

**Village of Lyons,  
Illinois**

**Annual Financial Report**

**For the Year Ended  
December 31, 2010**

**Wolf & Company LLP**  
Certified Public Accountants

**VILLAGE OF LYONS, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2010**

**Prepared by Finance Department**

# VILLAGE OF LYONS, ILLINOIS

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**



INDEPENDENT AUDITOR'S REPORT

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Lyons, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, budgetary comparisons of General Fund, and the aggregate remaining fund information of the Village of Lyons, Illinois, as of and for the year ended December 31, 2010, which collectively comprise the Village of Lyons basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Village of Lyons, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Lyons Public Library, a discretely presented component unit. 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 Lyons Public Library, is based solely on the report of the other auditors. We also did not audit the financial statements of the Lyons Police Pension Trust Fund and the Lyons Firefighters' Pension Trust Fund, which comprise the Fiduciary (Pension Trust) funds of the Village. 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 Police and Firefighters' Trust Funds, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Village of Lyons, Illinois at December 31, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, certain errors resulting in misstatements of previously reported assets, liabilities and fund balances/net assets as of December 31, 2009, were discovered by management of the Village during the current year. Accordingly, adjustments have been made to fund balances/net assets as of January 1, 2010, to correct the errors.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other supplementary information be presented to supplement the basic financial statements. Such information, although not 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 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 this information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The combining and individual statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2009 information on those schedules was subjected to the auditing procedures applied in the 2009 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2009 basic financial statements as a whole. Certain adjustments have been made to that 2009 information to reflect the restatements discussed in the fourth paragraph.

*Wolf & Company LLP*

Oakbrook Terrace, Illinois  
January 29, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2010

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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, 2010.

#### Financial Highlights

- A new Village Manager was appointed on April 28, 2011, resulting in a change in Village Administration. This new Village Administration conducted a comprehensive review of the Village's financial practices and procedures in conjunction with a change in external auditor. This review uncovered substantial discrepancies in the previously issued financial report of the Village as of December 31, 2009. While the Village previously reported an unreserved General Fund balance of \$1,992,018, it was determined that this amount was overstated by \$2,806,295, resulting in the Village having an unreserved deficit of \$814,277 instead. Much of this deficit was due to significant deficit spending in other funds using General Fund resources. These deficits were the primary cause of the financial stress the Village experienced in early 2010. During 2010, the unreserved General Fund balance increased to \$1,701,181, 20% of annual Village expenditures. The overall General Fund balance at December 31, 2009 was reduced from \$2,291,038 to \$1,658,338 to correct errors in the previous preparation of the Village's financial statements as more fully described in Note 14 in the Notes to the Financial Statements.
- This review also disclosed that Village debt was understated by \$2,182,041, as described in Note 14. In addition to these understatements, the previous Village Administration accumulated deficit balances in several funds in excess of the amount such funds owed to the General Fund of \$2,173,595. As a result of these deficits, these funds had no ability to repay their interfund balances owed to the General Fund at the end of 2009 and prior to the issuance of the debt certificates discussed below. In addition, the Village incurred financial commitments relating to the Veterans Park project of approximately \$2.5 million for which no funding was earmarked.
- During 2010, the full impact of the personnel cuts was realized by the Village. This cost savings was partially offset by the negotiated wage increases granted the police department by the previous Village Administration.
- To address the significant fund deficits, the Village issued \$9 million in debt certificates in October 2010. The proceeds of these certificates were used as follows:
  - Refunded \$4,926,390 of existing tax increment debt including the \$2,182,041 that was omitted from the prior financial statements, for debt service savings,
  - Repaid \$2,250,000 in funds advanced by the General Fund to other funds,
  - Provided \$1,676,371 to complete Veterans Park, and
  - Funded costs of issuance of \$ 147,239.

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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- At the end of the fiscal year 2010, the fund balance for the General Fund, the main operating fund of the Village, was \$1,894,498, an increase of \$236,160 over the prior year's restated balance. More importantly, the unreserved General Fund Balance increased to \$1,701,181 from an unreserved deficit of \$814,277, an improvement of \$2,515,458. This unprecedented reversal was achieved despite resistance from the previous Village Administration in place in 2010 to address deficit spending and borrowing.
- In 2010, the Village eliminated all deficit fund balances except the Emergency 911 Fund. The deficit in this fund is due to expanding the Village's dispatch center to serve other communities before obtaining commitments from other communities to participate. The Debt Service Fund has sufficient funds to address this deficit as well as exploring options to right size this operation.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Village of Lyons basic financial statements are comprised of the following three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

Government-wide Financial Statements that consist of Statements of Net Assets and Activities found on pages 16 through 18 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 Assets presents information on all the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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The Government-wide Financial Statements include not only the Village itself (known as the primary government), but also the legally separate Lyons Library for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

#### **Fund Financial Statements**

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 (six funds for 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 19 through 22 of this report.

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

- Water and Sewer
- Garbage
- E-911

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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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 24 through 27 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 28 and 29 of this report.

#### **Notes to the Financial Statements**

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 30 through 61 of this report.

#### **Other Information**

Other information included in this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 62 through 65 of this report.

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows the comparison between 2009 and 2010 Statement of Net Assets for both governmental and business-type activities:

##### Statement of Net Assets

|  | Governmental<br>Activities |              | Business-Type<br>Activities |           | Total        |              |
|--|----------------------------|--------------|-----------------------------|-----------|--------------|--------------|
|  | 2009                       | 2010         | 2009                        | 2010      | 2009         | 2010         |
| <b>Assets</b>                                      |                            |              |                             |           |              |              |
| Current Assets                                     | \$ 7,779,623               | 11,429,262   | 885,414                     | 1,027,973 | 8,665,037    | 12,457,235   |
| Restricted Assets                                  |                            | 1,993,655    | 296,359                     | 296,359   | 296,359      | 2,290,014    |
| Other Asset  | 522,050                    | 269,829      | 21,175                      | 14,117    | 543,225      | 283,946      |
| Capital Assets, Net<br>of Depreciation             | 32,895,579                 | 32,709,674   | 4,167,889                   | 4,012,740 | 37,063,468   | 36,722,414   |
| Total Assets                                       | 41,197,252                 | 46,402,420   | 5,370,837                   | 5,351,189 | 46,568,089   | 51,753,609   |
| <b>Liabilities</b>                                 |                            |              |                             |           |              |              |
| <b>Current Liabilities</b>                         |                            |              |                             |           |              |              |
| Accounts Payable and<br>Other Liabilities          | 1,164,925                  | 4,446,657    | 161,108                     | 229,042   | 1,326,033    | 4,675,699    |
| Interest Payable                                   | 142,986                    | 166,192      | 35,916                      | 5,583     | 178,902      | 171,775      |
| Unearned Revenues                                  | 3,423,600                  | 3,591,460    | 45,000                      | 5,000     | 3,468,600    | 3,596,460    |
| Current Portion of<br>Long-term Debt               | 1,242,603                  | 1,073,529    | 656,522                     | 560,453   | 1,899,125    | 1,633,982    |
| Total Current Liabilities                          | 5,974,114                  | 9,277,838    | 898,546                     | 800,078   | 6,872,660    | 10,077,916   |
| Non-current Liabilities                            | 26,033,543                 | 28,866,415   | 1,015,639                   | 447,732   | 27,049,182   | 29,314,147   |
| Total Liabilities                                  | 32,007,657                 | 38,144,253   | 1,914,185                   | 1,247,810 | 33,921,842   | 39,392,063   |
| <b>Net Assets:</b>                                 |                            |              |                             |           |              |              |
| Invested in Capital Assets,<br>Net of Related Debt | 18,545,241                 | 19,736,258   | 2,551,073                   | 3,052,303 | 21,096,314   | 22,788,561   |
| Restricted   |                            |              |                             |           |              |              |
| Public Safety                                      | 198,938                    | 190,317      |                             |           | 198,938      | 190,317      |
| Debt Service                                       | 849,177                    | 1,310,556    | 296,359                     | 296,359   | 1,145,536    | 1,606,915    |
| Capital Projects                                   | 1,266,399                  | 2,958,230    |                             |           | 1,266,399    | 2,958,230    |
| Unrestricted                                       | (11,670,160)               | (15,937,194) | 609,220                     | 754,717   | (11,060,940) | (15,182,477) |
| Total Net Assets                                   | \$ 9,189,595               | 8,258,167    | 3,456,652                   | 4,103,379 | 12,646,247   | 12,361,546   |

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

- Current assets in the Governmental activities increased based on the proceeds of debt to fund the fund deficits accumulated in prior years and provide construction funds to complete the community park (Veterans Park) on the site of a former land fill.



## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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- Restricted assets associated with governmental activities relate to funds held by the Village pursuant to a court order from the refunding of revenue bonds related to TIF 3 and funds for a bondholder who would not accept repayment until January 1, 2011. These funds cannot be used in Village operations.
- Noncurrent liabilities increased primarily due to the additional debt and underfunding of pension obligations. The additional debt primarily repaid the General Fund for deficits in operating incurred prior to 2010.
- The Village revised its presentation of Net Assets for Capital Assets. Previously, debt associated with economic development projects was netted against Village capital assets distorting the Village's investment in capital assets. While there is a future asset associated with TIF activity (the future incremental taxes) and they are the source of repayment and security for the bonds, GASB does not recognize them as an asset. Accordingly, the TIF debt exceeds the assets of the Economic Development Fund, thereby increasing the overall deficit in net unrestricted assets.
- For Business-Type activities, the Village has accumulated increased cash balances as the debt of the water system is repaid.
- Long-term debt of the Village increased tax increment debt based on additional Tax Certificates issued by the Village to repay funds advanced by the General Fund to tax increment funds.

As stated earlier, the financial balances as of the beginning of fiscal year 2010 (December 31, 2009) were restated due to errors in the financial statements as noted in Note 14 of the Notes to the Financial Statements. In preparing the comparative statements, we have made every effort to restate the individual line items in 2009 as well as the correction that related to fiscal year 2008 and before. Accordingly, some of the comparisons may be slightly altered due to these restatements.

# VILLAGE OF LYONS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

### Statement of Activities

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

|  | Governmental<br>Activities |                   | Business-Type<br>Activities |                  | Total             |                   |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|  | 2009                       | 2010              | 2009                        | 2010             | 2009              | 2010              |
| <b>Revenues</b>                          |                            |                   |                             |                  |                   |                   |
| Program Revenues                         |                            |                   |                             |                  |                   |                   |
| Charges for Services                     | \$ 1,686,717               | 1,983,217         | 2,759,310                   | 3,145,737        | 4,446,027         | 5,128,954         |
| Operating Grants and<br>Contributions    | 110,403                    | 41,694            |                             |                  | 110,403           | 41,694            |
| Capital Grants and<br>Contributions      | 312,600                    | 453,891           |                             |                  | 312,600           | 453,891           |
| General Revenues                         |                            |                   |                             |                  |                   |                   |
| Property Taxes                           | 4,163,383                  | 4,714,211         | 39,960                      | 42,547           | 4,203,343         | 4,756,758         |
| Other Taxes                              | 2,961,559                  | 3,063,305         |                             |                  | 2,961,559         | 3,063,305         |
| Interest                                 | 8,784                      | 9,728             | 8                           | 2,029            | 8,792             | 11,757            |
| Other Revenues                           | 285,252                    | 229,451           |                             |                  | 285,252           | 229,451           |
| <b>Total Revenues</b>                    | <b>9,528,698</b>           | <b>10,495,497</b> | <b>2,799,278</b>            | <b>3,190,313</b> | <b>12,327,976</b> | <b>13,685,810</b> |
| <b>Expenses</b>                          |                            |                   |                             |                  |                   |                   |
| General Government                       | 1,534,678                  | 1,685,481         |                             |                  | 1,534,678         | 1,685,481         |
| Building Zoning and Planning             | 265,979                    | 296,747           |                             |                  | 265,979           | 296,747           |
| Health                                   | 37,730                     | 35,090            |                             |                  | 37,730            | 35,090            |
| Police                                   | 4,623,013                  | 4,818,089         |                             |                  | 4,623,013         | 4,818,089         |
| Fire and ESDA                            | 1,322,371                  | 1,307,837         |                             |                  | 1,322,371         | 1,307,837         |
| Community Development                    | 1,194,767                  | 330,862           |                             |                  | 1,194,767         | 330,862           |
| Recreation                               | 188,544                    | 167,755           |                             |                  | 188,544           | 167,755           |
| Public Works                             | 1,406,473                  | 1,126,561         |                             |                  | 1,406,473         | 1,126,561         |
| Interest on Long-term Debt               | 1,238,893                  | 1,573,178         |                             |                  | 1,238,893         | 1,573,178         |
| Water and Sewer                          |                            |                   | 1,826,306                   | 1,863,889        | 1,826,306         | 1,863,889         |
| Garbage                                  |                            |                   | 621,574                     | 629,687          | 621,574           | 629,687           |
| Emergency 911                            |                            |                   | 405,363                     | 135,336          | 405,363           | 135,336           |
| <b>Total Expenses</b>                    | <b>11,812,448</b>          | <b>11,341,600</b> | <b>2,853,243</b>            | <b>2,628,912</b> | <b>14,665,691</b> | <b>13,970,512</b> |
| Change in Net Assets before<br>Transfers | (2,283,750)                | (846,103)         | (53,965)                    | 561,401          | (2,337,715)       | (284,702)         |
| Transfers                                |                            | (85,325)          |                             | 85,325           |                   |                   |
| Change in Net Assets                     | (2,283,750)                | (931,428)         | (53,965)                    | 646,726          | (2,337,715)       | (284,702)         |
| <b>Net Assets</b>                        |                            |                   |                             |                  |                   |                   |
| Beginning, as Restated                   | 11,473,345                 | 9,189,595         | 3,510,618                   | 3,456,653        | 14,983,963        | 12,646,248        |
| Ending                                   | \$ 9,189,595               | 8,258,167         | 3,456,653                   | 4,103,379        | 12,646,248        | 12,361,546        |

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

- Charges for services increased as the Village increased the charges to the Water and Sewer Fund for support provided in the administration of the fund by employees in the General Fund. Due to the small size of the Village's water and sewer operations, there are no specific water department employees.
- Capital grants are used to improve roadways in targeted areas of the Village and to complete the development of Veteran's Park. Funding comes from Federal, state and township sources.
- Property taxes have been adjusted to reflect the proper accounting adopted in 1980 that limits receivables to those taxes due at the end of a fiscal year and collected within 60 days thereafter. Similarly, income tax revenue earned in the last month of the fiscal year was not accrued by the Village. These correct accounting treatments will allow users of the financial statements to better compare the financial statements to other local governments.
- Other taxes remain flat and below highest levels recorded in 2008. This has forced the Village to look for economies as they proceed with the ongoing operations.
- Community development initiatives were effectively suspended as the lack of funding prevented the Village from proceeding on previously committed projects. The Developer of the proposed townhouses on the current Village Smith Park site defaulted on payments they were to make to the Village. Subsequently, the Village has decided not to pursue this housing program.
- Business activities generated positive results as a result of water and sewer rate increases fully implemented in the current year.

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<br>Expenditures | Offsetting<br>Revenues | Percent |
|-------------------------------|-----------------------|------------------------|---------|
| General Government            | \$ 1,685,481          | 1,031,973              | 61%     |
| Building, Zoning and Planning | 296,747               | 89,165                 | 30%     |
| Health                        | 35,090                | 4,156                  | 12%     |
| Police                        | 4,818,089             | 632,134                | 13%     |
| Fire and ESDA                 | 1,307,837             | 206,216                | 16%     |
| Community Development         | 330,862               |                        | 0%      |
| Recreation                    | 167,755               | 61,267                 | 37%     |
| Public Works                  | 1,126,561             | 453,891                | 40%     |

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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#### Traditional Fund Accounting

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

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

- Increase unrestricted fund balance to 40% of annual expenditures.
- Establish a contingency/rainy day fund to address unforeseen issues.
- Improve funding of pension liabilities.
- Establish a funding program for capital equipment.

As noted earlier, the Village approved the issuance of \$9 million in debt certificates. These certificates funded the liabilities that were owed by the various funds to the General Fund as well as provide funds to complete the Veterans Park project. Unfortunately, incorrect accounting for the capitalized interest in the TIF Funds resulted in understating the outstanding liabilities as of December 31, 2009 from this fund to the General Fund by \$488,000. Ultimately, the Village will have to utilize other funds to complete the Veteran's Park project or scale back on some of the elements.

The General Fund has a diverse source of revenues as illustrated by the following table:

|                      | Amount              | Percent of<br>Total |
|----------------------|---------------------|---------------------|
| Property Taxes       | \$ 2,453,436        | 32.06%              |
| Sales Taxes          | 1,076,302           | 14.06%              |
| Utility Taxes        | 980,222             | 12.81%              |
| State Income Taxes   | 808,584             | 10.57%              |
| Other Taxes          | 256,781             | 3.36%               |
| Subtotal             | 5,575,325           | 72.86%              |
| Licenses and Permits | 421,844             | 5.51%               |
| Intergovernmental    | 73,286              | 0.96%               |
| Charges for Services | 628,332             | 8.21%               |
| Fines and Forfeits   | 588,273             | 7.69%               |
| Investment Earnings  | 6,633               | 0.09%               |
| Quarry Royalties     | 269,849             | 3.53%               |
| Other                | 89,370              | 1.15%               |
|                      | <u>\$ 7,652,912</u> | <u>100.00%</u>      |

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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Other taxes remain below their highest levels in 2008. As a result, the Village had to make up for these lower revenues by controlling expenses and increasing property taxes.

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

Another challenge for the Village is to restore and increase pension funding particularly for the Police Pension Plan. The Village contributions over the past ten years have not met the actuarial funding requirements. In addition, recent increases in compensation further added to the future pension liabilities. As an integral cost of the police department, a funding plan needs to be developed to address pension funding.

In short, the General Fund has restored its reserve levels to historical levels. The future goal is to increase reserve levels while at the same time fund equipment and pension requirements.

#### **Budgetary Control**

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

Actual results are summarized on page 23 and pages 66 to 73 for the General Fund. The following are the major variances noted:

- General revenues were consistent with the budget. Reductions to property taxes partially to reflect correct accounting treatment were offset by positive variances in other tax revenues. The other major revenue shortfall of approximately \$220,927 related to fines and forfeitures administered by the police department.
- Total General Fund expenditures were slightly over budget by \$17,773. Variances across departments and functions netted out as the Village realized net costs savings budgeted or \$300,000 compared to 2009 expenditure levels.
- Net operating transfers exceeded budget by \$385,273 contributing to the overall increase in General Fund Balance.

As to other funds, the two major budgetary variances related to the Economic Development Funds and the Debt Service Fund. The Economic Development Funds were able to refund outstanding debt for debt service savings as well as provide funds to repay outstanding interfund liabilities and obligations to third parties not originally envisioned in the budget. The budget was not amended by the Village Manager to reflect these transactions; however, the ordinance authorizing the debt certificates appropriated the funds for these purposes. These results are noted on pages 74 to 81 of this report. The Debt Service Fund had

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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higher property tax revenues and lower transfers compared to the original budget as noted on page 82 of the report. Capital projects were lower since additional improvements proposed for the Village Hall were cancelled. See page 83 of this report.

#### **Economic Development**

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

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

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

#### **Debt Service**

The Village has three types of outstanding debt to repay from numerous sources. First, the Village has \$12,973,416 of tax supported debt. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$6,880,000 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 \$6,093,416 are outstanding at the end of the year to fund various General Fund Projects particularly the completion of the municipal complex. This debt is generally secured by the Villages sales taxes. As a result of these Debt Certificates and the related sales tax pledge, the Village will have fewer resources in the future available to fund General Fund operations. This debt has decreased by \$862,582 in 2010 as noted on pages 44 through 46 of this report reflecting repayment of existing debt without new borrowings.

The second type of outstanding debt funds is the enterprise fund operations of the Village particularly the Water and Sewer Fund. This debt has been substantially reduced by \$656,379 in 2010 with a balance of \$960,437 outstanding at the end of the year as noted on page 48 of this report. While most of this debt has general obligation pledges to support the repayment of the bonds and reduce the underlying interest rate, the Village has used the enterprise funds to make the payments instead. While the debt is substantially repaid, the Village is facing major challenges in keeping its water infrastructure up to current standards. For example, water leakage has averaged at 28% of all water purchased in the past several years. The Illinois Environmental Protection Agency target for leakage is lower than eight percent (8%). Addressing this issue would result in savings since the Village has to pass the purchase cost of the water that is lost to customers. However, compliance is more critical due to water treaties involving the use of Lake Michigan water.

## VILLAGE OF LYONS, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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The last type of debt is the Tax Increment Debt. This debt now consists of General Obligation bonds and Debt Certificates with a general obligation credit support. However, the Village has projected that Tax Increment Debt will be repaid from the tax increments depending on the future trend in assessment and tax policies. The Village issued \$9,000,000 of Tax Increment Debt in 2010 to repay \$4,841,445 of higher cost Revenue Bonds and Developer Notes that had a prior claim on incremental revenues. In addition, these bonds funded \$2,250,000 of interfund payables to the General Fund from previous year expenditures. The balance was to provide funds to complete the conversion of a landfill into a regional park for the Village including \$397,010 of costs incurred prior to 2010 and costs of issuance. The Village faced substantial penalties had the contracts for the Park Development not been funded. The details of the Tax Increment Debt are outlined on pages 46 and 47 of this report.

In February 2012, the Village's general obligation bonds were downgraded from AA- to A+ with 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 its ruinous financial policies under the previous Administration. The Village's debt outlook and future ratings actions are dependent on restoring financial accountability and internal controls coupled with spending constraints. As this audit has been finalized, the Village has been compiling 2011 results and expects to issue the 2011 audit report shortly after this report is complete.

#### **Capital Projects**

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

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

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

Other than street repairs and the vehicle acquisition, the Village did not have any major capital acquisitions in 2010 as noted on pages 39 through 41 of the report. The Veterans Park project, while funded in 2010, was not restarted until the summer of 2011.

While the current status of the Village infrastructure is in adequate condition, the need to revitalize and upgrade will increase as time transpires. The long-term goal will be a capital development plan that can be implemented subject to funding.

More detailed information on the capital asset activity of the Village can be found in Note 5.

**VILLAGE OF LYONS, ILLINOIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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**REQUESTS FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF LYONS, ILLINOIS**

Statement of Net Assets  
December 31, 2010

|  | Primary Government         |                             |                   | Component                 |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total             | Unit<br>Public<br>Library |
| <b>ASSETS</b>                                      |                            |                             |                   |                           |
| Cash and Cash Equivalents                          | \$ 5,240,629               | 1,007,759                   | 6,248,388         | 319,869                   |
| Restricted Cash and Cash Equivalents               | 1,993,655                  | 296,359                     | 2,290,014         |                           |
| Receivables  | 5,471,748                  | 622,640                     | 6,094,388         | 646,022                   |
| Internal Balances                                  | 602,426                    | (602,426)                   |                   |                           |
| Due from Other Governments                         | 114,038                    |                             | 114,038           |                           |
| Due from Pension Funds                             | 421                        |                             | 421               |                           |
| Other Assets                                       | 102,501                    | 14,117                      | 116,618           | 20,587                    |
| Net Pension Asset                                  | 167,328                    |                             | 167,328           |                           |
| Capital Assets Not Being Depreciated               |                            |                             |                   |                           |
| Land   | 14,594,058                 | 91,021                      | 14,685,079        | 458,155                   |
| Capital Assets Net of Accumulated<br>Depreciation  |                            |                             |                   |                           |
| Buildings and Improvements                         | 15,013,482                 | 3,921,719                   | 18,935,201        | 284,090                   |
| Vehicles and Equipment                             | 471,306                    |                             | 471,306           | 224,916                   |
| Infrastructure                                     | 2,630,828                  |                             | 2,630,828         |                           |
| <b>Total Assets</b>                                | <b>46,402,420</b>          | <b>5,351,189</b>            | <b>51,753,609</b> | <b>1,953,639</b>          |
| <b>LIABILITIES</b>                                 |                            |                             |                   |                           |
| Accounts Payable and Other<br>Current Liabilities  | 2,866,659                  | 217,105                     | 3,083,764         | 6,959                     |
| Line of Credit Payable                             | 500,000                    |                             | 500,000           |                           |
| Accrued Interest Payable                           | 166,192                    | 5,583                       | 171,775           |                           |
| Unearned Revenues                                  | 3,591,460                  | 5,000                       | 3,596,460         |                           |
| Noncurrent Liabilities                             |                            |                             |                   |                           |
| Due Within One Year -                              |                            |                             |                   |                           |
| Accrued Compensated Absences                       | 1,079,998                  | 11,937                      | 1,091,935         |                           |
| Bonds, Notes and Other Debt                        | 1,073,529                  | 480,828                     | 1,554,357         | 10,000                    |
| Due in More Than One Year -                        |                            |                             |                   |                           |
| Net Pension Obligations                            | 2,505,810                  |                             | 2,505,810         |                           |
| Other Post-Employment Benefit Obligation           | 573,032                    |                             | 573,032           |                           |
| Accrued Compensated Absences                       |                            | 47,748                      | 47,748            |                           |
| Bonds, Notes and Other Debt                        | 25,787,573                 | 479,609                     | 26,267,182        | 250,000                   |
| <b>Total Liabilities</b>                           | <b>38,144,253</b>          | <b>1,247,810</b>            | <b>39,392,063</b> | <b>266,959</b>            |
| <b>NET ASSETS</b>                                  |                            |                             |                   |                           |
| Invested in Capital Assets, Net of<br>Related Debt | 19,736,258                 | 3,052,303                   | 22,788,561        | 707,161                   |
| Restricted for                                     |                            |                             |                   |                           |
| Public Safety                                      | 190,317                    |                             | 190,317           |                           |
| Debt Service                                       | 1,310,556                  | 296,359                     | 1,606,915         |                           |
| Capital Projects                                   | 2,958,230                  |                             | 2,958,230         |                           |
| Unrestricted                                       | (15,937,194)               | 754,717                     | (15,182,477)      | 979,519                   |
| <b>Total Net Assets</b>                            | <b>\$ 8,258,167</b>        | <b>4,103,379</b>            | <b>12,361,546</b> | <b>1,686,680</b>          |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Statement of Activities  
For the Year Ended December 31, 2010

| Functions/Programs                     | Expenses             | Program Revenues     |                                    |                                  |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
|  |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental Activities</b>         |                      |                      |                                    |                                  |
| General Government                     | \$ 1,685,481         | 1,031,973            |                                    |                                  |
| Building Planning and Zoning           | 296,747              | 89,165               |                                    |                                  |
| Health                                 | 35,090               | 4,156                |                                    |                                  |
| Police Protection                      | 4,818,089            | 590,440              | 41,694                             |                                  |
| Fire Protection and ESDA               | 1,307,837            | 206,216              |                                    |                                  |
| Community Development                  | 330,862              |                      |                                    |                                  |
| Recreation                             | 167,755              | 61,267               |                                    |                                  |
| Public Works                           | 1,126,561            |                      |                                    | 453,891                          |
| Interest and Issuance Costs            | 1,573,178            |                      |                                    |                                  |
| <b>Total Governmental Activities</b>   | <b>11,341,600</b>    | <b>1,983,217</b>     | <b>41,694</b>                      | <b>453,891</b>                   |
| <b>Business-type Activities</b>        |                      |                      |                                    |                                  |
| Water                                  | 1,863,889            | 2,427,945            |                                    |                                  |
| Garbage                                | 629,687              | 628,108              |                                    |                                  |
| Emergency 911                          | 135,336              | 89,684               |                                    |                                  |
| <b>Total Business-type Activities</b>  | <b>2,628,912</b>     | <b>3,145,737</b>     | <b>-</b>                           | <b>-</b>                         |
| <b>Total Village</b>                   | <b>\$ 13,205,489</b> | <b>4,411,162</b>     | <b>41,694</b>                      | <b>453,891</b>                   |
| <b>Component Unit - Public Library</b> | <b>\$ 521,471</b>    | <b>22,631</b>        | <b>11,173</b>                      |                                  |

General Revenues and Transfers  
 Property Taxes  
 Sales Taxes  
 State Income Tax  
 Utility Taxes  
 Other Taxes  
 Unrestricted Investment Earnings  
 Other Income  
 Transfers  
 Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

| Primary Government                                 |                             |             | Component<br>Unit |
|--|-----------------------------|-------------|-------------------|
| Net (Expense) Revenue and<br>Changes in Net Assets |                             |             |                   |
| Governmental<br>Activities                         | Business-type<br>Activities | Total       | Public<br>Library |
| (653,508)  |                             | (653,508)   |                   |
| (207,582)  |                             | (207,582)   |                   |
| (30,934)   |                             | (30,934)    |                   |
| (4,185,955)  |                             | (4,185,955) |                   |
| (1,101,621)  |                             | (1,101,621) |                   |
| (330,862)  |                             | (330,862)   |                   |
| (106,488)  |                             | (106,488)   |                   |
| (672,670)  |                             | (672,670)   |                   |
| (1,573,178)  |                             | (1,573,178) |                   |
| (8,862,798)  | -                           | (8,862,798) |                   |
|  | 564,056                     | 564,056     |                   |
|  | (1,579)                     | (1,579)     |                   |
|  | (45,652)                    | (45,652)    |                   |
| -  | 516,825                     | 516,825     |                   |
| (8,862,798)  | 516,825                     | (8,345,973) |                   |
|  |                             |             | (487,667)         |
| 4,714,211  | 42,547                      | 4,756,758   | 566,418           |
| 1,210,847  |                             | 1,210,847   |                   |
| 808,584  |                             | 808,584     |                   |
| 980,222  |                             | 980,222     |                   |
| 63,652   |                             | 63,652      | 7,620             |
| 9,728  | 2,029                       | 11,757      | 475               |
| 229,451  |                             | 229,451     | 2,544             |
| (85,325)   | 85,325                      |             |                   |
| 7,931,370  | 129,901                     | 8,061,271   | 577,057           |
| (931,428)  | 646,726                     | (284,702)   | 89,390            |
| 9,189,595  | 3,456,653                   | 12,646,248  | 1,597,290         |
| 8,258,167  | 4,103,379                   | 12,361,546  | 1,686,680         |

**VILLAGE OF LYONS, ILLINOIS**

Governmental Funds

Balance Sheet  
December 31, 2010

|  | General             | Economic<br>Development | Debt<br>Service  | Capital<br>Improvement | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------|------------------|------------------------|--------------------------------|
| <b>Assets</b>                                  |                     |                         |                  |                        |                                |
| Cash and Cash Equivalents                      | \$ 723,970          | 3,261,364               | 226,247          | 1,029,048              | 5,240,629                      |
| Restricted Cash and<br>Cash Equivalents        |                     | 1,993,655               |                  |                        | 1,993,655                      |
| Receivables                                    |                     |                         |                  |                        |                                |
| Property Taxes                                 | 2,963,224           |                         | 937,649          |                        | 3,900,873                      |
| Incremental Property Taxes                     |                     | 296,097                 |                  |                        | 296,097                        |
| Accounts                                       | 10,915              |                         |                  |                        | 10,915                         |
| Other Taxes                                    | 750,168             |                         |                  | 145,978                | 896,146                        |
| Other Receivables                              |                     | 215,000                 |                  |                        | 215,000                        |
| Utility Taxes                                  | 152,717             |                         |                  |                        | 152,717                        |
| Prepaid Items                                  | 3,000               |                         |                  | 111,038                | 114,038                        |
| Due from Other Funds                           | 1,134,019           |                         |                  | 295,068                | 1,429,087                      |
| <b>Total Assets</b>                            | <b>\$ 5,738,013</b> | <b>5,766,116</b>        | <b>1,163,896</b> | <b>1,581,132</b>       | <b>14,249,157</b>              |
| <b>Liabilities</b>                             |                     |                         |                  |                        |                                |
| Accounts Payable                               | \$ 332,385          | 539,549                 | 4,090            | 51,078                 | 927,102                        |
| Line of Credit Payable                         | 500,000             |                         |                  |                        | 500,000                        |
| Accrued Payroll                                | 153,913             |                         |                  |                        | 153,913                        |
| Due to Escrow Account                          |                     | 1,691,035               |                  |                        | 1,691,035                      |
| Other Liabilities                              | 94,609              |                         |                  |                        | 94,609                         |
| Deferred Revenue                               | 2,759,015           |                         | 832,445          |                        | 3,591,460                      |
| Due to Other Funds                             | 3,593               | 822,647                 |                  |                        | 826,240                        |
| <b>Total Liabilities</b>                       | <b>3,843,515</b>    | <b>3,053,231</b>        | <b>836,535</b>   | <b>51,078</b>          | <b>7,784,359</b>               |
| <b>Fund Balances</b>                           |                     |                         |                  |                        |                                |
| Reserved For                                   |                     |                         |                  |                        |                                |
| Prepaid Items                                  | 3,000               |                         |                  | 111,038                | 114,038                        |
| Public Safety                                  | 190,317             |                         |                  |                        | 190,317                        |
| Capital Projects                               |                     | 1,428,176               |                  | 1,419,016              | 2,847,192                      |
| Economic Development                           |                     | 301,514                 |                  |                        | 301,514                        |
| Debt Service                                   |                     | 983,195                 | 327,361          |                        | 1,310,556                      |
| Unreserved, Reported In                        |                     |                         |                  |                        |                                |
| General Fund                                   | 1,701,181           |                         |                  |                        | 1,701,181                      |
| <b>Total Fund Balances</b>                     | <b>1,894,498</b>    | <b>2,712,885</b>        | <b>327,361</b>   | <b>1,530,054</b>       | <b>6,464,798</b>               |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 5,738,013</b> | <b>5,766,116</b>        | <b>1,163,896</b> | <b>1,581,132</b>       | <b>14,249,157</b>              |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Reconciliation of Balance Sheet - Governmental Funds  
to Statement of Net Assets

December 31, 2010

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Amounts reported for governmental activities in the Statement of Net Assets are different because:

|  |                     |
|--|---------------------|
| Total fund balances - governmental funds   | \$ 6,464,798        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  | 32,709,674          |
| 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   | (6,880,000)         |
| Tax Supported Debt - Debt Certificates   | (5,660,000)         |
| Tax Supported Debt - Loans   | (433,416)           |
| TIF Supported Debt - Alternate Revenue Bonds   | (1,895,000)         |
| TIF Supported Debt - G.O. Bonds  | (9,000,000)         |
| TIF Supported Debt - Other   | (2,992,686)         |
| Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Assets.   | (166,192)           |
| Governmental funds report bond issuance costs and the excess of refunding proceeds over defeased debt as a use of funds. In the Statement of Net Assets, these costs are capitalized.    | 102,501             |
| Accrued compensated absences are reported in the Statement of Net Assets, but are not included in the fund financial statements.   | (1,079,998)         |
| The net pension obligation (asset) from IMRF, police and firefighters' pension funding is reported in the Statement of Net Assets, but is not included in the fund financial statements. | (2,338,482)         |
| The net obligation for other post-retirement benefit is reported in the Statement of Net Assets, but is not included in the fund financial statements.                                   | <u>(573,032)</u>    |
| Net assets of governmental activities  | <u>\$ 8,258,167</u> |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2010

|  | General          | Economic<br>Development | Debt<br>Service  | Capital<br>Improvement | Total<br>Governmental<br>Funds |
|--|------------------|-------------------------|------------------|------------------------|--------------------------------|
| <b>Revenues</b>                                      |                  |                         |                  |                        |                                |
| Taxes  |                  |                         |                  |                        |                                |
| Property   | \$ 2,453,436     |                         | 1,309,670        |                        | 3,763,106                      |
| Incremental Property Taxes                           |                  | 892,521                 |                  |                        | 892,521                        |
| Sales  | 1,076,302        |                         |                  |                        | 1,076,302                      |
| Utility  | 980,222          |                         |                  |                        | 980,222                        |
| State Income Tax Allocation                          | 808,584          |                         |                  |                        | 808,584                        |
| Other Taxes  | 256,781          |                         |                  |                        | 256,781                        |
| Licenses and Permits                                 | 421,844          |                         |                  |                        | 421,844                        |
| Intergovernmental                                    | 73,286           | 215,000                 |                  | 422,299                | 710,585                        |
| Charges for Services                                 | 628,332          |                         |                  |                        | 628,332                        |
| Fines and Forfeits                                   | 588,273          |                         |                  |                        | 588,273                        |
| Investment Earnings                                  | 6,633            | 2,890                   |                  | 205                    | 9,728                          |
| Royalties  | 269,849          |                         |                  |                        | 269,849                        |
| Other Revenues                                       | 89,370           |                         |                  |                        | 89,370                         |
| <b>Total Revenues</b>                                | <b>7,652,912</b> | <b>1,110,411</b>        | <b>1,309,670</b> | <b>422,504</b>         | <b>10,495,497</b>              |
| <b>Expenditures</b>                                  |                  |                         |                  |                        |                                |
| Current  |                  |                         |                  |                        |                                |
| General Government                                   | 1,450,212        |                         |                  |                        | 1,450,212                      |
| Building, Planning and Zoning                        | 286,812          |                         |                  |                        | 286,812                        |
| Health   | 35,090           |                         |                  |                        | 35,090                         |
| Police Protection                                    | 4,093,523        |                         |                  |                        | 4,093,523                      |
| Fire Protection and ESDA                             | 1,116,616        |                         |                  |                        | 1,116,616                      |
| Community Development                                |                  | 330,862                 |                  |                        | 330,862                        |
| Recreation   | 162,955          |                         |                  |                        | 162,955                        |
| Public Works   | 958,963          |                         |                  |                        | 958,963                        |
| Capital Outlays                                      | 2,854            | 221,522                 |                  | 66,136                 | 290,512                        |
| Debt Service   |                  |                         |                  |                        |                                |
| Principal Payments                                   |                  | 4,251,121               | 862,582          |                        | 5,113,703                      |
| Interest and Fiscal Charges                          |                  | 1,192,831               | 594,251          |                        | 1,787,082                      |
| Issuance Costs                                       |                  | 133,701                 |                  |                        | 133,701                        |
| <b>Total Expenditures</b>                            | <b>8,107,025</b> | <b>6,130,037</b>        | <b>1,456,833</b> | <b>66,136</b>          | <b>15,760,031</b>              |
| Excess (Deficiency) of Revenues<br>over Expenditures | (454,113)        | (5,019,626)             | (147,163)        | 356,368                | (5,264,534)                    |
| <b>Other Financing Sources (Uses)</b>                |                  |                         |                  |                        |                                |
| Bond Proceeds  |                  | 9,000,000               |                  |                        | 9,000,000                      |
| Transfers In   | 1,476,257        | 338,440                 | 700,659          |                        | 2,515,356                      |
| Transfers (Out)                                      | (785,984)        | (1,594,697)             |                  | (220,000)              | (2,600,681)                    |
| <b>Total Other Financing Sources (Uses)</b>          | <b>690,273</b>   | <b>7,743,743</b>        | <b>700,659</b>   | <b>(220,000)</b>       | <b>8,914,675</b>               |
| Net Change in Fund Balances                          | 236,160          | 2,724,117               | 553,496          | 136,368                | 3,650,141                      |
| Fund Balances - Beginning, as Restated               | 1,658,338        | (11,232)                | (226,135)        | 1,393,686              | 2,814,657                      |
| Fund Balances - Ending                               | \$ 1,894,498     | 2,712,885               | 327,361          | 1,530,054              | 6,464,798                      |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to  
the Statement of Activities

For the Year Ended December 31, 2010

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Amounts reported for governmental activities in the Statement of Activities are  
different because:

|  |                     |
|--|---------------------|
| Net change in fund balances - total governmental funds   | \$ 3,650,141        |
| Governmental funds report capital outlays as expenditures. However, in the<br>Statement of Activities the cost of those assets is allocated over their estimated<br>useful lives and reported as depreciation expense. This is the amount by which<br>depreciation of \$312,291 exceeded capital outlays of \$126,386 in the current<br>period.  | (185,905)           |
| The issuance of long-term debt (bonds, leases) provides current financial resources<br>to governmental funds, while the repayment of the principal of long-term<br>debt consumes the current financial resources of governmental funds. Neither<br>transaction, however, has any effect on net assets. This amount is the principal<br>paid on long-term debt and the net effect of the refunding transaction. |                     |
| Bond Proceeds  | (9,000,000)         |
| Principal Payments   | 5,113,703           |
| Interest on long-term bonds is shown as a fund expenditure when paid, but is<br>accrued in the Statement of Activities.  | 355,735             |
| Governmental funds report bond issuance costs and similar items as a use of funds;<br>however, in the Statement of Activities these are allocated over the life of the bonds.  | (7,500)             |
| Changes in non-current compensated absences (\$54,981), net pension obligations<br>(\$614,132), and other post-retirement benefits (\$199,600) are not reported as<br>expenditures in the fund statement, but are recorded in the Statement of Activities.   | <u>(857,602)</u>    |
| Change in net assets of governmental activities  | <u>\$ (931,428)</u> |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.



**VILLAGE OF LYONS, ILLINOIS**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010                |                  |                  | 2009<br>Actual   |
|--|---------------------|------------------|------------------|------------------|
|  | Original<br>Budget  | Final<br>Budget  | Actual           |                  |
| Revenues   |                     |                  |                  |                  |
| Taxes  | \$ 5,587,000        | 5,587,000        | 5,575,325        | 5,360,495        |
| Intergovernmental                                    | 30,000              | 30,000           | 73,286           | 110,403          |
| Licenses, Fees and Permits                           | 422,600             | 422,600          | 421,844          | 341,380          |
| Charges for Services                                 | 632,750             | 632,750          | 628,332          | 589,219          |
| Fines and Forfeitures                                | 809,200             | 809,200          | 588,273          | 756,118          |
| Investment Earnings                                  | 25,225              | 25,225           | 6,633            | 7,016            |
| Royalties  | 250,000             | 250,000          | 269,849          | 199,995          |
| Miscellaneous  | 49,000              | 49,000           | 89,370           | 67,999           |
| Total Revenues                                       | <u>7,805,775</u>    | <u>7,805,775</u> | <u>7,652,912</u> | <u>7,432,625</u> |
| Expenditures   |                     |                  |                  |                  |
| Current  |                     |                  |                  |                  |
| General Government                                   | 1,271,607           | 1,271,607        | 1,450,212        | 1,356,869        |
| Building, Planning and Zoning                        | 283,599             | 283,599          | 286,812          | 265,979          |
| Health   | 38,350              | 38,350           | 35,090           | 37,730           |
| Police Protection                                    | 3,997,706           | 3,997,706        | 4,093,523        | 4,206,563        |
| Fire Protection and ESDA                             | 1,217,213           | 1,217,213        | 1,116,616        | 1,172,780        |
| Recreation   | 224,300             | 224,300          | 162,955          | 188,544          |
| Public Works   | 1,022,827           | 1,022,827        | 958,963          | 1,103,928        |
| Capital Outlay                                       | 33,650              | 33,650           | 2,854            | 62,524           |
| Total Expenditures                                   | <u>8,089,252</u>    | <u>8,089,252</u> | <u>8,107,025</u> | <u>8,394,917</u> |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(283,477)</u>    | <u>(283,477)</u> | <u>(454,113)</u> | <u>(962,292)</u> |
| Other Financing Sources (Uses)                       |                     |                  |                  |                  |
| Transfers In   | 1,262,750           | 1,262,750        | 1,476,257        | 335,250          |
| Transfers (Out)                                      | (957,750)           | (957,750)        | (785,984)        | (302,861)        |
|  | <u>305,000</u>      | <u>305,000</u>   | <u>690,273</u>   | <u>32,389</u>    |
| Net Change in Fund Balance                           | 21,523              | 21,523           | 236,160          | (929,903)        |
| Fund Balance   |                     |                  |                  |                  |
| Beginning, as Restated                               | <u>1,658,338</u>    | <u>1,658,338</u> | <u>1,658,338</u> | <u>2,588,241</u> |
| Ending   | <u>\$ 1,679,861</u> | <u>1,679,861</u> | <u>1,894,498</u> | <u>1,658,338</u> |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Proprietary Funds

Statement of Net Assets  
December 31, 2010

|  | Water and<br>Sewer  | Garbage        | Emergency<br>911 | Totals           |
|--|---------------------|----------------|------------------|------------------|
| <b>ASSETS</b>  |                     |                |                  |                  |
| Current Assets   |                     |                |                  |                  |
| Cash and Cash Equivalents  | \$ 973,127          | 86             | 34,546           | 1,007,759        |
| Accounts Receivable  |                     |                |                  |                  |
| Billed   | 301,797             | 72,251         |                  | 374,048          |
| Unbilled   | 186,315             | 54,027         |                  | 240,342          |
| Property Taxes Receivable  |                     | 8,250          |                  | 8,250            |
| Other Assets   | 14,117              |                |                  | 14,117           |
| Cash Restricted for Debt Service   | 296,359             |                |                  | 296,359          |
| Total Current Assets   | <u>1,771,715</u>    | <u>134,614</u> | <u>34,546</u>    | <u>1,940,875</u> |
| Capital Assets   |                     |                |                  |                  |
| Non-depreciable  | 91,021              |                |                  | 91,021           |
| Depreciable  | 5,700,157           |                | 510,190          | 6,210,347        |
| Less Accumulated Depreciation  | (2,196,450)         |                | (92,178)         | (2,288,628)      |
| Total Capital Assets, Net of<br>Accumulated Depreciation                         | <u>3,594,728</u>    | <u>-</u>       | <u>418,012</u>   | <u>4,012,740</u> |
| Total Assets   | <u>5,366,443</u>    | <u>134,614</u> | <u>452,558</u>   | <u>5,953,615</u> |
| <b>LIABILITIES</b>   |                     |                |                  |                  |
| Current Liabilities  |                     |                |                  |                  |
| Accounts Payable   | 174,523             | 37,373         |                  | 211,896          |
| Accrued Payroll  | 4,151               | 1,058          |                  | 5,209            |
| Compensated Absences   | 9,843               | 2,094          |                  | 11,937           |
| Due to Other Funds   | 125,000             | 50,620         | 426,806          | 602,426          |
| Unearned Revenue   |                     | 5,000          |                  | 5,000            |
| Accrued Interest Payable   | 5,583               |                |                  | 5,583            |
| Current Portion of Long-term Debt  | 390,000             |                | 90,828           | 480,828          |
| Total Current Liabilities  | <u>709,100</u>      | <u>96,145</u>  | <u>517,634</u>   | <u>1,322,879</u> |
| Noncurrent Liabilities   |                     |                |                  |                  |
| Compensated Absences   | 39,373              | 8,375          |                  | 47,748           |
| Long-term Debt, Net of<br>Current Maturities                                     | 280,000             |                | 199,609          | 479,609          |
| Total Liabilities  | <u>319,373</u>      | <u>8,375</u>   | <u>199,609</u>   | <u>527,357</u>   |
| Total Liabilities  | <u>1,028,473</u>    | <u>104,520</u> | <u>717,243</u>   | <u>1,850,236</u> |
| <b>NET ASSETS</b>  |                     |                |                  |                  |
| Investment in Capital Assets, Net of Related Debt<br>Restricted for Debt Service | 2,924,728           |                | 127,575          | 3,052,303        |
| Unrestricted   | 296,359             |                |                  | 296,359          |
| Unrestricted   | 1,116,883           | 30,094         | (392,260)        | 754,717          |
| Total Net Assets   | <u>\$ 4,337,970</u> | <u>30,094</u>  | <u>(264,685)</u> | <u>4,103,379</u> |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

## Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets  
For the Year Ended December 31, 2010

|  | Water and<br>Sewer | Garbage  | Emergency<br>911 | Totals    |
|--|--------------------|----------|------------------|-----------|
| Operating Revenues                     |                    |          |                  |           |
| Charges for Sales and Services         | \$ 2,427,945       | 628,108  | 89,684           | 3,145,737 |
| Operating Expenses                     |                    |          |                  |           |
| Administration                         | 229,083            | 88,160   |                  | 317,243   |
| Operations                             | 1,434,830          | 541,527  | 18,889           | 1,995,246 |
| Capital Outlay                         | 39,005             |          |                  | 39,005    |
| Depreciation and Amortization          | 119,627            |          | 92,178           | 211,805   |
| Total Operating Expenses               | 1,822,545          | 629,687  | 111,067          | 2,563,299 |
| Operating Income (Loss)                | 605,400            | (1,579)  | (21,383)         | 582,438   |
| Nonoperating Revenues (Expenses):      |                    |          |                  |           |
| Investment Earnings                    |                    |          | 2,029            | 2,029     |
| Property Taxes                         |                    | 42,547   |                  | 42,547    |
| Interest Expense and Fiscal Charges    | (41,344)           |          | (24,269)         | (65,613)  |
| Total Nonoperating Revenues (Expenses) | (41,344)           | 42,547   | (22,240)         | (21,037)  |
| Income (Loss) before Transfers         | 564,056            | 40,968   | (43,623)         | 561,401   |
| Interfund Transfers                    |                    |          | 85,325           | 85,325    |
| Change in Net Assets                   | 564,056            | 40,968   | 41,702           | 646,726   |
| Net Assets                             |                    |          |                  |           |
| Beginning, as Restated                 | 3,773,914          | (10,874) | (306,387)        | 3,456,653 |
| Ending                                 | \$ 4,337,970       | 30,094   | (264,685)        | 4,103,379 |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2010

|   | Water and<br>Sewer | Garbage   | Emergency<br>911 | Totals      |
|---|--------------------|-----------|------------------|-------------|
| Cash Flows from Operating Activities                      |                    |           |                  |             |
| Receipts from Customers and Users                         | \$ 2,357,635       | 611,452   | 89,684           | 3,058,771   |
| Payments to Suppliers                                     | (1,461,192)        | (605,164) | (18,889)         | (2,085,245) |
| Payments to or on Behalf of Employees                     | (165,113)          | (41,096)  |                  | (206,209)   |
| Net Cash Provided (Used) by Operating Activities          | 731,330            | (34,808)  | 70,795           | 767,317     |
| Cash Flows from Noncapital Financing Activities           |                    |           |                  |             |
| Change in Interfund Payables                              | 125,000            | (5,991)   | 131,738          | 250,747     |
| Interfund Transfer Received                               |                    |           | 85,325           | 85,325      |
| Property Taxes Received                                   |                    | 40,885    |                  | 40,885      |
| Net Cash Provided by Financing Activities                 | 125,000            | 34,894    | 217,063          | 376,957     |
| Cash Flows from Capital and Related Financing Activities  |                    |           |                  |             |
| Acquisition and Construction of Capital Assets            |                    |           | (49,299)         | (49,299)    |
| Principal Paid on Capital Debt                            | (485,926)          |           | (170,453)        | (656,379)   |
| Interest Paid on Capital Debt                             | (45,224)           |           | (50,723)         | (95,947)    |
| Net Cash Used by Capital and Related Financing Activities | (531,150)          | -         | (270,475)        | (801,625)   |
| Cash Flows from Investing Activities                      |                    |           |                  |             |
| Interest Received   |                    |           | 2,029            | 2,029       |
| Net Increase in Cash and Cash Equivalents                 | 325,180            | 86        | 19,412           | 344,678     |
| Cash and Cash Equivalents, Beginning                      | 944,306            |           | 15,134           | 959,440     |
| Cash and Cash Equivalents, Ending                         | \$ 1,269,486       | 86        | 34,546           | 1,304,118   |
| Cash and Equivalents consist of the following:            |                    |           |                  |             |
| Cash and Equivalents                                      | \$ 973,127         | 86        | 34,546           | 1,007,759   |
| Cash Restricted for Debt Service                          | 296,359            |           |                  | 296,359     |
|   | \$ 1,269,486       | 86        | 34,546           | 1,304,118   |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2010

|   | Water and<br>Sewer | Garbage  | Emergency<br>911 | Totals   |
|---|--------------------|----------|------------------|----------|
| Reconciliation of Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities        |                    |          |                  |          |
| Operating Income (Loss)   | \$ 605,400         | (1,579)  | (21,383)         | 582,438  |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided (Used) by Operating Activities |                    |          |                  |          |
| Depreciation and Amortization   | 119,627            |          | 92,178           | 211,805  |
| Change in Accounts Receivable   | (70,310)           | (16,656) |                  | 124,839  |
| Change in Accounts Payable  | 73,279             | (17,587) |                  | (31,274) |
| Change in Accrued Payroll   | 28                 | (20)     |                  | 55,700   |
| Change in Compensated Absences Payable  | 3,306              | 1,034    |                  | 4,348    |
| Total Adjustments   | 125,930            | (33,229) | 92,178           | 365,418  |
| Net Cash Provided (Used) by Operating<br>Activities   | \$ 731,330         | (34,808) | 70,795           | 767,317  |

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Pension Trust Funds

Statement of Fiduciary Net Assets  
December 31, 2010

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Assets

|                                       |                  |
|---------------------------------------|------------------|
| Cash and Cash Equivalents             | \$ 215,175       |
| Interest Receivable                   | 30,046           |
| Due from General Fund                 | 3,593            |
| Investments, at Fair Value            |                  |
| U.S. Governmental Agencies Securities | 3,332,220        |
| State and Local Government Securities | 974,657          |
| Illinois Funds                        | 12,406           |
| Mutual Funds and Equities             | <u>4,857,668</u> |
| <br>Total Assets                      | <br>9,425,765    |

Liabilities

4,014

Net Assets Held in Trust For Pension Benefits

\$ 9,421,751

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

**VILLAGE OF LYONS, ILLINOIS**

Pension Trust Funds

Statement of Changes in Fiduciary Net Assets  
For the Year Ended December 31, 2010

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Additions

Contributions

|                     |                |
|---------------------|----------------|
| Employer            | \$ 219,169     |
| Plan Members        | 186,541        |
| Total Contributions | <u>405,710</u> |

|                                       |                  |
|---------------------------------------|------------------|
| State and Local Government Securities | 250,909          |
| Mutual Funds and Equities             | 872,709          |
|                                       | <u>1,123,618</u> |

|                         |                  |
|-------------------------|------------------|
| Less Investment Expense | (27,008)         |
| Net Investment Earnings | <u>1,096,610</u> |

|                 |                  |
|-----------------|------------------|
| Total Additions | <u>1,502,320</u> |
|-----------------|------------------|

Deductions

|                |                  |
|----------------|------------------|
| Administration | 19,362           |
| Benefits       | <u>1,003,831</u> |

|                  |                  |
|------------------|------------------|
| Total Deductions | <u>1,023,193</u> |
|------------------|------------------|

|                      |         |
|----------------------|---------|
| Change in Net Assets | 479,127 |
|----------------------|---------|

Net Assets Held in Trust For Pension Benefits

|                        |                  |
|------------------------|------------------|
| Beginning, as Restated | <u>8,942,624</u> |
|------------------------|------------------|

|        |                            |
|--------|----------------------------|
| Ending | <u><u>\$ 9,421,751</u></u> |
|--------|----------------------------|

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 1. Summary of Significant Accounting Policies

The financial statements of the Village of Lyons, Illinois (Village), have been prepared in conformity with 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.

#### A. Reporting Entity

The Village is a municipal corporation governed by a seven member board consisting of six trustees and the mayor.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity." The financial reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

#### Discretely Presented Component Unit

The Lyon's Public Library provides library services to residents of the Village. The members of the board are elected by the public. However, the Library is fiscally dependent upon the Village because the Village's board accepts the Library's budget and tax levies and must approve any debt issuances. Separate audited financial statements as of December 31, 2010 are available from the Lyons Public Library, 4209 Joliet Avenue, Lyons, Illinois 60534.

#### Blended Component Units

The Village reports the following two Pension Trust funds:

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

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



## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 1. Summary of Significant Accounting Policies (Cont.)

#### B. 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 number of funds are maintained consistent with legal and managerial requirements.

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

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

**Proprietary funds** are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the Village (Internal Service Funds). Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds," the Village has chosen to apply all GASB pronouncements as well as those pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 to account for proprietary funds.

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

#### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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 the Financial Statements  
December 31, 2010

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### 1. Summary of Significant Accounting Policies (Cont.)

#### C. Government-Wide and Fund Financial Statements (Cont.)

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:

The **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.

The **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 had previously been reported in separate Special Revenue and Debt Service Funds.

The **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.

The **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:

The **Water and Sewer Fund** accounts for the delivery of water and collection and treatment of sewerage for Village residents.

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

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

Additionally, the Village reports the following fund types:

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

#### D. Measurement Focus, Basis of Accounting and Basis of 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 1. Summary of Significant Accounting Policies (Cont.)

#### D. Measurement Focus, Basis of Accounting and Basis of Presentation (Cont.)

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 measurable 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 for property taxes). Due to 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 measurable 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 "measurable" 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.

#### E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that capital outlays are budgeted in enterprise funds, while depreciation is not budgeted. 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 fiscal year end.

#### F. Cash and Investments

##### *Cash and Cash Equivalents*

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

##### *Investments*

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

# VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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## 1. Summary of Significant Accounting Policies (Cont.)

### G. 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 fund" (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.

### H. Prepaid Items

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

### I. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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 is 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 |

### J. Compensated Absences

The Village's employees earn vacation leave annually which is to be used in the following calendar year. An employee is paid for any unused vacation leave upon separation. A liability has been reflected in the government-wide and proprietary fund financial statements as accrued compensated absences. The total amount of compensated absences has been shown as due within one year since the Village policy does not allow a 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 1. Summary of Significant Accounting Policies (Cont.)

#### K. 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, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### L. Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. The Unrestricted Net Assets of Governmental Activities include deficits resulting from issuance of TIF Debt, as the proceeds from TIF Debt did not generally result in Capital Assets of the Village.

#### M. 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.

#### N. 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. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation, and have been restated for restatements discussed in Note 14.

### 2. Legal Compliance and Accountability

#### A. Budgets

All departments of the Village submit requests for appropriation 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 2. Legal Compliance and Accountability (Cont.)

#### A. Budgets (Cont.)

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, 2010, expenditures exceeded budget, exclusive of depreciation, in the following funds:

|                                       |            |
|---------------------------------------|------------|
| Economic Development Fund             |            |
| TIF #1 Operations                     | \$ 112,000 |
| TIF #1 Debt Service                   | 1,195,418  |
| TIF #2 Operations                     | 12,553     |
| TIF #2 Debt Service                   | 399,682    |
| TIF #3 Operations                     | 3,124,579  |
| TIF #4 Operations                     | 30,386     |
| General Debt Service Fund             | 113,022    |
| Proprietary Fund - Emergency 911 Fund | 79,917     |

The expenditures in the Economic Development Fund were financed through the proceeds of debt, advances from other funds, and reductions in fund balances. The transactions relating to debt discussed in Note 10 were not included in the Village's budget, but the Village appropriated these expenditures through the debt issuance.

#### C. Deficit Fund Balance

As of December 31, 2010, the following fund had a deficit fund balance:

|                                  | <u>Deficit</u> |
|----------------------------------|----------------|
| Proprietary Fund - Emergency 911 | \$ 264,685     |

This deficit has been funded by loans from the General and Capital Improvement Funds.

### 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,

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 3. Deposits and Investments (Cont.)

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 .123% at December 31, 2010. 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, 2010, the Village held \$1,663,893 in Illinois Funds 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 at 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 .55% at December 31, 2010. IMET issues a publicly available financial report that may be obtained at [www.investimet.com](http://www.investimet.com) or by writing to IMET, 1220 Oak Brook Road, Oak Brook, Illinois 60523. At December 31, 2010, the Village held \$8,055 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 consisting of United States Government Securities. The yield on this fund was 0.01% at December 31, 2010. The balance in these accounts was \$768,894 at December 31, 2010.

#### A. Deposits

The Village's cash and cash equivalents were invested as follows at December 31, 2010:

|                                 |    |           |                  |
|---------------------------------|----|-----------|------------------|
| Cash on Hand                    |    | \$        | 2,427            |
| Bank Accounts                   |    |           | 6,325,140        |
| Money Market Funds              |    |           |                  |
| Illinois Funds                  | \$ | 1,663,893 |                  |
| IMET                            |    | 8,055     |                  |
| Goldman Financial Square        |    | 768,894   |                  |
|                                 |    |           | <u>2,440,843</u> |
| Total Money Market Funds        |    |           | <u>2,440,843</u> |
| Total Cash and Cash Equivalents |    | \$        | <u>8,765,983</u> |

At year end the carrying amount of the Village's deposits totaled \$6,325,140 and the bank balances totaled \$6,535,166. Of this amount, \$3,280,639 was 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. As of December 31, 2010, deposits of \$3,254,527 were neither collateralized by pledged securities or deposit insurance.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

### 3. Deposits and Investments (Cont.)

#### A. Deposits (Cont.)

At December 31, 2010, the Lyons Public Library's deposits totaled \$319,869, and the bank balance was \$353,272.

#### B. Investments

At December 31, 2010, the Village's Police Pension Fund investments were as follows:

| <u>Investment Type</u>  | <u>Fair Value</u>   | <u>Less Than One Year</u> | <u>1 to 5 Years</u> | <u>6 to 10 Years</u> | <u>More Than 10 Years</u> |
|---|---------------------|---------------------------|---------------------|----------------------|---------------------------|
| U.S. Treasury Notes   | \$ 812,384          |                           | 651,561             | 160,823              |                           |
| U.S. Treasury Strips  | 264,829             |                           |                     | 264,829              |                           |
| Federal Home Loan Bank<br>Federal Home Loan<br>Mortgage Corp. | 460,845             | 129,845                   | 50,469              |                      | 280,531                   |
| Federal National Mortgage<br>Assn.                            | 600,396             | 213,381                   | 107,406             | 279,609              |                           |
| Federal Farm Credit Bank                                      | 125,625             | 125,625                   |                     |                      |                           |
| Governmental National<br>Mortgage                             | 988,086             | 126,289                   | 659,953             | 201,844              |                           |
| State and Local Obligations                                   | 80,055              |                           |                     | 48,087               | 31,968                    |
|   | 974,657             | 52,181                    | 399,191             | 478,690              | 44,595                    |
|   | <u>\$ 4,306,877</u> | <u>647,321</u>            | <u>1,868,580</u>    | <u>1,433,882</u>     | <u>357,094</u>            |

Investments in securities of U.S. Government agencies were rated AAA or better by Standard & Poor's, or Aaa by Moody's Investor Services.

#### *Credit Risk - Concentration*

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

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

| <u>Equity Mutual Funds</u> | <u>Fair Value</u>   | <u>Percentage</u> |
|----------------------------|---------------------|-------------------|
| Large-Cap Equity Funds     | \$ 1,137,764        | 23%               |
| Small-Cap Equity Funds     | 575,135             | 12%               |
| International Equity Funds | 545,833             | 11%               |
| Schwab One Trust Account   | <u>2,598,936</u>    | 54%               |
|                            | <u>\$ 4,857,668</u> |                   |

#### *Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from rising 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's weighted average life at December 31, 2010 was 39 months. The Village assumes that its callable investments will not be called.



## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

### 3. Deposits and Investments (Cont.)

#### B. Investments (Cont.)

##### *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 which are federally insured, collateralized or backed by the United States of America. The Finance Director considers each bank's credit worthiness when making deposits. 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.

### 4. Receivables - Taxes

Property taxes for 2009 attach as an enforceable lien on January 1, 2009, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are to be prepared by the County and issued on or about February 1, 2010 and July 1, 2010, and are to be payable in two installments on or about March 1, 2010 and August 1, 2010. The County collects such taxes and remits them periodically. For the 2009 levy collected in 2010, the second installment was not due until December 13. 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.

### 5. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

| GOVERNMENTAL ACTIVITIES                        | Beginning<br>Balance | Increases | Decreases | Ending<br>Balance |
|--|----------------------|-----------|-----------|-------------------|
| Capital Assets Not Being Depreciated           |                      |           |           |                   |
| Land   | \$ 14,594,058 *      |           |           | 14,594,058        |
| Capital Assets Being Depreciated               |                      |           |           |                   |
| Buildings and Improvements                     | 15,737,470           |           |           | 15,737,470        |
| Vehicles and Equipment                         | 1,899,122            |           |           | 1,899,122         |
| Infrastructure                                 | 3,652,779            | 126,386   | 5,093     | 3,774,072         |
| Total Capital Assets Being<br>Depreciated      | 21,289,371           | 126,386   | 5,093     | 21,410,664        |
| Less Accumulated Depreciation for              |                      |           |           |                   |
| Buildings and Improvements                     | 537,071              | 186,917   |           | 723,988           |
| Vehicles and Equipment                         | 1,348,102            | 79,714    |           | 1,427,816         |
| Infrastructure                                 | 1,102,677            | 45,660    | 5,093     | 1,143,244         |
| Total Accumulated Depreciation                 | 2,987,850            | 312,291   | 5,093     | 3,295,048         |
| Total Capital Assets Being<br>Depreciated, Net | 18,301,521           | (185,905) | -         | 18,115,616        |
| GOVERNMENTAL ACTIVITIES<br>CAPITAL ASSETS, NET | \$ 32,895,579        | (185,905) | -         | 32,709,674        |

\* Land has been restated to include two parcels previously reported as Land Held for Resale in the governmental fund financial statements. Refer to Note 15 for additional disclosure. Total restatement is \$574,000.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

5. Capital Assets (Cont.)

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

|                    |                   |
|--------------------|-------------------|
| General Government | \$ 168,475        |
| Public Safety      | 62,314            |
| Public Works       | <u>81,502</u>     |
|                    | <u>\$ 312,291</u> |

| BUSINESS-TYPE ACTIVITIES                        | Beginning<br>Balance | Increases        | Decreases | Ending<br>Balance |
|---|----------------------|------------------|-----------|-------------------|
| Capital Assets Not Being Depreciated            |                      |                  |           |                   |
| Land  | \$ 91,021            |                  |           | 91,021            |
| Capital Assets Being Depreciated                |                      |                  |           |                   |
| Buildings and Improvements                      | 280,609              |                  |           | 280,609           |
| Vehicles and Equipment                          | 593,689              | 49,300           |           | 642,989           |
| Infrastructure                                  | 5,286,749            |                  |           | 5,286,749         |
|   | <u>6,161,047</u>     | <u>49,300</u>    | <u>-</u>  | <u>6,210,347</u>  |
| Less Accumulated Depreciation                   |                      |                  |           |                   |
| Buildings and Improvements                      | 74,486               | 9,355            |           | 83,841            |
| Vehicles and Equipment                          | 91,413               | 97,031           |           | 188,444           |
| Infrastructure                                  | 1,918,280            | 98,063           |           | 2,016,343         |
|   | <u>2,084,179</u>     | <u>204,449</u>   | <u>-</u>  | <u>2,288,628</u>  |
| Total Capital Assets Being<br>Depreciated, Net  | <u>4,076,868</u>     | <u>(155,149)</u> | <u>-</u>  | <u>3,921,719</u>  |
| BUSINESS-TYPE ACTIVITIES<br>CAPITAL ASSETS, NET | <u>\$ 4,167,889</u>  | <u>(155,149)</u> | <u>-</u>  | <u>4,012,740</u>  |

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

|                 |                   |
|-----------------|-------------------|
| Water and Sewer | \$ 112,271        |
| Emergency 911   | <u>92,178</u>     |
|                 | <u>\$ 204,449</u> |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

5. Capital Assets (Cont.)

| COMPONENT UNIT - PUBLIC LIBRARY                        | Beginning<br>Balance | Increases | Decreases | Ending<br>Balance |
|--|----------------------|-----------|-----------|-------------------|
| Capital Assets Not Being Depreciated                   |                      |           |           |                   |
| Land   | \$ 458,155           |           |           | 458,155           |
| Construction in Progress                               | 138,709              |           | 138,709   |                   |
| Total Capital Assets Not Being Depreciated             | 596,864              | -         | 138,709   | 458,155           |
| Capital Assets Being Depreciated                       |                      |           |           |                   |
| Buildings and Improvements                             | 164,536              | 169,948   |           | 334,484           |
| Furniture and Equipment                                | 249,724              | 3,439     |           | 253,163           |
| Equipment  | 128,877              | 9,732     |           | 138,609           |
| Library Collection                                     | 249,946              | 71,277    | 44,350    | 276,873           |
| Total Capital Assets Being Depreciated                 | 793,083              | 254,396   | 44,350    | 1,003,129         |
| Less Accumulated Depreciation for                      |                      |           |           |                   |
| Buildings and Improvements                             | 28,433               | 21,961    |           | 50,394            |
| Furniture and Equipment                                | 232,280              | 6,639     |           | 238,919           |
| Equipment  | 95,231               | 12,127    |           | 107,358           |
| Library Collection                                     | 91,812               | 49,990    | 44,350    | 97,452            |
| Total Accumulated Depreciation                         | 447,756              | 90,717    | 44,350    | 494,123           |
| Total Capital Assets Being Depreciated, Net            | 345,327              | 163,679   | -         | 509,006           |
| COMPONENT UNIT - PUBLIC LIBRARY<br>CAPITAL ASSETS, NET | \$ 942,191           | 163,679   | 138,709   | 967,161           |

6. 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. The Village has purchased insurance from private insurance companies, 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.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

7. Interfund Transactions

A. Interfund balances at December 31, 2010 consist of the following:

Due to/from Other Funds

| Receivable Fund     | Payable Fund          | Amount              |
|---------------------|-----------------------|---------------------|
| General             | Economic Development  | \$ 822,647          |
|                     | Water and Sewer       | 125,000             |
|                     | Garbage               | 50,620              |
|                     | Emergency 911         | 131,738             |
|                     | Firefighters' Pension | 4,014               |
|                     |                       | <u>1,134,019</u>    |
| Capital Improvement | Emergency 911         | 295,068             |
| Police Pension      | General               | 3,593               |
|                     |                       | <u>\$ 1,432,680</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.

The balance due from the Economic Development Fund to the General Fund consists of the following:

|                 |                   |
|-----------------|-------------------|
| TIF District #1 | \$ 182,291        |
| TIF District #2 | 217,586           |
| TIF District #3 | 19,000            |
| TIF District #4 | 403,770           |
|                 | <u>\$ 822,647</u> |

B. Transfers

| Receiving Fund       | Transferring Fund    | Amount              |
|----------------------|----------------------|---------------------|
| General              | Economic Development | \$ 1,256,257        |
|                      | Capital Improvement  | 220,000             |
|                      |                      | <u>1,476,257</u>    |
| Economic Development | Economic Development | 338,440             |
| Debt Service         | General              | 700,659             |
| Emergency 911        | General              | 85,325              |
|                      |                      | <u>\$ 2,600,681</u> |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 7. Interfund Transactions (Cont.)

#### B. Transfers (Cont.)

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

|                 |                     |
|-----------------|---------------------|
| TIF District #1 | \$ 1,048,908        |
| TIF District #2 | 149,041             |
| TIF District #3 | 39,308              |
| TIF District #4 | <u>19,000</u>       |
|                 | <u>\$ 1,256,257</u> |

In addition to the above transfers, within the Economic Development Fund, \$150,000 was transferred from TIF District #1 to TIF District #2 to fund the deficit in District #2, and \$188,440 was transferred from TIF District #3 to TIF District #4 for reimbursement of prior costs.

### 8. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government 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.

### 9. Line of Credit Agreement

The Village has available a line of credit note originally dated February 24, 2009 and renewed on February 24, 2010 to a maturity of February 24, 2011. Maximum borrowings under the agreement are \$750,000, and interest is payable on the outstanding balance at a rate of prime less one-half percent. The outstanding balance of \$500,000 at December 31, 2009 did not change during 2010. Effective in 2010, the liability is reported in the General Fund. The line is secured by cash accounts held by the lender.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt

A. Long-Term Debt Summary

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

|  | Beginning<br>Balances<br>(Restated) | Additions        | Reductions       | Ending<br>Balances | Due Within<br>One Year |
|--|-------------------------------------|------------------|------------------|--------------------|------------------------|
| <b>Governmental Activities</b>               |                                     |                  |                  |                    |                        |
| Tax Supported Debt                           | \$ 13,835,998                       |                  | 862,582          | 12,973,416         | 684,843                |
| Tax Increment Debt                           | 9,660,104                           | 9,069,027        | 4,841,445        | 13,887,686         | 388,686                |
| Net Pension Obligations                      | 1,881,505                           | 624,305          |                  | 2,505,810          |                        |
| Compensated Absences                         | 1,025,107                           | 54,891           |                  | 1,079,998          | 1,079,998              |
| Other Post-Employment<br>Benefits Obligation | 373,432                             | 199,600          |                  | 573,032            |                        |
|  | <u>26,776,146</u>                   | <u>9,947,823</u> | <u>5,704,027</u> | <u>31,019,942</u>  | <u>2,153,527</u>       |
| <b>Business-type Activities</b>              |                                     |                  |                  |                    |                        |
| Revenue Supported Debt                       | 1,616,816                           |                  | 656,379          | 960,437            | 480,828                |
| Compensated Absences                         | 55,345                              | 4,340            |                  | 59,685             | 11,937                 |
|  | <u>1,672,161</u>                    | <u>4,340</u>     | <u>656,379</u>   | <u>1,020,122</u>   | <u>492,765</u>         |
| <b>Component Unit - Public Library</b>       |                                     |                  |                  |                    |                        |
| General Fund Debt                            | 270,000                             |                  | 10,000           | 260,000            | 10,000                 |
|  | <u>\$ 28,718,307</u>                | <u>9,952,163</u> | <u>6,370,406</u> | <u>32,300,064</u>  | <u>2,656,292</u>       |

The beginning debt balances reflect the prior period adjustment for certain debt that was not reflected on the Village's 2009 annual report. See following for additional information.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt (Cont.)

B. Tax Supported Debt

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

|  | Beginning<br>Balances | Issuance | Retirements | Ending<br>Balances | Due Within<br>One Year |
|--|-----------------------|----------|-------------|--------------------|------------------------|
| General Obligation Bonds of 2003, due in one annual installment of \$85,000 plus interest at 4.40% on January 1, 2010.                             | \$ 85,000             |          | 85,000      |                    |                        |
| General Obligation Bonds of 2005, due in annual installments of \$250,000 to \$500,000 plus interest at 3.40% to 5.625% through December 15, 2026. | 6,215,000             |          | 260,000     | 5,955,000          | 270,000                |
| General Obligation Bonds of 2009A, due in annual installments of \$90,000 to \$115,000 plus interest at 2.20% to 4.00% through December 15, 2019.  | 1,030,000             |          | 105,000     | 925,000            | 90,000                 |
| 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.           | 4,000,000             |          | 155,000     | 3,845,000          | 160,000                |
| 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.         | 1,885,000             |          | 70,000      | 1,815,000          | 70,000                 |
| Land Loan of 2007, due in monthly installments of \$3,178 including principal and interest at 6.25% through January 1, 2015.                       | 165,364               |          | 28,478      | 136,886            | 30,336                 |
| Fire Truck Loan of 2007, due in quarterly installments of \$19,373 including principal and interest at 4.70% through February 8, 2015.             | 358,053               |          | 61,523      | 296,530            | 64,507                 |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt (Cont.)

B. Tax Supported Debt (Cont.)

|   | Beginning<br>Balances | Issuance | Retirements    | Ending<br>Balances | Due Within<br>One Year |
|---|-----------------------|----------|----------------|--------------------|------------------------|
| Installment Note of 2008, due in annual installments of \$97,581 plus interest at 6.00% through October 17, 2010. | 97,581                |          | 97,581         |                    |                        |
|   | <u>\$ 13,835,998</u>  | <u>-</u> | <u>862,582</u> | <u>12,973,416</u>  | <u>684,843</u>         |

C. TIF Supported Debt

|   | Funding<br>Source | Beginning<br>Balances | Issuances | Retirements | Ending<br>Balances | Due Within<br>One Year |
|---|-------------------|-----------------------|-----------|-------------|--------------------|------------------------|
| Alternate Revenue Bonds of 2003, due in annual installments of \$15,000 to \$95,000 plus interest at 3.85% to 5.00% through January 1, 2023.  | TIF #1            | \$ 760,000            |           | 25,000      | 735,000            | 25,000                 |
| Junior Lien Revenue Bonds of 2006, due as incremental taxes are available plus interest at 7% through December 31, 2024. Partially retired October 10, 2010, balance retired January 3, 2011. | TIF #1            | 957,945               |           | 649,259     | 308,686            | 308,686                |
| Second Junior Lien Revenue Bonds of 2004, due as incremental taxes are available plus interest at 7% through December 1, 2024. Retired on October 10, 2010. (b)                               | TIF #1            | 314,768               |           | 314,768     |                    |                        |
| Alternate Revenue Bonds of 2002, due in annual installments of \$55,000 to \$150,000 plus interest at 3.00% to 4.85% through January 1, 2022.   | TIF #2            | 1,215,000             |           | 55,000      | 1,160,000          | 55,000                 |
| Junior Lien Revenue Bonds of 2007, Series A and B, due as incremental taxes are received plus interest at 7.0% through December 2024. Retired on October 10, 2010.                            | TIF #2            | 398,285               |           | 398,285     |                    |                        |



**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt (Cont.)

C. TIF Supported Debt (Cont.)

|  | Funding Source | Beginning Balances  | Issuances        | Retirements      | Ending Balances   | Due Within One Year |
|--|----------------|---------------------|------------------|------------------|-------------------|---------------------|
| Senior Lien Revenue Bonds of 2004, due as incremental taxes are received plus interest at 7.0% through January 1, 2024. Retired October 10, 2010. (a)    | TIF #3         | 1,557,833           |                  | 1,557,833        |                   |                     |
| Junior Lien Revenue Bonds of 2005, due as incremental taxes are available plus interest at 7% through December 2024. (b,c)                               | TIF #3         | 1,033,485           |                  | 1,033,485        |                   |                     |
| Junior Lien Revenue Bonds of 2007, due as incremental taxes are available plus interest at 7% through December 2024. (b,c)                               | TIF #3         | 216,514             |                  | 216,514          |                   |                     |
| Senior Lien Revenue Bonds of 2008, due as incremental taxes are received plus interest at 7.0% through December 31, 2016.                                | TIF #4         | 2,684,000           |                  |                  | 2,684,000         |                     |
| General Obligation Debt Certificates of 2010, due in annual installments of from \$100,000 to \$915,000, plus interest at 2.75% through January 1, 2027. | TIF #1         |                     | 2,550,000        |                  | 2,550,000         |                     |
|  | TIF #2         |                     | 450,000          |                  | 450,000           |                     |
|  | TIF #3         |                     | 3,050,000        |                  | 3,050,000         |                     |
|  | TIF #4         |                     | 2,950,000        |                  | 2,950,000         |                     |
| Deferred Interest for Tax Increment Revenue Bonds. (b,c)   | TIF #1         | 131,054             |                  | 131,054          |                   |                     |
|  | TIF #2         | 19,211              |                  | 19,211           |                   |                     |
|  | TIF #3         | 372,009             | 69,027           | 441,036          |                   |                     |
|  |                | <u>\$ 9,660,104</u> | <u>9,069,027</u> | <u>4,841,445</u> | <u>13,887,686</u> | <u>388,686</u>      |

(a) Beginning balance previously reported as \$1,462,833, restated as per Note 15.

(b) Beginning balance not previously reported, restated as per Note 15.

(c) Retirement - Subject to redemption per Court Order, via payment to escrow account. Escrow account was funded on February 22, 2011, with a transfer from Restricted Cash in the amount of \$1,691,035.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt (Cont.)

D. 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<br>Balances | Issuance | Retirements    | Ending<br>Balances | Due Within<br>One Year |
|--|-----------------------|----------|----------------|--------------------|------------------------|
| Alternate Revenue Bonds of 1997, due in annual installments of \$280,000 to \$475,000 plus interest at 4.90% to 5.00% through May 1, 2012. | \$ 1,145,000          |          | 475,000        | 670,000            | 390,000                |
| International Truck Loan of 2005, due in semi-annual installments of \$5,651 including interest at 4.54% through August 19, 2010.          | 10,926                |          | 10,926         |                    |                        |
| E-911 Equipment Loan of 2009, due in annual installments of \$109,561 including interest at 6.45% through December 1, 2013.                | 460,890               |          | 170,453        | 290,437            | 90,828                 |
|  | <u>\$ 1,616,816</u>   | -        | <u>656,379</u> | <u>960,437</u>     | <u>480,828</u>         |

E. Current Year Activity

The Village issued Debt Certificates in 2010 to fund the following three objectives:

1. Refinance higher rate revenue bonds for debt service savings.
2. Fund cash flow deficits resulting from previous spending for certain TIF expenses.
3. Fund the project fund to complete the Veteran's Park project.

The Debt Certificates are intended to be repaid from Tax Increment Funds. However, they were issued with a general obligation pledge to allow the Village to borrow at the lowest possible costs to maximize the projects that could be completed. The Village realized approximately \$1.4 million in present value savings by refunding the outstanding TIF bonds.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

10. Long-Term Debt (Cont.)

F. Future Debt Maturities

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

|      | Governmental Activities |                  |                    |                  | Business-Type  |               | Total             |                   |
|------|-------------------------|------------------|--------------------|------------------|----------------|---------------|-------------------|-------------------|
|      | Tax Supported Debt      |                  | TIF Supported Debt |                  | Activities     |               | Principal         | Interest          |
|      | Principal               | Interest         | Principal          | Interest         | Principal      | Interest      |                   |                   |
| 2011 | \$ 684,843              | 560,700          | 388,686            | 447,583          | 480,828        | 42,483        | 1,554,357         | 1,050,766         |
| 2012 | 719,905                 | 536,564          | 195,000            | 513,339          | 376,686        | 19,875        | 1,291,591         | 1,069,778         |
| 2013 | 740,339                 | 782,101          | 545,000            | 502,917          | 102,923        | 6,639         | 1,388,262         | 1,291,657         |
| 2014 | 771,024                 | 480,656          | 610,000            | 485,512          |                |               | 1,381,024         | 966,168           |
| 2015 | 707,305                 | 451,622          | 670,000            | 466,186          |                |               | 1,377,305         | 917,808           |
| 2016 | 700,000                 | 425,146          | 710,000            | 445,152          |                |               | 1,410,000         | 870,298           |
| 2017 | 735,000                 | 397,325          | 740,000            | 422,827          |                |               | 1,475,000         | 820,152           |
| 2018 | 760,000                 | 367,650          | 959,000            | 399,324          |                |               | 1,719,000         | 766,974           |
| 2019 | 790,000                 | 336,248          | 1,045,000          | 361,707          |                |               | 1,835,000         | 697,955           |
| 2020 | 705,000                 | 303,237          | 1,070,000          | 318,382          |                |               | 1,775,000         | 621,619           |
| 2021 | 730,000                 | 273,331          | 1,100,000          | 273,896          |                |               | 1,830,000         | 547,227           |
| 2022 | 750,000                 | 241,739          | 1,125,000          | 228,025          |                |               | 1,875,000         | 469,764           |
| 2023 | 870,000                 | 208,386          | 1,155,000          | 182,450          |                |               | 2,025,000         | 390,836           |
| 2024 | 890,000                 | 163,737          | 1,165,000          | 138,856          |                |               | 2,055,000         | 302,593           |
| 2025 | 910,000                 | 118,022          | 710,000            | 102,450          |                |               | 1,620,000         | 220,472           |
| 2026 | 925,000                 | 70,447           | 720,000            | 72,163           |                |               | 1,645,000         | 142,610           |
| 2027 | 445,000                 | 21,088           | 730,000            | 41,600           |                |               | 1,175,000         | 62,688            |
| 2028 | 140,000                 | 6,790            | 250,000            | 17,500           |                |               | 390,000           | 24,290            |
|      | <u>\$ 12,973,416</u>    | <u>5,744,789</u> | <u>13,887,686</u>  | <u>5,419,869</u> | <u>960,437</u> | <u>68,997</u> | <u>27,821,539</u> | <u>11,233,655</u> |

G. 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, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

|  |                       |
|--|-----------------------|
| Assessed Valuation per County Tax Levy         | \$ 249,595,386        |
| Add Exemptions                                 | <u>60,951,432</u>     |
| Total Assessed Valuation - 2009                | <u>\$ 310,546,818</u> |
| Legal Debt Limit - 8.625% of Assessed Value    | \$ 26,784,663         |
| Amount of Debt Applicable to Limit             |                       |
| General Obligation Bonds and Debt Certificates | <u>21,973,416</u>     |
| Legal Debt Margin                              | <u>\$ 4,811,247</u>   |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 11. 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.

### 12. Employee Retirement Systems

#### A. Illinois Municipal Retirement

The Village's defined pension benefit plan for regular employees provides retirement and disability benefits, post-retirement increases and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs.homepage](http://www.imrf.org/pubs/pubs.homepage) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

As set by statute, employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate used by the Village for calendar year 2010 was 11.24% of covered payroll. The employer annual required contribution for calendar 2010 was 12.22%. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2010 was 23 years.

For December 31, 2010, the Village's annual required contribution was \$247,323, and the actual contribution was \$227,489. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll over an open 30 year basis.

As of December 31, 2010, the most recent actuarial valuation date, the plan was 67.87% funded. The actuarial accrued liability for benefits was \$6,075,644 and the actuarial value of assets was \$4,123,685, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,951,959. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,023,923 and the ratio of the UAAL to the covered payroll was 96%.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 12. Employee Retirement Systems (Cont.)

#### B. Police and Firefighters' Pensions

##### *Plan Descriptions and Provisions*

##### Police Pension

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits 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. The Village accounts for the plan as a pension trust fund. The pension trust fund does not issue separate financial statements. The Village payroll for employees covered by the Police Pension Plan for the year ended December 31, 2010 was \$2,099,595. At December 31, 2010, the Police Pension Plan membership consisted of:

|   |           |
|---|-----------|
| Retirees and Beneficiaries Currently Receiving Benefits | 16        |
| Current Active Members - Vested                         | 22        |
| Current Active Member - Nonvested                       | <u>6</u>  |
|   | <u>44</u> |

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 and attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2½% of such salary for each additional year of service over 20 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after July 1, 1993 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 pension payable including increases previously granted.

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 July 1, 1993, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033.

VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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12. Employee Retirement Systems (Cont.)

B. Police and Firefighters' Pensions (Cont.)

*Plan Descriptions and Provisions (Cont.)*

Firefighters' Pension

Fire sworn personnel are 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 as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (Chapter 40-Article 5/4) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The pension trust fund does not issue separate financial statements. The Village's payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2010 was \$4,404,449. At December 31, 2010, the Firefighters' Pension Plan membership consisted of:

|   |                 |
|---|-----------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 1               |
| Current Active Members                                  | <u>0</u>        |
|   | <u><u>1</u></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 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2½% of such monthly salary for each additional month over 20 years of service to a maximum of 75% of such monthly salary. 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. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1986 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55, by 3% of the original pension for each year elapsed since retirement and 3% annually thereafter.

Covered employees are required to contribute 9.455% of their 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 July 1, 1993, the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded by the year 2033.

*Basis of Accounting*

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

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 12. Employee Retirement Systems (Cont.)

#### B. Police and Firefighters' Pensions (Cont.)

##### *Method Used to Value Investments*

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

##### *Significant Investments/Related Party Transactions*

The Village has no investments (other than U.S. government and U.S. government-guaranteed obligations) in any one organization that represent 5% or more of net assets available for benefits. There are no securities of the Village or any other related parties included in plan assets, including any loans.

The Village generally pays administrative costs, except for investment-related expenses which are paid by the Plans.

##### *Contributions*

Village contributions are determined annually by an actuarial study prepared by the Illinois Department of Insurance using the entry age normal cost method, amortized over a level percentage of payroll. The valuations for fiscal 2010 were prepared as of December 31, 2009. Significant assumptions used in the calculations include a) a 7.00% return on investments, b) projected salary increases of 5.5% per year, c) RP-2000 Combined Healthy Mortality Table, and e) 28 year (closed period) level dollar amortization of unfunded liability.

For the year ended December 31, 2010, Village contributions were as follows:

|  | <u>Police</u>       | <u>Firefighters</u> |
|--|---------------------|---------------------|
| Annual Required Contributions              | \$ 805,640          | 13,529              |
| Interest on Net Pension Obligation         |                     |                     |
| Adjustment to Annual Required Contribution |                     |                     |
| Annual Pension Cost                        | 805,640             | 13,529              |
| Contributions Made                         | 201,169             | 35,353              |
| Change in Net Pension Obligation (Asset)   | 604,471             | (21,824)            |
| Net Pension Obligation (Asset), Beginning  | 1,881,505           | (145,504)           |
| Net Pension Obligation (Asset), Ending     | <u>\$ 2,485,976</u> | <u>(167,328)</u>    |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

12. Employee Retirement Systems (Cont.)

C. Trend Information

|                                | Year | Illinois<br>Municipal<br>Retirement | Police<br>Pension | Firefighters'<br>Pension |
|--------------------------------|------|-------------------------------------|-------------------|--------------------------|
| Annual Pension Cost            | 2010 | \$ 247,323                          | 805,640           | 13,529                   |
|                                | 2009 | 233,361                             | 827,359           | 4,993                    |
|                                | 2008 | 237,353                             | 687,478           | 4,940                    |
| Actual Contributions           | 2010 | 227,489                             | 201,169           | 35,353                   |
|                                | 2009 | 233,361                             | 199,799           | 35,435                   |
|                                | 2008 | 237,353                             | 196,389           | 33,968                   |
| Percent Contributed            | 2010 | 92.0%                               | 24.97%            | 261.31%                  |
|                                | 2009 | 100.0%                              | 24.15%            | 709.69%                  |
|                                | 2008 | 100.0%                              | 28.57%            | 687.61%                  |
| Net Pension Obligation (Asset) | 2010 | \$ 19,834                           | 2,485,976         | (167,328)                |
|                                | 2009 |                                     | 1,881,505         | (145,504)                |
|                                | 2008 |                                     | 1,390,416         | (116,476)                |

See pages 63-64 for Schedules of Funding Progress and Employer Contributions.

D. Funded Status

At December 31, 2009 (latest actuarial valuation date), the funded status was as follows:

|   | Police<br>Pension | Firefighters'<br>Pension |
|---|-------------------|--------------------------|
| Actuarial Value of Assets                             | \$ 8,946,430      | 19,450                   |
| Actuarial Accrued Liability                           | 18,366,632        | 288,090                  |
| Unfunded Actuarial Liability                          | 9,420,202         | 268,640                  |
| Funded Ratio  | 48.71%            | 6.75%                    |
| Covered Payroll                                       | 2,099,595         | N/A                      |
| Unfunded Liability as a Percent of<br>Covered Payroll | 448.67%           | N/A                      |



**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

12. Employee Retirement Systems (Cont.)

E. Summary Financial Information of Pension Funds

|  | Police<br>Pension | Firefighters'<br>Pension |
|--|-------------------|--------------------------|
| Assets   |                   |                          |
| Cash and Cash Equivalents                                | \$ 213,957        | 1,218                    |
| Interest and Other Receivable                            | 33,639            |                          |
| Investments, at Fair Value                               | 9,164,545         | 12,406                   |
|  | 9,412,141         | 13,624                   |
| Liabilities - Due to General Fund                        |                   | 4,014                    |
| Net Assets Held in Trust for Pension Benefit             | \$ 9,412,141      | 9,610                    |
|  |                   |                          |
|  | Police<br>Pension | Firefighters'<br>Pension |
| Additions  |                   |                          |
| Contributions  |                   |                          |
| Employer   | \$ 186,239        | 32,930                   |
| Plan Members   | 186,541           |                          |
|  | 372,780           | 32,930                   |
| Investment Income  |                   |                          |
| Net Increase (Decrease) in Fair Value<br>of Investments  | 872,709           | (209)                    |
| Interest and Other Income (Net of<br>Investment Expense) | 224,088           | 22                       |
|  | 1,096,797         | (187)                    |
| Total Additions  | 1,469,577         | 32,743                   |
| Deductions   |                   |                          |
| Benefits and Administration                              | 984,186           | 39,007                   |
| Change in Net Assets                                     | 485,391           | (6,264)                  |
| Net Assets - Beginning, as Restated                      | 8,926,750         | 15,874                   |
| Net Assets - Ending                                      | \$ 9,412,141      | 9,610                    |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

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13. Other Post-Employment Benefits

In addition to the pension benefits described in Note 12, 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 afforded 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 not longer provided.

*Membership*

At April 30, 2010, the membership consists of the following:

|   |           |
|---|-----------|
| Retirees and Beneficiaries Currently Receiving Benefits | 9         |
| Active Non-vested Members                               | <u>60</u> |
| Total Membership  | <u>69</u> |

*Funding Policy*

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

*Annual OPEB Costs and Net OPEB Obligations*

The Village had an initial actuarial valuation performed for the plan as of April 30, 2009, to determine the funding status of the plan at that date, as well as the Village's annual required contribution (ARC) for the fiscal year ended April 30, 2010. The Village's annual OPEB cost for the year was \$1,184,159, which is equal to the ARC for the year as the transition liability was set at zero as of May 1, 2008. The Village's OPEB cost, the percentage of OPEB cost contributed to the plan, and net OPEB obligation for 2009 and 2008 are as follows:

| Fiscal<br>Year End | Annual<br>OPEB<br>Cost | Employer<br>Contributions | Annual<br>OPEB Cost<br>Contributions | Net OPEB<br>Obligation |
|--------------------|------------------------|---------------------------|--------------------------------------|------------------------|
| December 31, 2010  | \$ 218,500             | 18,900                    | 8.7%                                 | 573,032                |
| December 31, 2009  | 215,583                | 26,193                    | 12.1%                                | 373,432                |
| December 31, 2008  | 213,813                | 29,771                    | 13.9%                                | 184,042                |

Fiscal year 2009 was the year of implementation of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," and the Village elected to implement prospectively; therefore, comparative data for 2008 is not available.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

13. Other Post-Employment Benefits (Cont.)

*Annual OPEB Costs and Net OPEB Obligations (Cont.)*

**Annual OPEB Cost -**

|  |                         |
|--|-------------------------|
| Service Cost                           | \$ 218,500              |
| Amortization of Unfunded Liability     |                         |
| Interest Cost                          |                         |
|  | <hr/>                   |
| Total OPEB Cost                        | 218,500                 |
| Employer Contributions Made            | <hr/> (18,900)          |
|  |                         |
| Increase in the Net OPEB Obligation    | 199,600                 |
| Net OPEB Obligation, January 1, 2010   | <hr/> 373,432           |
|  |                         |
| Net OPEB Obligation, December 31, 2010 | <hr/> <u>\$ 573,032</u> |

**Funded Status and Funding Progress at April 30, 2009 -**

|   |                     |
|---|---------------------|
| Actuarial Accrued Liability (AAL)           | \$ 2,256,805        |
| Actuarial Value of Plan Assets              |                     |
|   | <hr/>               |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 2,256,805</u> |
|   |                     |
| Funded Ratio                                | 0%                  |
|   |                     |
| Covered Payroll                             | <hr/> N/A           |
|   |                     |
| UAAL as a Percentage of Covered Payroll     | <hr/> <u>N/A</u>    |

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

*Actuarial Methods and Assumptions*

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

In the April 30, 2009 actuarial valuation, the entry age normal cost method was applied. The actuarial assumptions included a discount rate of 5%, initial price healthcare inflation rate of 3.0%, wage inflation rate of 5.0%, 1994 Group Annuity Mortality Table, a 30-year amortization period for funding, and that 90% of eligible employees elect subsidized coverage.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2010

14. Prior Period Restatements

Fund Balances/Net Assets have been restated at January 1, 2010 as follows:

| <u>General Fund</u>  | <u>Reserved</u>     | <u>Unreserved</u>   | <u>Totals</u>       |
|--|---------------------|---------------------|---------------------|
| Balance, as Previously Reported  | \$ 299,020          | 1,992,018           | 2,291,038           |
| Record Line of Credit as a Fund Liability (1)                                  |                     | (500,000)           | (500,000)           |
| Record Adjustments to Accounts Payable, Net (2)                                |                     | 71,411              | 71,411              |
| Record Expenditures Erroneously Charged to Economic Development (TIF) Fund (3) |                     | (66,000)            | (66,000)            |
| Record Corrections to Property Taxes (4)                                       |                     | (218,353)           | (218,353)           |
| Record Correction to State Income Taxes (5)                                    |                     | 80,242              | 80,242              |
| Correct Classifications of Fund Balances (6)                                   | 2,173,595           | (2,173,595)         |                     |
| Balance, as Restated   | <u>\$ 2,472,615</u> | <u>(814,277)</u>    | <u>1,658,338</u>    |
| <br><u>Economic Development Fund</u>   |                     |                     |                     |
| Balance, as Previously Reported  | \$ 359,000          | 27,393              | 386,393             |
| Record Additional Payables (2)   |                     | (77,570)            | (77,570)            |
| Reverse Expenditures Which are Correctly Reported in General Fund (3)          |                     | 66,000              | 66,000              |
| Record Corrections to Property Taxes (4)                                       |                     | (27,055)            | (27,055)            |
| Remove Land Held for Resale (7)  | (359,000)           |                     | (359,000)           |
| Correct classifications of Fund Balances (8)                                   | 488,000             | (488,000)           |                     |
| Balance, as Restated   | <u>\$ 488,000</u>   | <u>(499,232)</u>    | <u>(11,232)</u>     |
| <br><u>Capital Improvement Fund</u>  |                     |                     |                     |
| Balance, as Previously Reported  | \$ 1,608,686        |                     | 1,608,686           |
| Remove Land Held for Resale (7)  | (215,000)           |                     | (215,000)           |
| Balance, as Restated   | <u>\$ 1,393,686</u> | <u>-</u>            | <u>1,393,686</u>    |
| <br><u>Debt Service Fund</u>   |                     |                     |                     |
| Balance, as Previously Reported  | \$                  | (393,966)           | (393,966)           |
| Adjustments to Accounts Payable (2)  |                     | 64,219              | 64,219              |
| Record Correction of Property Taxes (4)  |                     | (62,745)            | (62,745)            |
| Remove Other Liability, Not to be Paid (9)                                     |                     | 166,357             | 166,357             |
| Balance, as Restated   | <u>\$ -</u>         | <u>\$ (226,135)</u> | <u>\$ (226,135)</u> |
| <br><u>Garbage Fund</u>  |                     |                     |                     |
| Net Assets, as Previously Reported   |                     |                     | \$ (6,843)          |
| Record Corrections to Property Taxes (4)                                       |                     |                     | <u>(4,031)</u>      |
| Balance, as Restated   |                     |                     | <u>\$ (10,874)</u>  |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 14. Prior Period Restatements (Cont.)

#### Governmental Activities Net Assets

|   |                     |
|---|---------------------|
| Balance, as Previously Reported                                     | \$ 11,232,144       |
| Adjustments to Accounts and Other Payables, Net (2)                 | 161,555             |
| Record Corrections to Property Taxes (4)                            | (268,662)           |
| Record Correction to State Income Tax Receivable (5)                | 80,242              |
| Remove Other Liability (Debt Service Fund) (9)                      | 166,357             |
| Correct Outstanding Balance - Senior Lien Revenue Bond of 2004 (10) | (95,000)            |
| Record TIF Revenue Bonds, Not Previously Reported (11)              | (1,564,767)         |
| Record TIF Revenue Bond Interest, Not Previously Reported (11)      | (522,274)           |
|   | <hr/>               |
| Balance, as Restated  | <u>\$ 9,189,595</u> |

#### Business Activities, Net Assets

|  |                     |
|--|---------------------|
| Net Assets, as Previously Reported       | \$ 3,460,684        |
| Record Corrections to Property Taxes (4) | (4,031)             |
|  | <hr/>               |
| Balance, as Restated                     | <u>\$ 3,456,653</u> |

#### Pension Funds

|  |                     |
|--|---------------------|
| Balance, as Previously Reported          | \$ 8,965,879        |
| Record Corrections to Property Taxes (4) | (23,255)            |
|  | <hr/>               |
| Balance, as Restated                     | <u>\$ 8,942,624</u> |

The following summarize the nature of each prior period restatement.

- (1) Line of credit to be recorded as a fund liability. The Village drew down \$500,000 of funds on a line of credit that expired in 2011. However, the Village had to maintain cash balances in excess of the credit facility (\$750,000). Due to the pledge of cash from the General Fund to secure this loan, this credit facility was a working capital loan for the General Fund and should have been recorded as a fund liability of the General Fund rather than as long-term debt.
- (2) Various accounts payable across all funds were recorded in error. The corrections recorded the expenditures in the proper accounting period consistent with the modified accrual accounting policy.
- (3) Certain costs were charged to the Village's tax increment fund in contrast to the redevelopment agreement and state law. The tax increment funds were subsequently reimbursed by the General Fund for these expenses.
- (4) The Village recorded property tax receivables in amounts that exceed GASB standards. GASB limits property tax receivables to taxes that are due and collected within 60 days of year end. The correction in property taxes receivable reflects amounts that were recorded in excess of subsequent collections.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 14. Prior Period Restatements (Cont.)

- (5) The Village receives a portion of the Illinois Income Taxes. These tax revenues are distributed to local governments after being collected by the State of Illinois. As a result, the Village should have been accruing as tax revenue with an offsetting receivable the scheduled distributions in January and February after year end. Instead, the Village was accruing just one month. While the State has been delaying the distribution of these revenues in 2009 and 2010 due to the State's fiscal crisis, the Village continues to recognize the taxes as revenues based on twelve months of distributions to maintain consistency in revenue recognition.
- (6) The General Fund has interfund receivables from various funds that have unrestricted deficits. Since these funds had no ability to repay these interfund, the General Fund has the responsibility to fund these costs. The following is the summary of the deficit fund balances that need to be reserved in the General Fund:

|  |                            |
|--|----------------------------|
| TIF 4 Fund - Total Deficit   | \$ 1,144,105               |
| Addition to unrestricted deficit due to not<br>reflecting capitalized interest as restricted<br>fund balance (see 8 below) | <u>488,000</u>             |
| Total TIF 4 Unrestricted Deficit   | 1,632,105                  |
| Debt Service Fund  | 226,135                    |
| Garbage  | 8,968                      |
| E-911  | <u>306,387</u>             |
| Total  | <u><u>\$ 2,173,595</u></u> |

- (7) The Village purchased two parcels and capitalized them since the intent was to resell. However, one is being rented and the developer who intended to purchase the other lot defaulted on his contract. The Village has no active plans to sell these parcels and they should be removed as assets from the Fund accounts.
- (8) Proceeds from the issuance of the Series 2008 TIF revenue bonds were earmarked for debt service. However, the Village recorded these proceeds as unrestricted assets for TIF 4 projects. The funds have been restored to segregated balances for capitalized interest and an offsetting restriction in fund balance recorded to show these funds are not available for general expenditure.
- (9) An accrual for overpayment of taxes was established in 1999. All claims to such funds have expired resulting in an over accrual that is being reversed.
- (10) The Village incorrectly understated the outstanding liability of the Senior Lien bonds of 2004 related to Tax Increment District 3.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2010

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### 14. Prior Period Restatements (Cont.)

(11) The Village did not reflect the following debt including deferred interest in the Statement of Net Assets and the footnotes to the financial statements:

|   |       |                     |
|---|-------|---------------------|
| Second Junior Lien Revenue Bond of 2004 | TIF 1 | \$ 314,768          |
| Junior Lien Revenue Bonds of 2005       | TIF 3 | 1,033,485           |
| Junior Lien Revenue Bonds of 2007       | TIF 3 | 216,514             |
| Deferred Interest (See Below)           |       |                     |
| TIF 1                                   | TIF 1 | 131,054             |
| TIF 2                                   | TIF 2 | 19,211              |
| TIF 3                                   | TIF 3 | <u>372,009</u>      |
| Total Unrecorded Debt                   |       | <u>\$ 2,087,041</u> |

Deferred interest consists of interest on the bonds that was not paid on an interest payment date and added to the amount due from the Village.

### 15. Subsequent Events

On March 1, 2012, the Village exchanged \$2,100,000 of General Obligation Debt Certificates, Series 2012 with an interest rate of 2.19% and cash of \$584,000 for the outstanding Senior Lien Revenue Bonds of 2008 outstanding of \$2,684,000. The Village entered into the exchange to lower interest costs from 7.0% and eliminates potential constraints associated with the Series 2008 Bonds.

On January 2, 2013, the Village sold \$750,000 of Tax Anticipation Warrants for cash flow purposes. The warrants are due on November 1, 2013; however, they can be redeemed before maturity without penalty. The warrants replaced the Village's previous line of credit for liquidity purposes.

**REQUIRED SUPPLEMENTARY INFORMATION**



**VILLAGE OF LYONS, ILLINOIS**

Illinois Municipal Retirement Fund

Required Supplementary Information  
Employer Contributions  
December 31, 2010

**Schedule of Funding Progress**

| 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-1)/c) |
|--------------------------|-------------------------------|-------------------------------------|-----------------------------------|--------------------|---------------------|--|
| 12/31/2010               | \$ 4,123,685                  | 6,075,644                           | 1,951,959                         | 67.87 %            | 2,023,923           | 96.44 %  |
| 12/31/2009               | 3,802,789                     | 5,493,861                           | 1,142,590                         | 78.92              | 2,208,100           | 51.75  |
| 12/31/2008               | 3,436,417                     | 5,052,887                           | 1,539,682                         | 73.40              | 2,378,130           | 64.74  |
| 12/31/2007               | 4,100,289                     | 4,758,704                           | 916,655                           | 84.05              | 2,233,431           | 41.04  |
| 12/31/2006               | 3,536,726                     | 4,235,532                           | 178,734                           | 96.90              | 2,125,014           | 8.41   |
| 12/31/2005               | 3,330,457                     | 3,862,273                           | 383,528                           | 92.76              | 2,000,471           | 19.17  |

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$4,421,641. On a market basis, the funded ratio would be 72.78%.

**Employer Contributions**

| Year Ended December 31 | Employer Contributions | Annual Required Contribution | Percent Contributed |
|------------------------|------------------------|------------------------------|---------------------|
| 2010                   | \$ 227,489             | 247,323                      | 92.00 %             |
| 2009                   | 233,361                | 233,361                      | 100.00              |
| 2008                   | 237,353                | 237,353                      | 100.00              |
| 2007                   | 214,822                | 214,822                      | 100.00              |
| 2006                   | 218,933                | 218,933                      | 100.00              |
| 2005                   | 196,184                | 196,184                      | 100.00              |

**VILLAGE OF LYONS, ILLINOIS**

Police Pension Fund

Required Supplementary Information

Employer Contributions

December 31, 2010

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability Entry Age Normal Cost (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-1)/c) |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|---|
| 12/31/2009               | \$ 8,946,430                  | 18,366,632  | 9,420,202                                  | 48.71 %            | 2,099,595           | 448.67 %  |
| 12/31/2008               | 8,053,269                     | 18,294,913  | 10,241,644                                 | 44.02              | 2,099,595           | 487.79  |
| 12/31/2007               | 10,140,606                    | 16,902,288  | 6,761,682                                  | 60.00              | 1,960,148           | 344.96  |
| 12/31/2006               | 9,948,653                     | 15,464,400  | 5,515,747                                  | 64.33              | 1,862,702           | 296.12  |
| 12/31/2005               | 9,064,323                     | 15,421,592  | 6,357,269                                  | 58.78              | 1,793,906           | 354.38  |
| 12/31/2004               | 8,513,888                     | 14,102,208  | 5,588,320                                  | 60.37              | 1,739,653           | 321.23  |

**Employer Contributions**

| Year Ended December 31 | Employer Contributions | Annual Required Contribution | Percent Contributed |
|------------------------|------------------------|------------------------------|---------------------|
| 2010                   | \$ 201,169             | 805,640                      | 24.97 %             |
| 2009                   | 199,799                | 827,359                      | 24.15               |
| 2008                   | 196,389                | 652,875                      | 30.08               |
| 2007                   | 214,665                | 562,865                      | 38.14               |
| 2006                   | 277,703                | 512,702                      | 54.16               |
| 2005                   | 309,277                | 450,263                      | 68.69               |
| 2004                   | 138,018                | 272,366                      | 50.67               |

**VILLAGE OF LYONS, ILLINOIS**

Firefighters' Pension Fund

Required Supplementary Information

Employer Contributions

December 31, 2010

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability Entry Age Normal Cost (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-1)/c) |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|---|
| 12/31/2009               | \$ 19,450                     | 288,090   | 268,640                                    | 6.75 %             | N/A                 | N/A %   |
| 12/31/2008               | 22,109                        | 297,921   | 275,812                                    | 7.42               | N/A                 | N/A   |
| 12/31/2007               | 24,960                        | 307,916   | 282,956                                    | 8.11               | N/A                 | N/A   |
| 12/31/2006               | 20,621                        | 249,519   | 228,898                                    | 8.26               | N/A                 | N/A   |
| 12/31/2005               | 23,856                        | 258,859   | 235,003                                    | 9.22               | N/A                 | N/A   |
| 12/31/2004               | 19,772                        | 268,358   | 248,586                                    | 7.37               | N/A                 | N/A   |

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

**Employer Contributions**

| Year Ended December 31 | Employer Contributions | Annual Required Contribution | Percent Contributed |
|------------------------|------------------------|------------------------------|---------------------|
| 2010                   | \$ 35,353              | 13,529                       | 261.21%             |
| 2009                   | 35,435                 | 4,993                        | 709.69%             |
| 2008                   | 33,968                 | 12,743                       | 266.56%             |
| 2007                   | 38,825                 | 10,428                       | 372.31%             |
| 2006                   | 30,422                 | 10,386                       | 292.91%             |
| 2005                   | 37,179                 | 10,671                       | 348.41%             |

**VILLAGE OF LYONS, ILLINOIS**

Other Post-Employment Benefits

Required Supplementary Information  
December 31, 2010

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability Entry Age Normal Cost (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-1)/c) |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|---|
| 4/30/2012                | \$                            | 7,677,870   | 7,677,870                                  | %                  | 6,088,031           | 150.00 %  |
| 4/30/2011                |                               | 7,677,870   | 7,677,870                                  |                    | 5,117,920           | 150.00  |
| 4/30/2010                |                               | 7,677,870   | 7,677,870                                  |                    | N/A                 | 150.00  |

**Actuarial Assumptions**

|  |  |
|--|--|
| Actuarial Cost Method                                    | Entry Age  |
| Amortization Period                                      | Level Percentage of Pay, Open  |
| Remaining Amortization Period                            | 30 Years   |
| Asst Valuation Method                                    | Market   |
| Investment Rate of Return                                | 5.00%  |
| Projected Salary Increases                               | N/A  |
| Healthcare Inflation Rate                                | 8.00%  |
| Percentage of Active Employees Assumed to Elect Benefits | 100.00%  |
| Employer Provided Benefit                                | Explicit : 80% of premium for life<br>Implicit Benefit: 40% of premium to age 65 |

**COMBINING AND INDIVIDUAL  
STATEMENTS AND SCHEDULES**

**GOVERNMENTAL FUND TYPES**

**GENERAL FUND**

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Revenues - Budget and Actual  
For the Year Ended December 31, 2010

|                                       | 2010             |                  | 2009             |
|---------------------------------------|------------------|------------------|------------------|
|                                       | Final Budget     | Actual           | Actual           |
| <b>Taxes</b>                          |                  |                  |                  |
| Property Taxes                        |                  |                  |                  |
| General/Corporate                     | \$ 510,000       | 292,129          | 457,799          |
| IMRF                                  | 160,000          | 153,018          | 143,486          |
| Street and Bridge                     | 50,000           | 47,765           | 44,740           |
| Fire Protection                       | 400,000          | 409,187          | 359,054          |
| Police Protection                     | 625,000          | 627,769          | 561,065          |
| Social Security                       | 127,500          | 104,553          | 114,336          |
| Auditing                              | 15,500           | 15,571           | 13,783           |
| Police Pension                        | 200,000          | 205,917          | 180,121          |
| Fire Pension                          | 35,000           | 36,506           | 31,859           |
| Liability Insurance                   | 236,000          | 237,730          | 211,953          |
| Ambulance Service                     | 275,000          | 289,055          | 246,751          |
| Road and Bridge                       | 35,000           | 34,236           | 33,989           |
|                                       | <u>2,669,000</u> | <u>2,453,436</u> | <u>2,398,936</u> |
| Other Taxes                           |                  |                  |                  |
| Replacement                           | 55,000           | 58,584           | 53,627           |
| Municipal Sales                       | 900,000          | 1,076,302        | 995,009          |
| Income Tax - Municipal Share          | 850,000          | 808,584          | 818,596          |
| Telecommunication Utility             | 375,000          | 387,969          | 388,966          |
| Cable Television Utility              | 100,000          | 120,718          | 91,411           |
| Electric Utility                      | 230,000          | 313,248          | 269,129          |
| Natural Gas Utility                   | 200,000          | 158,287          | 156,004          |
| Local Use                             | 130,000          | 134,545          | 125,967          |
| Hotel/Motel                           | 70,000           | 63,652           | 62,850           |
| Foreign Fire                          | 8,000            |                  |                  |
|                                       | <u>2,918,000</u> | <u>3,121,889</u> | <u>2,961,559</u> |
| Total Taxes                           | <u>5,587,000</u> | <u>5,575,325</u> | <u>5,360,495</u> |
| <b>Intergovernmental</b>              |                  |                  |                  |
| Federal/State Training Reimbursement  |                  |                  | 3,434            |
| Justice Assistance Grant              | 4,000            | 34,303           | 12,160           |
| Public Safety Grant and Reimbursement |                  | 7,391            | 39,965           |
| Street Grant and Reimbursement        | 6,000            | 5,178            | 4,339            |
| Other Grants and Reimbursements       | 20,000           | 26,414           | 50,505           |
|                                       | <u>30,000</u>    | <u>73,286</u>    | <u>110,403</u>   |
| <b>Licenses and Permits</b>           |                  |                  |                  |
| Riverside Lawn Fire District Fees     |                  | 2,000            | 2,000            |
| Liquor Licenses                       | 25,000           | 42,180           | 9,025            |
| Vehicle Licenses                      | 210,000          | 177,779          | 132,041          |
| Garage Sale Permits                   |                  | 1,963            | 1,000            |
| Property Maintenance Inspections      | 25,000           | 19,850           | 29,670           |

(Cont.)



**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Revenues - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|                                     | 2010           |                | 2009           |
|-------------------------------------|----------------|----------------|----------------|
|                                     | Final Budget   | Actual         | Actual         |
| Licenses and Permits (Cont.)        |                |                |                |
| Building Permits                    | 30,000         | 37,634         | 32,165         |
| Plumbing Permits                    | 6,000          | 6,192          | 5,694          |
| HVAC Permits                        | 1,600          | 2,588          | 2,300          |
| Electrical Permits                  | 1,000          | 2,276          | 1,680          |
| Miscellaneous Permits               | 1,000          |                |                |
| Contractor Licenses                 | 20,000         | 18,865         | 16,578         |
| Zoning Hearings/Maps/Codes          | 3,000          | 1,760          | 3,520          |
| Business Licenses                   | 100,000        | 108,757        | 105,707        |
|                                     | <u>422,600</u> | <u>421,844</u> | <u>341,380</u> |
| Charges for Services                |                |                |                |
| Antenna Agreements                  | 160,000        | 185,280        | 166,342        |
| Advertising on Village Property     | 6,000          | 5,167          | 5,916          |
| Police and Fire Reports             | 2,500          | 2,167          | 2,555          |
| Ambulance Service Fees              | 180,000        | 204,216        | 195,777        |
| Collection Agency Revenue           | 1,500          | 1,626          | 699            |
| Health Department Fees              | 500            | 156            | 195            |
| Movie Tickets                       | 1,500          | 893            | 1,791          |
| Recreation Fees                     |                |                |                |
| Classes                             | 10,000         | 5,216          | 4,226          |
| Local Trips                         | 20,000         | 23,514         | 23,588         |
| Extended Trips                      | 60,000         | 30,097         | 29,172         |
| Interfund Charges                   |                |                |                |
| Water and Sewer Administration      | 127,150        | 125,000        | 105,958        |
| Garbage Administration              | 63,600         | 45,000         | 53,000         |
|                                     | <u>632,750</u> | <u>628,332</u> | <u>589,219</u> |
| Fines and Fees                      |                |                |                |
| Liquor Fines                        | 1,000          | 1,050          | 1,325          |
| Nuisance Abatement and Adjudication | 5,500          | 9,844          | 9,811          |
| State Y-Tickets                     | 375,000        | 264,196        | 295,968        |
| Parking P-Tickets                   | 200,000        | 170,154        | 177,955        |
| DUI Fines                           | 4,000          | 5,641          | 6,243          |
| Towing Fees                         | 100,000        | 58,730         | 82,100         |
| Sex Offender Fees                   | 200            | 200            | 230            |
| Red Light Photo Enforcement         | 35,000         | 16,119         | 43,061         |
| Alarm Board Fees                    | 7,500          | 12,080         | 11,653         |
| Credit Card Fees                    | 500            | 102            | 245            |
| NSF Fees                            | 500            | 225            | 25             |
| State Seizure Revenue               | 40,000         | 43,803         | 58,812         |
| Federal Seizure Revenue             | 40,000         | 6,129          | 68,690         |
|                                     | <u>809,200</u> | <u>588,273</u> | <u>756,118</u> |

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Revenues - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|  | 2010         |           | 2009      |
|--|--------------|-----------|-----------|
|  | Final Budget | Actual    | Actual    |
| Investment Income - Interest and<br>Adjustment to Fair Value | 25,225       | 6,633     | 7,016     |
| Royalties  |              |           |           |
| Quarry Revenues  | 250,000      | 269,849   | 199,995   |
| Miscellaneous  |              |           |           |
| Sale of Village Property                                     |              | 14,451    | 23,977    |
| Rent of Village Assets                                       |              | 200       | 4,000     |
| Special Events   | 2,500        | 2,440     | 2,394     |
| Insurance and Damage Recovery                                | 25,000       | 41,421    | 19,541    |
| Overtime Reimbursement                                       | 10,000       |           | 15,952    |
| Refunds and Rebates  |              | 1,845     |           |
| Senior Taxi Donation   | 2,000        | 4,000     | 2,000     |
| Health Department Donations                                  | 500          |           | 135       |
| Other Donations  | 500          | 5,866     |           |
| Miscellaneous  | 8,500        | 19,147    |           |
|  | 49,000       | 89,370    | 67,999    |
| Total Revenues   | \$ 7,805,775 | 7,652,912 | 7,432,625 |

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual  
For the Year Ended December 31, 2010

|                          | 2010                         |                | 2009<br>Actual |
|--------------------------|------------------------------|----------------|----------------|
|                          | Original and<br>Final Budget | Actual         |                |
| General Government       |                              |                |                |
| Administration           |                              |                |                |
| Salaries and Benefits    | \$ 252,426                   | 255,167        | 266,162        |
| Professional Services    |                              | 36,000         | 36,000         |
| Communications           | 1,500                        | 71,533         | 95,477         |
| Professional Development | 31,450                       | 21,106         | 16,134         |
| Operations               | 21,350                       | 33,407         | 20,659         |
| Other                    | 9,000                        | 61,542         | 14,472         |
| Interest Expense         |                              | 23,203         |                |
|                          | <u>315,726</u>               | <u>501,958</u> | <u>448,904</u> |
| Legal Services           |                              |                |                |
| Professional Services    | <u>167,000</u>               | <u>233,055</u> | <u>160,540</u> |
| Finance                  |                              |                |                |
| Salaries and Benefits    | 122,279                      | 123,791        | 176,011        |
| Professional Services    | 23,000                       | 74,353         | 22,110         |
| Communications           | 27,550                       | 18,100         | 33,458         |
| Professional Development | 1,525                        | 933            | 1,732          |
| Operations               | 6,250                        | 1,088          | 5,798          |
| Other                    | 250                          | 3,329          | 13,364         |
|                          | <u>180,854</u>               | <u>221,594</u> | <u>252,473</u> |
| Human Resources          |                              |                |                |
| Salaries and Benefits    | 246,132                      | 112,147        | 93,797         |
| Professional Services    | 4,000                        | 3,989          | 4,519          |
| Communications           |                              | 250            | 38             |
| Professional Development | 145                          | 2,544          | 145            |
| Operations               | 2,000                        | 19             | 1,796          |
|                          | <u>252,277</u>               | <u>118,949</u> | <u>100,295</u> |
| Risk Management          |                              |                |                |
| Professional Services    | 220,000                      | 185,927        | 255,680        |
| Employee Insurance       | 11,000                       | 64,863         |                |
|                          | <u>231,000</u>               | <u>250,790</u> | <u>255,680</u> |
| Information Technology   |                              |                |                |
| Professional Services    | 80,000                       | 80,225         | 107,130        |
| Operations               | 28,500                       | 2,157          | 3,258          |
| Other                    | 15,500                       | 41,109         | 28,214         |
|                          | <u>124,000</u>               | <u>123,491</u> | <u>138,602</u> |

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|   | 2010                         |                      | 2009<br>Actual       |
|---|------------------------------|----------------------|----------------------|
|   | Original and<br>Final Budget | Actual               |                      |
| General Government (Cont.)              |                              |                      |                      |
| Police and Fire Commission              |                              |                      |                      |
| Professional Development                | 500                          | 375                  | 375                  |
| Operations                              | 250                          |                      |                      |
|   | <u>750</u>                   | <u>375</u>           | <u>375</u>           |
| <br>Total General Government            | <br><u>1,271,607</u>         | <br><u>1,450,212</u> | <br><u>1,356,869</u> |
| <br>Building, Planning and Zoning       |                              |                      |                      |
| Building                                |                              |                      |                      |
| Salaries and Benefits                   | 234,174                      | 236,690              | 231,524              |
| Professional Services                   | 30,000                       | 30,370               | 15,870               |
| Communications                          | 3,125                        | 4,129                | 7,042                |
| Professional Development                | 750                          | 169                  | 586                  |
| Operations                              | 10,050                       | 14,665               | 9,206                |
|   | <u>278,099</u>               | <u>286,023</u>       | <u>264,228</u>       |
| <br>Planning and Zoning                 |                              |                      |                      |
| Professional Services                   | 1,000                        | 100                  | 182                  |
| Communications                          | 4,000                        | 689                  | 1,372                |
| Operations                              | 500                          |                      | 197                  |
|   | <u>5,500</u>                 | <u>789</u>           | <u>1,751</u>         |
| <br>Total Building, Planning and Zoning | <br><u>283,599</u>           | <br><u>286,812</u>   | <br><u>265,979</u>   |
| <br>Health                              |                              |                      |                      |
| Salaries and Benefits                   | 30,050                       | 27,716               | 29,718               |
| Professional Services                   | 5,500                        | 4,100                | 2,154                |
| Communications                          | 1,850                        | 604                  | 1,800                |
| Operations                              | 950                          | 2,670                | 4,058                |
| Total Health                            | <u>38,350</u>                | <u>35,090</u>        | <u>37,730</u>        |
| <br>Public Safety                       |                              |                      |                      |
| Police                                  |                              |                      |                      |
| Administration                          |                              |                      |                      |
| Salaries and Benefits                   | 440,700                      | 563,240              | 488,244              |
| Communications                          | 9,300                        | 12,946               | 12,863               |
| Professional Development                | 26,700                       | 14,972               | 13,559               |
| Operations                              | 129,600                      | 114,616              | 112,964              |
| Other                                   | 37,000                       | 84,950               | 155,147              |
|   | <u>643,300</u>               | <u>790,724</u>       | <u>782,777</u>       |

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|   | 2010                         |                  | 2009<br>Actual   |
|---|------------------------------|------------------|------------------|
|   | Original and<br>Final Budget | Actual           |                  |
| Public Safety (Cont.)                       |                              |                  |                  |
| Police (Cont.)                              |                              |                  |                  |
| Investigations                              |                              |                  |                  |
| Salaries and Benefits                       | 508,850                      | 447,824          | 472,600          |
| Communications                              |                              | 1,159            | 270              |
| Professional Development                    |                              | 1,637            | 1,626            |
| Operations                                  | 3,285                        | 13,389           | 11,576           |
| Other                                       | 7,650                        |                  |                  |
|   | <u>519,785</u>               | <u>464,009</u>   | <u>486,072</u>   |
| Patrol Operations                           |                              |                  |                  |
| Salaries and Benefits                       | 2,154,826                    | 2,174,647        | 2,241,204        |
| Professional Services                       | 4,200                        | 4,615            | 3,602            |
| Communications                              | 2,000                        | 703              | 2,546            |
| Professional Development                    | 9,000                        | 5,000            | 7,000            |
| Operations                                  | 43,800                       | 34,219           | 62,499           |
| Other                                       |                              | 14,285           | 7,990            |
|   | <u>2,213,826</u>             | <u>2,233,469</u> | <u>2,324,841</u> |
| Dispatch Operations                         |                              |                  |                  |
| Salaries and Benefits                       | 612,055                      | 603,154          | 608,019          |
| Communications                              |                              | 120              | 320              |
| Professional Development                    | 1,540                        | 100              | 865              |
| Operations                                  | 7,200                        | 1,947            | 2,779            |
| Other                                       |                              |                  | 890              |
|   | <u>620,795</u>               | <u>605,321</u>   | <u>612,873</u>   |
| Total Police                                | <u>3,997,706</u>             | <u>4,093,523</u> | <u>4,206,563</u> |
| Fire Protection                             |                              |                  |                  |
| Operations                                  |                              |                  |                  |
| Salaries and Benefits                       | 584,763                      | 574,042          | 567,535          |
| Communications                              | 20,100                       | 13,380           | 12,313           |
| Professional Development                    | 15,850                       | 8,161            | 7,634            |
| Operations                                  | 70,300                       | 46,717           | 88,000           |
| Other                                       | 9,000                        | 10,852           | 8,923            |
|   | <u>700,013</u>               | <u>653,152</u>   | <u>684,405</u>   |
| Emergency Medical Services (EMS) Operations |                              |                  |                  |
| Professional Services                       | 499,000                      | 426,095          | 474,014          |
| Operations                                  | 12,000                       | 36,299           | 10,932           |
|   | <u>511,000</u>               | <u>462,394</u>   | <u>484,946</u>   |
| Total Fire Protection                       | <u>1,211,013</u>             | <u>1,115,546</u> | <u>1,169,351</u> |

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|   | 2010                         |                      | 2009<br>Actual       |
|---|------------------------------|----------------------|----------------------|
|   | Original and<br>Final Budget | Actual               |                      |
| Public Safety (Cont.)                         |                              |                      |                      |
| Emergency Services and Disaster Agency (ESDA) |                              |                      |                      |
| Communications                                | 1,550                        | 111                  | 1,800                |
| Professional Development                      | 200                          | 120                  | 160                  |
| Operations                                    | 4,450                        | 839                  | 1,469                |
|   | <u>6,200</u>                 | <u>1,070</u>         | <u>3,429</u>         |
| <br>Total Public Safety                       | <br><u>5,214,919</u>         | <br><u>5,210,139</u> | <br><u>5,379,343</u> |
| Recreation                                    |                              |                      |                      |
| Recreation Department                         |                              |                      |                      |
| Salaries and Benefits                         | 28,300                       | 27,364               | 27,610               |
| Professional Services                         | 112,250                      | 64,338               | 71,532               |
| Communications                                | 500                          | 99                   | 10,945               |
| Professional Development                      | 750                          |                      |                      |
| Operations                                    | 1,000                        | 1,150                | 1,394                |
| Other   | 1,100                        |                      |                      |
|   | <u>143,900</u>               | <u>92,951</u>        | <u>111,481</u>       |
| Community Events                              |                              |                      |                      |
| Salaries and Benefits                         | 3,200                        | 3,581                | 14,975               |
| Operations                                    | 16,000                       | 11,275               | 9,431                |
| Other   | 500                          | 121                  | 634                  |
|   | <u>19,700</u>                | <u>14,977</u>        | <u>25,040</u>        |
| Hotel/Motel Events                            |                              |                      |                      |
| Salaries and Benefits                         | 10,150                       |                      | 7,806                |
| Communications                                | 1,750                        |                      | 642                  |
| Operations                                    | 9,300                        | 9,937                | 2,931                |
| Other   | 39,500                       | 45,090               | 40,644               |
|   | <u>60,700</u>                | <u>55,027</u>        | <u>52,023</u>        |
| <br>Total Recreation                          | <br><u>224,300</u>           | <br><u>162,955</u>   | <br><u>188,544</u>   |
| Public Works                                  |                              |                      |                      |
| Administration                                |                              |                      |                      |
| Salaries and Benefits                         | 80,216                       | 84,888               | 85,562               |
| Professional Services                         |                              |                      | 74                   |
| Communications                                | 8,500                        | 5,777                | 7,787                |
| Professional Development                      | 1,900                        |                      | 197                  |
| Operations                                    | 3,550                        | 24,412               | 12,100               |
|   | <u>94,166</u>                | <u>115,077</u>       | <u>105,720</u>       |

(Cont.)

**VILLAGE OF LYONS, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
For the Year Ended December 31, 2010

|                          | 2010                         |                  | 2009<br>Actual   |
|--------------------------|------------------------------|------------------|------------------|
|                          | Original and<br>Final Budget | Actual           |                  |
| Public Works (Cont.)     |                              |                  |                  |
| Streets and Forestry     |                              |                  |                  |
| Salaries and Benefits    | 464,004                      | 410,307          | 526,196          |
| Professional Services    | 500                          | 60               |                  |
| Professional Development | 750                          |                  | 145              |
| Operations               | 212,500                      | 181,177          | 149,189          |
| Other                    |                              |                  | 15               |
|                          | <u>677,754</u>               | <u>591,544</u>   | <u>675,545</u>   |
| Buildings and Grounds    |                              |                  |                  |
| Salaries and Benefits    | 92,777                       | 97,475           | 98,202           |
| Professional Services    | 29,000                       | 29,660           | 22,020           |
| Operations               | 28,000                       | 26,943           | 102,445          |
|                          | <u>149,777</u>               | <u>154,078</u>   | <u>222,667</u>   |
| Village Garage           |                              |                  |                  |
| Salaries and Benefits    | 99,130                       | 95,801           | 95,762           |
| Operations               | 2,000                        | 2,463            | 4,234            |
|                          | <u>101,130</u>               | <u>98,264</u>    | <u>99,996</u>    |
| Total Public Works       | <u>1,022,827</u>             | <u>958,963</u>   | <u>1,103,928</u> |
| Capital Outlays          |                              |                  |                  |
| General Government       |                              |                  |                  |
| Administration           | 17,900                       | 801              | 8,446            |
| Public Safety            |                              |                  |                  |
| Police                   |                              |                  |                  |
| Police Administration    | 3,700                        |                  |                  |
| Patrol Operations        | 3,500                        | 1,796            | 3,172            |
| Dispatch Operations      |                              |                  | 49,466           |
| Recreation               |                              |                  |                  |
| Recreation Department    | 500                          |                  |                  |
| Public Works             |                              |                  |                  |
| Administration           |                              | 191              | 93               |
| Streets and Forestry     | 5,500                        |                  | 250              |
| Village Garage           | 2,550                        | 66               | 1,097            |
| Total Capital Outlay     | <u>33,650</u>                | <u>2,854</u>     | <u>62,524</u>    |
| Total Expenditures       | <u>\$ 8,089,252</u>          | <u>8,107,025</u> | <u>8,394,917</u> |

**ECONOMIC DEVELOPMENT FUND**



**VILLAGE OF LYONS, ILLINOIS**

Economic Development (TIF Funds)

Combining Balance Sheet

December 31, 2010

|  | TIF<br>District #1 | TIF<br>District #2 | TIF<br>District #3 | TIF<br>District #4 | Totals           |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| <b>Assets</b>                              |                    |                    |                    |                    |                  |
| Cash and Cash Equivalents                  | \$ 572,963         | 368,806            | 149,891            | 2,169,704          | 3,261,364        |
| Restricted Cash and Cash Equivalents       |                    |                    | 1,691,035          | 302,620            | 1,993,655        |
| <b>Receivables</b>                         |                    |                    |                    |                    |                  |
| Incremental Property Taxes                 | 198,200            | 33,990             | 63,907             |                    | 296,097          |
| Other                                      |                    |                    |                    | 215,000            | 215,000          |
| <b>Total Assets</b>                        | <b>\$ 771,163</b>  | <b>402,796</b>     | <b>1,904,833</b>   | <b>2,687,324</b>   | <b>5,766,116</b> |
| <b>Liabilities</b>                         |                    |                    |                    |                    |                  |
| Accounts Payable                           | \$ 1,735           | 484                | 2,149              | 535,181            | 539,549          |
| Due to Escrow Account                      |                    |                    | 1,691,035          |                    | 1,691,035        |
| Due to Other Funds                         | 182,291            | 217,586            | 19,000             | 403,770            | 822,647          |
| <b>Total Liabilities</b>                   | <b>184,026</b>     | <b>218,070</b>     | <b>1,712,184</b>   | <b>938,951</b>     | <b>3,053,231</b> |
| <b>Fund Balances</b>                       |                    |                    |                    |                    |                  |
| Reserved for Debt Service                  | 455,202            | 189,623            | 18,173             | 320,197            | 983,195          |
| Reserved for Capital Projects              |                    |                    |                    | 1,428,176          | 1,428,176        |
| Reserved for Economic Development          | 131,935            | (4,897)            | 174,476            |                    | 301,514          |
| <b>Total Fund Balances</b>                 | <b>587,137</b>     | <b>184,726</b>     | <b>192,649</b>     | <b>1,748,373</b>   | <b>2,712,885</b> |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 771,163</b>  | <b>402,796</b>     | <b>1,904,833</b>   | <b>2,687,324</b>   | <b>5,766,116</b> |

**VILLAGE OF LYONS, ILLINOIS**

Economic Development (TIF Funds)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2010

|  | TIF<br>District #1 | TIF<br>District #2 | TIF<br>District #3 | TIF<br>District #4 | Totals           |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| <b>Revenues</b>                                      |                    |                    |                    |                    |                  |
| Incremental Property Taxes                           | \$ 364,183         | 139,620            | 382,812            | 5,906              | 892,521          |
| Investment Earnings                                  | 22                 | 20                 | 80                 | 2,768              | 2,890            |
| Intergovernmental Grants                             |                    |                    |                    | 215,000            | 215,000          |
| <b>Total Revenues</b>                                | <b>364,205</b>     | <b>139,640</b>     | <b>382,892</b>     | <b>223,674</b>     | <b>1,110,411</b> |
| <b>Expenditures</b>                                  |                    |                    |                    |                    |                  |
| <b>Current</b>                                       |                    |                    |                    |                    |                  |
| Community Development                                | 18,277             | 92,739             | 12,223             | 207,623            | 330,862          |
| Capital Outlays                                      | 196,708            |                    |                    | 24,814             | 221,522          |
| <b>Debt Service</b>                                  |                    |                    |                    |                    |                  |
| Principal Retirement                                 | 989,054            | 454,235            | 2,807,832          |                    | 4,251,121        |
| Interest and Fiscal Charges                          | 275,895            | 100,817            | 621,509            | 194,610            | 1,192,831        |
| Issuance Charges                                     | 106,503            | 3,594              | 15                 | 23,589             | 133,701          |
| <b>Total Expenditures</b>                            | <b>1,586,437</b>   | <b>651,385</b>     | <b>3,441,579</b>   | <b>450,636</b>     | <b>6,130,037</b> |
| Excess (Deficiency) of Revenues<br>over Expenditures | (1,222,232)        | (511,745)          | (3,058,687)        | (226,962)          | (5,019,626)      |
| <b>Other Financing Sources (Uses)</b>                |                    |                    |                    |                    |                  |
| Bond Proceeds  | 2,550,000          | 450,000            | 3,050,000          | 2,950,000          | 9,000,000        |
| Transfers In   |                    | 150,000            |                    | 188,440            | 338,440          |
| Transfers Out  | (1,198,908)        | (149,041)          | (227,748)          | (19,000)           | (1,594,697)      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>1,351,092</b>   | <b>450,959</b>     | <b>2,822,252</b>   | <b>3,119,440</b>   | <b>7,743,743</b> |
| Net Change in Fund Balances                          | 128,860            | (60,786)           | (236,435)          | 2,892,478          | 2,724,117        |
| Fund Balances - Beginning, as Restated               | 458,277            | 245,512            | 429,084            | (1,144,105)        | (11,232)         |
| Fund Balances - Ending                               | \$ 587,137         | 184,726            | 192,649            | 1,748,373          | 2,712,885        |

**VILLAGE OF LYONS, ILLINOIS**

TIF #1 Operations Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|                                      | 2010             |                 | 2009<br>Actual   |
|--------------------------------------|------------------|-----------------|------------------|
|                                      | Final<br>Budget  | Actual          |                  |
| Revenues                             |                  |                 |                  |
| Taxes                                |                  |                 |                  |
| Incremental Property Taxes           | \$ 375,000       | 364,183         | 398,107          |
| Investment Income                    | 2,500            | 16              | 139              |
| Total Revenues                       | <u>377,500</u>   | <u>364,199</u>  | <u>398,246</u>   |
| Expenditures                         |                  |                 |                  |
| Community Development                |                  |                 |                  |
| Professional Services                | 13,030           | 18,277          | 13,229           |
| Debt Service                         |                  |                 |                  |
| Interest and Fiscal Charges          |                  | 250             |                  |
| Issuance Costs                       |                  | 106,503         |                  |
| Total Expenditures                   | <u>13,030</u>    | <u>125,030</u>  | <u>13,229</u>    |
| Excess of Revenues over Expenditures | <u>364,470</u>   | <u>239,169</u>  | <u>385,017</u>   |
| Other Financing Sources (Uses)       |                  |                 |                  |
| Bond Proceeds                        |                  | 2,550,000       |                  |
| Transfer Out                         | (365,000)        | (2,586,872)     | (434,953)        |
| Total Other Financing Sources (Uses) | <u>(365,000)</u> | <u>(36,872)</u> | <u>(434,953)</u> |
| Net Change in Fund Balance           | <u>\$ (530)</u>  | 202,297         | (49,936)         |
| Fund Balance                         |                  |                 |                  |
| Beginning, as Restated               |                  | (689)           | 76,302           |
| Ending                               |                  | <u>201,608</u>  | <u>26,366</u>    |

**VILLAGE OF LYONS, ILLINOIS**

TIF #1 Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010            |             | 2009      |
|--|-----------------|-------------|-----------|
|  | Final<br>Budget | Actual      | Actual    |
| Revenues   |                 |             |           |
| Investment Income                                    | \$ 750          | 6           | 32        |
| Expenditures   |                 |             |           |
| Capital Outlay                                       |                 |             |           |
| Developer Subsidy                                    |                 | 196,708     |           |
| Debt Service   |                 |             |           |
| Principal Retirement                                 | 145,000         | 989,054     | 183,055   |
| Interest and Fiscal Charges                          | 120,989         | 275,645     | 115,359   |
| Total Expenditures                                   | 265,989         | 1,461,407   | 298,414   |
| Excess (Deficiency) of Revenues<br>over Expenditures | (265,239)       | (1,461,401) | (298,382) |
| Other Financing Sources (Uses)                       |                 |             |           |
| Transfers In   | 365,000         | 1,412,964   | 409,953   |
| Transfers Out  | (25,000)        | (25,000)    |           |
| Total Other Financing Sources (Uses)                 | 340,000         | 1,387,964   | 409,953   |
| Net Change in Fund Balance                           | \$ 74,761       | (73,437)    | 111,571   |
| Fund Balance   |                 |             |           |
| Beginning  |                 | 458,966     | 347,395   |
| Ending   |                 | 385,529     | 458,966   |

**VILLAGE OF LYONS, ILLINOIS**

TIF #2 Operations Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|                                      | 2010             |                  | 2009             |
|--------------------------------------|------------------|------------------|------------------|
|                                      | Final<br>Budget  | Actual           | Actual           |
| Revenues                             |                  |                  |                  |
| Taxes                                |                  |                  |                  |
| Incremental Property Taxes           | \$ 135,000       | 139,620          | 143,664          |
| Investment Income                    | 1,500            | 12               | 71               |
| Total Revenues                       | <u>136,500</u>   | <u>139,632</u>   | <u>143,735</u>   |
| Expenditures                         |                  |                  |                  |
| Community Development                |                  |                  |                  |
| Professional Services                | 3,750            | 11,759           | 1,123            |
| Debt Service                         |                  |                  |                  |
| Interest and Fiscal Charges          |                  | 950              |                  |
| Issuance Costs                       |                  | 3,594            |                  |
| Total Expenditures                   | <u>3,750</u>     | <u>16,303</u>    | <u>1,123</u>     |
| Excess of Revenues over Expenditures | <u>132,750</u>   | <u>123,329</u>   | <u>142,612</u>   |
| Other Financing Sources (Uses)       |                  |                  |                  |
| Bond Proceeds                        |                  | 450,000          |                  |
| Transfer In                          | 7,750            | 157,750          |                  |
| Transfer Out                         | (140,000)        | (806,025)        | (171,441)        |
| Total Other Financing Sources (Uses) | <u>(132,250)</u> | <u>(198,275)</u> | <u>(171,441)</u> |
| Net Change in Fund Balance           | <u>\$ 500</u>    | (74,946)         | (28,829)         |
| Fund Balance                         |                  |                  | 26,432           |
| Beginning                            |                  | (2,397)          |                  |
| Ending                               |                  | <u>(77,343)</u>  | <u>(2,397)</u>   |

**VILLAGE OF LYONS, ILLINOIS**

TIF #2 Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual  
For the Year Ended December 31, 2010

|  | 2010               |                       | 2009<br>Actual        |
|--|--------------------|-----------------------|-----------------------|
|  | Final<br>Budget    | Actual                |                       |
| Revenues   |                    |                       |                       |
| Investment Income                                    | \$ 3,500           | 8                     | 99                    |
| Expenditures   |                    |                       |                       |
| Current Expenditures                                 |                    |                       |                       |
| Administration                                       |                    | 1,500                 |                       |
| Developer Subsidy                                    |                    | 79,480                |                       |
| Debt Service   |                    |                       |                       |
| Principal Retirement                                 | 145,000            | 453,285               | 121,816               |
| Interest and Fiscal Charges                          | 90,400             | 100,817               | 74,860                |
| Total Expenditures                                   | <u>235,400</u>     | <u>635,082</u>        | <u>196,676</u>        |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(231,900)</u>   | <u>(635,074)</u>      | <u>(196,577)</u>      |
| Other Financing Sources (Uses)                       |                    |                       |                       |
| Transfers In   | 140,000            | 676,984               | 149,941               |
| Transfers Out  | (7,750)            | (27,750)              |                       |
| Total Other Financing Sources (Uses)                 | <u>132,250</u>     | <u>649,234</u>        | <u>149,941</u>        |
| Net Change in Fund Balance                           | <u>\$ (99,650)</u> | 14,160                | (46,636)              |
| Fund Balance   |                    |                       |                       |
| Beginning  |                    | <u>247,909</u>        | <u>294,545</u>        |
| Ending   |                    | <u><u>262,069</u></u> | <u><u>247,909</u></u> |

**VILLAGE OF LYONS, ILLINOIS**

TIF #3 Operations Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010             |                    | 2009            |
|--|------------------|--------------------|-----------------|
|  | Final Budget     | Actual             | Actual          |
| Revenues   |                  |                    |                 |
| Taxes  |                  |                    |                 |
| Incremental Property Taxes                           | \$ 390,000       | 382,812            | 425,616         |
| Investment Income                                    | 1,000            | 80                 | 79              |
| Total Revenues                                       | <u>391,000</u>   | <u>382,892</u>     | <u>425,695</u>  |
| Expenditures   |                  |                    |                 |
| Community Development                                |                  |                    |                 |
| Professional Services                                | 5,500            | 12,223             | 9,779           |
| Capital Outlay                                       |                  |                    | 2,128           |
| Debt Service   |                  |                    |                 |
| Principal Retirement                                 | 180,000          | 2,807,832          | 220,000         |
| Interest and Fiscal Charges                          | 131,500          | 621,509            | 124,448         |
| Cost of Issuance                                     |                  | 15                 |                 |
| Total Expenditures                                   | <u>317,000</u>   | <u>3,441,579</u>   | <u>356,355</u>  |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>74,000</u>    | <u>(3,058,687)</u> | <u>69,340</u>   |
| Other Financing Sources (Uses)                       |                  |                    |                 |
| Bond Proceeds  |                  | 3,050,000          |                 |
| Transfer Out   | (20,000)         | (227,748)          | (18,750)        |
| Total Other Financing Sources (Uses)                 | <u>(20,000)</u>  | <u>2,822,252</u>   | <u>(18,750)</u> |
| Net Change in Fund Balance                           | <u>\$ 54,000</u> | <u>(236,435)</u>   | <u>50,590</u>   |
| Fund Balance   |                  |                    |                 |
| Beginning  |                  | <u>429,084</u>     | <u>378,494</u>  |
| Ending   |                  | <u>192,649</u>     | <u>429,084</u>  |

**VILLAGE OF LYONS, ILLINOIS**

TIF #4 Operations Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010                |                         | 2009                      |
|--|---------------------|-------------------------|---------------------------|
|  | Final<br>Budget     | Actual                  | Restated<br>Actual        |
| Revenues   |                     |                         |                           |
| Taxes  |                     |                         |                           |
| Incremental Property Taxes                           | \$ 55,000           | 5,906                   | 8,774                     |
| Investment Income                                    | 1,000               | 2,768                   | 678                       |
| Intergovernmental Grant                              |                     | 215,000                 | 513                       |
| Total Revenues                                       | <u>56,000</u>       | <u>223,674</u>          | <u>9,965</u>              |
| Expenditures   |                     |                         |                           |
| Community Development                                |                     |                         |                           |
| Professional Services                                | 108,750             | 207,623                 | 395,790                   |
| Capital Outlay                                       |                     | 24,814                  | 784,288                   |
| Debt Service   |                     |                         |                           |
| Principal Retirement                                 | 180,000             |                         | 8,000                     |
| Interest and Fiscal Charges                          | 131,500             | 194,610                 | 195,170                   |
| Issuance Costs                                       |                     | 23,589                  |                           |
| Total Expenditures                                   | <u>420,250</u>      | <u>450,636</u>          | <u>1,383,248</u>          |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(364,250)</u>    | <u>(226,962)</u>        | <u>(1,373,283)</u>        |
| Other Financing Sources (Uses)                       |                     |                         |                           |
| Bond Proceeds  |                     | 2,950,000               |                           |
| Transfer In  | 400,000             | 188,440                 |                           |
| Transfer Out   | (400,000)           | (19,000)                | (273,500)                 |
| Total Other Financing Sources (Uses)                 | <u>-</u>            | <u>3,119,440</u>        | <u>(273,500)</u>          |
| Net Change in Fund Balance                           | <u>\$ (364,250)</u> | <u>2,892,478</u>        | <u>(1,646,783)</u>        |
| Fund Balance   |                     |                         |                           |
| Beginning, as Restated                               |                     | <u>(1,144,105)</u>      | <u>502,678</u>            |
| Ending   |                     | <u><u>1,748,373</u></u> | <u><u>(1,144,105)</u></u> |



**GENERAL DEBT SERVICE FUND**

**VILLAGE OF LYONS, ILLINOIS**

General Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010                |                  | 2009<br>Actual   |
|--|---------------------|------------------|------------------|
|  | Final<br>Budget     | Actual           |                  |
| Revenues   |                     |                  |                  |
| Property Taxes                                       | \$ 661,700          | 1,309,670        | 559,123          |
| Investment Income                                    | 12,000              |                  | 5,000            |
| Total Revenues                                       | <u>673,700</u>      | <u>1,309,670</u> | <u>564,123</u>   |
| Expenditures   |                     |                  |                  |
| Debt Service   |                     |                  |                  |
| Principal Retirement                                 | 770,772             | 862,582          | 732,141          |
| Interest and Fiscal Charges                          | 573,039             | 594,251          | 633,834          |
| Total Expenditures                                   | <u>1,343,811</u>    | <u>1,456,833</u> | <u>1,365,975</u> |
| Excess (Deficiency) of Revenues<br>over Expenditures | (670,111)           | (147,163)        | (801,852)        |
| Other Financing Sources                              |                     |                  |                  |
| Transfers In   | <u>350,000</u>      | <u>700,659</u>   | <u>302,861</u>   |
| Net Change in Fund Balance                           | <u>\$ (320,111)</u> | 553,496          | (498,991)        |
| Fund Balance   |                     |                  |                  |
| Beginning, - as Restated                             |                     | <u>(226,135)</u> | 272,856          |
| Ending   |                     | <u>327,361</u>   | <u>(226,135)</u> |

**CAPITAL IMPROVEMENT FUND**

**VILLAGE OF LYONS, ILLINOIS**

Capital Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010                |                  | 2009               |
|--|---------------------|------------------|--------------------|
|  | Final Budget        | Actual           | Actual             |
| Revenues   |                     |                  |                    |
| Intergovernmental                                    | \$ 1,275,000        | 422,299          | 312,600            |
| Investment Income                                    | 1,000               | 205              | 670                |
| Miscellaneous  | 14,000              |                  | 11,745             |
| Total Revenues                                       | <u>1,290,000</u>    | <u>422,504</u>   | <u>325,015</u>     |
| Expenditures   |                     |                  |                    |
| Capital Outlay                                       |                     |                  |                    |
| Village Hall   | 1,400,000           | 3,220            | 863,812            |
| Public Safety Building                               |                     | 16,250           | 1,264,622          |
| Street Improvements                                  |                     | 46,355           | 240,105            |
| Sidewalk Program                                     | 37,500              |                  | 30,373             |
| Tree Program   |                     | 311              | 183                |
| Debt Service   |                     |                  |                    |
| Interest and Fiscal Charges                          |                     |                  | 39,526             |
| Total Expenditures                                   | <u>1,437,500</u>    | <u>66,136</u>    | <u>2,438,621</u>   |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(147,500)</u>    | <u>356,368</u>   | <u>(2,113,606)</u> |
| Other Financing Sources (Uses)                       |                     |                  |                    |
| Debt Issuance  |                     |                  | 2,915,000          |
| Discount on Debt Issuance                            |                     |                  | (54,328)           |
| Transfers In   |                     |                  | 273,500            |
| Transfers Out  |                     | (220,000)        | (270,000)          |
| Total Other Financing Sources (Uses)                 | <u>-</u>            | <u>(220,000)</u> | <u>2,864,172</u>   |
| Net Change in Fund Balance                           | <u>\$ (147,500)</u> | <u>136,368</u>   | <u>750,566</u>     |
| Fund Balance   |                     |                  |                    |
| Beginning, as Restated                               |                     | <u>1,393,686</u> | <u>643,120</u>     |
| Ending   |                     | <u>1,530,054</u> | <u>1,393,686</u>   |

**PROPRIETARY FUND TYPES**

**VILLAGE OF LYONS, ILLINOIS**

Water Fund

Schedule of Operating Revenues - Budget and Actual  
December 31, 2010

|                              | 2010             |               | 2009          |
|------------------------------|------------------|---------------|---------------|
|                              | Final<br>Budget  | Actual        | Actual        |
| Charges for Services         |                  |               |               |
| Water Sales                  | \$ 2,090,000     | 2,266,903     | 1,984,730     |
| Sewer Charges                | 115,000          | 109,020       | 106,976       |
| Water Tap Charges            | 2,000            | 1,614         | 2,468         |
| Late Penalties               | 35,000           | 42,568        | 40,656        |
| Water Turn-on Fees           | 5,000            | 5,800         | 5,650         |
| Meter Sales                  | 3,000            | 1,710         | 2,960         |
| Miscellaneous                |                  | 330           |               |
| <br>Total Operating Revenues | <br>\$ 2,250,000 | <br>2,427,945 | <br>2,143,440 |

**VILLAGE OF LYONS, ILLINOIS**

Water Fund

Schedule of Operating Expenses - Budget and Actual  
For the Year Ended December 31, 2010

|                                      | 2010         |           | 2009      |
|--------------------------------------|--------------|-----------|-----------|
|                                      | Final Budget | Actual    | Actual    |
| Administration                       |              |           |           |
| Salaries and Benefits                | \$ 107,075   | 100,873   | 117,340   |
| Professional Services                | 7,250        | 1,750     | 3,085     |
| Communications                       | 4,000        |           | 1,410     |
| Operations                           | 2,132        | 1,460     | 808       |
| Administrative Charge - General Fund | 127,150      | 125,000   | 105,958   |
| Total Administrative                 | 247,607      | 229,083   | 122,643   |
| Operations                           |              |           |           |
| Water Department                     |              |           |           |
| Salaries and Benefits                | 299,437      | 60,906    | 290,874   |
| Professional Services                | 24,500       | 22,671    | 16,052    |
| Communications                       | 5,500        | 14,950    | 11,339    |
| Professional Development             | 850          |           | 70        |
| Operations                           | 1,128,400    | 1,311,094 | 1,062,315 |
| Other                                | 18,000       |           | 105,958   |
| Total Operations                     | 1,476,687    | 1,409,621 | 1,486,608 |
| Sewer Department                     |              |           |           |
| Professional Services                | 25,000       | 25,209    | 33,216    |
| Operations                           | 55,000       |           |           |
| Total Sewer Department               | 80,000       | 25,209    | 33,216    |
| Total Operations                     | 1,556,687    | 1,434,830 | 1,519,824 |
| Capital Outlay                       |              |           |           |
| Water Department                     |              | 34,005    | 2,942     |
| Sewer Department                     |              | 5,000     | 6,000     |
| Total Capital Outlay                 | -            | 39,005    | 8,942     |
| Depreciation and Amortization        | -            | 119,627   | 109,976   |
| Debt Service                         |              |           |           |
| Principal Retirement                 | 475,000      | 475,000   | 465,435   |
| Interest and Fiscal Charges          | 47,000       | 41,344    | 64,921    |
|                                      | 522,000      | 516,344   | 530,356   |
| Less Non-operating Items             |              |           |           |
| Debt Service                         |              | (516,344) | (530,356) |
| Net Debt Service                     | 522,000      | -         | -         |
| Total Operating Expenses             | \$ 2,326,294 | 1,822,545 | 1,752,443 |

**VILLAGE OF LYONS, ILLINOIS**

Garbage Fund

Schedule of Operating Revenues - Budget and Actual  
For the Year Ended December 31, 2010

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|                          | 2010            |         | 2009<br>Actual |
|--------------------------|-----------------|---------|----------------|
|                          | Final<br>Budget | Actual  |                |
| Charges for Services     |                 |         |                |
| Garbage Collection       | \$ 635,040      | 611,314 | 550,830        |
| Late Penalties           | 7,500           | 12,901  | 12,529         |
| Toters                   | 2,500           | 1,775   | 1,385          |
| Garbage Stickers         | 4,000           | 2,118   | 2,390          |
|                          |                 |         |                |
| Total Operating Revenues | \$ 649,040      | 628,108 | 567,134        |



**VILLAGE OF LYONS, ILLINOIS**

Garbage Fund

Schedule of Operating Expenses - Budget and Actual  
For the Year Ended December 31, 2010

|                                      | 2010            |         | 2009<br>Actual |
|--------------------------------------|-----------------|---------|----------------|
|                                      | Final<br>Budget | Actual  |                |
| Administration                       |                 |         |                |
| Salaries and Benefits                | \$ 44,180       | 42,110  | 46,717         |
| Professional Services                | 1,700           | 1,050   | 1,350          |
| Communications                       | 1,250           |         | 12             |
| Operations                           | 1,140           |         |                |
| Administrative Charge - General Fund | 63,600          | 45,000  |                |
| Total Administration                 | 111,870         | 88,160  | 48,079         |
| Operations                           |                 |         |                |
| Professional Services                | 536,000         | 537,377 | 511,456        |
| Operations                           | 10,000          | 4,150   | 9,039          |
| Total Operations                     | 546,000         | 541,527 | 520,495        |
| Total Operating Expenses             | \$ 657,870      | 629,687 | 568,574        |

**VILLAGE OF LYONS, ILLINOIS**

Emergency 911 Enterprise Fund

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual  
For the Year Ended December 31, 2010

|                                       | 2010            |           | 2009      |
|---------------------------------------|-----------------|-----------|-----------|
|                                       | Final<br>Budget | Actual    | Actual    |
| Operating Revenues                    |                 |           |           |
| Charges for Services                  |                 |           |           |
| E-911 Surcharge                       | \$ 90,000       | 89,684    | 47,736    |
| Operating Expenses                    |                 |           |           |
| Communications                        | 8,750           | 11,738    | 15,046    |
| Operations                            | 22,400          | 7,151     | 10,343    |
| Depreciation                          |                 | 92,178    |           |
| Capital Outlay                        |                 |           | 10,386    |
| Total Operating Expenses              | 31,150          | 111,067   | 35,775    |
| Operating Income (Loss)               | 58,850          | (21,383)  | 11,961    |
| Non-operating Revenues (Expenses)     |                 |           |           |
| Interest Income                       |                 | 2,029     | 8         |
| Other Revenues                        |                 |           | 1,000     |
| Disposal of Capital Assets            |                 |           | (343,135) |
| Interest and Fiscal Charges           |                 | (24,269)  | (26,453)  |
| Net Non-operating Revenues (Expenses) | -               | (22,240)  | (368,580) |
| Income (Loss) before Transfer         | 58,850          | (43,623)  | (356,619) |
| Interfund Transfer from General Fund  |                 | 85,325    |           |
| Change in Net Assets                  | 58,850          | 41,702    | (356,619) |
| Net Assets                            |                 |           |           |
| Beginning                             | 104,839         | (306,387) | 50,232    |
| Ending                                | \$ 163,689      | (264,685) | (306,387) |

## **FIDUCIARY FUND TYPES**

**VILLAGE OF LYONS, ILLINOIS**

Pension Trust Funds

Combining Schedule of Fiduciary Net Assets  
December 31, 2010

|   | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Totals    |
|---|---------------------------|----------------------------------|-----------|
| Assets  |                           |                                  |           |
| Cash and Cash Equivalents                     | \$ 213,957                | 1,218                            | 215,175   |
| Interest Receivable                           | 30,046                    |                                  | 30,046    |
| Due from General Fund                         | 3,593                     |                                  | 3,593     |
| Investments, at Fair Value                    |                           |                                  |           |
| U.S. Governmental Agencies Securities         | 3,332,220                 |                                  | 3,332,220 |
| State and Local Government Securities         | 974,657                   |                                  | 974,657   |
| Illinois Funds                                |                           | 12,406                           | 12,406    |
| Mutual Funds and Equities                     | 4,857,668                 |                                  | 4,857,668 |
| Total Assets                                  | 9,412,141                 | 13,624                           | 9,425,765 |
| Liabilities                                   |                           |                                  |           |
| Due to General Fund                           |                           | 4,014                            | 4,014     |
| Net Assets Held in Trust for Pension Benefits | \$ 9,412,141              | 9,610                            | 9,421,751 |

**VILLAGE OF LYONS, ILLINOIS**

Pension Trust Funds

Combining Schedule of Changes in Fiduciary Net Assets  
For the Year Ended December 31, 2010

|   | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Total            |
|---|---------------------------|----------------------------------|------------------|
| <b>Additions</b>  |                           |                                  |                  |
| Contributions   |                           |                                  |                  |
| Employer  | \$ 186,239                | 32,930                           | 219,169          |
| Plan Members  | 186,541                   |                                  | 186,541          |
| Total Contributions                                     | <u>372,780</u>            | <u>32,930</u>                    | <u>405,710</u>   |
| Investment Earnings                                     |                           |                                  |                  |
| Interest and Dividends                                  | 250,887                   | 22                               | 250,909          |
| Net Increase (Decrease) in Fair Value<br>of Investments | <u>872,709</u>            |                                  | <u>872,709</u>   |
| Total Investment Earnings                               | 1,123,596                 | 22                               | 1,123,618        |
| Less Investment Expense                                 | <u>(26,799)</u>           | <u>(209)</u>                     | <u>(27,008)</u>  |
| Net Investment Earnings                                 | <u>1,096,797</u>          | <u>(187)</u>                     | <u>1,096,610</u> |
| Total Additions   | <u>1,469,577</u>          | <u>32,743</u>                    | <u>1,502,320</u> |
| <b>Deductions</b>                                       |                           |                                  |                  |
| Administration  | 19,362                    |                                  | 19,362           |
| Benefits and Refunds                                    | <u>964,824</u>            | <u>39,007</u>                    | <u>1,003,831</u> |
| Total Deductions  | <u>984,186</u>            | <u>39,007</u>                    | <u>1,023,193</u> |
| Change in Net Assets                                    | 485,391                   | (6,264)                          | 479,127          |
| <b>Net Assets Held in Trust for Pension Benefits</b>    |                           |                                  |                  |
| Beginning, as Restated                                  | <u>8,926,750</u>          | <u>15,874</u>                    | <u>8,942,624</u> |
| Ending  | <u>\$ 9,412,141</u>       | <u>9,610</u>                     | <u>9,421,751</u> |

**VILLAGE OF LYONS, ILLINOIS**

Fiduciary Fund - Police Pension

Schedule of Changes in Fiduciary Net Assets - Budget and Actual  
For the Year Ended December 31, 2010

|  | 2010                |                  |
|--|---------------------|------------------|
|  | Final<br>Budget     | Actual           |
| Additions  |                     |                  |
| Contributions                                    |                     |                  |
| Employer   | \$ 210,000          | 186,239          |
| Plan Members                                     | 210,000             | 186,541          |
| Total Contributions                              | <u>420,000</u>      | <u>372,780</u>   |
| Investment Earnings                              |                     |                  |
| Interest and Dividends                           | 250,000             | 250,887          |
| Net Increase in the Fair Value<br>of Investments | <u>650,000</u>      | <u>872,709</u>   |
| Total Investment Earnings                        | 900,000             | 1,123,596        |
| Less Investment Expense                          |                     | <u>(26,799)</u>  |
| Net Investment Earnings                          | <u>900,000</u>      | <u>1,096,797</u> |
| Total Additions                                  | <u>1,320,000</u>    | <u>1,469,577</u> |
| Deductions                                       |                     |                  |
| Administration                                   | 53,480              | 19,362           |
| Benefits and Refunds                             | <u>825,000</u>      | <u>964,824</u>   |
| Total Deductions                                 | <u>878,480</u>      | <u>984,186</u>   |
| Change in Net Assets                             | 441,520             | 485,391          |
| Net Assets Held in Trust for Pension Benefits    |                     |                  |
| Beginning  | <u>8,926,750</u>    | <u>8,926,750</u> |
| Ending   | <u>\$ 9,368,270</u> | <u>9,412,141</u> |

**VILLAGE OF LYONS, ILLINOIS**

Fiduciary Fund - Firefighters' Pension

Schedule of Changes in Fiduciary Net Assets - Budget and Actual  
For the Year Ended December 31, 2010

|   | 2010            |         |
|---|-----------------|---------|
|   | Final<br>Budget | Actual  |
| Additions                                     |                 |         |
| Contributions                                 |                 |         |
| Employer                                      | \$ 36,000       | 32,930  |
| Investment Earnings                           |                 |         |
| Interest and Dividends                        | 100             | 22      |
| Less Investment Expense                       |                 | (209)   |
| Net Investment Earnings                       | 100             | (187)   |
| Total Additions                               | 36,100          | 32,743  |
| Deductions                                    |                 |         |
| Benefits and Refunds                          | 39,913          | 39,007  |
| Change in Net Assets                          | (3,813)         | (6,264) |
| Net Assets Held in Trust for Pension Benefits |                 |         |
| Beginning, as Restated                        | 15,874          | 15,874  |
| Ending  | \$ 12,061       | 9,610   |