610,939	819,014
Social security	95,000	86,025	112,670
Auditing	40,000	36,136	30,771
Police pension	934,000	866,736	496,492
Fire pension	60,000	56,168	55,652
Liability insurance	45,000	40,741	54,994
Ambulance service	150,000	135,527	153,546
Road and bridge	35,000	31,948	34,474
Total property taxes	<u>3,154,000</u>	<u>2,879,419</u>	<u>3,061,191</u>
Other Taxes			
Replacement	75,000	56,789	70,928
Municipal sales	1,610,000	1,559,728	1,578,125
Non-home rule sales	775,000	750,751	376,812
Income tax - municipal share	1,200,000	1,021,538	1,145,623
Telecommunication utility	250,000	219,784	242,246
Cable television utility	110,000	125,766	128,866
Electric utility	325,000	296,222	276,461
Natural gas utility	140,000	108,540	123,576
Local use	240,000	256,043	236,928
Hotel/motel	85,000	93,369	77,473
Foreign fire	5,000	12,995	12,711
Local food & beverage	240,000	212,490	199,130
Gaming taxes	195,000	224,280	204,912
Total other taxes	<u>5,250,000</u>	<u>4,938,295</u>	<u>4,673,791</u>
Total taxes	<u>8,404,000</u>	<u>7,817,714</u>	<u>7,734,982</u>
Intergovernmental			
Public safety grant and reimbursement	25,000	-	13,288
Other grants and reimbursements	-	6,137	3,602
Total intergovernmental	<u>25,000</u>	<u>6,137</u>	<u>16,890</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
Licenses and Permits			
Riverside lawn fire district fees	2,000	2,000	2,000
Liquor licenses	30,000	60,950	48,250
Vehicle licenses	150,000	167,255	149,013
Garage sales permits	-	567	702
Property maintenance inspections	-	44,935	39,607
Building permits	200,000	131,898	113,468
Plumbing permits	-	10,676	15,986
HVAC permits	-	11,770	10,241
Electrical permits	-	5,218	6,689
Contractor licenses	-	44,270	38,150
Zoning hearings/maps/codes	-	1,000	500
Business licenses	100,000	91,676	95,799
Total licenses and permits	482,000	572,215	520,405
Charges for Services			
Antenna agreements	225,000	171,808	193,852
Advertising for Village property	6,000	4,668	10,078
Police and fire reports	2,000	5,005	2,420
Ambulance service fees	300,000	275,773	296,937
Fire recovery fees	8,000	17,442	8,192
Recreation fees	35,000	17,070	22,270
Total charges for services	576,000	491,766	533,749
Fines and Fees			
Liquor fines	1,500	-	2,062
Nuisance, abatement and adjudication	125,000	219,155	160,046
State Y-tickets	100,000	14,516	24,777
Parking P-tickets	100,000	121,650	107,844
DUI fines	30,000	5,504	40,916
Towing fees	30,000	15,590	15,420
Commercial FOIA Fees	-	250	-
Alarm board fees	6,000	1,785	-
State seizure revenue	25,000	6,900	30,068
Federal seizure revenue	25,000	-	216,959
Other	1,000	73,820	9,975
Total fines and fees	443,500	459,170	608,067

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
Investment Income - Interest			
Interest	1,000	5,855	1,626
Royalties			
Quarry revenues	600,000	427,128	482,820
Miscellaneous			
Sale of Village property	5,000	35,745	78,038
Rent of Village assets	12,000	11,368	10,200
Insurance and damage recovery	2,500	32,486	20,268
COBRA premium payments	5,000	-	-
Project & program reimbursement	5,000	-	-
Refunds and rebates	2,500	-	2,535
Senior taxi donation	12,000	10,488	10,315
Miscellaneous	5,000	2,200	3,200
Total miscellaneous	49,000	92,287	124,556
Total revenues	<u>\$ 10,580,500</u>	<u>\$ 9,872,272</u>	<u>\$ 10,023,095</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
General Government			
Administration			
Salaries and benefits	\$ 489,844	\$ 903,535	\$ 875,691
Professional services	48,400	92,818	75,493
Communications	120,000	75,895	119,877
Professional development	20,000	35,660	36,532
Operations	35,000	66,241	35,430
Other	512,000	11,898	4,738
Interfund cost transfer	(520,000)	(505,909)	(510,000)
Total administration	<u>705,244</u>	<u>680,138</u>	<u>637,761</u>
Legal Services			
Professional services	<u>200,000</u>	<u>310,801</u>	<u>187,085</u>
Finance			
Salaries and benefits	270,989	-	-
Professional services	225,000	266,554	182,342
Operations	4,000	-	-
Other	1,000	7,363	31,022
Total finance	<u>500,989</u>	<u>273,917</u>	<u>213,364</u>
Human Resources			
Salaries and benefits	30,000	60,786	11,600
Professional services	5,000	3,850	3,850
Operations	5,000	12,336	10,690
Total human resources	<u>40,000</u>	<u>76,972</u>	<u>26,140</u>
Risk Management			
Professional services	150,000	194,056	179,137
Other expenditures	1,000	-	-
Total risk management	<u>151,000</u>	<u>194,056</u>	<u>179,137</u>
Information Technology			
Professional services	50,000	41,625	45,360
Other	35,000	26,066	35,330
Total information technology	<u>85,000</u>	<u>67,691</u>	<u>80,690</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
General Government (Cont.)			
Buildings and grounds			
Professional services	35,000	34,609	28,482
Operations	175,000	125,667	67,480
Total buildings and grounds	210,000	160,276	95,962
Police and fire commission			
Professional development	-	-	3,405
Total police and fire commission	-	-	3,405
Total general government	1,892,233	1,763,851	1,423,544
Building, Planning and Zoning			
Building			
Salaries and benefits	480,817	500,016	376,373
Professional services	25,000	135,623	134,642
Communications	10,800	12,503	8,976
Professional development	5,120	1,113	324
Operations	78,625	58,726	69,332
Total building	600,362	707,981	589,647
Planning and Zoning			
Professional services	850	-	-
Communications	300	-	342
Total planning and zoning	1,150	-	342
Total building, planning and zoning	601,512	707,981	589,989
Police			
Salaries and benefits	2,238,553	2,138,584	2,776,752
Pensions	934,000	866,736	496,492
PEDA expenditures	35,000	50,318	64,594
Communications	25,000	31,587	29,925
Professional development	15,000	13,790	11,034
Operations	200,000	220,932	268,496
Professional services	125,000	69,752	322,773
Other expenditures	-	1,109	1,103
Interdepartmental charge	550,000	490,677	-
Total police	4,122,553	3,883,485	3,971,169

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
Fire Protection			
Operations			
Salaries and benefits	506,603	499,936	542,962
Fire pension	58,400	57,701	57,152
Communications	11,450	11,511	11,968
Professional development	39,000	20,125	18,252
Operations	85,000	105,006	83,333
Total operations	<u>700,453</u>	<u>694,279</u>	<u>713,667</u>
Emergency Medical Services (EMS)			
Professional services	445,000	433,184	430,619
Operations	15,000	16,848	15,447
Total emergency medical services (EMS)	<u>460,000</u>	<u>450,032</u>	<u>446,066</u>
Total fire protection	<u>1,160,453</u>	<u>1,144,311</u>	<u>1,159,733</u>
Recreation			
Recreation department			
Salaries and benefits	146,028	146,393	122,272
Professional services	15,000	19,951	21,688
Communications	20,000	15,895	15,014
Operations	125,000	273,897	167,501
Total recreation department	<u>306,028</u>	<u>456,136</u>	<u>326,475</u>
Public Works			
Administration			
Salaries and benefits	1,083,310	1,162,478	1,176,110
Professional services	10,000	11,587	10,225
Communications	5,000	6,128	4,679
Professional development	100	-	65
Operations	250,000	384,034	394,683
Interfund cost transfer	(525,000)	(525,000)	(481,250)
Total administration	<u>823,410</u>	<u>1,039,227</u>	<u>1,104,512</u>
Capital Outlay	<u>270,000</u>	<u>253,841</u>	<u>91,743</u>
Total expenditures	<u>\$ 9,176,189</u>	<u>\$ 9,248,832</u>	<u>\$ 8,667,165</u>

**VILLAGE OF LYONS, ILLINOIS
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT (TIF FUNDS)
DECEMBER 31, 2016**

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Assets					
Cash and cash equivalents	\$ 4,124	\$ 1,516	\$ 95	\$ 4,616	\$ 10,351
Property tax receivable	27	-	5,083	-	5,110
Total assets	<u>\$ 4,151</u>	<u>\$ 1,516</u>	<u>\$ 5,178</u>	<u>\$ 4,616</u>	<u>\$ 15,461</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	<u>4,151</u>	<u>1,516</u>	<u>5,178</u>	<u>(718,416)</u>	<u>(707,571)</u>
Total fund balances	<u>4,151</u>	<u>1,516</u>	<u>5,178</u>	<u>(718,416)</u>	<u>(707,571)</u>
Total liabilities and fund balances	<u>\$ 4,151</u>	<u>\$ 1,516</u>	<u>\$ 5,178</u>	<u>\$ 4,616</u>	<u>\$ 15,461</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, 2016

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Revenues					
Incremental property taxes	\$ 292,300	\$ 162,841	\$ 537,374	\$ 11,092	\$ 1,003,607
Investment earnings	-	-	10	9	19
Total revenues	<u>292,300</u>	<u>162,841</u>	<u>537,384</u>	<u>11,101</u>	<u>1,003,626</u>
Expenditures					
Community development	15,645	-	-	-	15,645
Capital outlay	-	-	-	7,646	7,646
Total expenditures	<u>15,645</u>	<u>-</u>	<u>-</u>	<u>7,646</u>	<u>23,291</u>
Excess (Deficiency) of Revenues over Expenditures	<u>276,655</u>	<u>162,841</u>	<u>537,384</u>	<u>3,455</u>	<u>980,335</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	275,000	275,000
Transfers out	(295,000)	(162,500)	(571,000)	(285,000)	(1,313,500)
Total other financing sources (uses)	<u>(295,000)</u>	<u>(162,500)</u>	<u>(571,000)</u>	<u>(10,000)</u>	<u>(1,038,500)</u>
Net Changes in Fund Balances	<u>(18,345)</u>	<u>341</u>	<u>(33,616)</u>	<u>(6,545)</u>	<u>(58,165)</u>
Fund Balances - Beginning of Year	<u>22,496</u>	<u>1,175</u>	<u>38,794</u>	<u>(711,871)</u>	<u>(649,406)</u>
Fund Balances - End of Year	<u>\$ 4,151</u>	<u>\$ 1,516</u>	<u>\$ 5,178</u>	<u>\$ (718,416)</u>	<u>\$ (707,571)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TIF #1 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 300,000	\$ 292,300	\$ 264,746
Total revenues	300,000	292,300	264,746
Expenditures			
Community development	32,000	15,645	30,792
Total expenditures	32,000	15,645	30,792
Excess (Deficiency) of Revenues over Expenditures	268,000	276,655	233,954
Other Financing Sources (Uses)			
Transfers out	(250,000)	(295,000)	(221,000)
Total other financing sources (uses)	(250,000)	(295,000)	(221,000)
Net Change in Fund Balance	\$ 18,000	(18,345)	12,954
Fund Balance - Beginning of Year		22,496	9,542
Fund Balance - End of Year		\$ 4,151	\$ 22,496

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TIF #2 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 150,000	\$ 162,841	\$ 148,609
Total revenues	<u>150,000</u>	<u>162,841</u>	<u>148,609</u>
Expenditures			
Community development	-	-	750
Total expenditures	<u>-</u>	<u>-</u>	<u>750</u>
Excess (Deficiency) of Revenues over Expenditures	<u>150,000</u>	<u>162,841</u>	<u>147,859</u>
Other Financing Sources (Uses)			
Transfers out	<u>(150,000)</u>	<u>(162,500)</u>	<u>(160,000)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(162,500)</u>	<u>(160,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>341</u>	<u>(12,141)</u>
Fund Balance - Beginning of Year		<u>1,175</u>	<u>13,316</u>
Fund Balance - End of Year		<u>\$ 1,516</u>	<u>\$ 1,175</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TIF #3 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 475,000	\$ 537,374	\$ 505,490
Investment income	25	10	19
Total revenues	<u>475,025</u>	<u>537,384</u>	<u>505,509</u>
Expenditures			
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>475,025</u>	<u>537,384</u>	<u>505,509</u>
Other Financing Sources (Uses)			
Transfers out	(475,000)	(571,000)	(468,000)
Total other financing sources (uses)	<u>(475,000)</u>	<u>(571,000)</u>	<u>(468,000)</u>
Net Change in Fund Balance	<u>\$ 25</u>	<u>(33,616)</u>	<u>37,509</u>
Fund Balance - Beginning of Year		<u>38,794</u>	<u>1,285</u>
Fund Balance - End of Year		<u>\$ 5,178</u>	<u>\$ 38,794</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TIF #4 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ -	\$ 11,092	\$ 2,383
Investment income	-	9	11
Total revenues	-	11,101	2,394
Expenditures			
Capital outlay	-	7,646	-
Total expenditures	-	7,646	-
Excess (Deficiency) of Revenues over Expenditures	-	3,455	2,394
Other Financing Sources (Uses)			
Transfers In	200,000	275,000	180,000
Transfers out	(200,000)	(285,000)	(180,000)
Total other financing sources (uses)	-	(10,000)	-
Net Change in Fund Balance	\$ -	(6,545)	2,394
Fund Balance - Beginning of Year		(711,871)	(714,265)
Fund Balance - End of Year		\$ (718,416)	\$ (711,871)

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Property taxes	\$ 552,167	\$ 641,968	\$ 587,438
Total revenues	<u>552,167</u>	<u>641,968</u>	<u>587,438</u>
Expenditures			
Debt service			
Principal retirement	1,410,000	1,570,000	5,900,000
Interest and fiscal charges	1,220,410	1,147,680	1,015,420
Costs of issuance	-	18,719	118,138
Total expenditures	<u>2,630,410</u>	<u>2,736,399</u>	<u>7,033,558</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,078,243)</u>	<u>(2,094,431)</u>	<u>(6,446,120)</u>
Other Financing Sources/(Uses)			
Bond proceeds	-	500,000	4,405,000
Premium on bonds	-	32,224	219,308
Transfers in	1,775,000	1,843,500	1,099,000
Total other financing sources/(uses)	<u>1,775,000</u>	<u>2,375,724</u>	<u>5,723,308</u>
Net Change in Fund Balance	<u>\$ (303,243)</u>	<u>281,293</u>	<u>(722,812)</u>
Fund Balance - Beginning of Year		<u>359,756</u>	<u>1,082,568</u>
Fund Balance - End of Year		<u>\$ 641,049</u>	<u>\$ 359,756</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ 250,000	\$ 273,167	\$ 262,296
Investment income	2,500	15,902	24
Grant revenue	25,000	80,148	337,521
Total revenues	<u>277,500</u>	<u>369,217</u>	<u>599,841</u>
Expenditures			
Costs of issuance	-	20,076	138,434
Capital outlay	6,040,000	7,599,326	1,246,025
Total expenditures	<u>6,040,000</u>	<u>7,619,402</u>	<u>1,384,459</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,762,500)</u>	<u>(7,250,185)</u>	<u>(784,618)</u>
Other Financing Sources (Uses)			
Bond proceeds	-	755,000	4,860,000
Premium on bonds	-	47,361	513,906
Transfers in	750,000	-	975,000
Transfers out	(250,000)	(250,000)	(270,000)
Total other financing sources(uses)	<u>500,000</u>	<u>552,361</u>	<u>6,078,906</u>
Net Change in Fund Balance	<u>\$ (5,262,500)</u>	<u>(6,697,824)</u>	<u>5,294,288</u>
Fund Balance - Beginning of Year		<u>5,330,042</u>	<u>35,754</u>
Fund Balance - End of Year		<u>\$ (1,367,782)</u>	<u>\$ 5,330,042</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET
POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Operating Revenues			
Water sales	\$ 3,290,000	\$ 2,855,247	\$ 2,865,393
Sewer charges	140,000	124,629	132,484
Water tap charges	5,000	8,354	26,168
Late penalties	50,000	55,012	55,898
Water turn-on fees	7,500	500	9,618
Meter sales	2,500	3,464	4,300
Total operating revenues	<u>\$ 3,495,000</u>	<u>\$ 3,047,206</u>	<u>\$ 3,093,861</u>
Operating Expenses			
Administration			
General fund administration charges	<u>\$ 395,000</u>	<u>\$ 380,909</u>	<u>\$ 275,000</u>
Total administration	<u>395,000</u>	<u>380,909</u>	<u>275,000</u>
Operations			
Water department			
Communications	15,000	16,418	12,416
Operations	2,167,000	1,895,221	1,988,895
General fund public works reimbursement	275,000	275,000	395,000
Total water department	<u>2,457,000</u>	<u>2,186,639</u>	<u>2,396,311</u>
Sewer department			
Professional services	20,000	820	6,317
Operations	18,000	45,115	88,530
Total sewer department	<u>38,000</u>	<u>45,935</u>	<u>94,847</u>
Total operations	<u>2,495,000</u>	<u>2,232,574</u>	<u>2,491,158</u>
Depreciation and Amortization	<u>130,000</u>	<u>164,954</u>	<u>103,951</u>
Total operating expenses	<u>3,020,000</u>	<u>2,778,437</u>	<u>2,870,109</u>
Operating Income (Loss)	<u>475,000</u>	<u>268,769</u>	<u>223,752</u>
Nonoperating Revenues (Expenses)			
Principal repayment	-	-	-
Interest expense	<u>(50,000)</u>	<u>(65,853)</u>	<u>(23,361)</u>
Total nonoperating revenues (expenses)	<u>(50,000)</u>	<u>(65,853)</u>	<u>(23,361)</u>
Change in Net Position	<u>\$ 425,000</u>	<u>202,916</u>	<u>200,391</u>
Net Position - Beginning of Year		<u>3,726,334</u>	<u>3,525,943</u>
Net Position - End of Year		<u>\$ 3,929,250</u>	<u>\$ 3,726,334</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET
POSITION - BUDGET AND ACTUAL
GARBAGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Operating Revenues			
Garbage collection	\$ 627,500	\$ 623,988	\$ 615,919
Late penalties	10,000	14,383	14,708
Toters	1,500	1,872	2,167
Garbage stickers	1,000	1,300	1,163
Total operating revenues	<u>640,000</u>	<u>641,543</u>	<u>633,957</u>
Operating Expenses			
Administration			
General fund administration charges	<u>125,000</u>	<u>125,000</u>	<u>115,000</u>
Total administration	<u>125,000</u>	<u>125,000</u>	<u>115,000</u>
Operations			
Professional services	200,000	181,502	211,006
Operations	-	1,150	2,700
General fund public works reimbursement	<u>250,000</u>	<u>250,000</u>	<u>206,250</u>
Total operations	<u>450,000</u>	<u>432,652</u>	<u>419,956</u>
Depreciation and Amortization	<u>40,000</u>	<u>34,251</u>	<u>34,250</u>
Total operating expenses	<u>615,000</u>	<u>591,903</u>	<u>569,206</u>
Operating Income (Loss)	<u>25,000</u>	<u>49,640</u>	<u>64,751</u>
Change in Net Position	<u>\$ 25,000</u>	<u>49,640</u>	<u>64,751</u>
Net Position - Beginning of Year		<u>(36,255)</u>	<u>(101,006)</u>
Net Position - End of Year		<u>\$ 13,385</u>	<u>\$ (36,255)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET
POSITION - BUDGET AND ACTUAL
EMERGENCY 911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Operating Revenues			
Charges for service			
E-911 surcharge	\$ 90,000	\$ 129,406	\$ 85,418
Operating Expenses			
Salaries and benefits	284,505	245,160	-
Communications	-	1,771	6,211
Professional services	287,000	242,238	-
Operations	15,000	1,508	336
Interfund charges	(550,000)	(490,677)	-
Total operating expenses	36,505	-	6,547
Operating Income (Loss)	53,495	129,406	78,871
Non-Operating Revenues (Expenses)			
Transfer In	-	59,323	-
Interest income	15	-	1
Net non-operating revenues (expenses)	15	59,323	1
Change in Net Position	\$ 53,510	188,729	78,872
Net Position - Beginning of Year		(259,969)	(338,841)
Net Position - End of Year		\$ (71,240)	\$ (259,969)

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Final Budget	Actual
Additions		
Contributions		
Employer	\$ 934,000	\$ 866,736
Plan members	135,000	118,614
Total contributions	<u>1,069,000</u>	<u>985,350</u>
Investment earnings		
Interest and dividends	810,000	(106,057)
Net increase in fair value of investments	<u>-</u>	<u>406,772</u>
Total investment earnings	810,000	300,715
Less investment expense	<u>(30,000)</u>	<u>(21,732)</u>
Net investment earnings	<u>780,000</u>	<u>278,983</u>
Total additions	<u>1,849,000</u>	<u>1,264,333</u>
Deductions		
Administration	10,000	31,274
Benefits and refunds	995,000	1,376,280
Transfers to other pensions	<u></u>	<u>77,362</u>
Total deductions	<u>1,005,000</u>	<u>1,484,916</u>
Change in Net Position	<u>844,000</u>	<u>(220,583)</u>
Net Position Held in Trust for Pension Benefits		
Beginning of Year	<u>9,578,081</u>	<u>9,578,081</u>
End of Year	<u><u>\$ 10,422,081</u></u>	<u><u>\$ 9,357,498</u></u>

SUPPLEMENTAL SCHEDULES



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2007

December 31, 2016

Date of Issue	September 6, 2007
Date of Maturity	January 1, 2027
Original Issue Amount	\$4,095,000
Denomination of Bonds	\$5,000
Interest Rates	3.85% to 5.00%
Interest Payment Dates	January 1 and July 1
Principal Payment Dates	January 1
Form of Bonds	DTC Global Book Entry
Payable at	Amalgamated Bank of Chicago
Repayment Source	Sales Tax Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 205,000	\$ 118,110	\$ 323,110
2018	210,000	109,550	319,550
2019	220,000	100,628	320,628
2020	230,000	91,233	321,233
2021	240,000	81,363	321,363
2022	250,000	70,948	320,948
2023	260,000	59,983	319,983
2024	270,000	48,520	318,520
2025	285,000	36,449	321,449
2026	295,000	22,875	317,875
2027	310,000	7,750	317,750
	<u>\$ 2,775,000</u>	<u>\$ 747,406</u>	<u>\$ 3,522,406</u>

VILLAGE OF LYONS, ILLINOIS**Long-Term Debt Requirements****Debt Certificates of 2009B****December 31, 2016**

Date of Issue	July 7, 2009
Date of Maturity	December 15, 2028
Original Issue Amount	\$1,885,000
Denomination of Bonds	\$5,000
Interest Rates	1.85% to 4.85%
Interest Payment Dates	June 15 and December 15
Principal Payment Dates	December 15
Form of Bonds	DTC Global Book Entry
Payable at	Amalgamated Bank of Chicago
Repayment Source	General Fund Appropriations with Sales Tax Pledge

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 90,000	\$ 60,828	\$ 150,828
2018	90,000	57,093	147,093
2019	95,000	53,358	148,358
2020	100,000	49,463	149,463
2021	105,000	45,363	150,363
2022	110,000	40,743	150,743
2023	110,000	35,903	145,903
2024	120,000	30,843	150,843
2025	125,000	25,323	150,323
2026	130,000	19,448	149,448
2027	135,000	13,338	148,338
2028	140,000	6,790	146,790
	<u>\$ 1,350,000</u>	<u>\$ 438,488</u>	<u>\$ 1,788,488</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**Ambulance Revolving Loan Program
December 31, 2016**

Date of Issue	August 26, 2026
Date of Maturity	November 1, 2026
Original Issue Amount	\$100,000
Denomination of Bonds	\$100,000
Interest Rates	0.00%
Interest Payment Dates	N/A
Principal Payment Dates	November 1
Form of Bonds	Physical Note with IDFA
Payable at	Amalgamated Bank of Chicago
Repayment Source	General Fund Appropriations

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 10,000	\$ -	\$ 10,000
2018	10,000	-	10,000
2019	10,000	-	10,000
2020	10,000	-	10,000
2021	10,000	-	10,000
2022	10,000	-	10,000
2023	10,000	-	10,000
2024	10,000	-	10,000
2025	10,000	-	10,000
2026	10,000	-	10,000
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**Land Loan of 2016
December 31, 2016**

Date of Issue	October 1, 2016
Date of Maturity	October 1 2017
Original Issue Amount	\$100,000
Denomination of Bonds	\$100,000
Interest Rates	0.00%
Interest Payment Dates	N/A
Principal Payment Dates	October 1, 2017
Form of Bonds	Physical Note
Payable at	Village Treasurer
Repayment Source	General Fund Appropriations

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 100,000	\$ -	\$ 100,000
	\$ 100,000	\$ -	\$ 100,000

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2009A
December 31, 2016**

Date of Issue	July 7, 2009
Date of Maturity	December 15, 2019
Original Issue Amount	\$1,030,000
Denomination of Bonds	\$5,000
Interest Rates	2.20% to 4.10%
Interest Payment Dates	June 15 and December 15
Principal Payment Dates	December 15
Form of Bonds	DTC Global Book Entry
Payable at	Amalgamated Bank of Chicago
Repayment Source	Limited Tax Property Tax Levy

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 110,000	\$ 13,215	\$ 123,215
2018	115,000	9,200	124,200
2019	115,000	4,600	119,600
	<u>\$ 340,000</u>	<u>\$ 27,015</u>	<u>\$ 367,015</u>

VILLAGE OF LYONS, ILLINOIS**Long-Term Debt Requirements****General Obligation Bonds of 2015C
December 31, 2016**

Date of Issue	December 30, 2015
Date of Maturity	December 1, 2025
Original Issue Amount	\$4,405,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Amalgamated Bank of Chicago
Repayment Source	General Obligation Property Tax

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 385,000	\$ 134,550	\$ 519,550
2018	395,000	123,000	518,000
2019	405,000	111,150	516,150
2020	435,000	99,000	534,000
2021	445,000	85,950	530,950
2022	465,000	68,150	533,150
2023	485,000	49,550	534,550
2024	500,000	30,150	530,150
2025	505,000	15,150	520,150
	<u>\$ 4,020,000</u>	<u>\$ 716,650</u>	<u>\$ 4,736,650</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2015D December 31, 2016

Date of Issue	January 26, 2016
Date of Maturity	December 1, 2024
Original Issue Amount	\$555,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Village Treasurer
Repayment Source	Limited Tax Property Tax Levy

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 20,150	\$ 20,150
2018	-	20,150	20,150
2019	-	20,150	20,150
2020	95,000	20,150	115,150
2021	110,000	17,300	127,300
2022	115,000	14,000	129,000
2023	115,000	9,400	124,400
2024	120,000	4,800	124,800
	<u>\$ 555,000</u>	<u>\$ 126,100</u>	<u>\$ 681,100</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds (Alternate Revenue Source) of 2015B
December 31, 2016**

Date of Issue	December 30, 2015
Date of Maturity	December 1, 2038
Original Issue Amount	\$4,860,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 5.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Amalgamated Bank of Chicago
Repayment Source	Nonhome Rule Sales Taxes

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 232,050	\$ 232,050
2018	145,000	232,050	377,050
2019	150,000	227,700	377,700
2020	155,000	221,700	376,700
2021	160,000	215,500	375,500
2022	165,000	209,100	374,100
2023	175,000	202,500	377,500
2024	180,000	195,500	375,500
2025	190,000	186,500	376,500
2026	200,000	177,000	377,000
2027	210,000	167,000	377,000
2028	220,000	156,500	376,500
2029	230,000	145,500	375,500
2030	245,000	134,000	379,000
2031	255,000	121,750	376,750
2032	270,000	109,000	379,000
2033	280,000	95,500	375,500
2034	295,000	81,500	376,500
2035	310,000	66,750	376,750
2036	325,000	51,250	376,250
2037	340,000	35,000	375,000
2038	360,000	18,000	378,000
	<u>\$ 4,860,000</u>	<u>\$ 3,281,350</u>	<u>\$ 8,141,350</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds (Alternate Revenue Source) of 2015A
December 31, 2016**

Date of Issue	January 26, 2016
Date of Maturity	December 1, 2029
Original Issue Amount	\$500,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Village Treasurer
Repayment Source	Sales Tax Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 20,000	\$ 20,000
2018	-	20,000	20,000
2019	-	20,000	20,000
2020	-	20,000	20,000
2021	-	20,000	20,000
2022	-	20,000	20,000
2023	-	20,000	20,000
2024	-	20,000	20,000
2025	-	20,000	20,000
2026	115,000	20,000	135,000
2027	120,000	15,400	135,400
2028	130,000	10,600	140,600
2029	135,000	5,400	140,400
	\$ 500,000	\$ 231,400	\$ 731,400

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds (Alternate Revenue Source) of 2014A
December 31, 2016**

Date of Issue	December 23, 2014
Date of Maturity	December 1, 2024
Original Issue Amount	\$3,760,000
Denomination of Bonds	\$5,000
Interest Rates	5.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Village Treasurer
Repayment Source	Tax Increment Revenues and Sales Tax Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 188,000	\$ 188,000
2018	500,000	188,000	688,000
2019	500,000	163,000	663,000
2020	500,000	138,000	638,000
2021	550,000	113,000	663,000
2022	570,000	85,500	655,500
2023	570,000	57,000	627,000
2024	570,000	28,500	598,500
	<u>\$ 3,760,000</u>	<u>\$ 961,000</u>	<u>\$ 4,721,000</u>

VILLAGE OF LYONS, ILLINOIS**Long-Term Debt Requirements****General Obligation Bonds (Alternate Revenue Source) of 2014B
December 31, 2016**

Date of Issue	December 23, 2014
Date of Maturity	December 1, 2035
Original Issue Amount	\$7,405,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 5.00%
Interest Payment Dates	June 1 and December 1
Principal Payment Dates	December 1
Form of Bonds	DTC Global Book Entry
Payable at	Village Treasurer
Repayment Source	Tax Increment Revenues and Sales Tax Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 331,269	\$ 331,269
2018	210,000	331,269	541,269
2019	295,000	324,969	619,969
2020	260,000	316,119	576,119
2021	250,000	308,319	558,319
2022	260,000	298,319	558,319
2023	280,000	287,919	567,919
2024	280,000	273,919	553,919
2025	440,000	259,919	699,919
2026	455,000	237,919	692,919
2027	465,000	215,169	680,169
2028	360,000	199,475	559,475
2029	375,000	186,875	561,875
2030	535,000	173,750	708,750
2031	555,000	147,000	702,000
2032	570,000	119,250	689,250
2033	600,000	90,750	690,750
2034	605,000	60,750	665,750
2035	610,000	30,500	640,500
	<u>\$ 7,405,000</u>	<u>\$ 4,193,456</u>	<u>\$ 11,598,456</u>

VILLAGE OF LYONS, ILLINOIS**Long-Term Debt Requirements**

IEPA Loan L175137
December 31, 2016

Date of Issue	December 17, 2016
Date of Maturity	December 1, 2034
Original Issue Amount	\$1,312,216
Denomination of Bonds	N/A
Interest Rates	2.21%
Interest Payment Dates	June 17 and December 17
Principal Payment Dates	June 17 and December 17
Form of Bonds	Physical Note
Payable at	Amalgamated Bank of Chicago
Repayment Source	Water Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 61,256	\$ 25,875	\$ 87,131
2018	62,485	24,647	87,131
2019	63,737	23,394	87,131
2020	65,015	22,116	87,131
2021	66,319	20,812	87,131
2022	67,648	19,483	87,131
2023	69,005	18,126	87,131
2024	70,388	16,743	87,131
2025	71,799	15,332	87,131
2026	73,239	13,892	87,131
2027	74,707	12,424	87,131
2028	76,205	10,926	87,131
2029	77,733	9,398	87,131
2030	79,292	7,839	87,131
2031	80,881	6,250	87,131
2032	82,503	4,628	87,131
2033	84,157	2,974	87,131
2034	85,845	1,286	87,131
	<u>\$ 1,312,216</u>	<u>\$ 256,144</u>	<u>\$ 1,568,360</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

IEPA Loan L175303
December 31, 2016

Date of Issue	August 13, 2016
Date of Maturity	August 13, 2036
Original Issue Amount	\$4,607,811
Denomination of Bonds	N/A
Interest Rates	2.21%
Interest Payment Dates	February 13 and August 13
Principal Payment Dates	February 13 and August 13
Form of Bonds	Physical Note
Payable at	Amalgamated Bank of Chicago
Repayment Source	Water Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ 168,842	\$ 91,621	\$ 260,463
2018	190,318	97,056	287,373
2019	194,547	92,826	287,373
2020	198,870	88,503	287,373
2021	203,289	84,084	287,373
2022	207,807	79,566	287,373
2023	212,425	74,948	287,373
2024	217,145	70,228	287,373
2025	221,971	65,402	287,373
2026	226,903	60,470	287,373
2027	231,946	55,427	287,373
2028	237,100	50,273	287,373
2029	242,369	45,004	287,373
2030	247,755	39,618	287,373
2031	253,260	34,113	287,373
2032	258,888	28,485	287,373
2033	264,641	22,732	287,373
2034	270,522	16,851	287,373
2035	276,534	10,839	287,373
2036	282,679	4,694	287,373
	<u>\$ 4,607,811</u>	<u>\$ 1,112,739</u>	<u>\$ 5,720,551</u>

VILLAGE OF LYONS, ILLINOIS

Long-Term Debt Requirements

IEPA Loan L175136
December 31, 2016

Date of Issue	Not Finalized, reflects costs through 2016
Date of Maturity	Not Finalized, reflects costs through 2016
Original Issue Amount	\$604,296
Denomination of Bonds	N/A
Interest Rates	Not Finalized, reflects costs through 2016
Interest Payment Dates	Not Finalized, reflects costs through 2016
Principal Payment Dates	Not Finalized, reflects costs through 2016
Form of Bonds	Physical Note
Payable at	Amalgamated Bank of Chicago
Repayment Source	Water Revenues

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIRMENTS

Fiscal Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ -	\$ -
2018	24,313	13,215	37,528
2019	24,854	12,675	37,528
2020	25,406	12,122	37,528
2021	25,971	11,558	37,528
2022	26,841	10,687	37,528
2023	27,138	10,391	37,528
2024	27,741	9,788	37,528
2025	28,357	9,171	37,528
2026	28,987	8,541	37,528
2027	29,632	7,897	37,528
2028	30,290	7,238	37,528
2029	30,963	6,565	37,528
2030	31,651	5,877	37,528
2031	32,355	5,174	37,528
2032	33,074	4,455	37,528
2033	33,809	3,720	37,528
2034	34,560	2,969	37,528
2035	35,328	2,201	37,528
2036	36,113	1,415	37,528
2037	36,915	613	37,528
	<u>\$ 604,296</u>	<u>\$ 146,270</u>	<u>\$ 750,567</u>

STATISTICAL SECTION



VILLAGE OF LYONS, ILLINOIS

STATISTICAL SECTION

This part of the Village of Lyon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Contents

Page(s)

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. 110 - 114

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. 115 - 119

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future. 120 - 123

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place. 124 - 125

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs. 126 - 128

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Village of Lyons, Illinois

Net Position by Components - Last Ten Fiscal Years
December 31, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 11,803,352	\$ 5,254,430	\$ 12,116,204	\$ 19,736,258	\$ 20,428,433	\$ 20,733,759	\$ 24,120,696	\$ 24,028,979	\$ 23,877,452	\$ 23,941,275
Restricted	1,527,217	2,457,150	2,445,500	4,459,103	2,800,613	833,818	288,292	284,283	540,233	952,825
Unrestricted	(219,728)	5,692,503	(3,329,560)	(15,937,194)	(15,318,067)	(14,697,556)	(18,181,919)	(18,179,590)	(28,480,210)	(29,964,747)
Total Governmental Activities Net Assets	<u>\$ 13,110,841</u>	<u>\$ 13,404,083</u>	<u>\$ 11,232,144</u>	<u>\$ 8,258,167</u>	<u>\$ 7,910,979</u>	<u>\$ 6,870,021</u>	<u>\$ 6,227,069</u>	<u>\$ 6,133,672</u>	<u>\$ (4,062,525)</u>	<u>\$ (5,070,647)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,175,970	\$ 2,559,924	\$ 2,551,073	\$ 3,052,303	\$ 3,634,397	\$ 3,597,692	\$ 3,513,090	\$ 3,515,061	\$ 3,714,186	\$ 3,501,873
Restricted	296,359	296,359	296,359	296,359	-	-	-	-	-	-
Unrestricted	944,246	658,366	613,252	754,717	353,163	76,370	(21,475)	(428,965)	(284,076)	369,522
Total Business-Type Activities Net Assets	<u>\$ 3,416,575</u>	<u>\$ 3,514,649</u>	<u>\$ 3,460,684</u>	<u>\$ 4,103,379</u>	<u>\$ 3,987,560</u>	<u>\$ 3,674,062</u>	<u>\$ 3,491,615</u>	<u>\$ 3,086,096</u>	<u>\$ 3,430,110</u>	<u>\$ 3,871,395</u>
Primary Government										
Net Investment in Capital Assets	\$ 13,979,322	\$ 7,814,354	\$ 14,667,277	\$ 22,788,561	\$ 24,062,830	\$ 24,331,451	\$ 27,633,786	\$ 27,544,040	\$ 27,591,638	\$ 34,213,614
Restricted	1,823,576	2,753,509	2,741,859	4,755,462	2,800,613	833,818	288,292	284,283	540,233	1,147,825
Unrestricted	724,518	6,350,869	(2,716,308)	(15,182,477)	(14,964,904)	(14,621,186)	(18,203,394)	(18,608,555)	(28,764,286)	(36,560,691)
Total Primary Government Net Assets	<u>\$ 16,527,416</u>	<u>\$ 16,918,732</u>	<u>\$ 14,692,828</u>	<u>\$ 12,361,546</u>	<u>\$ 11,898,539</u>	<u>\$ 10,544,083</u>	<u>\$ 9,718,684</u>	<u>\$ 9,219,768</u>	<u>\$ (632,415)</u>	<u>\$ (1,199,252)</u>

Source: Audited Financial Statements

Village of Lyons, Illinois

Changes in Net Position - Last Ten Fiscal Years
December 31, 2016

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Government	\$ 1,178,759	\$ 1,343,805	\$ 1,534,678	\$ 1,685,481	\$ 1,528,127	\$ 1,348,182	\$ 1,536,145	\$ 1,729,478	\$ 1,865,424	\$ 1,807,350
Building, Planning and Zoning	313,887	256,725	265,979	296,747	319,331	440,947	479,751	476,145	568,950	731,497
Health	48,562	50,423	37,730	35,090	-	-	-	-	-	-
Public Safety	5,533,791	5,618,175	5,945,384	6,125,926	7,140,102	7,042,319	7,044,409	5,874,583	6,528,648	5,890,210
Community Development	240,745	599,235	1,194,767	330,862	177,514	25,590	39,880	42,304	31,542	23,291
Recreation	348,836	322,768	188,544	167,755	177,251	248,014	309,163	289,766	205,666	454,698
Public Works	2,830,980	1,017,491	1,406,473	1,126,561	1,436,823	1,754,019	1,202,993	1,450,537	2,519,118	2,212,930
Interest on Long-Term Debt	695,608	1,030,329	1,238,893	1,573,178	1,137,134	902,416	872,907	1,154,493	1,183,296	1,035,939
Total Governmental Activities Expenses	11,191,168	10,238,951	11,812,448	11,341,600	11,916,282	11,761,487	11,485,248	11,017,306	12,902,644	12,155,915
Business-Type Activities										
Water and Sewer	1,948,560	1,945,604	1,826,306	1,863,889	2,014,832	2,437,881	2,490,297	2,960,056	2,893,470	2,844,290
Garbage	601,654	604,501	621,574	629,687	658,181	658,922	674,554	693,233	569,206	591,903
Emergency 911	94,700	114,919	405,363	135,336	138,632	115,173	120,568	111,226	6,547	-
Total Business-Type Activities Expenses	2,644,914	2,665,024	2,853,243	2,628,912	2,811,645	3,211,976	3,285,419	3,764,515	3,469,223	3,436,193
Total Primary Government Expenses	\$ 13,836,082	\$ 12,903,975	\$ 14,665,691	\$ 13,970,512	\$ 14,727,927	\$ 14,973,463	\$ 14,770,667	\$ 14,781,821	\$ 16,371,867	\$ 15,592,108
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 330,058	\$ 328,137	\$ 331,915	\$ 1,031,973	\$ 1,331,249	\$ 880,750	\$ 948,563	\$ 911,845	\$ 1,027,644	\$ 978,444
Building, Planning and Zoning	402,697	343,400	341,380	89,165	94,357	198,019	170,375	214,452	224,641	250,017
Health	1,394	12	195	4,156	-	-	-	-	-	-
Public Safety	986,037	1,106,444	954,450	796,656	738,916	900,714	985,880	786,129	906,689	686,720
Recreation	92,430	128,734	58,777	61,267	53,122	92,483	31,311	12,076	22,270	17,070
Public Works	-	-	-	-	33,125	10,942	11,468	7,728	6,802	8,337
Operating Grants / Contributions	370,922	93,916	110,403	41,694	483,031	297,668	335,379	319,965	275,584	273,167
Capital Grants / Contributions	143,000	332,371	312,600	453,891	454,730	403,155	205,322	125,503	337,521	80,148
Total Governmental Activities Program Revenues	2,326,538	2,333,014	2,109,720	2,478,802	3,188,530	2,783,731	2,688,298	2,377,698	2,801,151	2,293,903
Business Type Activities										
Charges for Services										
Water and Sewer	1,988,023	2,095,569	2,143,440	2,427,945	2,347,371	2,411,555	2,351,117	2,630,996	3,093,861	3,047,206
Garbage	537,412	567,897	567,134	628,108	641,532	620,191	641,238	638,645	633,957	641,543
Emergency 911	83,136	55,241	48,736	89,684	98,594	111,750	110,563	89,353	85,418	129,406
Total Business-Type Activities Program Revenues	2,608,571	2,718,707	2,759,310	3,145,737	3,087,497	3,143,496	3,102,918	3,358,994	3,813,236	3,818,155
Total Primary Government Program Revenues	\$ 4,935,109	\$ 5,051,721	\$ 4,869,030	\$ 5,624,539	\$ 6,276,027	\$ 5,927,227	\$ 5,791,216	\$ 5,736,692	\$ 6,614,387	\$ 6,112,058
Net (Expense) Revenue										
Governmental Activities	\$ (8,864,630)	\$ (7,905,937)	\$ (9,702,728)	\$ (8,862,798)	\$ (8,727,753)	\$ (8,977,754)	\$ (8,796,950)	\$ (8,639,608)	\$ (10,101,493)	\$ (9,862,012)
Business-Type Activities	(36,343)	53,683	(93,933)	516,825	275,852	(68,480)	(182,501)	(405,521)	344,013	381,962
Total Primary Government Net (Expense) Revenue	\$ (8,900,973)	\$ (7,852,254)	\$ (9,796,661)	\$ (8,345,973)	\$ (8,451,901)	\$ (9,046,234)	\$ (8,979,451)	\$ (9,045,129)	\$ (9,757,480)	\$ (9,480,050)

Village of Lyons, Illinois

Changes in Net Position - Last Ten Fiscal Years
December 31, 2016

General Revenues and Other Changes in Net Assets										
Governmental Activities										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes										
Property	\$ 3,673,660	\$ 4,052,954	\$ 4,260,259	\$ 4,714,211	\$ 4,445,726	\$ 4,425,020	\$ 4,480,780	\$ 4,500,783	\$ 4,569,857	\$ 4,524,994
Sales	1,184,439	1,100,754	995,009	1,210,847	1,118,951	1,215,058	1,326,214	1,439,266	1,954,937	2,310,479
Income	930,821	969,641	833,531	808,584	835,046	963,368	1,037,442	1,041,844	1,145,623	1,021,538
Utility	1,002,647	994,920	905,510	980,222	895,263	857,152	866,713	865,854	771,149	750,312
Other	271,470	294,643	242,444	63,652	276,226	291,548	385,639	597,799	802,082	855,966
Interest	562,095	204,102	8,784	9,728	52,741	2,297	599	574	1,680	21,776
Miscellaneous	843,546	582,165	285,252	229,451	50,013	28,772	56,611	100,091	85,153	70,387
Transfers	(76,411)	-	-	(85,325)	400,000	250,000	-	-	-	(59,323)
Total Governmental Activities	8,392,267	8,199,179	7,530,789	7,931,370	8,073,966	8,033,215	8,153,998	8,546,211	9,330,481	9,496,129
Business-Type Activities										
Property Taxes	33,243	44,316	39,960	42,547	7,215	4,970	-	-	-	-
Interest	935	75	8	2,029	1,114	13	54	2	1	-
Transfers	76,411	-	-	85,325	(400,000)	(250,000)	-	-	-	59,323
Total Business-Type Activities	110,589	44,391	39,968	129,901	(391,671)	(245,017)	54	2	1	59,323
Total Primary Government	\$ 8,502,856	\$ 8,243,570	\$ 7,570,757	\$ 8,061,271	\$ 7,682,295	\$ 7,788,198	\$ 8,154,052	\$ 8,546,213	\$ 9,330,482	\$ 9,555,452
Changes in Net Assets										
Governmental Activities	\$ (472,363)	\$ 293,242	\$ (2,171,939)	\$ (931,428)	\$ (653,788)	\$ (944,538)	\$ (642,952)	\$ (93,397)	\$ (771,012)	\$ (365,883)
Business-Type Activities	74,246	98,074	(53,965)	646,726	(115,819)	(313,497)	(182,447)	(405,519)	344,014	441,285
Total Primary Government	\$ (398,117)	\$ 391,316	\$ (2,225,904)	\$ (284,702)	\$ (769,607)	\$ (1,258,035)	\$ (825,399)	\$ (498,916)	\$ (426,998)	\$ 75,402

Village of Lyons, Illinois

Fund Balances of Governmental Funds - Last Ten Fiscal Years
December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 301,485	\$ 298,121	\$ 299,020	\$ 193,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,933,408	2,108,591	1,992,018	1,701,181	-	-	-	-	-	-
Nonspendable	-	-	-	-	10,000	447,884	366,150	645,662	874,399	878,093
Restricted	-	-	-	-	244,092	388,026	268,684	264,675	536,776	536,776
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	1,294,897	658,941	261,032	1,202,596	1,077,688	1,083,111
Total General Fund	\$ 2,234,893	\$ 2,406,712	\$ 2,291,038	\$ 1,894,498	\$ 1,548,989	\$ 1,494,851	\$ 895,866	\$ 2,112,933	\$ 2,488,863	\$ 2,497,980
All Other Governmental Funds										
Reserved	\$ 10,232,526	\$ 1,901,340	\$ 2,674,561	\$ 4,570,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in,										
Special Revenue Funds	(256,075)	983,906	(679,482)	-	-	-	-	-	-	-
Debt Service Funds	-	-	(393,966)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	92,532	725,393	725,708	615,753	515,978	341,173
Restricted	-	-	-	-	2,202,509	846,930	689,366	726,269	5,173,820	416,049
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(987,065)	(1,240,561)	(913,852)	(649,406)	(2,191,526)
Total All Other Governmental Funds	\$ 9,976,451	\$ 2,885,246	\$ 1,601,113	\$ 4,570,300	\$ 2,295,041	\$ 585,258	\$ 174,513	\$ 428,170	\$ 5,040,392	\$ (1,434,304)

Data Source: Audited Financial Statements

Village of Lyons, Illinois

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 7,063,037	\$ 7,412,912	\$ 7,236,753	\$ 7,777,516	\$ 7,571,212	\$ 7,752,146	\$ 8,096,788	\$ 8,445,546	\$ 9,243,648	\$ 9,463,289
Intergovernmental	522,381	426,287	423,003	710,585	592,834	822,168	339,915	323,480	279,186	279,304
Licenses, Permits and Fees	402,697	343,400	341,380	421,844	450,983	508,378	469,363	486,190	520,405	572,215
Charges for Services	606,636	611,117	589,219	628,332	843,206	489,598	501,478	462,719	533,749	491,766
Fines and Forfeitures	794,824	952,210	756,118	588,273	660,965	730,685	762,770	643,181	608,067	459,170
Interest	562,095	204,102	8,784	9,728	52,741	2,297	599	574	1,680	21,776
Miscellaneous	843,546	582,165	285,252	359,219	445,555	506,675	671,383	562,219	944,897	599,563
Total Revenues	10,795,216	10,532,193	9,640,509	10,495,497	10,617,493	10,811,948	10,842,296	10,923,909	12,131,632	11,887,083
Expenditures										
General Government	1,116,946	1,143,870	1,320,869	1,450,212	1,421,314	1,125,557	1,282,102	1,330,033	1,327,582	1,763,851
Building, Planning and Zoning	313,887	256,725	265,979	286,812	319,331	440,947	479,751	517,305	589,989	707,981
Health	48,562	50,423	37,730	35,090	-	-	-	-	-	-
Public Safety	5,184,136	5,266,382	5,379,343	5,210,139	5,928,092	6,250,503	6,132,026	5,409,535	5,130,902	5,027,796
Community Development	240,745	694,622	408,351	330,862	36,948	25,590	39,880	42,304	31,542	15,645
Recreation	348,836	322,768	188,544	162,955	177,251	248,014	309,163	289,766	326,475	456,136
Public Works	1,227,698	1,236,142	1,103,928	958,963	1,246,848	1,056,045	909,667	928,457	1,200,474	1,039,227
Capital Outlay	3,876,970	10,511,695	3,248,035	290,512	2,265,926	1,224,228	436,594	701,087	1,337,768	7,860,813
Debt Service										
Principal Retirement	580,367	933,267	1,265,012	5,113,703	1,203,526	3,688,905	1,375,338	12,658,330	5,900,000	1,570,000
Interest and Fiscal Charges	633,653	998,566	1,183,197	1,920,783	1,039,025	866,080	887,506	1,166,959	1,015,420	1,147,680
Debt Issuance Costs	-	-	-	-	-	-	-	296,430	256,572	38,795
Total Expenditures	13,571,800	21,414,460	14,400,988	15,760,031	13,638,262	14,925,869	11,852,027	23,340,206	17,116,724	19,627,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,776,584)	(10,882,267)	(4,760,479)	(5,264,534)	(3,020,768)	(4,113,921)	(1,009,731)	(12,416,297)	(4,985,092)	(7,740,841)
Other Financing Sources (Uses)										
Debt Issuance	4,790,101	3,451,679	3,415,000	9,000,000	-	2,100,000	-	12,680,000	9,265,000	1,255,000
Disposal of Capital Assets	-	511,202	-	-	-	-	-	-	-	-
Premium (Discount) on Debt Issuance	-	-	(54,328)	-	-	-	-	1,182,051	733,214	79,585
Transfers In	1,871,702	1,845,031	1,471,505	2,515,356	1,610,069	1,780,299	1,066,662	2,299,441	2,344,000	2,093,500
Transfers Out	(1,948,113)	(1,845,031)	(1,471,505)	(2,600,681)	(1,210,069)	(1,530,299)	(1,066,662)	(2,299,441)	(2,344,000)	(2,152,823)
Total Other Financing Sources (Uses)	4,713,690	3,962,881	3,360,672	8,914,675	400,000	2,350,000	-	13,862,051	9,998,214	1,275,262
Net Change in Fund Balances	\$ 1,937,106	\$ (6,919,386)	\$ (1,399,807)	\$ 3,650,141	\$ (2,620,768)	\$ (1,763,921)	\$ (1,009,731)	\$ 1,445,754	\$ 5,013,122	\$ (6,465,579)
Debt Service as a Percentage of Noncapital Expenditures	12.52%	17.71%	21.95%	45.47%	19.71%	33.24%	19.82%	62.37%	45.45%	23.42%

Village of Lyons, Illinois

General Governmental Tax Revenues by Source - Last Ten Fiscal Years
December 31, 2016

Fiscal Year	Property Tax	Income Tax	Sales Tax	Home Rule Sales Tax	Personal Prop Replacement Tax	Utility Tax	Motor Fuel Tax	Other Taxes
2007	\$ 3,673,660	\$ 930,821	\$ 1,184,439	\$ -	\$ 64,123	\$ 1,002,647	\$ 294,085	\$ 215,806
2008	4,046,381	969,641	1,100,754	-	63,286	994,920	332,371	231,357
2009	3,934,220	818,596	995,009	-	53,627	905,510	312,600	188,817
2010	4,655,627	808,584	1,076,302	-	58,584	980,222	422,299	198,197
2011	4,445,726	835,046	1,118,951	-	59,100	895,263	262,971	222,787
2012	4,425,020	963,368	1,215,058	-	51,519	857,153	261,499	240,029
2013	4,480,780	1,037,442	1,326,214	-	57,336	866,713	293,234	328,303
2014	4,500,783	1,041,844	1,439,266	-	58,573	865,854	265,788	539,226
2015	4,569,857	1,145,623	1,578,125	376,812	70,928	771,149	262,296	731,154
2016	4,524,994	1,021,538	1,559,728	750,751	56,789	750,312	273,167	799,177

Motor Fuel Tax is presented as Intergovernmental Revenue in the financial statements

Source: Audited Financial Statements

Village of Lyons, Illinois

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
December 31, 2016

Fiscal Year Ended Dec. 31	Tax Levy Year	Residential Property	Railroad Property	Commercial Property	Industrial Property	Total Equalized Assessed Valuation	Less: Homeowners Exemptions	Less: Tax Increment	Equalized Assessed Valuation for Taxation	Estimated Total Market Value
2007	2006	\$ 167,316,028	\$ 41,322	\$ 48,514,299	\$ 43,402,968	\$259,274,617	(\$37,733,289)	\$ (8,104,077)	\$ 213,437,251	777,823,851
2008	2007	182,549,732	42,319	48,324,534	43,174,627	274,091,212	(38,342,370)	(10,226,412)	225,522,430	822,273,636
2009	2008	226,763,774	51,561	54,354,215	45,502,020	326,671,570	(62,046,742)	(12,674,891)	251,949,937	980,014,710
2010	2009	223,391,421	62,681	52,868,794	44,691,415	321,014,311	(60,951,432)	(10,467,493)	249,595,386	963,042,933
2011	2010	217,226,822	72,179	48,797,196	44,140,693	310,236,890	(49,883,529)	(11,096,055)	249,257,306	930,710,670
2012	2011	151,279,095	85,986	37,997,780	33,311,430	222,674,291	(21,907,274)	(9,190,037)	191,576,980	668,022,873
2013	2012	140,133,815	89,903	36,246,781	32,739,542	209,210,041	(24,046,601)	(7,989,377)	177,174,063	627,630,123
2014	2013	130,351,610	95,181	33,690,456	32,531,369	196,668,616	(23,273,895)	(6,123,383)	167,271,338	590,005,848
2015	2014	122,200,451	93,959	33,052,272	24,300,612	179,647,294	(20,234,765)	(6,880,649)	152,531,880	538,941,882
2016	2015	119,822,475	104,988	32,695,783	22,967,680	175,590,926	(20,605,657)	(7,167,728)	147,817,541	526,772,778

Data Source: Office of the County Clerk

Village of Lyons, Illinois

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Village Direct Rates										
Corporate	0.2226	0.2026	0.1999	0.1959	0.2591	0.2886	0.3896	0.4268	0.3724	0.3508
Garbage	0.0197	0.0159	0.0173	0.0020	0.0027	0.0000	0.0000	0.0000	0.0000	0.0000
Street and Bridge	0.0218	0.0198	0.0192	0.0194	0.0257	0.0286	0.0359	0.0395	0.0326	0.0340
IMRF	0.0699	0.0635	0.0615	0.0616	0.0815	0.0908	0.0689	0.0758	0.0653	0.0623
Police Protection	0.2619	0.2483	0.2537	0.2597	0.3435	0.3826	0.4795	0.5270	0.4409	0.4320
Fire Protection	0.1637	0.1589	0.1657	0.1661	0.2197	0.2447	0.2697	0.2965	0.2613	0.2469
Firefighter's Pension	0.0151	0.0141	0.0142	0.0144	0.0191	0.0243	0.0330	0.0362	0.0392	0.0345
Police Pension	0.0873	0.0795	0.0808	0.1241	0.1642	0.1829	0.2697	0.3294	0.6101	0.6449
Social Security	0.0524	0.0506	0.0412	0.0416	0.0550	0.0613	0.0659	0.0725	0.0621	0.0593
Auditing	0.0066	0.0061	0.0063	0.0065	0.0086	0.0096	0.0180	0.0198	0.0262	0.0185
Ambulance Service	0.1092	0.1092	0.1174	0.1181	0.1563	0.1741	0.0899	0.0988	0.0980	0.0864
Bond and Interest	0.2857	0.2475	0.5601	0.2761	0.3690	0.4094	0.4478	0.4579	0.4644	0.4553
Liability Insurance	0.0939	0.0938	0.0961	0.0961	0.1271	0.1416	0.0354	0.0353	0.0294	0.0290
Total Direct Rates	1.410	1.310	1.634	1.382	1.832	2.039	2.204	2.416	2.503	2.454
Overlapping Rates										
Lyons Public Library	0.254	0.240	0.243	0.252	0.334	0.373	0.402	0.449	0.468	0.459
Lyons Elementary School District 103	3.444	3.263	3.287	3.377	4.367	4.856	5.293	5.418	5.924	5.796
J Sterling Morton High School District 201	1.960	1.835	1.848	1.858	2.454	2.732	2.954	3.216	3.339	3.251
Morton Community College District 527	0.411	0.389	0.393	0.392	0.504	0.556	0.613	0.670	0.698	0.680
Cook County	0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.568	0.552	0.533
Cook County Consolidated Elections	0.012	0.000	0.021	0.000	0.025	0.000	0.031	0.000	0.034	0.000
Cook County Forest Preserve	0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.069	0.069	0.063
Lyons Township (various functions)	0.151	0.154	0.158	0.161	0.198	0.213	0.231	0.231	0.237	0.227
Metropolitan Water Reclamation District	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.430	0.426	0.406
Des Plaines Valley Mosquito Abatement District	0.012	0.012	0.011	0.011	0.014	0.015	0.016	0.016	0.017	0.017
Total Direct and Overlapping Rates	8.416	7.921	8.299	8.181	10.568	11.748	12.790	13.483	14.267	13.886
Village of Lyons Percent Total	16.75%	16.54%	19.69%	16.89%	17.34%	17.36%	17.23%	17.92%	17.54%	17.67%

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value

Village of Lyons, Illinois

Principal Property Taxpayers - Current Year and Nine Years Ago
December 31, 2016

Taxpayer	2016			2007		
	Taxable Assessed Value (2015 EAV)	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value (2006 EAV)	Rank	Percentage of Total Village Taxable Assessed Value
HB Lyons Cold Storage	\$6,863,270	1	3.81%			
United States Cold Storage				\$ 7,625,446	1	4.24%
G Miller Trust 4772	2,895,800	2	1.61%	3,711,903	2	2.06%
Reliable Materials Lyons	2,153,981	3	1.20%	1,086,538	8	0.60%
Safeguard Properties	1,987,416	4	1.10%			
PIMA LLC	1,622,024	5	0.90%	1,083,695	9	0.60%
Jack Phelan Chevrolet	1,576,750	6	0.88%	1,592,312	4	0.88%
Natmi National Truck Terminal	1,192,064	7	0.66%	2,748,842	3	1.53%
Riverwalk Senior Apartments	1,131,593	8	0.63%	1,516,251	5	0.84%
Walgreens	1,031,874	9	0.57%	1,415,739	6	0.79%
CTLTC CB				1,336,512	7	0.74%
SKS Partners, LLC	916,117	10	0.51%			
NASA Properties, Inc				1,083,035	10	0.60%
	<u>\$21,370,889</u>		<u>11.87%</u>	<u>23,200,274</u>		<u>12.89%</u>

Data Source: Office of the Cook County Clerk and County Treasurer

Village of Lyons, Illinois

Property Tax Levies and Collections - Last Ten Levy Years
December 31, 2016

Fiscal Year Ended Dec. 31	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	\$ 3,086,881	N/A	N/A	N/A	\$ 2,973,812	96.33%
2008	2007	3,214,633	N/A	N/A	N/A	3,107,100	96.65%
2009	2008	3,337,267	N/A	N/A	N/A	3,218,649	96.44%
2010	2009	4,114,616	N/A	N/A	N/A	3,961,914	96.28%
2011	2010	3,482,342	N/A	N/A	N/A	3,373,881	96.88%
2012	2011	3,545,087	N/A	N/A	N/A	3,444,495	97.16%
2013	2012	3,648,269	N/A	N/A	N/A	3,522,952	96.56%
2014	2013	3,723,629	\$ 3,488,750	93.69%	\$ 155,895	3,644,645	97.87%
2015	2014	3,718,582	3,526,198	94.82%	121,924	3,648,122	98.10%
2016	2015	3,732,140	3,474,607	93.09%	N/A	3,474,607	93.09%

Source: Office of the Clerk

N/A - Not Available

Village of Lyons, Illinois

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2016

Fiscal Year	Governmental Activities							Business-Type Activities				
	Notes and Debt Certificates	General Obligation Bonds	Limited Tax Bonds	Alternate Revenue Bonds (GO)	TIF Revenue Bonds	Total	Percentage Of Personal Income (1)	Per Capita (1)	Payable	IEPA Revenue	Revenue	Government
2007	\$ 4,117,400	\$ 6,715,000	\$ 200,000	\$ 2,095,000	\$ 5,192,701	\$ 18,320,101	6.54%	\$ 1,761	\$ 31,329	\$ -	\$ 2,035,000	\$ 38,708,292
2008	5,004,500	6,470,000	200,000	2,040,000	7,650,701	21,365,201	7.48%	2,054	21,361	-	1,600,000	44,353,817
2009	7,005,998	6,215,000	1,115,000	1,975,000	7,162,830	23,473,828	8.22%	2,257	471,816	-	1,145,000	48,566,729
2010	15,093,416	5,955,000	925,000	1,895,000	2,992,686	26,861,102	10.80%	2,551	290,437	-	670,000	54,685,192
2011	14,768,573	5,685,000	835,000	1,685,000	2,684,000	25,657,573	10.52%	2,415	199,609	-	-	51,517,170
2012	16,423,668	5,405,000	740,000	1,500,000	-	24,068,668	9.29%	2,260	102,923	-	-	48,242,519
2013	15,558,330	5,115,000	645,000	1,375,000	-	22,693,330	9.20%	2,130	-	-	-	45,388,790
2014	6,190,000	4,815,000	545,000	11,165,000	-	22,715,000	9.52%	2,129	-	1,069,873	-	46,502,003
2015	5,205,000	4,405,000	445,000	16,025,000	-	26,080,000	10.96%	2,445	-	3,840,336	-	56,002,781
2016	4,325,000	4,020,000	895,000	16,525,000	-	25,765,000	N/A	2,426	-	6,524,030	-	58,056,456

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements. Amounts for 2007 to 2009 restated due to omission of certain debt.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data

Village of Lyons, Illinois

Schedule of Direct and Overlapping Governmental Activities Debt
December 31, 2016

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village	\$ 25,765,000	100.00%	\$ 25,765,000
Overlapping Debt			
Cook County	3,386,301,750	0.11%	3,724,932
School District 103	7,979,212	42.67%	3,404,730
High School District 201	27,805,158	10.60%	2,947,347
Metropolitan Water Reclamation District	2,493,400,742	0.11%	2,742,741
Morton Community College District 527	3,890,000	10.60%	412,340
Cook County Forest Preserve	112,720,000	0.11%	123,992
Total Overlapping Debt	6,032,096,862		13,356,082
Total Direct and Overlapping Debt	6,057,861,862		39,121,082

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

Data Source: Cook County Tax Extension Department

Village of Lyons, Illinois

Ratios of General Bonded Debt Outstanding
December 31, 2016

Fiscal Year	General Obligation Debt Outstanding (1)	Less: Available Debt Service Fund Balance	Net General Obligation Debt Outstanding	Percentage of Market Value	Per Capita
2007	\$ 13,127,400	\$ 396,535	\$ 12,730,865	1.64%	\$ 1,224
2008	13,714,500	42,280	13,672,220	1.66%	1,314
2009	16,310,998	(226,135)	16,537,133	1.69%	1,590
2010	23,868,416	327,361	23,541,055	2.44%	2,236
2011	22,973,573	282,366	22,691,207	2.44%	2,136
2012	24,068,668	19,607	24,049,061	3.60%	2,258
2013	22,693,330	20,580	22,672,750	3.61%	2,128
2014	22,715,000	726,269	21,988,731	3.73%	2,061
2015	26,080,000	3,457	26,076,543	4.84%	2,444
2016	25,765,000	416,049	25,348,951	4.81%	2,387

(1) Debt includes General Obligation Bonds, Limited Tax Bonds, Alternate Revenue Bonds, and Debt Certificates and Notes Payable.

Village of Lyons, Illinois

Schedule of Legal Debt Margin - Last Ten Years
December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Equalized Assessed Valuation (EAV) used for Tax Extension	\$213,437,251	\$225,522,430	\$251,949,937	\$249,595,386	\$249,257,306	\$191,576,980	\$177,174,063	\$167,271,338	\$152,531,880	\$147,817,541
Add: EAV Exemptions from Tax Extension	37,733,289	38,342,370	62,046,742	60,951,432	49,883,529	21,907,274	24,046,601	23,273,895	20,234,765	20,605,657
Add: EAV associated with TIF Districts	8,104,077	10,226,412	12,674,891	10,467,493	11,096,055	9,190,037	7,989,377	6,123,383	6,880,649	7,167,728
Total Applicable EAV	\$ 259,274,617	\$ 274,091,212	\$ 326,671,570	\$ 321,014,311	\$ 310,236,890	\$ 222,674,291	\$ 209,210,041	\$ 196,668,616	\$ 179,647,294	\$ 175,590,926
Legal Debt Limit--8.625% of Applicable EAV	\$ 22,362,436	\$ 23,640,367	\$ 28,175,423	\$ 27,687,484	\$ 26,757,932	\$ 19,205,658	\$ 18,044,366	\$ 16,962,668	\$ 15,494,579	\$ 15,144,717
Debt Applicable to the Limit										
Notes Payable and Debt Certificates	4,117,400	5,004,500	7,005,998	15,093,416	14,768,573	16,423,668	15,558,330	6,190,000	5,205,000	4,325,000
General Obligation Bonds	6,715,000	6,470,000	6,215,000	5,955,000	5,685,000	5,405,000	5,115,000	4,815,000	4,405,000	4,020,000
Limited Tax Bonds	200,000	200,000	1,115,000	925,000	835,000	740,000	645,000	545,000	445,000	895,000
Total Net Debt Applicable to the Limit	11,032,400	11,674,500	14,335,998	21,973,416	21,288,573	22,568,668	21,318,330	11,550,000	10,055,000	9,240,000
Legal Debt Margin	\$11,330,036	\$11,965,867	\$13,839,425	\$5,714,068	\$5,469,359	(\$3,363,010)	(\$3,273,964)	\$5,412,668	\$5,439,579	\$5,904,717
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	49.33%	49.38%	50.88%	79.36%	79.56%	117.51%	118.14%	68.09%	64.89%	61.01%

Village of Lyons, Illinois

**Demographic and Economic Statistics - Last Ten Fiscal Years
December 31, 2016**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	10,402	\$ 280,069,652	\$ 26,925	35.7	2,251	5.30%
2008	10,402	285,671,045	27,463	35.7	2,251	7.90%
2009	10,402	285,671,045	27,463	35.7	2,251	7.90%
2010	10,530	248,750,190	23,623	34.6	2,936	8.10%
2011	10,623	243,861,588	22,956	35.7	3,104	9.30%
2012	10,651	259,149,481	24,331	37.2	3,097	9.20%
2013	10,653	246,563,685	23,145	37.0	2,868	10.30%
2014	10,667	238,503,453	22,359	36.0	2,639	8.50%
2015	10,668	238,013,748	22,311	36.1	2,546	8.10%
2016	10,621	N/A	N/A	N/A	N/A	N/A

Data Source: US Census Bureau

N/A - Data not yet available at time of report

Village of Lyons, Illinois

Principal Employers - Current Year and Nine Years Ago
December 31, 2016

Employer	2016			2007		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Elementary School District 103	360	1	12.80%	360	1	6.72%
US Cold Storage	100	2	3.56%	110	2	2.05%
Accushim, Inc.	60	3	2.13%	60	4	1.12%
Village of Lyons	55	4	1.96%	63	3	1.18%
Mansfield & Sons, Inc.	50	5	1.78%	60	5	1.12%
Atlas Tool & Die Works, Inc.	50	6	1.78%	55	6	1.03%
Richards & Weber Construction	45	7	1.60%	50	7	0.93%
Standard Bank & Trust	35	8	1.24%	43	8	0.80%
Pelron Corp.	35	9	1.24%	42	9	0.78%
Reliable Lyons	30	10	1.07%			
CB Newspaper Delivery				35	10	0.65%
	<u>820</u>		<u>29.16%</u>	<u>878</u>		<u>16.38%</u>

Village of Lyons, Illinois

**Full-Time Equivalent Village Government Employees By Function - Last Ten Fiscal Years
December 31, 2016**

Function / Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administration	2.5	2.5	2.5	3.0	4.0	5.0	4.0	4.5	5.5	6.0
Finance	4.5	4.5	4.5	2.0	1.5	2.5	2.5	3.5	5.0	3.5
Building, Planning and Zoning	3.5	3.5	3.5	3.5	4.0	5.0	5.5	4.5	5.5	5.5
Health	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Safety										
Police										
Officers	27.0	28.0	28.0	40.0	30.5	30.5	33.0	24.5	20.5	20.0
Civilians	7.0	7.0	7.0	9.5	11.0	11.0	11.0	8.0	7.0	4.0
Fire										
Firefighters and Officers	2.5	2.5	2.5	7.0	6.0	7.0	7.0	8.0	7.0	7.5
Recreation	0.5	0.5	0.5	0.5	0.5	0.5	1.5	3.0	3.5	4.0
Public Works	14.0	13.0	13.0	8.5	13.0	13.0	14.0	18.0	16.5	15.5
Totals	62.0	62.0	62.0	74.0	70.5	74.5	78.5	74.0	70.5	66.0

Source: Village Payroll Records

Village of Lyons, Illinois

**Operating Indicators by Function / Program - Last Ten Fiscal Years
December 31, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Business Licenses	725	761	761	433	453	460	726	670	693	694
Tobacco Licenses	32	25	25	S	S	S	S	S	S	S
Liquor Licenses	34	41	41	46	35	28	37	29	38	36
Building, Planning, Zoning										
Building Permits Issued	619	619	619	444	465	469	562	607	632	766
Contractor Licenses Issued	245	245	245	217	253	318	342	357	373	468
Health										
Number of Health Events	5	5	5	S	S	S	S	S	S	S
Public Safety										
Police										
Part I Crimes	296	237	277	286	233	211	212	148	135	136
Physical Arrests	371	340	289	304	200	298	255	171	155	167
Parking Violations	8,116	3,459	6,265	5,513	5,211	4,910	4,881	1,781	2,380	4,121
Traffic Violations	2,055	3,018	2,982	2,614	2,436	2,862	2,433	889	730	580
Fire										
Emergency Responses	1,274	1,227	1,150	1,281	1,325	1,351	1,346	1,437	1,525	1,501
Fire Suppression Responses	1,202	1,203	1,100	1,258	1,270	1,151	1,093	1,150	1,041	1,156
Inspections	269	238	238	N/A	N/A	301	344	301	282	292
Water and Sewer										
Number of Metered Accounts	3,044	3,044	3,044	3,056	3,048	3,044	3,042	3,020	3,025	3,016
New Connections	5	5	5	3	4	2	0	1	3	2
Water Main Breaks	19	19	19	6	9	9	9	9	4	7
Water Average Daily Consumption (Thousands of Gallons)	998	998	998	1,141	1,198	1,206	1,269	1,262	1,232	1,095
Garbage										
Number of Accounts	2,607	2,607	2,607	2,598	2,596	2,587	2,576	2,575	2,577	2,610
Emergency 911										
Emergency Service Calls	2,133	1,471	1,831	2,748	2,476	2,584	2,792	3,013	3,051	2,770
Calls for Service	11,069	11,182	11,840	13,346	13,287	13,456	12,941	11,752	13,046	13,059

Data Source: Various Village departments

N/A - Data Not Available

S Operation no longer provided by the Village

Village of Lyons, Illinois

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Vehicles	1	1	1	1	1	1	1	1	1	1
Building, Planning & Zoning										
Vehicles	3	3	3	2	2	1	1	1	5	5
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	3	3	3	3	3	3	3	3	3	3
Patrol Units	11	11	11	13	15	17	18	22	17	16
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire Engines	3	3	3							
Public Works										
Vehicles	9	9	9	10	11	11	11	4	12	10
Streets (Miles)	33	33	33	33	33	33	33	33	33	33
Streetlights	460	460	460	460	460	460	460	460	460	460
Traffic Signals	32	32	32	32	32	32	32	32	32	32
Water and Sewer										
Vehicles	3	3	3	3	4	4	4	4	4	3
Water Mains (Miles)	25	25	25	25	25	25	25	25	25	25
Fire Hydrants	360	360	360	360	360	360	360	360	360	360
Sanitary Sewers (Miles)	25	25	25	25	25	25	25	25	25	25
Storm Sewers (Miles)	25	25	25	25	25	25	25	25	25	25

Source: Various Village Departments