

**VILLAGE OF LYONS, ILLINOIS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2011**



**Prepared by the Finance Department**

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# INDEPENDENT AUDITOR'S REPORT



VILLAGE OF LYONS, ILLINOS

# **GW & ASSOCIATES, P.C.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Village Board  
Village of Lyons, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois, as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Lyons, Illinois', management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lyons Public Library, which represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditors. We also did not audit the financial statements of the Lyons Police Pension Trust Fund, which represents 99.9 percent, 99.9 percent and 95.6 percent, respectively, of the assets, net assets, and additions of the Fiduciary (Pension Trust) Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lyons Police Pension Trust Fund , is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress on pages 3 through 13 and 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*GW & Associates, P.C.*

GW & Associates, P.C.

South Chicago Heights, IL

May 15, 2013



# MANAGEMENT'S DISCUSSION AND ANALYSIS



## Management's Discussion and Analysis

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, 2011.

### 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 as well as significant adjustments to the 2010 financial statements. .
- Based on the budget and managerial actions of the previous Village Administration, General Fund expenditures exceeded the budget by approximately \$1 million. The following are the major factors that caused this excess.
  - The final budget was based on unrealistic assumptions particularly related to Village Administration and Legal expenses resulting in expenditures in these functions exceeding budget by \$450,000.
  - Budgets for certain costs allocated from other departments were reduced or eliminated, but the allocated cost in the other department was not resulting in a \$100,000 budget variance.
  - Expenses related to storms not reimbursed through FEMA amounting to \$250,000
  - Costs related to police officers on duty disability that triggers additional expenditures pursuant to the Illinois Public Employee Disability Act (PEDA) and the Public Safety Employees Benefit Act (PSEBA).
- General fund revenue increases were based on increases to the property tax. General Fund property taxes were to increase 2.7% based on the PTELL calculation. Further, there was an additional increase in the General Fund due to late collections from 2010 being deferred as revenue until 2011. Other taxes and revenues had slight increases.
- General obligation debt including bonds and installment contracts decreased \$1,964,357 from \$27,821,539 to \$25,857,182. The Village is targeting the retirement of its existing debt by 2028. Due to a 27 percent reduction to the Village's Equalized Assessed Valuation, the Village's existing general obligation debt exceeds its allowable debt limit. While this situation does not invalidate existing debt, it does limit future general obligation debt issuances except revenue bonds and alternate revenue bonds. The Village intends to refund certain general obligation debt in 2013 to regain general obligation debt authority.
- Pension funding was just under \$600,000 for the various plans the Village is mandated to provide its employees under state law. This funding is approximately 41% of the actuarial requirements to fully fund the Village pension plans by 2040. The Village is exploring options to increase pension funding to avert a future funding issue.

- While the Economic Development Fund as a whole has a positive fund balance, one of its components, TIF 4, has a deficit. TIF 4 is primarily funding the reclamation of the previous landfill into Veterans' Park (a major community park adjacent to the Village Hall). It has grant funds of \$650,000 to repay the costs as well as a pledge from the Capital Projects fund for any additional funds.

The Emergency 911 Fund also has a deficit. After the remaining debt of the fund is repaid in 2013, the Village intends to use on-going revenue to repay the accumulated deficit. The interfund balances resulting from the funding of the project have been reclassified to advances due to the uncertainty of repayment from this activity.

## **Overview of the Financial Statements**

Government-wide Financial Statements that consist of Statements of Net Assets and Activities found on pages 14 through 15 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. 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 focusses on capital assets and depreciation that are sunk costs of the Village and are not the basis of lending funds in contrast to the private sector. While capital assets serve as collateral for lending in the private sector, they are rarely used for such purposes in the public finance sector.

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

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

The Village maintains four major categories of governmental funds:

- General
- Economic Development (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 16 through 19 of this report.

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

- Water and sewer
- Garbage
- E-911

Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The basic proprietary fund financial statements can be found on pages 20 through 22 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 23 and 24 of this report.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 25 through 60 of this report. Other information included in this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension and other post-

employment benefits to its employees. Required supplementary information can be found on pages 61 through 67 of this report.

### Statement of Net Assets

The following table shows the comparison between 2010 and 2011 Statement of Net Assets for both governmental and business-type activities:

|  | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                  | <u>Total</u>        |                     |
|--|--------------------------------|---------------------|---------------------------------|------------------|---------------------|---------------------|
|  | <u>2010</u>                    | <u>2011</u>         | <u>2010</u>                     | <u>2011</u>      | <u>2010</u>         | <u>2011</u>         |
| <b>ASSETS</b>                                      |                                |                     |                                 |                  |                     |                     |
| Current Assets                                     | 11,429,262                     | 8,025,095           | 1,027,973                       | 490,939          | 12,457,235          | 8,516,034           |
| Restricted Assets                                  | 1,993,655                      | 2,043,338           | 296,359                         | 0                | 2,290,014           | 2,043,338           |
| Other Asset  | 269,829                        | 198,957             | 14,117                          | 0                | 283,946             | 198,957             |
| Capital Assets, Net of Depreciation                | <u>32,709,674</u>              | <u>34,842,366</u>   | <u>4,012,740</u>                | <u>3,834,008</u> | <u>36,722,414</u>   | <u>38,676,374</u>   |
| TOTAL ASSETS                                       | <u>46,402,420</u>              | <u>45,109,756</u>   | <u>5,351,189</u>                | <u>4,324,947</u> | <u>51,753,609</u>   | <u>49,434,703</u>   |
| <b>LIABILITIES</b>                                 |                                |                     |                                 |                  |                     |                     |
| Accounts payable and other liabilities             | 4,446,657                      | 2,575,042           | 229,042                         | 132,607          | 4,675,699           | 2,707,649           |
| Interest Payable                                   | 166,192                        | 258,225             | 5,583                           | 0                | 171,775             | 258,225             |
| Unearned Revenues                                  | 3,591,460                      | 3,506,893           | 5,000                           | 5,172            | 3,596,460           | 3,512,065           |
| Current portion of long term debt                  | <u>1,073,529</u>               | <u>1,099,489</u>    | <u>560,453</u>                  | <u>96,686</u>    | <u>1,633,982</u>    | <u>1,196,175</u>    |
| TOTAL CURRENT LIABILITIES                          | 9,277,838                      | 7,439,651           | 800,078                         | 234,465          | 10,077,916          | 7,674,116           |
| Non current liabilities                            | <u>28,866,415</u>              | <u>29,759,126</u>   | <u>447,732</u>                  | <u>102,923</u>   | <u>29,314,147</u>   | <u>29,862,049</u>   |
| TOTAL LIABILITIES                                  | <u>38,144,253</u>              | <u>37,198,777</u>   | <u>1,247,810</u>                | <u>337,388</u>   | <u>39,392,063</u>   | <u>37,536,165</u>   |
| <b>NET ASSETS</b>                                  |                                |                     |                                 |                  |                     |                     |
| Invested in Capital Assets--Net of<br>Related Debt | 19,736,258                     | 20,428,433          | 3,052,303                       | 3,634,397        | 22,788,561          | 24,062,830          |
| Restricted   |                                |                     |                                 |                  |                     |                     |
| Public Safety                                      | 190,317                        | 244,092             | 0                               | 0                | 190,317             | 244,092             |
| Debt Service                                       | 1,310,556                      | 1,060,063           | 296,359                         | 0                | 1,606,915           | 1,060,063           |
| Capital Projects                                   | 2,958,230                      | 1,496,458           | 0                               | 0                | 2,958,230           | 1,496,458           |
| Unrestricted                                       | <u>(15,937,194)</u>            | <u>(15,318,067)</u> | <u>754,717</u>                  | <u>353,162</u>   | <u>(15,182,477)</u> | <u>(14,964,905)</u> |
| TOTAL NET ASSETS                                   | <u>8,258,167</u>               | <u>7,910,979</u>    | <u>4,103,379</u>                | <u>3,987,559</u> | <u>12,361,546</u>   | <u>11,898,538</u>   |

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

- Current assets in the Governmental activities decreased as the Village spent the proceeds of debt to fund construction of Veterans Park and repaid past due bills owed vendors resulting in an offsetting decrease in accounts payable.
- Restricted assets associated with governmental activities include funds held by the Village pursuant to a court order from the refunding of revenue bonds related to TIF 3 and capitalized interest for the Series 2008 bond holders. These funds cannot be used in Village operations.
- Noncurrent liabilities increased primarily due to the underfunding of pension obligations and increases in compensated absences offset by reductions in bonded debt.

- The Unrestricted Deficit consists of two components: Economic Development Fund Deficit and General Deficit. While there is a future asset associated with TIF activity in the Economic Development Funds (the future incremental taxes) and they are the source of repayment and security for the bonds, GASB does not recognize them as an asset. Unfortunately, this accounting treatment distorts the reported Net Assets of the Village.
- For Business-Type activities, the Village has accumulated increased cash balances before transfers as the debt of the water system was repaid.

## Statement of Activities

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

|                                       | <u>Governmental Activities</u> |                   | <u>Business-Type Activities</u> |                  | <u>Total</u>      |                   |
|---------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
|                                       | <u>2010</u>                    | <u>2011</u>       | <u>2010</u>                     | <u>2011</u>      | <u>2010</u>       | <u>2011</u>       |
| <b>REVENUES</b>                       |                                |                   |                                 |                  |                   |                   |
| Program Revenues:                     |                                |                   |                                 |                  |                   |                   |
| Charges for services                  | 1,983,217                      | 2,250,769         | 3,145,737                       | 3,087,497        | 5,128,954         | 5,338,266         |
| Operating grants and contributions    | 41,694                         | 483,031           | 0                               | 0                | 41,694            | 483,031           |
| Capital grants and contributions      | 453,891                        | 454,730           | 0                               | 0                | 453,891           | 454,730           |
| General revenues:                     |                                |                   |                                 |                  |                   |                   |
| Property taxes                        | 4,714,211                      | 3,522,475         | 42,547                          | 7,215            | 4,756,758         | 3,529,690         |
| Other taxes                           | 3,063,305                      | 4,048,736         | 0                               | 0                | 3,063,305         | 4,048,736         |
| Interest                              | 9,728                          | 52,741            | 2,029                           | 1,114            | 11,757            | 53,855            |
| Other Revenues                        | <u>229,451</u>                 | <u>50,013</u>     | <u>0</u>                        | <u>0</u>         | <u>229,451</u>    | <u>50,013</u>     |
| Total revenues                        | <u>10,495,497</u>              | <u>10,862,495</u> | <u>3,190,313</u>                | <u>3,095,826</u> | <u>13,685,810</u> | <u>13,958,321</u> |
| <b>EXPENSES</b>                       |                                |                   |                                 |                  |                   |                   |
| General government                    | 1,685,481                      | 1,528,127         | 0                               | 0                | 1,685,481         | 1,528,127         |
| Building, zoning and planning         | 296,747                        | 319,331           | 0                               | 0                | 296,747           | 319,331           |
| Health                                | 35,090                         | 0                 | 0                               | 0                | 35,090            | 0                 |
| Police                                | 4,818,089                      | 5,780,562         | 0                               | 0                | 4,818,089         | 5,780,562         |
| Fire and ESDA                         | 1,307,837                      | 1,359,540         | 0                               | 0                | 1,307,837         | 1,359,540         |
| Community development                 | 330,862                        | 177,514           | 0                               | 0                | 330,862           | 177,514           |
| Recreation                            | 167,755                        | 177,252           | 0                               | 0                | 167,755           | 177,252           |
| Public works                          | 1,126,561                      | 1,436,823         | 0                               | 0                | 1,126,561         | 1,436,823         |
| Interest on long-term debt            | 1,573,178                      | 1,137,134         | 0                               | 0                | 1,573,178         | 1,137,134         |
| Water and sewer                       | 0                              | 0                 | 1,863,889                       | 2,014,832        | 1,863,889         | 2,014,832         |
| Garbage                               | 0                              | 0                 | 629,687                         | 658,181          | 629,687           | 658,181           |
| Emergency 911                         | <u>0</u>                       | <u>0</u>          | <u>135,336</u>                  | <u>138,632</u>   | <u>135,336</u>    | <u>138,632</u>    |
| Total expenses                        | <u>11,341,600</u>              | <u>11,916,283</u> | <u>2,628,912</u>                | <u>2,811,645</u> | <u>13,970,512</u> | <u>14,727,928</u> |
| Change in Net Assets before Transfers | (846,103)                      | (1,053,788)       | 561,401                         | 284,181          | (284,702)         | (769,607)         |
| Transfers                             | <u>(85,325)</u>                | <u>400,000</u>    | <u>85,325</u>                   | <u>(400,000)</u> | <u>0</u>          | <u>0</u>          |
| Change in Net Assets before Transfers | (931,428)                      | (653,788)         | 646,726                         | (115,819)        | (284,702)         | (769,607)         |
| <b>NET ASSETS--</b>                   |                                |                   |                                 |                  |                   |                   |
| BEGINNING AS RESTATED                 | <u>9,496,195</u>               | <u>8,564,767</u>  | <u>3,456,653</u>                | <u>4,103,379</u> | <u>12,952,848</u> | <u>12,668,146</u> |
| NET ASSETS--ENDING                    | <u>8,564,767</u>               | <u>7,910,979</u>  | <u>4,103,379</u>                | <u>3,987,560</u> | <u>12,668,146</u> | <u>11,898,539</u> |

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

- Governmental Activities' Charges for services increased as the Village increased the charges to the Water and Sewer fund for support provided in the administration of the fund by employees in the General Fund. Due to the small size of the Village's water and sewer operations, there are no specific water department employees.
- 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.
- Other taxes increased to offset the reduction in property taxes. Unrestricted 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.
- Outstanding community development initiatives were effectively brought to a close with the two remaining initiatives as the completion of Veterans Park and the reclamation of the quarry along First Avenue. That project which will generate 48 acres of prime commercial land is seven to ten years from completion
- Business activities maintained stable operations. The Village did not increase the water rates to offset the increased rates in water purchases.

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:

|                               | <u>Total</u><br><u>Expenditures</u> | <u>Offsetting</u><br><u>Revenues</u> | <u>Percent</u> |
|-------------------------------|-------------------------------------|--------------------------------------|----------------|
| General government            | 1,528,127                           | 1,421,977                            | 93%            |
| Building, zoning and planning | 319,331                             | 94,357                               | 30%            |
| Police                        | 5,780,562                           | 722,438                              | 12%            |
| Fire and ESDA                 | 1,359,540                           | 173,633                              | 13%            |
| Community development         | 177,514                             | -                                    | 0%             |
| Recreation                    | 177,251                             | 53,122                               | 30%            |
| Public works                  | 1,436,823                           | 723,003                              | 50%            |

### **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.

Before these financial objectives can be fully achieved, the Village needs to fully implement budgetary controls, not once a year, but for the entire year to ensure there are adequate revenues to meet expenditures. While many of the variances in 2011 were beyond the Village's control, there was not a systematic plan to address these variances to prevent significant deficit spending.

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

|                      | <u>Amount</u>      | Percent of<br><u>Total</u> |
|----------------------|--------------------|----------------------------|
| Property Taxes       | \$2,791,122        | 32.78%                     |
| Sales Taxes          | 1,118,951          | 13.14%                     |
| Utility Taxes        | 895,263            | 10.51%                     |
| State Income Taxes   | 835,046            | 9.81%                      |
| Other Taxes          | <u>281,886</u>     | <u>3.31%</u>               |
| Subtotal             | 5,922,268          | 69.55%                     |
| Licences and Permits | 450,983            | 5.30%                      |
| Intergovernmental    | 224,363            | 2.63%                      |
| Charges for Services | 843,206            | 9.92%                      |
| Fines and Forfeits   | 660,965            | 7.76%                      |
| Investment Earnings  | 6,442              | 0.08%                      |
| Quarry Royalties     | 258,625            | 3.04%                      |
| Other                | <u>148,144</u>     | <u>1.72%</u>               |
|                      | <u>\$8,514,996</u> | <u>100.00%</u>             |

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 failed to increase contributions over the past ten years to meet the actuarial funding requirement. 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 64 and pages 68 to 75 for the General Fund. The following are the major variances noted:

- General revenues were consistent with the budget. The shortfall in fine and forfeitures resulting from lower police activity were offset by charges for other services. Rather than allocate costs, the Village will calculate a charge to charge those activities that have funding separate from general taxation.
- Total General Fund expenditures exceeded budget by \$1 million. The variances were noted in the Financial Highlights. The Village funded this overage through increased transfers from other funds and draw down on fund balance.

As to other funds, the two major budgetary challenges in the past related to the Economic Development Funds and the Debt Service Fund. The Economic Development Funds were able to fund their debt service as well as complete the remaining project in the economic development area. These results are noted on page 65 and pages 76 to 83 of this report. The Debt Service Fund revenues including transfers and expenditures were in line with the budget as noted on page 84 of the report. Capital projects remain limited since projects relied solely on Motor Fuel and Community Development Block Grant programs. See page 85 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 \$12,288,573 of direct tax supported debt. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$6,520,000 outstanding at the end of the year that has dedicated property tax levies to repay the related debt. The Village had also issued Debt Certificates of which \$5,768,573 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 \$684,843 in 2011 reflecting repayment of existing debt without new borrowings as noted on pages 44 through 45 of this report.

The second type of outstanding debt funds the enterprise fund operations of the Village particularly the water and the sewer fund. This debt has been substantially reduced by \$760,828 in 2011 with a balance of \$199,609 outstanding at the end of the year as noted on pages 44 and 46 to 47 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.

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. In 2011, the Village has repaid \$518,686 of Tax Increment Debt leaving an unpaid balance at the end of the year of \$13,369,000. The details of the Tax Increment Debt are outlined on pages 44 and 46 of this report.

Due to a 27% decrease in Equalized Assessed Valuation, the Village's outstanding general obligation debt exceeds its debt limit as established by Illinois state law. This situation has no impact on the status of outstanding debt, but does significantly limit the Village's debt options for general obligation bonds and debt certificates. However, there is no similar impact on alternate revenue bonds and revenue bonds. The Village has approval for the issuance of alternate revenue bonds to refund outstanding debt certificates that will restore the Village's debt margin to approximately \$7 million barring any further significant reduction in equalized assessed valuation.

In February 2012, the Village's general obligation bonds were downgraded from AA- to A+ with 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 2012 results and expects to issue the 2012 audit report shortly after this report is complete. At that time, the Village will be current on its general financial reporting.

### **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 2011 as noted on pages 38 and 39 of the report. The Veterans Park project, while funded in 2010, restarted in the summer of 2011 and was completed by May 2012.

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.

### **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

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements



VILLAGE OF LYONS, ILLINOS

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

|  | Primary Government         |                             |                   | Component                 |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total             | Unit<br>Public<br>Library |
| <b>Assets</b>                                      |                            |                             |                   |                           |
| Cash and Cash Equivalents                          | \$ 2,678,916               | 550,681                     | 3,229,597         | 493,845                   |
| Restricted Cash                                    | 2,043,338                  | -                           | 2,043,338         | -                         |
| Receivables  | 4,775,233                  | 489,910                     | 5,265,143         | 646,022                   |
| Internal Balances                                  | 549,652                    | (549,652)                   | -                 | -                         |
| Due From Pension Funds                             | 21,294                     | -                           | 21,294            | -                         |
| Prepaid Expenses                                   | 102,532                    | -                           | 102,532           | 8,863                     |
| Due from Primary Government                        |                            |                             |                   | 235                       |
| Other Assets                                       | 96,425                     | -                           | 96,425            | -                         |
| Capital Assets Not Being Depreciated               |                            |                             |                   |                           |
| Land   | 14,594,058                 | 91,021                      | 14,685,079        | 458,155                   |
| Construction in Progress                           | 2,125,360                  | -                           | 2,125,360         | -                         |
| Capital Assets Net of Accumulated<br>Depreciation  |                            |                             |                   |                           |
| Buildings and Improvements                         | 14,853,140                 | 192,092                     | 15,045,232        | 263,816                   |
| Vehicles and Equipment                             | 680,910                    | 347,653                     | 1,028,563         | 245,594                   |
| Infrastructure                                     | 2,588,898                  | 3,203,242                   | 5,792,140         | -                         |
| <b>Total Assets</b>                                | <b>45,109,755</b>          | <b>4,324,948</b>            | <b>49,434,703</b> | <b>2,116,530</b>          |
| <b>Liabilities</b>                                 |                            |                             |                   |                           |
| Accounts Payable and Other                         |                            |                             |                   |                           |
| Current Liabilities                                | 2,574,806                  | 132,607                     | 2,707,413         | 8,767                     |
| Accrued Interest Payable                           | 258,225                    | -                           | 258,225           | -                         |
| Unearned Revenues                                  | 3,506,893                  | 5,172                       | 3,512,065         | -                         |
| Due to Component Unit                              | 235                        | -                           | 235               | -                         |
| Noncurrent Liabilities                             |                            |                             |                   |                           |
| Due Within One Year-                               |                            |                             |                   |                           |
| Accrued Compensated Absences                       | 244,584                    | -                           | 244,584           | -                         |
| Bonds, Notes and Other Debts                       | 854,905                    | 96,686                      | 951,591           | 10,000                    |
| Due in More Than One Year                          |                            |                             |                   |                           |
| Net Pension Obligations                            | 3,197,628                  | -                           | 3,197,628         | -                         |
| Other Post-Employment Benefit Obligation           | 780,498                    | -                           | 780,498           | -                         |
| Accrued Compensated Absences                       | 978,334                    | -                           | 978,334           | -                         |
| Bonds, Notes and Other Debts                       | 24,802,668                 | 102,923                     | 24,905,591        | 240,000                   |
| <b>Total Liabilities</b>                           | <b>37,198,776</b>          | <b>337,388</b>              | <b>37,536,164</b> | <b>258,767</b>            |
| <b>Net Assets</b>                                  |                            |                             |                   |                           |
| Invested in Capital Assets, Net of<br>Related Debt | 20,428,433                 | 3,634,397                   | 24,062,830        | 717,565                   |
| Restricted for                                     |                            |                             |                   |                           |
| Public Safety                                      | 244,092                    | -                           | 244,092           | -                         |
| Debt Service                                       | 1,060,063                  | -                           | 1,060,063         | -                         |
| Capital Projects                                   | 1,496,458                  | -                           | 1,496,458         | -                         |
| Unrestricted                                       | (15,318,067)               | 353,163                     | (14,964,904)      | 1,140,198                 |
| <b>Total Net Assets</b>                            | <b>\$ 7,910,979</b>        | <b>3,987,560</b>            | <b>11,898,539</b> | <b>1,857,763</b>          |

**VILLAGE OF LYONS, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

| Functions/Programs                    | Expenses      | Program Revenues    |                                    |                                  | Primary Government                              |                          |             | Component Unit<br>Public Library |
|---------------------------------------|---------------|---------------------|------------------------------------|----------------------------------|---|--------------------------|-------------|----------------------------------|
|                                       |               | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets |                          |             |                                  |
|                                       |               |                     |                                    |                                  | Governmental Activities                         | Business-type Activities | Total       |                                  |
| <b>Governmental Activities</b>        |               |                     |                                    |                                  |   |                          |             |                                  |
| General Government                    | \$ 1,528,127  | 1,331,249           | 90,728                             | -                                | (106,150)                                       | -                        | (106,150)   | -                                |
| Building, Planning and Zoning         | 319,331       | 94,357              | -                                  | -                                | (224,974)                                       | -                        | (224,974)   | -                                |
| Police Protection                     | 5,780,562     | 570,944             | 125,822                            | 25,672                           | (5,058,124)                                     | -                        | (5,058,124) | -                                |
| Fire Protection and ESDA              | 1,359,540     | 167,972             | 5,661                              | -                                | (1,185,907)                                     | -                        | (1,185,907) | -                                |
| Community Development                 | 177,514       | -                   | -                                  | -                                | (177,514)                                       | -                        | (177,514)   | -                                |
| Recreation                            | 177,251       | 53,122              | -                                  | -                                | (124,129)                                       | -                        | (124,129)   | -                                |
| Public Works                          | 1,436,823     | 33,125              | 260,820                            | 429,058                          | (713,820)                                       | -                        | (713,820)   | -                                |
| Interest and Issuance Cost            | 1,137,134     | -                   | -                                  | -                                | (1,137,134)                                     | -                        | (1,137,134) | -                                |
| Total Government Activities           | 11,916,283    | 2,250,769           | 483,031                            | 454,730                          | (8,727,753)                                     | -                        | (8,727,753) | -                                |
| <b>Business-type Activities</b>       |               |                     |                                    |                                  |   |                          |             |                                  |
| Water                                 | 2,014,832     | 2,347,371           | -                                  | -                                | -   | 332,539                  | 332,539     | -                                |
| Garbage                               | 658,181       | 641,532             | -                                  | -                                | -   | (16,650)                 | (16,650)    | -                                |
| Emergency 911                         | 138,632       | 98,594              | -                                  | -                                | -   | (40,037)                 | (40,037)    | -                                |
| Total Business-Type Activities        | 2,811,645     | 3,087,497           | -                                  | -                                | -   | 275,852                  | 275,852     | -                                |
| Total Primary Government              | \$ 14,727,928 | 5,338,266           | 483,031                            | 454,730                          | (8,727,753)                                     | 275,852                  | (8,451,901) | -                                |
| Component Unit - Public Library       | \$ 538,185    | 20,318              | 12,504                             | -                                | -   | -                        | -           | (505,363)                        |
| <b>General Revenues and Transfers</b> |               |                     |                                    |                                  |   |                          |             |                                  |
| Property Taxes                        |               |                     |                                    |                                  | 3,522,475                                       | 7,215                    | 3,529,690   | 668,785                          |
| Property Taxes - Incremental          |               |                     |                                    |                                  | 923,251   | -                        | 923,251     | -                                |
| Sales Taxes                           |               |                     |                                    |                                  | 1,118,951                                       | -                        | 1,118,951   | -                                |
| State Income Tax                      |               |                     |                                    |                                  | 835,046   | -                        | 835,046     | -                                |
| Utility Taxes                         |               |                     |                                    |                                  | 895,263   | -                        | 895,263     | -                                |
| Other Taxes                           |               |                     |                                    |                                  | 276,226   | -                        | 276,226     | 6,715                            |
| Unrestricted Investment Earnings      |               |                     |                                    |                                  | 52,741  | 1,114                    | 53,855      | 724                              |
| Other Income                          |               |                     |                                    |                                  | 50,013  | -                        | 50,013      | 222                              |
| Transfers                             |               |                     |                                    |                                  | 400,000   | (400,000)                | -           | -                                |
| Total General Revenues and Transfers  |               |                     |                                    |                                  | 8,073,965                                       | (391,671)                | 7,682,294   | 676,446                          |
| Change in Net Assets                  |               |                     |                                    |                                  | (653,788)                                       | (115,819)                | (769,607)   | 171,083                          |
| Net Assets - Beginning as Restated    |               |                     |                                    |                                  | 8,564,767                                       | 4,103,379                | 12,668,146  | 1,686,680                        |
| Net Assets - Ending                   |               |                     |                                    |                                  | \$ 7,910,979                                    | 3,987,560                | 11,898,539  | 1,857,763                        |

**VILLAGE OF LYONS, ILLINOIS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

|   | General             | Economic<br>Development | Debt<br>Service  | Capital<br>Improvement | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|------------------|------------------------|--------------------------------|
| <b>Assets</b>                                 |                     |                         |                  |                        |                                |
| Cash and Cash Equivalents                     | \$ 815,193          | 557,752                 | 226,668          | 1,079,303              | 2,678,916                      |
| Cash - Restricted                             | -                   | 2,043,338               | -                | -                      | 2,043,338                      |
| Receivables                                   |                     |                         |                  |                        |                                |
| Property Taxes                                | 2,829,268           | -                       | 714,777          | -                      | 3,544,045                      |
| Incremental Property Taxes                    | -                   | 63,305                  | -                | -                      | 63,305                         |
| Accounts                                      | 2,000               | -                       | -                | -                      | 2,000                          |
| Other Taxes                                   | 875,241             | -                       | -                | 44,267                 | 919,508                        |
| Other Receivables                             | -                   | 246,374                 | -                | -                      | 246,374                        |
| Prepaid Items                                 | 10,000              | -                       | -                | 92,532                 | 102,532                        |
| Due from Other Funds                          | 575,633             | -                       | 23,475           | -                      | 599,108                        |
| Advance from Other Funds                      | -                   | -                       | 131,738          | 295,068                | 426,806                        |
| <b>Total Assets</b>                           | <b>\$ 5,107,336</b> | <b>2,910,769</b>        | <b>1,096,658</b> | <b>1,511,170</b>       | <b>10,625,933</b>              |
| <b>Liabilities</b>                            |                     |                         |                  |                        |                                |
| Accounts Payable                              | \$ 384,910          | 155,558                 | -                | 14,713                 | 555,180                        |
| Accrued Payroll                               | 271,405             | -                       | -                | -                      | 271,405                        |
| Payable to Developer                          | -                   | 1,696,390               | -                | -                      | 1,696,390                      |
| Other Liabilities                             | 51,829              | -                       | -                | -                      | 51,829                         |
| Deferred Revenue                              | 2,824,339           | 245,000                 | 682,554          | -                      | 3,751,893                      |
| Due to Library                                | 235                 | -                       | -                | -                      | 235                            |
| Due to Other Funds                            | 25,629              | 429,341                 | -                | -                      | 454,970                        |
| <b>Total Liabilities</b>                      | <b>3,558,347</b>    | <b>2,526,289</b>        | <b>682,554</b>   | <b>14,713</b>          | <b>6,781,902</b>               |
| <b>Fund Balances</b>                          |                     |                         |                  |                        |                                |
| Nonspendable                                  |                     |                         |                  |                        |                                |
| Prepaid Items                                 | 10,000              | -                       | -                | 92,532                 | 102,532                        |
| Long Term Interfund Advances                  | -                   | -                       | 131,738          | 295,068                | 426,806                        |
| Restricted                                    |                     |                         |                  |                        |                                |
| Public Safety                                 | 244,092             | -                       | -                | -                      | 244,092                        |
| Capital Projects                              | -                   | -                       | -                | 1,108,858              | 1,108,858                      |
| Economic Development                          | -                   | 354,611                 | -                | -                      | 354,611                        |
| Debt Service                                  | -                   | 737,990                 | 282,366          | -                      | 1,020,356                      |
| Unassigned                                    | 1,294,897           | (708,121)               | -                | -                      | 586,776                        |
| <b>Total Fund Balances</b>                    | <b>1,548,989</b>    | <b>384,480</b>          | <b>414,104</b>   | <b>1,496,458</b>       | <b>3,844,031</b>               |
| <b>Total Liabilities and<br/>Fund Balance</b> | <b>\$ 5,107,335</b> | <b>2,910,769</b>        | <b>1,096,658</b> | <b>1,511,170</b>       | <b>10,625,933</b>              |



**VILLAGE OF LYONS, ILLINOIS**  
**RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS TO STATEMENT**  
**OF NET ASSETS**  
**DECEMBER 31, 2011**

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

|  |    |                         |
|--|----|-------------------------|
| Total fund balances - governmental funds   | \$ | 3,844,031               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |    | 34,842,366              |
| 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  |    | (6,520,000)             |
| Tax Supported Debt - Debt Certificate  |    | (5,430,000)             |
| Tax Supported Debt - Loans   |    | (338,573)               |
| TIF Supported Debt - Alternative Revenue Bonds   |    | (1,685,000)             |
| TIF Supported Debt - G.O. Bonds  |    | (9,000,000)             |
| TIF Supported Debt - Other   |    | (2,684,000)             |
| Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Activities  |    | (258,225)               |
| Governmental funds report bond issuance cost and the excess of refunding proceeds over defeased debt as a use of funds. In the Statement of Net Assets, these costs are capitalized.     |    | 96,425                  |
| Other receivables are not available to pay current period expenditures and are therefore recorded as deferred revenue in the funds   |    | 244,999                 |
| Accrued compensated absences are reported in the Statement of Net Assets, but are not included in the fund financial statements  |    | (1,222,918)             |
| 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. |    | (3,197,628)             |
| 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.                                   |    | (780,498)               |
| Net assets of governmental activities  | \$ | <u><u>7,910,979</u></u> |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | General             | Economic<br>Development | Debt<br>Service  | Capital<br>Improvement | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------|------------------|------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                         |                  |                        |                                |
| Taxes  |                     |                         |                  |                        |                                |
| Property   | \$ 2,791,122        | -                       | 731,353          | -                      | 3,522,475                      |
| Incremental Property Taxes                                   | -                   | 923,251                 | -                | -                      | 923,251                        |
| Sales  | 1,118,951           | -                       | -                | -                      | 1,118,951                      |
| Utility  | 895,263             | -                       | -                | -                      | 895,263                        |
| State Income Tax Allocation                                  | 835,046             | -                       | -                | -                      | 835,046                        |
| Other Taxes  | 276,226             | -                       | -                | -                      | 276,226                        |
| License and Permits  | 450,983             | -                       | -                | -                      | 450,983                        |
| Intergovernmental  | 224,363             | 105,500                 | -                | 262,971                | 592,834                        |
| Charges for Service  | 843,206             | -                       | -                | -                      | 843,206                        |
| Fines and Forfeits   | 660,965             | -                       | -                | -                      | 660,965                        |
| Investment Earnings  | 6,443               | 46,087                  | -                | 211                    | 52,741                         |
| Royalties  | 258,625             | -                       | -                | -                      | 258,625                        |
| Other Revenue  | 153,805             | -                       | -                | 33,125                 | 186,930                        |
| Total Revenue  | <u>\$ 8,514,996</u> | <u>1,074,838</u>        | <u>731,353</u>   | <u>296,307</u>         | <u>10,617,493</u>              |
| <b>Expenditures</b>  |                     |                         |                  |                        |                                |
| Current  |                     |                         |                  |                        |                                |
| General Government   | 1,421,314           | -                       | -                | -                      | 1,421,314                      |
| Building, Planning and Zoning                                | 319,331             | -                       | -                | -                      | 319,331                        |
| Police Protection  | 4,802,299           | -                       | -                | -                      | 4,802,299                      |
| Fire Protection and ESDA                                     | 1,125,793           | -                       | -                | -                      | 1,125,793                      |
| Community Development  | -                   | 36,948                  | -                | -                      | 36,948                         |
| Recreation   | 177,251             | -                       | -                | -                      | 177,251                        |
| Public Works   | 1,246,848           | -                       | -                | -                      | 1,246,848                      |
| Capital Outlays  | -                   | 1,936,023               | -                | 329,903                | 2,265,926                      |
| Debt Service   |                     |                         |                  |                        |                                |
| Principal Payments   | -                   | 518,686                 | 684,840          | -                      | 1,203,526                      |
| Interest and Fiscal Charges                                  | -                   | 474,886                 | 564,139          | -                      | 1,039,025                      |
| Total Expenditures   | <u>9,092,836</u>    | <u>2,966,543</u>        | <u>1,248,980</u> | <u>329,903</u>         | <u>13,638,262</u>              |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <u>(577,840)</u>    | <u>(1,891,705)</u>      | <u>(517,627)</u> | <u>(33,596)</u>        | <u>(3,020,768)</u>             |
| <b>Other Financing Sources (Uses)</b>                        |                     |                         |                  |                        |                                |
| Transfers In   | 836,700             | 169,000                 | 604,369          | -                      | 1,610,069                      |
| Transfers Out  | (604,369)           | (605,700)               | -                | -                      | (1,210,069)                    |
| Total Other Financing Sources (Uses)                         | <u>232,331</u>      | <u>(436,700)</u>        | <u>604,369</u>   | <u>-</u>               | <u>400,000</u>                 |
| Net Change in Fund Balances                                  | (345,509)           | (2,328,405)             | 86,743           | (33,596)               | (2,620,768)                    |
| Fund Balances - Beginning                                    | <u>1,894,498</u>    | <u>2,712,885</u>        | <u>327,361</u>   | <u>1,530,054</u>       | <u>6,464,798</u>               |
| Fund Balances - Ending                                       | <u>\$ 1,548,989</u> | <u>384,480</u>          | <u>414,104</u>   | <u>1,496,458</u>       | <u>3,844,030</u>               |

**VILLAGE OF LYONS, ILLINOIS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

|   |           |                    |
|---|-----------|--------------------|
| Net change in fund balances - total governmental funds  | \$        | (2,620,768)        |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,155,377 exceeded depreciation of \$ 329,285 in the current period. |           | 1,826,092          |
| The repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, but has no effect on net assets.<br>Principal Payments  |           | 1,203,526          |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds   |           | 245,000            |
| Interest on long-tem bonds is shown as a fund expenditure when paid, but is accrued in the Statement of Net Activities  |           | (92,031)           |
| Governmental funds report bond issuance costs and similar items as a use of funds; however in the Statement of Activities these are allocated over the life of the bonds.   |           | (6,076)            |
| Changes in non-current compensated absences (\$142,919), net pension obligations (\$859,146), and other post-retirement benefits (\$207,466) are not reported as expenditures in the fund statement, but are recorded in the Statement of Net Activities.   |           | <u>(1,209,531)</u> |
| Change in net assets of governmental activities   | <u>\$</u> | <u>(653,788)</u>   |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF NET ASSETS-PROPRIETARY FUNDS**  
**DECEMBER 31, 2011**

|   | Water and<br>Sewer  | Garbage        | Emergency<br>911 | Total            |
|---|---------------------|----------------|------------------|------------------|
| <b>Assets</b>   |                     |                |                  |                  |
| Current Assets  |                     |                |                  |                  |
| Cash and Cash Equivalents   | \$ 543,847          | -              | 6,834            | 550,681          |
| Accounts Receivable (net of allowance)                            | 355,132             | 129,548        | -                | 484,680          |
| Property Taxes Receivable   | -                   | 5,230          | -                | 5,230            |
| Due from other Funds  | 98,739              | 2,154          | -                | 100,893          |
| Total Current Assets  | <u>997,718</u>      | <u>136,932</u> | <u>6,834</u>     | <u>1,141,484</u> |
| Capital Assets  |                     |                |                  |                  |
| Non-depreciable   | 91,021              | -              | -                | 91,021           |
| Depreciable   | 5,700,157           | -              | 510,190          | 6,210,347        |
| Less Accumulated Depreciation                                     | (2,273,145)         | -              | (194,216)        | (2,467,361)      |
| Total Capital Assets, Net of<br>Accumulated Depreciation          | <u>3,518,033</u>    | <u>-</u>       | <u>315,974</u>   | <u>3,834,007</u> |
| Total Assets  | <u>4,515,751</u>    | <u>136,932</u> | <u>322,808</u>   | <u>4,975,491</u> |
| <b>Liabilities</b>  |                     |                |                  |                  |
| Current Liabilities   |                     |                |                  |                  |
| Accounts Payable  | 115,744             | 11,093         | -                | 126,837          |
| Accrued Payroll   | 4,498               | 1,269          | -                | 5,767            |
| Due to other Funds  | 125,000             | 98,739         | -                | 223,739          |
| Advance to other Funds  | -                   | -              | 426,806          | 426,806          |
| Unearned Revenue  | -                   | 5,172          | -                | 5,172            |
| Current Portion of Long-term Debt                                 | -                   | -              | 96,686           | 96,686           |
| Total Current Liabilities   | <u>245,242</u>      | <u>116,273</u> | <u>523,492</u>   | <u>885,007</u>   |
| Noncurrent Liabilities  |                     |                |                  |                  |
| Long-term Debt, Net of Current Maturities                         | -                   | -              | 102,924          | 102,924          |
| Total Liabilities   | <u>245,242</u>      | <u>116,273</u> | <u>626,416</u>   | <u>987,931</u>   |
| <b>Net Assets</b>   |                     |                |                  |                  |
| Investment in Capital Assets, Net of Related Debt<br>Unrestricted | 3,518,033           | -              | 116,364          | 3,634,397        |
|   | <u>752,476</u>      | <u>20,659</u>  | <u>(419,972)</u> | <u>353,163</u>   |
| Total Net Assets  | <u>\$ 4,270,509</u> | <u>20,659</u>  | <u>(303,609)</u> | <u>3,987,560</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-PROPRIETARY**  
**FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | Water and<br>Sewer | Garbage  | Emergency<br>911 | Total     |
|--|--------------------|----------|------------------|-----------|
| Operating Revenues                     |                    |          |                  |           |
| Charges for Sales and Services         | 2,347,371          | 641,532  | 98,594           | 3,087,497 |
| Operating Expenses                     |                    |          |                  |           |
| Administration                         | 158,050            | 26,360   | -                | 184,410   |
| Operations                             | 1,730,269          | 631,821  | 17,861           | 2,379,951 |
| Capital Outlay                         | 24,534             | -        | -                | 24,534    |
| Depreciation and Amortization          | 90,812             | -        | 102,038          | 192,850   |
| Total Operating Expenses               | 2,003,665          | 658,181  | 119,899          | 2,781,745 |
| Operating Income (Loss)                | 343,706            | (16,650) | (21,304)         | 305,752   |
| Nonoperating Revenues (Expenses):      |                    |          |                  |           |
| Investment Earnings                    | -                  | -        | 1,114            | 1,114     |
| Property Taxes                         | -                  | 7,215    | -                | 7,215     |
| Interest Expense and Fiscal Charges    | (11,167)           | -        | (18,733)         | (29,900)  |
| Total Nonoperating Revenues (Expenses) | (11,167)           | 7,215    | (17,619)         | (21,571)  |
| Income (Loss) before Transfers         | 332,539            | (9,435)  | (38,924)         | 284,181   |
| Interfund Transfers                    | (400,000)          | -        | -                | (400,000) |
| Change in Net Assets                   | (67,461)           | (9,435)  | (38,924)         | (115,819) |
| Net Assets                             |                    |          |                  |           |
| Beginning                              | 4,337,970          | 30,094   | (264,685)        | 4,103,379 |
| Ending                                 | 4,270,509          | 20,659   | (303,609)        | 3,987,560 |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | Water and<br>Sewer | Garbage         | Emergency<br>911 | Total            |
|---|--------------------|-----------------|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>   |                    |                 |                  |                  |
| Receipt from Customers and Users  | \$ 2,404,981       | 638,436         | 98,594           | 3,142,011        |
| Payments to Suppliers   | (1,442,368)        | (583,101)       | (17,861)         | (2,043,330)      |
| Payments for Interfund Services   | (350,000)          | (75,000)        | -                | (425,000)        |
| Payments to or on Behalf of Employees   | (152,762)          | (36,621)        | -                | (189,383)        |
| Net Cash Provided (Used) by Operating Activities  | <u>459,850</u>     | <u>(56,286)</u> | <u>80,734</u>    | <u>484,298</u>   |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                    |                 |                  |                  |
| Change in Interfund Receivables/Payables  | (98,739)           | 45,965          | -                | (52,774)         |
| Interfund Transfer Received   | (400,000)          | -               | -                | (400,000)        |
| Property Taxes Received   | -                  | 10,235          | -                | 10,235           |
| Net Cash Provided by Financing Activities   | <u>(498,739)</u>   | <u>56,200</u>   | <u>-</u>         | <u>(442,539)</u> |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                   |                    |                 |                  |                  |
| Acquisition and Construction of Capital Assets  |                    |                 |                  |                  |
| Principal paid on Capital Debt  | (670,000)          | -               | (90,826)         | (760,826)        |
| Interest Paid on Capital Debt   | (16,750)           | -               | (18,733)         | (35,483)         |
| Net Cash Used by Capital and Related Financing Activities   | <u>(686,750)</u>   | <u>-</u>        | <u>(109,559)</u> | <u>(796,309)</u> |
| <b>Cash Flows from Investing Activities</b>   |                    |                 |                  |                  |
| Interest Received   | -                  | -               | 1,114            | 1,114            |
| Net Increase in Cash and Cash Equivalents   | (725,639)          | (86)            | (27,712)         | (753,437)        |
| Cash and Cash Equivalents, Beginning  | 1,269,486          | 86              | 34,546           | 1,304,118        |
| Cash and Cash Equivalents, Ending   | <u>\$ 543,847</u>  | <u>-</u>        | <u>6,834</u>     | <u>550,681</u>   |
| <b>Reconciliation of Operating Income (Loss) to</b>   |                    |                 |                  |                  |
| Net Cash Provided (Used) by Operating Activities  |                    |                 |                  |                  |
| Operating Income (Loss)   | <u>343,706</u>     | <u>(16,650)</u> | <u>(21,304)</u>  | <u>305,752</u>   |
| Adjustments to Reconcile Operating Activities to Net Cash provided (Used) by Operating Activities |                    |                 |                  |                  |
| Depreciation and Amortization   | 90,812             | -               | 102,038          | 192,850          |
| Bad Debt Expense  | 75,370             | -               | -                | 75,370           |
| Change in Accounts Receivable   | 57,610             | (3,097)         | -                | 54,513           |
| Change in Accounts Payable  | (58,780)           | (26,279)        | -                | (85,059)         |
| Change in Accrued Payroll   | 348                | -               | -                | 348              |
| Change in Compensated Absences Payable  | (49,216)           | (10,260)        | -                | (59,476)         |
| Total Adjustments   | <u>116,144</u>     | <u>(39,636)</u> | <u>102,038</u>   | <u>178,546</u>   |
| Net Cash Provided (Used) by Operating Activities  | <u>459,850</u>     | <u>(56,286)</u> | <u>80,734</u>    | <u>484,298</u>   |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET ASSETS-PENSION TRUST FUNDS**  
**DECEMBER 31, 2011**

**Assets**

|                                       |                      |
|---------------------------------------|----------------------|
| Cash and Cash Equivalents             | \$ 256,267           |
| Interest Receivable                   | 37,633               |
| Investments, at Fair Value            |                      |
| U.S. Governmental Agencies Securities | 2,988,212            |
| State and Local Government Securities | 381,462              |
| Corporate Bonds                       | 1,281,577            |
| Mutual Funds and Equities             | <u>4,540,821</u>     |
| <br>Total Assets                      | <br><u>9,485,972</u> |

**Liabilities**

|   |                                |
|---|--------------------------------|
| Due to General Fund                               | <u>21,294</u>                  |
| <br>Net Assets Held in Trust for Pension Benefits | <br><u><u>\$ 9,464,678</u></u> |

**VILLAGE OF LYONS, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS-PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  |                     |
|--|---------------------|
| <b>Additions</b>   |                     |
| <b>Contributions</b>                                       |                     |
| Employer   | \$ 337,514          |
| Plan Members   | <u>222,822</u>      |
| Total Contributions  | <u>560,336</u>      |
| <br>   |                     |
| <b>Investment Income</b>                                   |                     |
| Interest Earned  | 459,175             |
| Net Appreciation in<br>Fair Value of Investments           | (163,782)           |
| Less Investment Expense                                    | <u>(18,979)</u>     |
| Net Investment Earnings                                    | <u>276,414</u>      |
| <br>   |                     |
| Total Additions  | <u>836,750</u>      |
| <br>   |                     |
| <b>Deductions</b>  |                     |
| Administration   | 19,428              |
| Benefits and Refunds                                       | <u>774,395</u>      |
| <br>   |                     |
| Total Deductions   | <u>793,823</u>      |
| <br>   |                     |
| Change in Net Assets                                       | 42,927              |
| <br>   |                     |
| Net Assets Held in Trust for Pension Benefits<br>Beginning | <u>9,421,751</u>    |
| <br>   |                     |
| Ending   | <u>\$ 9,464,678</u> |



## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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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 or fiscal dependence of the component unit on the primary government, 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 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, 2011 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### A. Reporting Entity (Cont.)

*Lyons Firefighters' Pension System*- The Village's former fire chief is the sole eligible participant in the Lyons Firefighters' Pension System (LFPS). The LFPS functions for the benefit of 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 annual financial statements are not prepared for the fund.

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

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

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

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

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### 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.

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 has 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

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

The Village reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the delivery of water and collection and treatment of sewage 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 Firefighter's 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.

Governmental fund financial statements are reported using the current financial 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 days 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.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

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

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 the 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.

#### 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

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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1. Summary of Significant Accounting Policies (Cont.)

G. Receivables and Payables (Cont.)

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 vendor 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.

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:

|                                   |               |
|-----------------------------------|---------------|
| Government 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 |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### J. Compensated Absences

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

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

#### 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 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 order to comply with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the fund balance section of the balance sheet of the governmental funds has been modified from prior years. Previously, the fund balance section focused on whether these resources were available for spending. It also distinguished the unreserved fund balance

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### L. Fund Equity and Net Assets (Cont.)

from the reserved fund balance. In order to comply with GASB Statement No. 54, however, the components of the new fund balance include the following line items:

- a) Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact.
- b) Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.
- c) Committed fund balance has self imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decisions making that requires formal action at the same level to remove. For the Village, the Board is the highest level of decision making. As of December 31, 2011, the Village has not committed fund balance for any purpose.
- d) Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the official designated by the Village Board for that purpose. As of December 31, 2011, the Village Board has not designated an official for that purpose.
- e) Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. Negative fund balances in governmental funds other than the general fund are also unassigned.

The implementation of these new components is intended to decrease confusion and help serve the needs of the financial statement users.

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

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets net of related debt represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets. In cases where either restricted or unrestricted funds can be used to pay expenses, restricted funds will be used first until exhausted.



**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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1. Summary of Significant Accounting Policies (Cont.)

L. Fund Equity and Net Assets (Cont.)

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 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.

2. Legal Compliance and Accountability

A. Deficit Fund Balance

As of December 31, 2011, the following fund had a deficit fund balance:

|                                 | <u>Deficit</u> |
|---------------------------------|----------------|
| Proprietary Fund- Emergency 911 | \$ 303,609     |

This deficit has been funded by advances from the Debt Service and Capital Improvement Funds. After the repayment of related debt in 2012, the Village expects to repay the Advances from these funds.

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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### 3. Deposits and Investments

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

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAA standard & Poor's credit quality rating. The fair value of the positions of this pool is the same as the value of the pool shares. The yield on the Illinois Funds Money Market Fund was .069% at December 31, 2011. 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, 2011, the Village held \$1,523,364 in Illinois Fund accounts.

The Illinois Metropolitan Investment Convenience Fund is a depository vehicle that is 110% collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of the Illinois Metropolitan Investment Fund at the Federal Reserve Bank of New York. The IMET Board provides oversight for IMET and is responsible for policy formulation, as well as policy and administrative oversight. The fair value of the position in the pool is that same as the value of the pool shares. The Fund has received a rating of AAA from Standard & Poor's. The yield on the IMET Convenience Fund was .00% at December 31, 2011. 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, 2011, the Village held \$8,079 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 balance in these accounts was \$444,965 at December 31, 2011.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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3. Deposits and Investments (Cont.)

A. Deposits

The Village's cash and cash equivalents were invested as follows at December 31, 2011:

|                                |    |                  |
|--------------------------------|----|------------------|
| Cash on Hand                   | \$ | 2,427            |
| Bank Accounts                  |    | 3,500,414        |
| Money Market Funds             |    |                  |
| Illinois Funds                 |    | 1,523,394        |
| IMET                           |    | 8,079            |
| Goldman Financial Square       |    | <u>444,965</u>   |
| Total Money Market Funds       |    | <u>1,976,438</u> |
| Total Cash and Cash Equivalent | \$ | <u>5,476,852</u> |

At year end the carrying amount of the Village's deposits totaled \$3,500,414 and the bank balance was \$4,225,463. All but \$1,696,390 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.

At December 31, 2011, there was an unreconciled difference between the carrying amount of deposits and the bank balance of \$56,344 since the Village had not timely reconciled balances since 2008. Since the bank balance exceeds the book balance, the Village elects to reserve this balance for unidentified liabilities arising from bank reconciliations and other instances.

At December 31, 2011, the Lyons Public Library's deposits totaled \$493,845, and the bank balance was \$502,570.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

3. Deposits and Investments (Cont.)

B. Investments

At December 31, 2011, 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   | \$ 830,344          | 89,570                    | 684,626             | 56,148               | -                         |
| U.S. Treasury Stripes   | 308,245             | -                         | -                   | 308,245              | -                         |
| Federal Home Loan Bank<br>Federal Home Loan<br>Mortgage Corp. | 575,806<br>406,465  | -<br>-                    | 264,363<br>105,235  | 311,443<br>301,230   | -<br>-                    |
| Federal Farm Credit Bank                                      | 797,303             | 139,518                   | 440,737             | 217,048              | -                         |
| Governmental National<br>Mortgage                             | 70,049              | -                         | -                   | 47,149               | 22,900                    |
| Corporate Bonds   | 1,281,577           | 85,389                    | 693,147             | 503,041              | -                         |
| State and Local Obligations                                   | 381,462             | -                         | 178,813             | 151,335              | 51,314                    |
|   | <u>\$ 4,651,251</u> | <u>314,477</u>            | <u>2,366,921</u>    | <u>1,895,639</u>     | <u>74,214</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     | \$ 1,124,813        | 25%               |
| Small-Cap Equity Funds     | 465,503             | 10%               |
| International Equity Funds | 380,640             | 8%                |
| Schwab One Trust Account   | <u>2,569,865</u>    | 57%               |
|                            | <u>\$ 4,540,821</u> |                   |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### B. Investments (Cont.)

##### *Interest Rate Risk*

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

##### *Custodial Credit Risk*

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

### 4. Receivable – Taxes

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, on property values assessed as of the same date. Taxes are levied by December for collection in the subsequent fiscal year. Tax bills are to be prepared by the County and issued on or about February 1, 2012 and July 1, 2012, and are to be payable in two installments on or about March 1, 2012 and August 1, 2012. The County collects such taxes and remits them periodically. 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.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

5. Capital Assets

Capital assets activity for the year ended December 31, 2011 was as follows:

| GOVERNMENTAL ACTIVITIES                        | Beginning<br>Balance (Restated) | Increases | Decreases | Ending<br>Balance |
|--|---------------------------------|-----------|-----------|-------------------|
| Capital Assets Not Being Depreciated           |                                 |           |           |                   |
| Land   | \$ 14,594,058                   | -         | -         | 14,594,058        |
| Construction in Progress                       | -                               | 2,125,360 | -         | 2,125,360         |
| Total Capital Assets Not Being<br>Depreciated  | 14,594,058                      | 2,125,360 | -         | 16,719,418        |
| Capital Assets Being Depreciated               |                                 |           |           |                   |
| Buildings and Improvements                     | 15,737,470                      | -         | -         | 15,737,470        |
| Vehicles and Equipment                         | 2,360,122                       | 30,017    | -         | 2,390,139         |
| Infrastructure                                 | 3,774,072                       | -         | -         | 3,774,072         |
| Total Capital Assets Being<br>Depreciated      | 21,871,664                      | 30,017    | -         | 21,901,681        |
| Less Accumulated Depreciation for              |                                 |           |           |                   |
| Buildings And Improvements                     | 723,988                         | 160,342   | -         | 884,330           |
| Vehicles and Equipment                         | 1,582,216                       | 127,013   | -         | 1,709,229         |
| Infrastructure                                 | 1,143,244                       | 41,930    | -         | 1,185,174         |
| Total Accumulated Depreciation                 | 3,449,448                       | 329,285   | -         | 3,778,733         |
| Total Capital Assets Being<br>Depreciated, Net | 18,422,216                      | (299,268) | -         | 18,122,948        |
| GOVERNMENTAL ACTIVITIES                        |                                 |           |           |                   |
| CAPITAL ASSETS, NET                            | \$ 33,016,274                   | 1,826,092 | -         | 34,842,366        |

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

|                          |                   |
|--------------------------|-------------------|
| General Government       | \$ 150,258        |
| Police Protection        | 76,388            |
| Fire Protection and ESDA | 26,266            |
| Public Works             | 76,373            |
|                          | <u>329,285</u>    |
|                          | <u>\$ 329,285</u> |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

5. Capital Assets (Cont.)

| 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                      | 642,989              | -         | -         | 642,989           |
| Infrastructure                              | 5,286,749            | -         | -         | 5,286,749         |
| Total Capital Assets Being Depreciated      | 6,210,347            | -         | -         | 6,210,347         |
| Less Accumulated Depreciation for           |                      |           |           |                   |
| Buildings And Improvements                  | 83,841               | 4,676     | -         | 88,517            |
| Vehicles and Equipment                      | 188,444              | 106,892   | -         | 295,336           |
| Infrastructure                              | 2,016,343            | 67,164    | -         | 2,083,507         |
| Total Accumulated Depreciation              | 2,288,628            | 178,732   | -         | 2,467,360         |
| Total Capital Assets Being Depreciated, Net | 3,921,719            | (178,732) | -         | 3,742,987         |
| BUSINESS-TYPE ACTIVITIES                    |                      |           |           |                   |
| CAPITAL ASSETS, NET                         | \$ 4,012,740         | (178,732) | -         | 3,834,008         |

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

|                 |                   |
|-----------------|-------------------|
| Water and Sewer | \$ 76,694         |
| Emergency 911   | 102,038           |
|                 | <u>178,732</u>    |
|                 | <u>\$ 178,732</u> |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

5. Capital Assets (Cont.)

| COMPONENT UNIT - PUBLIC LIBRARY             | Beginning<br>Balance | Increases     | Decreases     | Ending<br>Balance |
|---|----------------------|---------------|---------------|-------------------|
| <b>Capital Assets Not Being Depreciated</b> |                      |               |               |                   |
| Land  | \$ 458,155           | -             | -             | 458,155           |
|   | <u>\$ 458,155</u>    | <u>-</u>      | <u>-</u>      | <u>458,155</u>    |
| <b>Capital Assets Being Depreciated</b>     |                      |               |               |                   |
| Buildings and Improvements                  | 334,484              | 2,590         | -             | 337,074           |
| Furniture and Equipment                     | 253,163              | -             | -             | 253,163           |
| Equipment                                   | 138,609              | 30,139        | -             | 168,748           |
| Library Collection                          | 276,873              | 64,784        | 40,504        | 301,153           |
| Total Capital Assets Being Depreciated      | <u>1,003,129</u>     | <u>97,513</u> | <u>40,504</u> | <u>1,060,138</u>  |
| <b>Less Accumulated Depreciation for</b>    |                      |               |               |                   |
| Buildings And Improvements                  | 50,394               | 22,864        | -             | 73,258            |
| Furniture and Equipment                     | 238,919              | 5,873         | -             | 244,792           |
| Equipment                                   | 107,358              | 12,997        | -             | 120,355           |
| Library Collection                          | 97,452               | 55,375        | 40,504        | 112,323           |
| Total Accumulated Depreciation              | <u>494,123</u>       | <u>97,109</u> | <u>40,504</u> | <u>550,728</u>    |
| Total Capital Assets Being Depreciated, Net | <u>509,006</u>       | <u>404</u>    | <u>-</u>      | <u>509,410</u>    |
| <b>COMPONENT UNIT - PUBLIC LIBRARY</b>      |                      |               |               |                   |
| <b>CAPITAL ASSETS, NET</b>                  | <u>\$ 967,161</u>    | <u>404</u>    | <u>-</u>      | <u>967,565</u>    |

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. Further, the Village expects current claims not to exceed insurance coverage.



**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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7. Interfund Transactions

A. Interfund balances at December 31, 2011 consist of the following:

Due to/from Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>     |
|------------------------|-----------------------|-------------------|
| General                | Economic Development  | \$ 429,341        |
|                        | Water and Sewer       | 125,000           |
|                        | Police Pension        | 13,728            |
|                        | Firefighters' Pension | <u>7,566</u>      |
|                        |                       | 575,635           |
| Water and Sewer        | Garbage               | 98,739            |
| Debt Service           | General               | 23,475            |
| Garbage                | General               | <u>2,154</u>      |
|                        |                       | <u>\$ 700,003</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.

In addition, \$235 is owed by the Village to the Library at December 31, 2011.

The balance due from the Economic Development Fund to the General Fund consists of a temporary short term borrowing from TIF #4 expected to be repaid from grant funds.

B. Advances

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

Advance to/from Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>     |
|------------------------|---------------------|-------------------|
| Capital Improvement    | Emergency 911       | \$ 295,068        |
| Debt Service           | Emergency 911       | <u>131,738</u>    |
|                        |                     | <u>\$ 426,806</u> |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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7. Interfund Transactions (Cont.)

C. Transfers

| <u>Receivable Fund</u> | <u>Payable Fund</u>  | <u>Amount</u>             |
|------------------------|----------------------|---------------------------|
| General                | Economic Development | \$ 436,700                |
|                        | Water                | <u>400,000</u>            |
|                        |                      | 836,700                   |
| Economic Development   | Economic Development | 169,000                   |
| Debt Service           | General              | <u>604,369</u>            |
|                        |                      | <u><u>\$1,610,069</u></u> |

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

|                 |                          |
|-----------------|--------------------------|
| TIF District #1 | \$ 136,275               |
| TIF District #2 | 64,425                   |
| TIF District #3 | 125,125                  |
| TIF District #4 | <u>110,875</u>           |
|                 | <u><u>\$ 436,700</u></u> |

Within the Economic Development Fund, \$169,000 was transferred from TIF District #3 to TIF District #4 to fund the deficit in District #4 as they are coterminous TIFs. The transfers from the Economic Development Fund to the General Fund are for reimbursement of administrative costs and a reimbursement to the General Fund of the interest rate differential for the general obligation guarantee of TIF related debt. The transfer from the Water Fund to the General Fund is a reimbursement for the interest rate differential for the general obligation guarantee of water fund debt. The transfer from the General Fund to the Debt Service fund is sales tax collected in the General Fund to be used to pay debt service per bond ordinances.

8. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created with Internal Revenue Code Section 457. The plan, available to all governmental employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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8. Deferred Compensation Plan (Cont.)

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 had available a line of credit note which matured on February 24, 2011. Changes in the line of credit during 2011 were as follows:

| <u>Balance 1/1/11</u> | <u>Additions</u> | <u>Repayments</u> | <u>Balance 12/31/11</u> |
|-----------------------|------------------|-------------------|-------------------------|
| \$500,000             | \$ -             | \$500,000         | \$ -                    |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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 | Additions        | Reductions       | Ending<br>Balances | Due Within<br>One Year |
|--|-----------------------|------------------|------------------|--------------------|------------------------|
| <b>Governmental Activities</b>               |                       |                  |                  |                    |                        |
| Tax Support Debt                             | \$ 12,973,416         | -                | 684,843          | 12,288,573         | 719,903                |
| Tax Increment Debt                           | 13,887,686            | -                | 518,686          | 13,369,000         | 135,000                |
| Net Pension Obligations                      | 2,505,810             | 691,818          |                  | 3,197,628          | -                      |
| Compensated Absences                         | 1,079,998             | 142,920          | -                | 1,222,918          | 244,584                |
| Other Post-Employment<br>Benefits Obligation | 573,032               | 207,466          | -                | 780,498            | -                      |
|  | <u>31,019,942</u>     | <u>1,042,204</u> | <u>1,203,529</u> | <u>30,858,617</u>  | <u>1,099,487</u>       |
| <b>Business-type Activities</b>              |                       |                  |                  |                    |                        |
| Revenue Supported Debt                       | 960,437               | -                | 760,828          | 199,609            | 96,686                 |
| Compensated Absences                         | 59,685                | -                | 59,685           | -                  | -                      |
|  | <u>1,020,122</u>      | <u>-</u>         | <u>820,513</u>   | <u>199,609</u>     | <u>96,686</u>          |
| <b>Component Unit - Public Library</b>       |                       |                  |                  |                    |                        |
| General Fund Debt                            | 260,000               | -                | 10,000           | 250,000            | 10,000                 |
|  | <u>\$ 32,300,064</u>  | <u>1,042,204</u> | <u>2,034,042</u> | <u>31,308,226</u>  | <u>1,206,173</u>       |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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 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 2005, due in annual installments of \$250,000 to \$500,000 plus interest at 3.4% to 5.625% through December 15, 2026. | \$ 5,955,000          | -        | 270,000        | 5,685,000          | 280,000                |
| 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. | 925,000               | -        | 90,000         | 835,000            | 95,000                 |
| Debt Certificates of 2007, due in annual installments of \$155,000 to \$310,000 plus interest at 3.85% to 5.00% through January 1, 2027.          | 3,845,000             | -        | 160,000        | 3,685,000          | 170,000                |
| 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.        | 1,815,000             | -        | 70,000         | 1,745,000          | 75,000                 |
| Land Loan of 2007, due in monthly installments of \$3,178 including principal and interest at 6.25% through January 1, 2015.                      | 136,886               | -        | 30,336         | 106,550            | 32,297                 |
| Fire Truck Loan of 2007, due in quarterly installments of \$19,373 including principal and interest at 4.70% through February 8, 2015.            | 296,530               | -        | 64,507         | 232,023            | 67,606                 |
|   | <u>\$ 12,973,416</u>  | <u>-</u> | <u>684,843</u> | <u>12,288,573</u>  | <u>719,903</u>         |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

10. Long-Term Debt (Cont.)

C. TIF Supported Debt

|   | Source | Balances             | Issuance | Retirements    | Balances          | One Year       |
|---|--------|----------------------|----------|----------------|-------------------|----------------|
| Alternative Revenue Bonds of 2003, due in annual installments of \$15,000 to \$95,000 plus interest at 3.85% to 5.00% through January 1, 2023.  | TIF #1 | \$ 735,000           | -        | 25,000         | 710,000           | 35,000         |
| 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 | 308,686              | -        | 308,686        | -                 | -              |
| Alternative Revenue Bonds of 2002, due in annual installments of \$55,000 to \$150,000 plus interest at 3.00% to 4.85% through January 1, 2022.   | TIF #2 | 1,160,000            | -        | 185,000        | 975,000           | -              |
| Senior Lien Revenue Bonds of 2008, due as incremental taxes are received plus interest at 7.25% 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         | 50,000         |
|   | TIF #4 | 2,950,000            | -        | -              | 2,950,000         | 50,000         |
|   |        | <u>\$ 13,887,686</u> | <u>-</u> | <u>518,686</u> | <u>13,369,000</u> | <u>135,000</u> |

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.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

10. Long-Term Debt (Cont.)

D. Business-type Activity – Revenue Supported Debt (Cont.)

|  | Beginning<br>Balances | Issuance | Retirements    | Ending<br>Balances | Due Within<br>One Year |
|--|-----------------------|----------|----------------|--------------------|------------------------|
| Alternative 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. | \$ 670,000            | -        | 670,000        | -                  | -                      |
| E-911 Equipment Loan of 2009, due in annual installments of \$109,561 including interest at 6.45% through December 1, 2013.                  | 290,437               | -        | 90,828         | 199,609            | 96,686                 |
|  | <u>\$ 960,437</u>     | <u>-</u> | <u>760,828</u> | <u>199,609</u>     | <u>96,686</u>          |

E. 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      |                   |                   |
| 2012 | \$ 719,905              | 536,564          | 135,000            | 356,024          | 96,686         | 12,875        | 951,591           | 905,463           |
| 2013 | 740,339                 | 782,101          | 475,000            | 541,763          | 102,923        | 6,639         | 1,318,262         | 1,330,503         |
| 2014 | 771,024                 | 480,656          | 610,000            | 605,888          |                |               | 1,381,024         | 1,086,544         |
| 2015 | 707,305                 | 451,622          | 670,000            | 596,714          |                |               | 1,377,305         | 1,048,336         |
| 2016 | 700,000                 | 425,146          | 710,000            | 595,771          |                |               | 1,410,000         | 1,020,917         |
| 2017 | 735,000                 | 397,325          | 740,000            | 578,643          |                |               | 1,475,000         | 975,968           |
| 2018 | 760,000                 | 367,650          | 959,000            | 565,314          |                |               | 1,719,000         | 932,964           |
| 2019 | 790,000                 | 336,248          | 1,045,000          | 552,408          |                |               | 1,835,000         | 888,656           |
| 2020 | 705,000                 | 303,237          | 1,070,000          | 518,578          |                |               | 1,775,000         | 821,815           |
| 2021 | 730,000                 | 273,331          | 1,100,000          | 488,530          |                |               | 1,830,000         | 761,861           |
| 2022 | 750,000                 | 241,739          | 1,125,000          | 467,250          |                |               | 1,875,000         | 708,989           |
| 2023 | 870,000                 | 208,386          | 1,155,000          | 281,200          |                |               | 2,025,000         | 489,586           |
| 2024 | 890,000                 | 163,737          | 1,165,000          | 141,981          |                |               | 2,055,000         | 305,718           |
| 2025 | 910,000                 | 118,022          | 710,000            | 104,950          |                |               | 1,620,000         | 222,972           |
| 2026 | 925,000                 | 70,447           | 720,000            | 74,038           |                |               | 1,645,000         | 144,485           |
| 2027 | 445,000                 | 21,088           | 730,000            | 42,850           |                |               | 1,175,000         | 63,938            |
| 2028 | 140,000                 | 6,790            | 250,000            | 18,125           |                |               | 390,000           | 24,915            |
|      | <u>\$ 12,288,573</u>    | <u>5,184,089</u> | <u>13,369,000</u>  | <u>6,530,027</u> | <u>199,609</u> | <u>19,514</u> | <u>25,857,182</u> | <u>11,733,630</u> |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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### 10. Long-Term Debt (Cont.)

#### F. Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein (equalized assessed valuation or EAV), to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness ...." The following details the Village's debt margin based on EAV used to extend taxes in 2011 (2010 EAV) and the most recently available EAV:

|  | <u>2010 EAV</u>       | <u>2011 EAV</u>       |
|--|-----------------------|-----------------------|
| EAV per County Tax Levy                        | \$ 249,257,306        | \$ 191,576,580        |
| Add EAV Exemptions from Tax Extension          | 49,883,529            | 21,907,274            |
| Add EAV Associated with TIF Districts          | 9,190,237             | 11,096,255            |
| Total Village Equalized Assessed Valuation     | <u>\$ 308,331,072</u> | <u>\$ 224,580,109</u> |
| <br>   |                       |                       |
| Legal Debt Limit - 8.625% of Assessed Value    | \$ 26,593,555         | \$ 19,370,034         |
| <br>   |                       |                       |
| Amount of Debt Application to Limit            |                       |                       |
| General Obligation Bonds and Debt Certificates | <u>21,288,573</u>     | <u>21,288,573</u>     |
| <br>   |                       |                       |
| Legal Debt Margin                              | <u>\$ 5,304,982</u>   | <u>\$ (1,918,539)</u> |

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

The Village has authorized a \$13 million alternate bond issue to refund certain outstanding debt to lock in record low interest rates. This bond issuance will also restore the Village's debt margin to approximately \$7 million. The proposed issue has passed all legal approvals including the back door referendum and will be issued in 2013.

### 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.



## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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### 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 2011 was 12.36% of covered payroll. The employer annual required contribution for calendar year 2011 was 13.03%. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution requirements for disability and death benefits are established and may be amended by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For December 31, 2011, the Village's annual required contribution was \$259,571, and the actual contribution was \$246,223. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll over an open 30 year basis.

As of December 31, 2011, the most recent actuarial valuation date, the plan was 67.62% funded. The actuarial accrued liability for benefits was \$6,164,163 and the actuarial value of assets was

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

#### A. Illinois Municipal Retirement (Cont.)

\$4,168,010, resulting in an underfunded actuarial liability (UAAL) of \$1,996,153. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$1,992,100 and the ratio of the UAAL to the covered payroll was 100%.

#### B. Sheriff's Law Enforcement Personnel

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

As set by state statute, Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 12.91%. The employer also contributes to disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

The required contribution for 2011 was \$12,465. The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of employer Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Sheriff's Law Enforcement Personnel plan's overfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

As of December 31, 2011, the most recent actuarial valuation date, the plan was 382.59% funded. The actuarial accrued liability for benefits was \$8,910 and the actuarial value of assets was \$34,089, resulting in an overfunded actuarial accrued liability (UAAL) of \$25,179. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan)

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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12. Employee Retirement Systems (Cont.)

B. Sheriff's Law Enforcement Personnel (Cont.)

was \$96,550. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

C. 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 contribution 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 issue separate financial statements. The Village payroll for employees covered by the Police Pension Plan for the year ended December 31, 2011 was \$2,273,161. At December 31, 2011, the Police Pension Plan membership consisted of:

|   |           |
|---|-----------|
| Retirees and Beneficiaries Currently Receiving Benefits | 16        |
| Current Active Members - Vested                         | 22        |
| Current Active Members - 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 2 ½% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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12. Employee Retirement Systems (Cont.)

C. Police and Firefighters' Pensions (Cont.)

January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011 shall be increased annually, following the later of the first anniversary date or the month following the attainment of age 60, but the lesser of 3% or one-half of the consumer price index. 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 benefit.

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

Firefighters' Pension

The retired fire chief is covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (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 payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2011 was \$0. Since firefighters are either contract employees of a private company or paid on call at less than full time, there are no current active members of this plan. At December 31, 2011, the Firefighters' Pension Plan membership consisted of:

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

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

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

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

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

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

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

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

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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

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

##### *Basis of Accounting*

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

##### *Methods Used to Value Investments*

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

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

The Village has no investments (other than U.S. government and U.S. government-guaranteed obligations) in any one organization that represents 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 for the firefighters' pension plan; the police pension plan pays all administrative costs including investment-related expenses.

##### *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 valuation for fiscal 2011 were prepared as of December 31, 2010. Significant assumptions used in the calculations include a) a 7.00% return on investment, b) projected salary increases of 5.5% per year, c) RP-2000 Combined Healthy Mortality Table, and e) 28 year (closed period) level dollar amortization of unfunded liability.

**VILLAGE OF LYONS, ILLINOIS**Notes to the Financial Statements  
December 31, 2011

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## 12. Employee Retirement Systems (Cont.)

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

For the year ended December 31, 2011, Village contributions were as follows:

|  | <u>Police</u>       | <u>IMRF</u>      | <u>SLEP</u>   | <u>Firefighters</u> |
|--|---------------------|------------------|---------------|---------------------|
| Annual Required Contributions              | \$ 829,111          | \$ 259,571       | \$12,465      | \$ 255,688          |
| Interest on Net Pension Obligations(Asset) | 177,296             | 1,488            | -             | (12,298)            |
| Adjustment to Annual Required Contribution | <u>(67,437)</u>     | <u>(1,063)</u>   | <u>-</u>      | <u>528</u>          |
| Annual Pension Cost                        | 938,970             | 259,996          | 12,465        | 243,918             |
| Contributions Made                         | <u>301,077</u>      | <u>246,224</u>   | <u>12,465</u> | <u>36,437</u>       |
| Change in Net Pension Obligation (Asset)   | 637,893             | 13,772           | -             | 207,481             |
| Net Pension Obligation (Asset), Beginning  | <u>2,485,976</u>    | <u>19,834</u>    | <u>-</u>      | <u>(167,328)</u>    |
| Net Pension Obligation (Asset), Ending     | <u>\$ 3,123,869</u> | <u>\$ 33,606</u> | <u>\$ -</u>   | <u>\$ 40,153</u>    |

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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12. Employee Retirement Systems (Cont.)

D. Trend Information

|                                | Year | Illinois<br>Municipal<br>Retirement | SLEP   | Police<br>Pension | Firefighters'<br>Pension |
|--------------------------------|------|-------------------------------------|--------|-------------------|--------------------------|
| Annual Pension Cost            | 2011 | \$ 259,996                          | 12,465 | 938,970           | 243,918                  |
|                                | 2010 | 247,323                             | 9,906  | 805,640           | 13,529                   |
|                                | 2009 | 233,361                             | -      | 805,640           | 4,993                    |
| Actual Contribution            | 2011 | 246,223                             | 12,465 | 301,077           | 36,437                   |
|                                | 2010 | 227,489                             | 9,906  | 201,169           | 35,353                   |
|                                | 2009 | 233,361                             | -      | 199,799           | 35,435                   |
| Percent Contributed            | 2011 | 95.0%                               | 100.0% | 32.06%            | 14.94%                   |
|                                | 2010 | 92.0%                               | 100.0% | 24.97%            | 261.31%                  |
|                                | 2009 | 100.0%                              | -      | 24.15%            | 709.69%                  |
| Net Pension Obligation (Asset) | 2011 | 33,606                              | -      | 3,123,869         | 40,153                   |
|                                | 2010 | 19,834                              | -      | 2,485,976         | (167,328)                |
|                                | 2009 | -                                   | -      | 1,881,505         | (145,504)                |

See pages 61-62 for Schedules of Funding Progress.



**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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## 12. Employee Retirement Systems (Cont.)

## E. Funded Status

At December 31, 2011 (latest actuarial valuation date), the funded status was as follows:

|   | Police<br>Pension | Firefighters'<br>Pension | IMRF      | SLEP     |
|---|-------------------|--------------------------|-----------|----------|
| Actuarial Value of Assets                             | \$ 9,501,659      | 9,604                    | 4,168,010 | 34,089   |
| Actuarial Accrued Liability                           | 20,816,235        | 310,397                  | 6,164,163 | 8,910    |
| Unfunded Actuarial Liability                          | 11,314,576        | 300,743                  | 1,996,153 | (25,179) |
| Funded Ratio  | 45.60%            | 3.10%                    | 67.62%    | 382.59%  |
| Covered Payroll                                       | 2,273,161         | N/A                      | 1,992,100 | 96,550   |
| Unfunded Liability as a Percent of<br>Covered Payroll | 497.70%           | N/A                      | 100.20%   | 0%       |

## 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 no longer provided.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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13. Other Post-Employment Benefits (Cont.)

*Membership*

At December 31, 2011, the membership consists of the following:

|   |                  |
|---|------------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 10               |
| Active Non-vested Members                               | <u>58</u>        |
| Total Membership  | <u><u>68</u></u> |

*Funding Policy*

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

*Annual OPEB Costs and Net OPEB Obligations*

The Village had an initial actuarial valuation performed for the plan as of December 31, 2009, to determine the funding status of the plan at that date, as well as the Village's annual required contributions (ARC) for the fiscal year ended December 31, 2009 through 2011. The Village's annual OPEB cost for the year was \$319,981 which is equal to the ARC for the year. The Village's OPEB cost, the percentage of OPEB cost contributed to the plan, and net OPEB obligation are as follows:

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Financial Statements  
December 31, 2011

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13. Other Post-Employment Benefits (Cont.)

**Annual OPEB Cost -**

|  |                          |
|--|--------------------------|
| Service Cost                           | \$ 137,250               |
| Amortization of Unfunded Liability     | 82,500                   |
| Interest Cost                          | <u>11,000</u>            |
| Total OPEB Cost                        | 230,750                  |
| Employer Contributions Made            | <u>(23,284)</u>          |
| Increase in Net OPEB Obligation        | 207,466                  |
| Net OPEB Obligation, January 1, 2011   | <u>573,032</u>           |
| Net OPEB Obligation, December 31, 2011 | <u><u>\$ 780,498</u></u> |

**Funded Status and Funding Progress -**

|   |                    |
|---|--------------------|
| Actuarial Accrued Liability (AAL)           | \$2,929,836        |
| Actuarial Value of Plan Assets              | <u>-</u>           |
| Unfunded Actuarial Accrued Liability (UAAL) | \$2,929,836        |
| Funded Ratio                                | 0%                 |
| Covered Payroll                             | <u>\$4,361,811</u> |
| UAAL as a Percentage of Covered Payroll     | <u>67.17%</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

## VILLAGE OF LYONS, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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### 13. Other Post-Employment Benefits (Cont.)

continual revision as actual results are compared to prior projections and new estimates are made about the future.

In the December 31, 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 8.0% (6.0% ultimate), wage inflation rate of 5.0%, 1994 Group Mortality Table, a 30-year amortization period for funding, and that of 100% of eligible employees elect subsidized coverage.

### 14. Subsequent Events

On March 1, 2012, the Village exchanged \$2,100,000 of General Obligation Debt Certificates, Series 2012 with an interest rate of 2.17% and cash of \$84,000 for the outstanding Senior Lien 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.

### 15. Prior Period Adjustments

Net Assets of governmental activities has been restated at January 1, 2011 to reflect the existence of vehicles and equipment not previously reported. Specifically, Invested in Capital Assets, Net of Related Debt was increased by \$306,600, from \$19,736,258 to \$20,042,858.

# REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress and Employer Contributions

Schedule of Revenues, Expenditures and Changes  
in Fund Balance – General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance – Economic Development Fund

Notes to Required Supplementary Information



**VILLAGE OF LYONS, ILLINOIS**

Required Supplementary Information  
December 31, 2011

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**Schedule of Funding Progress  
Illinois Municipal Retirement Fund**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2011                     | 4,168,010                              | 6,164,163  | 1,996,153                          | 67.62%                   | 1,992,100                 | 100.20%  |
| 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  | 1,691,072                          | 69.22%                   | 2,283,378                 | 74.06%   |

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,947,305. On a market basis, the funded ratio would be 64.04%.

**Schedule of Funding Progress  
Sheriff's Law Enforcement Personnel Plan**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2011                     | 34,089                                 | 8,910  | (25,179)                           | 382.59%                  | 96,550                    | 0.00%  |
| 12/31/2010                     | 14,346                                 | (9,560)  | (23,906)                           | -150.06%                 | 76,731                    | 0.00%  |
| 12/31/2009                     | N/A                                    | N/A  | N/A                                | N/A                      | N/A                       | N/A  |

**VILLAGE OF LYONS, ILLINOIS**

Required Supplementary Information  
December 31, 2011

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**Schedule of Funding Progress  
Police Pension Fund**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2011                     | 9,501,659                              | 20,816,235   | 11,314,576                         | 45.65%                   | 2,273,161                 | 497.75%  |
| 12/31/2009                     | 8,946,430                              | 18,366,632   | 9,420,202                          | 48.71%                   | 2,099,595                 | 448.67%  |
| 12/31/2008                     | 8,053,269                              | 18,294,913   | 10,241,644                         | 44.02%                   | 2,099,595                 | 487.79%  |

**Schedule of Funding Progress  
Firefighters Pension Fund**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets<br>(a) | Liability<br>Entry Age<br>Normal Cost<br>(b) | Actuarial<br>Accrued<br>Liability<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Liability as a<br>Percentage of<br>Covered Payroll<br>((b-1)/c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|---|
| 12/31/2011                     | 9,604                                  | 310,347                                      | 300,743                                    | 3.09%                    | N/A                       | N/A   |
| 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   |

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

**VILLAGE OF LYONS, ILLINOIS**

Required Supplementary Information  
December 31, 2011

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**Schedule of Funding Progress  
Other Post Employment Benefits**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Liability Entry Age Normal Cost (b) | Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Liability as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|-------------------------------------|-----------------------------------|--------------------|---------------------|--|
| 12/31/2011               | -                             | 2,929,836                           | 2,929,836                         | 0.00%              | 4,361,811           | 67.17%   |
| 12/31/2010               | -                             | 2,256,805                           | 2,256,805                         | 0.00%              | N/A                 | N/A  |
| 12/31/2009               | -                             | 2,149,338                           | 2,149,338                         | 0.00%              | N/A                 | N/A  |

**Actuarial Assumptions**

|  |   |
|--|---|
| Actuarial Cost Method                                    | Entry Age   |
| Amortization Period                                      | Level Percentage of Pay, Open   |
| Remaining Amortization Period                            | 30 Years  |
| Asset 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 |



**VILLAGE OF LYONS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                |                  |                  |
|--|---------------------|------------------|------------------|
|  | Original<br>Budget  | Final<br>Budget  | Actual           |
| <b>Revenues</b>  |                     |                  |                  |
| Taxes  | \$ 5,830,628        | 5,830,628        | 5,922,268        |
| Intergovernmental  | 119,875             | 119,875          | 224,363          |
| License, fees and Permits                                    | 463,100             | 463,100          | 450,983          |
| Charges for Service  | 769,029             | 769,029          | 843,206          |
| Fines and Forfeitures  | 852,400             | 852,400          | 660,965          |
| Investment Earnings  | 6,120               | 6,120            | 6,443            |
| Miscellaneous  | 328,000             | 328,000          | 406,768          |
| Total Revenues   | <u>8,369,152</u>    | <u>8,369,152</u> | <u>8,514,996</u> |
| <b>Expenditures</b>  |                     |                  |                  |
| Current  |                     |                  |                  |
| General Government   | 1,091,499           | 1,091,499        | 1,421,314        |
| Building, Planning and Zoning                                | 283,752             | 283,752          | 319,331          |
| Health   | 6,535               | 6,535            | -                |
| Police Protection  | 4,377,294           | 4,377,294        | 4,802,299        |
| Fire Protection and ESDA                                     | 1,133,793           | 1,133,793        | 1,125,793        |
| Recreation   | 195,131             | 195,131          | 177,251          |
| Public Works   | 901,660             | 901,660          | 1,246,848        |
| Capital Outlays  | 34,600              | 34,600           | -                |
| Total Expenditures   | <u>8,024,264</u>    | <u>8,024,264</u> | <u>9,092,836</u> |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <u>344,888</u>      | <u>344,888</u>   | <u>(577,840)</u> |
| <b>Other Financing Sources (Uses)</b>                        |                     |                  |                  |
| Transfers In   | 340,000             | 340,000          | 836,700          |
| Transfers Out  | (675,886)           | (675,886)        | (604,369)        |
|  | <u>(335,886)</u>    | <u>(335,886)</u> | <u>232,331</u>   |
| Net Change in Fund Balance                                   | 9,002               | 9,002            | (345,509)        |
| Fund Balances - Beginning                                    | <u>1,894,498</u>    | <u>1,894,498</u> | <u>1,894,498</u> |
| Fund Balances - Ending                                       | <u>\$ 1,903,500</u> | <u>1,903,500</u> | <u>1,548,989</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-ECONOMIC DEVELOPMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                |                    |                    |
|--|---------------------|--------------------|--------------------|
|  | Original<br>Budget  | Final<br>Budget    | Actual             |
| <b>Revenues</b>  |                     |                    |                    |
| Incremental Property Taxes                                   | \$ 1,140,406        | 1,140,406          | 923,251            |
| Investment Earnings  | 6,450               | 6,450              | 46,087             |
| Intergovernmental Grants                                     | -                   | -                  | 105,500            |
| Total Revenues   | <u>1,146,856</u>    | <u>1,146,856</u>   | <u>1,074,838</u>   |
| <b>Expenditures</b>  |                     |                    |                    |
| Community Development  | 2,504,325           | 2,504,325          | 36,948             |
| Capital Outlays  | 1,500,000           | 1,500,000          | 1,936,023          |
| Debt Service   |                     |                    |                    |
| Principal Retirement   | 88,000              | 88,000             | 518,686            |
| Interest and Fiscal Charge                                   | 459,078             | 459,078            | 474,886            |
| Total Expenditures   | <u>4,551,403</u>    | <u>4,551,403</u>   | <u>2,966,543</u>   |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <u>(3,404,547)</u>  | <u>(3,404,547)</u> | <u>(1,891,705)</u> |
| <b>Other Financing Sources (Uses)</b>                        |                     |                    |                    |
| Sale of Village Assets                                       | 300,000             | 300,000            | -                  |
| Transfers In   | 1,144,604           | 1,144,604          | 169,000            |
| Transfers Out  | (1,244,604)         | (1,244,604)        | (605,700)          |
|  | <u>200,000</u>      | <u>200,000</u>     | <u>(436,700)</u>   |
| Net Change in Fund Balance                                   | (3,204,547)         | (3,204,547)        | (2,328,405)        |
| Fund Balances - Beginning                                    | <u>2,712,885</u>    | <u>2,712,885</u>   | <u>2,712,885</u>   |
| Fund Balances - Ending                                       | <u>\$ (491,662)</u> | <u>(491,662)</u>   | <u>384,480</u>     |

## VILLAGE OF LYONS, ILLINOIS

Notes to the Required Supplementary Information  
December 31, 2011

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### A. Budgets

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

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

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

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

### B. Excess of Actual Expenditures over Budget

For the year ended December 31, 2011, expenditures exceeded budget, exclusive of depreciation, in the following funds:

|                                      |              |
|--------------------------------------|--------------|
| General Fund                         | \$ 1,056,572 |
| Capital Improvement Fund             | 33,403       |
| Proprietary Fund- Emergency 911 Fund | 961          |
| General Debt Service Fund            | 1,937        |

The Village exceeded the General Fund budget for several reasons. First, the budget did not fully reflect the proposed operations of the government. Arbitrary budget expenditure reductions for legal expenses and general administration were not implemented in practice. While several departmental budgets were cut or eliminated such as the health department, financial management continued to allocate costs to the functions. Finally, Village Management authorized the reinstatement of four police officers without the corresponding budget authority. Second, the Village incurred expenses of approximately \$250,000 related to the summer storms over the costs that were repaid by the Federal government. Finally, several police officers incurred duty related disability issues that triggers additional expenditures amounting to approximately \$100,000 currently pursuant to the Illinois's Public Employee Disability Act, or PEDDA, and the Public Safety Employee Benefits Act, or PSEBA that were not incorporated into the original budget. The Village used operating transfers at more realistic amounts to offset the resulting increase in spending.

**VILLAGE OF LYONS, ILLINOIS**

Notes to the Required Supplementary Information  
December 31, 2011

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B. Excess of Actual Expenditures over Budget (Cont.)

The balance of the expenditures over budget in the other funds was immaterial and funded through fund balances.

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

## GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Fund

General Debt Service Fund

Capital Improvement Fund



**VILLAGE OF LYONS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|                                       | 2011             |                  | 2010             |
|---------------------------------------|------------------|------------------|------------------|
|                                       | Final Budget     | Actual           | Actual           |
| <b>Taxes</b>                          |                  |                  |                  |
| Property Taxes                        |                  |                  |                  |
| General /Corporate                    | \$ 488,295       | 490,430          | 292,129          |
| IMRF                                  | 153,542          | 153,982          | 153,018          |
| Street and Bridge                     | 48,355           | 48,471           | 47,765           |
| Fire Protection                       | 414,016          | 415,185          | 409,187          |
| Police Protection                     | 647,321          | 648,373          | 627,769          |
| Social Security                       | 103,691          | 103,941          | 104,553          |
| Auditing                              | 16,201           | 16,220           | 15,571           |
| Police Pension                        | 300,000          | 301,077          | 205,917          |
| Fire Pension                          | 37,000           | 36,437           | 36,506           |
| Liability Insurance                   | 239,536          | 240,247          | 237,730          |
| Ambulance Service                     | 294,372          | 295,145          | 289,055          |
| Road and Bridge                       | 22,299           | 41,614           | 34,236           |
|                                       | <u>2,764,628</u> | <u>2,791,122</u> | <u>2,453,436</u> |
| <b>Other Taxes</b>                    |                  |                  |                  |
| Replacement                           | 50,000           | 59,100           | 58,584           |
| Municipal Sales                       | 995,000          | 1,118,951        | 1,076,302        |
| Income Tax - Municipal Share          | 865,000          | 835,046          | 808,584          |
| Telecommunication Utility             | 360,000          | 360,146          | 387,969          |
| Cable Television Utility              | 120,000          | 111,600          | 120,718          |
| Electric Utility                      | 260,000          | 274,145          | 313,248          |
| Natural Gas Utility                   | 190,000          | 149,372          | 158,287          |
| Local Use                             | 140,000          | 154,857          | 134,545          |
| Hotel/Motel                           | 78,000           | 62,269           | 63,652           |
| Foreign Fire                          | 8,000            | 5,661            | -                |
|                                       | <u>3,066,000</u> | <u>3,131,146</u> | <u>3,121,889</u> |
| <b>Total Taxes</b>                    | <u>5,830,628</u> | <u>5,922,268</u> | <u>5,575,325</u> |
| <b>Intergovernmental</b>              |                  |                  |                  |
| Justice Assistance Grant              | 23,000           | 36,708           | 34,303           |
| Public Safety Grant and Reimbursement | 34,300           | 21,519           | 7,391            |
| Street Grant and Reimbursement        | 6,000            | 78,558           | 5,178            |
| Other Grants and Reimbursements       | 56,575           | 87,577           | 26,414           |
|                                       | <u>119,875</u>   | <u>224,363</u>   | <u>73,286</u>    |
| <b>License and Permits</b>            |                  |                  |                  |
| Riverside Lawn Fire District Fees     | -                | 2,000            | 2,000            |
| Liquor Licenses                       | 30,000           | 40,830           | 42,180           |
| Vehicle Licenses                      | 225,000          | 188,046          | 177,779          |
| Garage Sales Permits                  | 1,000            | 867              | 1,963            |
| Property Maintenance Inspections      | 23,000           | 28,830           | 19,850           |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011           |                | 2010           |
|--|----------------|----------------|----------------|
|  | Final Budget   | Actual         | Actual         |
| <b>License and Permits (Cont.)</b>         |                |                |                |
| Building Permits                           | 40,000         | 52,721         | 37,634         |
| Plumbing Permits                           | 6,500          | 4,520          | 6,192          |
| HVAC Permits                               | 3,100          | 3,067          | 2,588          |
| Electrical Permits                         | 2,500          | 2,219          | 2,276          |
| Contractor Licenses                        | 20,000         | 22,525         | 18,865         |
| Zoning Hearings/Maps/Codes                 | 2,000          | 3,000          | 1,760          |
| Business Licenses                          | 110,000        | 102,359        | 108,757        |
|  | <u>463,100</u> | <u>450,983</u> | <u>421,844</u> |
| <b>Charges for Services</b>                |                |                |                |
| Antenna Agreements                         | 156,629        | 189,371        | 185,280        |
| Advertising for Village Property           | 6,000          | 5,609          | 5,167          |
| Police and Fire Reports                    | 2,500          | 4,133          | 2,167          |
| Ambulance Service Fees                     | 150,000        | 165,972        | 204,216        |
| Collection Agency Revenue                  | 1,200          | -              | 1,626          |
| Health Department Fees                     | -              | -              | 156            |
| Movie Tickets                              | 1,500          | 1,960          | 893            |
| Recreation Fees                            |                |                |                |
| Classes                                    | 7,200          | 3,107          | 5,216          |
| Local Trips                                | 10,000         | 16,368         | 23,514         |
| Extended Trips                             | 14,341         | 31,687         | 30,097         |
| Interfund Charges                          |                |                |                |
| Water and Sewer Public Works Reimbursement | 248,170        | 225,000        | 105,958        |
| Water and Sewer Administration             | 98,221         | 125,000        | -              |
| Garbage Administration                     | 73,268         | 75,000         | 53,000         |
|  | <u>769,029</u> | <u>843,206</u> | <u>617,290</u> |
| <b>Fines and Fees</b>                      |                |                |                |
| Liquor Fines                               | -              | -              | 1,050          |
| Nuisance and Abatement and Adjudication    | 10,000         | 62,925         | 9,844          |
| State Y-Tickets                            | 385,000        | 250,263        | 264,196        |
| Parking P-Tickets                          | 205,000        | 171,602        | 170,154        |
| DUI Fines                                  | 6,500          | 2,522          | 5,641          |
| Towing Fees                                | 116,000        | 63,470         | 58,730         |
| Sex Offender Fees                          | 200            | 1,090          | 200            |
| Red light Photo Enforcement                | 10,000         | 7,000          | 16,119         |
| Alarm Board Fees                           | 13,500         | 7,939          | 12,080         |
| Credit Card Fees                           | 1,200          | -              | 102            |
| NSF Fees                                   | 15,000         | 887            | 225            |
| State Seizure Revenue                      | 50,000         | 67,595         | 43,803         |
| Federal Seizure Revenue                    | 40,000         | 25,672         | 6,129          |
|  | <u>852,400</u> | <u>660,965</u> | <u>588,273</u> |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | 2011                    |                      | 2010                 |
|---|-------------------------|----------------------|----------------------|
|   | Final Budget            | Actual               | Actual               |
| <b>Investment Income - Interest and</b> |                         |                      |                      |
| Adjustment to Fair Value                | 6,120                   | 6,443                | 6,633                |
| <b>Royalties</b>                        |                         |                      |                      |
| Quarry Revenues                         | 260,000                 | 258,625              | 269,849              |
| <b>Miscellaneous</b>                    |                         |                      |                      |
| Sale of Village Property                | -                       | 6,217                | 14,451               |
| Rent of Village Assets                  | 12,000                  | 100                  | 200                  |
| Special Events                          | 7,500                   | 700                  | 2,440                |
| Insurance and Damage Recovery           | 25,000                  | 25,283               | 41,421               |
| Overtime Reimbursement                  | 2,500                   | -                    | -                    |
| Refunds and Rebates                     | 500                     | 65,634               | 1,845                |
| Senior Taxi Donation                    | 4,000                   | 1,000                | 4,000                |
| Other Donations                         | 500                     | -                    | 5,866                |
| Miscellaneous                           | 16,000                  | 49,210               | 19,147               |
|   | <u>68,000</u>           | <u>148,144</u>       | <u>89,370</u>        |
| <br>Total Revenues                      | <br><u>\$ 8,369,152</u> | <br><u>8,514,996</u> | <br><u>7,641,870</u> |



**VILLAGE OF LYONS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|                               | 2011           |                | 2010           |
|-------------------------------|----------------|----------------|----------------|
|                               | Final Budget   | Actual         | Actual         |
| <b>General Government</b>     |                |                |                |
| <b>Administration</b>         |                |                |                |
| Salaries and Benefits         | 159,055        | 238,697        | 255,167        |
| Professional Services         | 500            | 16,342         | 36,000         |
| Communications                | 65,650         | 140,350        | 71,533         |
| Professional Development      | 18,100         | 17,127         | 21,106         |
| Operations                    | 7,750          | 25,216         | 33,407         |
| Other                         | 1,751          | 18,903         | 61,542         |
| Interest Expense              | -              | -              | 23,203         |
|                               | <u>252,806</u> | <u>456,635</u> | <u>501,958</u> |
| <b>Legal Services</b>         |                |                |                |
| Professional Services         | <u>152,000</u> | <u>351,447</u> | <u>233,055</u> |
| <b>Finance</b>                |                |                |                |
| Salaries and Benefits         | 102,332        | 93,434         | 123,791        |
| Professional Services         | 123,500        | 141,459        | 74,353         |
| Communications                | 15,050         | 3,334          | 18,100         |
| Professional Development      | 750            | 100            | 933            |
| Operations                    | 2,650          | 8              | 1,088          |
| Other                         | 2,900          | 25             | 3,329          |
|                               | <u>247,182</u> | <u>238,360</u> | <u>221,594</u> |
| <b>Human Resources</b>        |                |                |                |
| Salaries and Benefits         | 111,361        | 61,870         | 112,147        |
| Professional Services         | 2,000          | 690            | 3,989          |
| Communications                | -              | -              | 250            |
| Professional Development      | -              | -              | 2,544          |
| Operations                    | 680            | 1,574          | 19             |
|                               | <u>114,041</u> | <u>64,134</u>  | <u>118,949</u> |
| <b>Risk Management</b>        |                |                |                |
| Professional Services         | 227,500        | 193,860        | 185,927        |
| Other Expenditures            | 5,500          | -              | -              |
| Employee Insurance            | -              | -              | 64,863         |
|                               | <u>233,000</u> | <u>193,860</u> | <u>250,790</u> |
| <b>Information Technology</b> |                |                |                |
| Professional Services         | 70,000         | 69,688         | 80,225         |
| Communications                | -              | 1,123          | -              |
| Operations                    | 6,000          | 32,126         | 2,157          |
| Other                         | 15,820         | 13,940         | 41,109         |
|                               | <u>91,820</u>  | <u>116,877</u> | <u>123,491</u> |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|                                      | 2011         |           | 2010      |
|--------------------------------------|--------------|-----------|-----------|
|                                      | Final Budget | Actual    | Actual    |
| General Government (Cont.)           |              |           |           |
| <b>Police and Fire Commission</b>    |              |           |           |
| Professional Development             | 500          | -         | 375       |
| Operations                           | 150          | -         | -         |
|                                      | 650          | -         | 375       |
| Total General Government             | 1,091,499    | 1,421,314 | 1,450,212 |
| <b>Building, Planning and Zoning</b> |              |           |           |
| <b>Building</b>                      |              |           |           |
| Salaries and Benefits                | 249,727      | 251,503   | 236,690   |
| Professional Services                | 17,000       | 14,879    | 30,370    |
| Communications                       | 2,825        | 4,246     | 4,129     |
| Professional Development             | 500          | 9,084     | 169       |
| Operations                           | 11,950       | 36,446    | 14,665    |
|                                      | 282,002      | 316,158   | 286,023   |
| <b>Planning and Zoning</b>           |              |           |           |
| Professional Services                | 500          | 1,144     | 100       |
| Communications                       | 1,000        | 2,028     | 689       |
| Other Expenditures                   | 250          | -         | -         |
|                                      | 1,750        | 3,172     | 789       |
| Total Building, Planning and Zoning  | 283,752      | 319,331   | 286,812   |
| <b>Health</b>                        |              |           |           |
| Salaries and Benefits                | 5,535        | -         | 27,716    |
| Professional Services                | -            | -         | 4,100     |
| Communications                       | 1,000        | -         | 604       |
| Operations                           | -            | -         | 2,670     |
| Total Health                         | 6,535        | -         | 35,090    |
| <b>Police</b>                        |              |           |           |
| <b>Administration</b>                |              |           |           |
| Salaries and Benefits                | 294,365      | 372,160   | 338,871   |
| Pensions                             | 300,000      | 301,077   | 201,169   |
| PEDA Expenditures                    | -            | 58,550    | 23,200    |
| Communications                       | -            | 21,095    | 12,946    |
| Professional Development             | 9,050        | 18,134    | 14,972    |
| Operations                           | 128,500      | 219,712   | 114,616   |
| Other Expenditures                   | 81,500       | 131,702   | 84,950    |
|                                      | 813,415      | 1,122,430 | 790,724   |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011             |                  | 2010             |
|--|------------------|------------------|------------------|
|  | Final Budget     | Actual           | Actual           |
| <b>Police (Cont.)</b>                              |                  |                  |                  |
| <b>Investigations</b>                              |                  |                  |                  |
| Salaries and Benefits                              | 463,458          | 312,507          | 447,824          |
| Communications                                     | 0                | 826              | 1,159            |
| Professional Development                           | 2,535            | 2,023            | 1,637            |
| Operations   | 5,750            | 10,501           | 13,389           |
|  | <u>471,743</u>   | <u>325,856</u>   | <u>464,009</u>   |
| <b>Patrol Operations</b>                           |                  |                  |                  |
| Salaries and Benefits                              | 2,320,859        | 2,523,720        | 2,174,647        |
| Professional Services                              | 3,700            | 6,866            | 4,615            |
| Communications                                     | 2,000            | 2,879            | 703              |
| Operations   | 35,400           | 93,521           | 34,219           |
| Professional Development                           | 6,000            | -                | 5,000            |
| Other Expenditures                                 | 23,000           | 28,261           | 14,285           |
|  | <u>2,390,959</u> | <u>2,655,248</u> | <u>2,233,469</u> |
| <b>Dispatch Operations</b>                         |                  |                  |                  |
| Salaries and Benefits                              | 696,437          | 673,179          | 603,154          |
| Communications                                     | -                | -                | 120              |
| Professional Development                           | 990              | 300              | 100              |
| Operations   | 3,750            | 25,286           | 1,947            |
|  | <u>701,177</u>   | <u>698,765</u>   | <u>605,321</u>   |
| <br>Total Police                                   | <br>4,377,294    | <br>4,802,299    | <br>4,093,523    |
| <b>Fire Protection and ESDA</b>                    |                  |                  |                  |
| <b>Operations</b>                                  |                  |                  |                  |
| Salaries and Benefits                              | 542,455          | 564,586          | 538,689          |
| Fire Pension                                       | 37,000           | 36,437           | 35,353           |
| Communications                                     | 20,100           | 13,371           | 13,380           |
| Professional Development                           | 15,850           | 11,293           | 8,161            |
| Operations   | 71,300           | 66,357           | 46,717           |
| Other  | 8,000            | 6,445            | 10,852           |
|  | <u>694,705</u>   | <u>698,490</u>   | <u>653,152</u>   |
| <b>Emergency Medical Services (EMS) Operations</b> |                  |                  |                  |
| Professional Services                              | 427,088          | 420,494          | 426,095          |
| Operations   | 12,000           | 6,196            | 36,299           |
|  | <u>439,088</u>   | <u>426,691</u>   | <u>462,394</u>   |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011         |           | 2010      |
|--|--------------|-----------|-----------|
|  | Final Budget | Actual    | Actual    |
| <b>Fire Protection and ESDA (Cont.)</b>              |              |           |           |
| <b>Emergency Services and Disaster Agency (ESDA)</b> |              |           |           |
| Communications                                       | -            | -         | 111       |
| Professional Development                             | -            | -         | 120       |
| Operations   | -            | 612       | 839       |
|  | -            | 612       | 1,070     |
| <br>   |              |           |           |
| Total Fire Protection and ESDA                       | 1,133,793    | 1,125,793 | 1,116,616 |
| <br>   |              |           |           |
| <b>Recreation</b>                                    |              |           |           |
| <b>Recreation Department</b>                         |              |           |           |
| Salaries and Benefits                                | 27,402       | 27,764    | 27,364    |
| Professional Services                                | 89,000       | 62,133    | 64,338    |
| Communications                                       | 250          | 1,385     | 99        |
| Operations   | 1,600        | 1,707     | 1,150     |
|  | 118,252      | 92,988    | 92,951    |
| <br>   |              |           |           |
| <b>Community Events</b>                              |              |           |           |
| Salaries and Benefits                                | 3,445        | 12,175    | 3,581     |
| Operations   | 12,750       | 10,354    | 11,275    |
| Other Expenditures                                   | 500          | 137       | 121       |
|  | 16,695       | 22,665    | 14,977    |
| <br>   |              |           |           |
| <b>Hotel/Motel Events</b>                            |              |           |           |
| Salaries and Benefits                                | 7,184        | 4,233     | -         |
| Communications                                       | 1,000        | 12,294    | -         |
| Operations   | 4,500        | -         | 9,937     |
| Other Expenditures                                   | 47,500       | 45,071    | 45,090    |
|  | 60,184       | 61,598    | 55,027    |
| <br>   |              |           |           |
| Total Recreation                                     | 195,131      | 177,251   | 162,955   |
| <br>   |              |           |           |
| <b>Public Works</b>                                  |              |           |           |
| <b>Administration</b>                                |              |           |           |
| Salaries and Benefits                                | 79,078       | 95,625    | 84,888    |
| Professional Services                                | 950          | -         | -         |
| Communications                                       | 6,000        | 4,197     | 5,777     |
| Professional Development                             | -            | 350       | -         |
| Operations   | 14,050       | 33,346    | 24,412    |
|  | 100,078      | 133,518   | 115,077   |

**VILLAGE OF LYONS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|                              | 2011                 |                      | 2010                 |
|------------------------------|----------------------|----------------------|----------------------|
|                              | Final Budget         | Actual               | Actual               |
| <b>Public Works (Cont.)</b>  |                      |                      |                      |
| <b>Streets and Forestry</b>  |                      |                      |                      |
| Salaries and Benefits        | 311,380              | 507,427              | 410,307              |
| Professional Services        | 60,250               | 72,489               | 60                   |
| Professional Development     | 100                  | -                    | -                    |
| Operations                   | 176,750              | 196,490              | 181,177              |
| Other Expenditures           | -                    | 4,839                | -                    |
|                              | <u>548,480</u>       | <u>781,245</u>       | <u>591,544</u>       |
| <b>Buildings and Grounds</b> |                      |                      |                      |
| Salaries and Benefits        | 97,805               | 106,128              | 97,475               |
| Professional Services        | 27,600               | 27,800               | 29,660               |
| Operations                   | 26,000               | 67,980               | 26,943               |
|                              | <u>151,405</u>       | <u>201,908</u>       | <u>154,078</u>       |
| <b>Village Garage</b>        |                      |                      |                      |
| Salaries and Benefits        | 99,897               | 107,039              | 95,801               |
| Operations                   | 1,800                | 23,138               | 2,463                |
|                              | <u>101,697</u>       | <u>130,177</u>       | <u>98,264</u>        |
| <br>Total Public Works       | <br>901,660          | <br>1,246,848        | <br>958,963          |
| <b>Capital Outlays</b>       |                      |                      |                      |
| <b>General Government</b>    |                      |                      |                      |
| Administration               | -                    | -                    | 801                  |
| <b>Public Safety</b>         |                      |                      |                      |
| <b>Police</b>                |                      |                      |                      |
| Patrol Operations            | 30,550               | -                    | 1,796                |
| <b>Recreation</b>            |                      |                      |                      |
| Recreation Department        | 250                  | -                    | -                    |
| <b>Public Works</b>          |                      |                      |                      |
| Administration               | -                    | -                    | 191                  |
| Streets and Forestry         | 2,000                | -                    | -                    |
| Village Garage               | 1,800                | -                    | 66                   |
|                              | <u>34,600</u>        | <u>-</u>             | <u>2,854</u>         |
| <br>Total Capital Outlay     | <br>34,600           | <br>-                | <br>2,854            |
| <br>Total Expenditures       | <br><u>8,024,264</u> | <br><u>9,092,836</u> | <br><u>8,107,025</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**COMBINING BALANCE SHEET-ECONOMIC DEVELOPMENT(TIF FUNDS)**  
**DECEMBER 31, 2011**

|                                    | TIF<br>District # 1 | TIF<br>District # 2 | TIF<br>District # 3 | TIF<br>District # 4 | Totals           |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------|
| <b>Assets</b>                      |                     |                     |                     |                     |                  |
| Cash and Cash Equivalents          | \$ 309,053          | 4,976               | 243,723             | -                   | 557,752          |
| Cash - Restricted                  | -                   | -                   | 1,696,390           | 346,948             | 2,043,338        |
| Receivables                        |                     |                     |                     |                     |                  |
| Incremental Property Taxes         | 21,238              | 15,647              | 24,501              | 1,920               | 63,305           |
| Other                              | 342                 | 345                 | 344                 | 245,344             | 246,374          |
| Total Assets                       | <u>330,633</u>      | <u>20,967</u>       | <u>1,964,957</u>    | <u>594,212</u>      | <u>2,910,769</u> |
| <b>Liabilities</b>                 |                     |                     |                     |                     |                  |
| Accounts Payable                   | -                   | -                   | -                   | 155,558             | 155,558          |
| Deferred Revenue                   | -                   | -                   | -                   | 245,000             | 245,000          |
| Payable to Developer               | -                   | -                   | 1,696,390           | -                   | 1,696,390        |
| Due to Other Funds                 | -                   | -                   | -                   | 429,341             | 429,341          |
| Total Liabilities                  | <u>-</u>            | <u>-</u>            | <u>1,696,390</u>    | <u>829,899</u>      | <u>2,526,289</u> |
| <b>Fund Balances</b>               |                     |                     |                     |                     |                  |
| Nonspendable                       | -                   | -                   | -                   | -                   | -                |
| Restricted                         |                     |                     |                     |                     |                  |
| Economic Development               | 177,638             | -                   | 176,973             | -                   | 354,611          |
| Debt Service                       | 152,995             | 69,579              | 91,594              | 423,822             | 737,990          |
| Committed                          | -                   | -                   | -                   | -                   | -                |
| Unassigned                         | -                   | (48,612)            | -                   | (659,509)           | (708,121)        |
| Total Fund Balances                | <u>330,633</u>      | <u>20,967</u>       | <u>268,567</u>      | <u>(235,687)</u>    | <u>384,480</u>   |
| Total Liabilities and Fund Balance | <u>\$ 330,633</u>   | <u>20,967</u>       | <u>1,964,957</u>    | <u>594,212</u>      | <u>2,910,769</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES-ECONOMIC DEVELOPMENT (TIF FUNDS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | TIF<br>District # 1 | TIF<br>District # 2 | TIF<br>District # 3 | TIF<br>District # 4 | Totals           |
|--|---------------------|---------------------|---------------------|---------------------|------------------|
| <b>Revenues</b>                                      |                     |                     |                     |                     |                  |
| Incremental Property Taxes                           | 324,061             | 142,718             | 448,778             | 7,694               | 923,251          |
| Investment Earnings                                  | 65                  | 858                 | 126                 | 45,038              | 46,087           |
| Intergovernmental Grants                             | -                   | -                   | -                   | 105,500             | 105,500          |
| <b>Total Revenues</b>                                | <b>324,126</b>      | <b>143,577</b>      | <b>448,904</b>      | <b>158,232</b>      | <b>1,074,838</b> |
| <b>Expenditures</b>                                  |                     |                     |                     |                     |                  |
| Community Development                                | 5,700               | 250                 | 19,217              | 11,781              | 36,948           |
| Capital Outlays                                      | -                   | -                   | -                   | 1,936,023           | 1,936,023        |
| Debt Service   |                     |                     |                     |                     |                  |
| Principal Retirement                                 | 333,686             | 185,000             | -                   | -                   | 518,686          |
| Interest and Fiscal Charges                          | 104,969             | 57,661              | 59,644              | 252,613             | 474,886          |
| <b>Total Expenditures</b>                            | <b>444,355</b>      | <b>242,911</b>      | <b>78,861</b>       | <b>2,200,417</b>    | <b>2,966,543</b> |
| Excess (Deficiency) of Revenues<br>over Expenditures | (120,229)           | (99,334)            | 370,043             | (2,042,185)         | (1,891,705)      |
| <b>Other Financing Sources (Uses)</b>                |                     |                     |                     |                     |                  |
| Transfers In   | -                   | -                   | -                   | 169,000             | 169,000          |
| Transfers Out  | (136,275)           | (64,425)            | (294,125)           | (110,875)           | (605,700)        |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(136,275)</b>    | <b>(64,425)</b>     | <b>(294,125)</b>    | <b>58,125</b>       | <b>(436,700)</b> |
| Net Change in Fund Balances                          | (256,504)           | (163,759)           | 75,918              | (1,984,060)         | (2,328,405)      |
| Fund Balances - Beginning                            | 587,137             | 184,726             | 192,649             | 1,748,373           | 2,712,885        |
| Fund Balances - Ending                               | 330,633             | 20,967              | 268,567             | (235,687)           | 384,480          |

**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, 2011**

|  | 2011               |                  | 2010<br>Actual  |
|--|--------------------|------------------|-----------------|
|  | Final<br>Budget    | Actual           |                 |
| <b>Revenues</b>                                      |                    |                  |                 |
| Taxes  |                    |                  |                 |
| Incremental Property Taxes                           | \$ 442,402         | 324,061          | 364,183         |
| Investment Income                                    | 2,700              | 65               | 16              |
| Total Revenues                                       | <u>445,102</u>     | <u>324,126</u>   | <u>364,199</u>  |
| <b>Expenditures</b>                                  |                    |                  |                 |
| Community Development                                | 21,999             | 5,700            | 18,277          |
| Debt Service   |                    |                  |                 |
| Principal Retirement                                 | 354,187            | 333,686          | -               |
| Interest and Fiscal Charges                          | 84,819             | 104,969          | 250             |
| Issuance Costs                                       | -                  | -                | 106,503         |
| Total Expenditures                                   | <u>461,005</u>     | <u>444,355</u>   | <u>125,030</u>  |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(15,903)</u>    | <u>(120,229)</u> | <u>239,169</u>  |
| <b>Other Financing Sources (Uses)</b>                |                    |                  |                 |
| Bond Proceeds  | -                  | -                | 2,550,000       |
| Transfers In   | 399,171            | 385,529          | (2,586,872)     |
| Transfers Out  | (439,007)          | (136,275)        | -               |
| Total Other Financing Sources (Uses)                 | <u>(39,836)</u>    | <u>249,254</u>   | <u>(36,872)</u> |
| Net Change in Fund Balance                           | <u>\$ (55,739)</u> | <u>129,025</u>   | <u>202,297</u>  |
| Fund Balances - Beginning                            |                    | <u>201,608</u>   | <u>(689)</u>    |
| Fund Balances - Ending                               |                    | <u>330,633</u>   | <u>201,608</u>  |



**VILLAGE OF LYONS, ILLINOIS**  
**TIF #1 DEBT SERVICE FUND SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011            |                | 2010<br>Actual |
|--|-----------------|----------------|----------------|
|  | Final<br>Budget | Actual         |                |
| <b>Revenues</b>                                      |                 |                |                |
| Investment Income                                    | \$ -            | -              | 6              |
| <b>Expenditures</b>                                  |                 |                |                |
| Developer Subsidy                                    | -               | -              | 196,708        |
| Debt Service   |                 |                |                |
| Principal Retirement                                 | -               | -              | 989,054        |
| Interest and Fiscal Charges                          | -               | -              | 275,645        |
| Total Expenditures                                   | -               | -              | 1,461,407      |
| Excess (Deficiency) of Revenues<br>over Expenditures | -               | -              | (1,461,401)    |
| <b>Other Financing Sources (Uses)</b>                |                 |                |                |
| Transfers In   | 439,007         | -              | 1,412,964      |
| Transfers Out  | (434,171)       | (385,529)      | (25,000)       |
| Total Other Financing Sources (Uses)                 | 4,836           | (385,529)      | 1,387,964      |
| Net Change in Fund Balance                           | <u>\$ 4,836</u> | (385,529)      | (73,437)       |
| Fund Balances - Beginning                            |                 | <u>385,529</u> | 458,966        |
| Fund Balances - Ending                               |                 | <u>-</u>       | <u>385,529</u> |

**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, 2011**

|  | 2011              |                 | 2010<br>Actual   |
|--|-------------------|-----------------|------------------|
|  | Final<br>Budget   | Actual          |                  |
| <b>Revenues</b>                                      |                   |                 |                  |
| Taxes  |                   |                 |                  |
| Incremental Property Taxes                           | \$ 243,004        | 142,718         | 139,620          |
| Investment Income                                    | 1,750             | 858             | 12               |
| Total Revenues                                       | <u>244,754</u>    | <u>143,577</u>  | <u>139,632</u>   |
| <b>Expenditures</b>                                  |                   |                 |                  |
| Community Development                                | 13,919            | 250             | 11,759           |
| Debt Service   |                   |                 |                  |
| Principal Retirement                                 | 55,000            | 185,000         | -                |
| Interest and Fiscal Charges                          | 61,009            | 57,661          | 950              |
| Issuance Costs                                       | -                 | -               | 3,594            |
| Total Expenditures                                   | <u>129,928</u>    | <u>242,911</u>  | <u>16,303</u>    |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>114,826</u>    | <u>(99,334)</u> | <u>123,329</u>   |
| <b>Other Financing Sources (Uses)</b>                |                   |                 |                  |
| Bond Proceeds  | -                 | -               | 450,000          |
| Transfers In   | 190,417           | 262,069         | 157,750          |
| Transfers Out  | (116,009)         | (64,425)        | (806,025)        |
| Total Other Financing Sources (Uses)                 | <u>74,408</u>     | <u>197,644</u>  | <u>(198,275)</u> |
| Net Change in Fund Balance                           | <u>\$ 189,235</u> | 98,310          | (74,946)         |
| Fund Balances - Beginning                            |                   | <u>(77,343)</u> | <u>(2,397)</u>   |
| Fund Balances - Ending                               |                   | <u>20,967</u>   | <u>(77,343)</u>  |

**VILLAGE OF LYONS, ILLINOIS**  
**TIF #2 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                |                | 2010<br>Actual |
|--|---------------------|----------------|----------------|
|  | Final<br>Budget     | Actual         |                |
| <b>Revenues</b>                                      |                     |                |                |
| Investment Income                                    | \$ -                | -              | 8              |
| <b>Expenditures</b>                                  |                     |                |                |
| Community Development                                |                     | -              | 80,980         |
| Debt Service   |                     |                |                |
| Principal Retirement                                 | -                   | -              | 453,285        |
| Interest and Fiscal Charges                          | -                   | -              | 100,817        |
| Total Expenditures                                   | -                   | -              | 635,082        |
| Excess (Deficiency) of Revenues<br>over Expenditures | -                   | -              | (635,074)      |
| <b>Other Financing Sources (Uses)</b>                |                     |                |                |
| Bond Proceeds  |                     |                |                |
| Transfers In   | 116,009             | -              | 676,984        |
| Transfers Out  | (220,417)           | (262,069)      | (27,750)       |
| Total Other Financing Sources (Uses)                 | (104,408)           | (262,069)      | 649,234        |
| Net Change in Fund Balance                           | <u>\$ (104,408)</u> | (262,069)      | 14,160         |
| Fund Balances - Beginning                            |                     | <u>262,069</u> | 247,909        |
| Fund Balances - Ending                               |                     | <u>-</u>       | <u>262,069</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**TIF #3 OPERATIONS FUND SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                  |                       | 2010<br>Actual     |
|--|-----------------------|-----------------------|--------------------|
|  | Final<br>Budget       | Actual                |                    |
| <b>Revenues</b>                                      |                       |                       |                    |
| Taxes  |                       |                       |                    |
| Incremental Property Taxes                           | \$ 390,000            | 448,778               | 382,812            |
| Investment Income                                    | 1,000                 | 126                   | 80                 |
| Total Revenues                                       | <u>391,000</u>        | <u>448,904</u>        | <u>382,892</u>     |
| <b>Expenditures</b>                                  |                       |                       |                    |
| Community Development                                | 1,705,504             | 19,217                | 12,223             |
| Debt Service   |                       |                       |                    |
| Principal Retirement                                 | -                     | -                     | 2,807,832          |
| Interest and Fiscal Charges                          | 60,110                | 59,644                | 621,509            |
| Issuance Costs                                       | -                     | -                     | 15                 |
| Total Expenditures                                   | <u>1,765,614</u>      | <u>78,861</u>         | <u>3,441,579</u>   |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(1,374,614)</u>    | <u>370,043</u>        | <u>(3,058,687)</u> |
| <b>Other Financing Sources (Uses)</b>                |                       |                       |                    |
| Bond Proceeds  | -                     | -                     | 3,050,000          |
| Transfers Out  | (35,000)              | (294,125)             | (227,748)          |
| Total Other Financing Sources (Uses)                 | <u>(35,000)</u>       | <u>(294,125)</u>      | <u>2,822,252</u>   |
| Net Change in Fund Balance                           | <u>\$ (1,409,614)</u> | 75,918                | (236,435)          |
| Fund Balances - Beginning                            |                       | <u>192,649</u>        | 429,084            |
| Fund Balances - Ending                               |                       | <u><u>268,567</u></u> | <u>192,649</u>     |

**VILLAGE OF LYONS, ILLINOIS**  
**TIF #4 OPERATIONS FUND SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                  |                    | 2010<br>Actual   |
|--|-----------------------|--------------------|------------------|
|  | Final<br>Budget       | Actual             |                  |
| <b>Revenues</b>                                      |                       |                    |                  |
| Taxes  |                       |                    |                  |
| Incremental Property Taxes                           | \$ 65,000             | 7,694              | 5,906            |
| Investment Income                                    | 1,000                 | 45,038             | 2,768            |
| Intergovernmental Grant                              | -                     | 105,500            | 215,000          |
| Total Revenues                                       | <u>66,000</u>         | <u>158,232</u>     | <u>223,674</u>   |
| <b>Expenditures</b>                                  |                       |                    |                  |
| Community Development                                | 433,719               | 11,781             | 207,623          |
| Capital Outlay                                       | 1,500,000             | 1,936,023          | 24,814           |
| Debt Service   |                       |                    |                  |
| Principal Retirement                                 | 8,000                 | -                  | -                |
| Interest and Fiscal Charges                          | 253,140               | 252,613            | 194,610          |
| Issuance Costs                                       | -                     | -                  | 23,589           |
| Total Expenditures                                   | <u>2,194,858</u>      | <u>2,200,417</u>   | <u>450,636</u>   |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(2,128,858)</u>    | <u>(2,042,185)</u> | <u>(226,962)</u> |
| <b>Other Financing Sources (Uses)</b>                |                       |                    |                  |
| Bond Proceeds  | -                     | -                  | 2,950,000        |
| Disposal of Capital Assets                           | 300,000               | -                  | -                |
| Transfers In   | -                     | 169,000            | 188,440          |
| Transfers Out  | -                     | (110,875)          | (19,000)         |
| Total Other Financing Sources (Uses)                 | <u>300,000</u>        | <u>58,125</u>      | <u>3,119,440</u> |
| Net Change in Fund Balance                           | <u>\$ (1,828,858)</u> | (1,984,060)        | 2,892,478        |
| Fund Balances - Beginning                            |                       | <u>1,748,373</u>   | (1,144,105)      |
| Fund Balances - Ending                               |                       | <u>(235,687)</u>   | <u>1,748,373</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**GENERAL DEBT SERVICE FUND SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011              |                       | 2010<br>Actual        |
|--|-------------------|-----------------------|-----------------------|
|  | Final<br>Budget   | Actual                |                       |
| <b>Revenues</b>                                      |                   |                       |                       |
| Property Taxes                                       | \$ 655,268        | 731,353               | 1,309,670             |
| Total Revenues                                       | <u>655,268</u>    | <u>731,353</u>        | <u>1,309,670</u>      |
| <b>Expenditures</b>                                  |                   |                       |                       |
| Debt Service   |                   |                       |                       |
| Principal Retirement                                 | 684,843           | 684,840               | 862,582               |
| Interest and Fiscal Charge                           | 562,200           | 564,139               | 594,251               |
| Total Expenditures                                   | <u>1,247,043</u>  | <u>1,248,980</u>      | <u>1,456,833</u>      |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(591,775)</u>  | <u>(517,627)</u>      | <u>(147,163)</u>      |
| <b>Other Financing Sources</b>                       |                   |                       |                       |
| Transfers In   | <u>585,058</u>    | <u>604,369</u>        | <u>700,659</u>        |
| Net Change in Fund Balance                           | <u>\$ (6,717)</u> | 86,743                | 553,496               |
| Fund Balances - Beginning                            |                   | <u>327,361</u>        | <u>(226,135)</u>      |
| Fund Balances - Ending                               |                   | <u><u>414,104</u></u> | <u><u>327,361</u></u> |

**VILLAGE OF LYONS, ILLINOIS**  
**CAPITAL IMPROVEMENT FUND SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011             |                  | 2010<br>Actual   |
|--|------------------|------------------|------------------|
|  | Final<br>Budget  | Actual           |                  |
| <b>Revenues</b>                                      |                  |                  |                  |
| Intergovernmental                                    | \$ 540,000       | 262,971          | 422,299          |
| Investment Income                                    | 1,000            | 211              | 205              |
| Miscellaneous  | -                | 33,125           | -                |
| Total Revenues                                       | <u>541,000</u>   | <u>296,307</u>   | <u>422,504</u>   |
| <b>Expenditures</b>                                  |                  |                  |                  |
| Capital Outlay                                       |                  |                  |                  |
| Village Hall   | -                | 7,905            | 3,220            |
| Public Safety Building                               | -                | 8,791            | 16,250           |
| Street Improvements                                  | 275,000          | 244,957          | 46,335           |
| Sidewalk and Tree Program                            | 21,500           | 49,734           | 311              |
| Miscellaneous  | -                | 18,516           | -                |
| Total Expenditures                                   | <u>296,500</u>   | <u>329,903</u>   | <u>66,116</u>    |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>244,500</u>   | <u>(33,596)</u>  | <u>356,388</u>   |
| <b>Other Financing Sources (Uses)</b>                |                  |                  |                  |
| Transfers Out  | <u>(240,000)</u> | <u>-</u>         | <u>(220,000)</u> |
| Net Change in Fund Balance                           | <u>\$ 4,500</u>  | <u>(33,596)</u>  | <u>136,388</u>   |
| Fund Balances - Beginning                            |                  | <u>1,530,054</u> | <u>1,393,686</u> |
| Fund Balances - Ending                               |                  | <u>1,496,458</u> | <u>1,530,074</u> |

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

## PROPRIETARY FUND TYPES

Water Fund

Garbage Fund

Emergency 911 Enterprise Fund



VILLAGE OF LYONS, ILLINOS



**VILLAGE OF LYONS, ILLINOIS**  
**WATER FUND SCHEDULE OF OPERATING REVENUES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|                              | 2011            |               | 2010<br>Actual |
|------------------------------|-----------------|---------------|----------------|
|                              | Final<br>Budget | Actual        |                |
| <b>Revenues</b>              |                 |               |                |
| Water Sales                  | \$ 2,279,029    | 2,182,861     | 2,266,903      |
| Sewer Charges                | 125,401         | 105,735       | 109,020        |
| Water Tap Charges            | 2,181           | 3,245         | 1,614          |
| Late Penalties               | 38,166          | 46,747        | 42,568         |
| Water Turn-on Fees           | 5,452           | 6,600         | 5,800          |
| Meter Sales                  | 3,271           | 2,183         | 1,710          |
| Miscellaneous                | \$ -            | -             | 330            |
| <br>Total Operating Revenues | <br>2,453,500   | <br>2,347,371 | <br>2,427,945  |

**VILLAGE OF LYONS, ILLINOIS**  
**WATER FUND SCHEDULE OF OPERATING EXPENSES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | 2011                 |                      | 2010                 |
|---|----------------------|----------------------|----------------------|
|   | Final Budget         | Actual               | Actual               |
| <b>Administration</b>                   |                      |                      |                      |
| Salaries and Benefits                   | \$ 30,000            | 32,744               | 100,873              |
| Professional Services                   | 250                  | 175                  | 1,750                |
| Communications                          | 250                  | 131                  | -                    |
| Operations                              | 2,500                | -                    | 1,460                |
| General Fund Administration Charges     | 98,221               | 125,000              | 125,000              |
|   | <u>131,221</u>       | <u>158,050</u>       | <u>229,083</u>       |
| <b>Operations</b>                       |                      |                      |                      |
| <b>Water Department</b>                 |                      |                      |                      |
| Salaries and Benefits                   | 146,647              | 71,150               | 60,906               |
| Professional Services                   | 15,000               | 22,541               | 22,671               |
| Communications                          | 11,500               | 11,853               | 14,950               |
| Professional Development                | 100                  | -                    | -                    |
| Operations                              | 1,417,969            | 1,309,602            | 1,311,094            |
| Bad Debt Expense                        | -                    | 75,370               | -                    |
| General Fund Public Works Reimbursement | 248,170              | 225,000              | -                    |
|   | <u>1,839,386</u>     | <u>1,715,515</u>     | <u>1,409,621</u>     |
| <b>Sewer Department</b>                 |                      |                      |                      |
| Professional Services                   | 15,700               | 14,754               | 25,209               |
| Operations                              | 15,000               | -                    | -                    |
|   | <u>30,700</u>        | <u>14,754</u>        | <u>25,209</u>        |
| <br>Total Operations                    | <br><u>1,870,086</u> | <br><u>1,730,269</u> | <br><u>1,434,830</u> |
| <b>Capital Outlay</b>                   |                      |                      |                      |
| Water Department                        | 6,000                | 19,519               | 34,005               |
| Sewer Department                        | 41,000               | 5,015                | 5,000                |
| Total Capital Outlay                    | <u>47,000</u>        | <u>24,534</u>        | <u>39,005</u>        |
| Depreciation and Amortization           | -                    | 90,812               | 119,627              |
| Transfer to General Fund                | 110,058              | 400,000              | -                    |
| <b>Debt Service</b>                     |                      |                      |                      |
| Principal and Retirement                | 670,000              | 670,000              | 475,000              |
| Interest and Fiscal Charge              | 16,750               | 11,167               | 41,344               |
|   | <u>686,750</u>       | <u>681,167</u>       | <u>516,344</u>       |
| <b>Less Non-Operating Items</b>         |                      |                      |                      |
| Transfer to General Fund                | (110,058)            | (400,000)            | -                    |
| Debt Service                            | <u>(686,750)</u>     | <u>(681,167)</u>     | <u>(516,344)</u>     |
| Net Non-Operating Items                 | -                    | -                    | -                    |
| Total Operating Expenses                | <u>2,048,307</u>     | <u>2,003,665</u>     | <u>1,822,545</u>     |

**VILLAGE OF LYONS, ILLINOIS**  
**GARBAGE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET**  
**ASSETS- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | 2011             |                 | 2010           |
|---|------------------|-----------------|----------------|
|   | Final Budget     | Actual          | Actual         |
| <b>Operating Revenues</b>                     |                  |                 |                |
| Garbage Collection                            | \$ 618,368       | 623,333         | 611,314        |
| Late Penalties                                | 7,303            | 14,539          | 12,901         |
| Toters  | 2,434            | 1,715           | 1,775          |
| Garbage Stickers                              | 3,895            | 1,945           | 2,118          |
| <b>Total Operating Revenues</b>               | <b>632,000</b>   | <b>641,532</b>  | <b>628,108</b> |
| <b>Operating Expense</b>                      |                  |                 |                |
| <b>Administration</b>                         |                  |                 |                |
| Salaries and Benefits                         | 36,362           | 26,360          | 42,110         |
| Professional Services                         | 4,170            | -               | 1,050          |
| <b>Total Administration</b>                   | <b>40,532</b>    | <b>26,360</b>   | <b>43,160</b>  |
| <b>Operations</b>                             |                  |                 |                |
| Professional Services                         | 502,185          | 544,151         | 537,377        |
| Operations                                    | 10,591           | 12,670          | 4,150          |
| Other Expenditures                            | 73,268           | 75,000          | 45,000         |
|   | <b>586,044</b>   | <b>631,821</b>  | <b>586,527</b> |
| <b>Total Operating Expense</b>                | <b>626,576</b>   | <b>658,181</b>  | <b>629,687</b> |
| <b>Operating Income (Loss)</b>                | <b>5,424</b>     | <b>(16,650)</b> | <b>(1,579)</b> |
| <b>Nonoperating Revenues (Expenses):</b>      |                  |                 |                |
| Property Taxes                                | 4,950            | 7,215           | 42,547         |
| <b>Total Nonoperating Revenues (Expenses)</b> | <b>4,950</b>     | <b>7,215</b>    | <b>42,547</b>  |
| <b>Change in Net Assets</b>                   | <b>\$ 10,374</b> | <b>(9,435)</b>  | <b>40,968</b>  |
| <b>Net Assets</b>                             |                  |                 |                |
| Beginning                                     |                  | 30,094          | (10,874)       |
| Ending  |                  | 20,659          | 30,094         |

**VILLAGE OF LYONS, ILLINOIS**  
**911 FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|                                       | 2011              |                  | 2010             |
|---------------------------------------|-------------------|------------------|------------------|
|                                       | Final Budget      | Actual           | Actual           |
| <b>Operating Revenues</b>             |                   |                  |                  |
| Charges for Service                   |                   |                  |                  |
| E-911 Surcharge                       | \$ 97,000         | 98,594           | 89,684           |
| <b>Operating Expense</b>              |                   |                  |                  |
| Communications                        | -                 | 10,786           | 11,738           |
| Operations                            | 16,900            | 7,075            | 7,151            |
| Depreciation                          | -                 | 102,038          | 92,178           |
| Total Operating Expenses              | 16,900            | 119,899          | 111,067          |
| Operating Income (Loss)               | 80,100            | (21,304)         | (21,383)         |
| Non-Operating Revenues (Expenses)     |                   |                  |                  |
| Interest Income                       | 50                | 1,114            | 2,029            |
| Interest and Fiscal Charges           | (18,733)          | (18,733)         | (24,269)         |
| Net Non-Operating Revenues (Expenses) | (18,683)          | (17,619)         | (22,240)         |
| Income (Loss) before Transfer         | 61,417            | (38,924)         | (43,623)         |
| Interfund Transfer from General Fund  | 90,828            | -                | 85,325           |
| Change in Net Assets                  | <u>\$ 152,245</u> | (38,924)         | 41,702           |
| Net Assets                            |                   |                  |                  |
| Beginning                             |                   | (264,685)        | (306,387)        |
| Ending                                |                   | <u>(303,609)</u> | <u>(264,685)</u> |

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

## FIDUCIARY FUND TYPES

Pension Trust Funds

Police Pension Fund

Firefighters Pension Fund



VILLAGE OF LYONS, ILLINOS

**VILLAGE OF LYONS, ILLINOIS**  
**PENSION TRUST FUNDS COMBINING SCHEDULE OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2011**

|   | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Total         |
|---|---------------------------|----------------------------------|---------------|
| <b>Assets</b>                                     |                           |                                  |               |
| Cash and Cash Equivalents                         | \$ 242,823                | 13,444                           | 256,267       |
| Interest Receivable                               | 37,633                    | -                                | 37,633        |
| Investments, at Fair Value                        |                           |                                  |               |
| U.S. Governmental Agencies Securities             | 2,988,212                 | -                                | 2,988,212     |
| State and Local Government Securities             | 381,462                   | -                                | 381,462       |
| Corporate Bonds                                   | 1,281,577                 | -                                | 1,281,577     |
| Mutual Funds and Equities                         | 4,540,821                 | -                                | 4,540,821     |
| <br>Total Assets                                  | <br>9,472,528             | <br>13,444                       | <br>9,485,972 |
| <b>Liabilities</b>                                |                           |                                  |               |
| Due to General Fund                               | 13,728                    | 7,566                            | 21,294        |
| <br>Net Assets Held in Trust for Pension Benefits | <br>\$ 9,458,800          | <br>5,878                        | <br>9,464,678 |

**VILLAGE OF LYONS, ILLINOIS**  
**PENSION TRUST FUNDS COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET**  
**ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Total            |
|---|---------------------------|----------------------------------|------------------|
| <b>Additions</b>  |                           |                                  |                  |
| Contributions   |                           |                                  |                  |
| Employer  | \$ 301,077                | 36,437                           | 337,514          |
| Plan Members  | 222,822                   | -                                | 222,822          |
| Total Contributions                                     | <u>523,899</u>            | <u>36,437</u>                    | <u>560,336</u>   |
| Investment Earnings                                     |                           |                                  |                  |
| Interest and Dividends                                  | 459,167                   | 8                                | 459,175          |
| Net Increase (Decrease) in Fair Value<br>of Investments | (163,782)                 | -                                | (163,782)        |
| Total Investment Earnings                               | <u>295,385</u>            | <u>8</u>                         | <u>295,393</u>   |
| Less Investment Expense                                 | (18,979)                  | -                                | (18,979)         |
| Net Investment Earnings                                 | <u>276,406</u>            | <u>8</u>                         | <u>276,414</u>   |
| Total Additions   | <u>800,305</u>            | <u>36,445</u>                    | <u>836,750</u>   |
| <b>Deductions</b>                                       |                           |                                  |                  |
| Administration  | 19,428                    | -                                | 19,428           |
| Benefits and Refunds                                    | 734,218                   | 40,177                           | 774,395          |
| Total Deductions  | <u>753,646</u>            | <u>40,177</u>                    | <u>793,823</u>   |
| Change in Net Assets                                    | 46,659                    | (3,732)                          | 42,927           |
| Net Assets Held in Trust for Pension Benefits           |                           |                                  |                  |
| Beginning   | <u>9,412,141</u>          | <u>9,610</u>                     | <u>9,421,751</u> |
| Ending  | <u>\$ 9,458,800</u>       | <u>5,878</u>                     | <u>9,464,678</u> |

**VILLAGE OF LYONS, ILLINOIS**  
**POLICE PENSION FUND SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | 2011                |                  |
|--|---------------------|------------------|
|  | Final<br>Budget     | Actual           |
| <b>Additions</b>                                     |                     |                  |
| Contributions  |                     |                  |
| Employer   | 306,900             | 301,077          |
| Plan Members   | 210,000             | 222,822          |
| Total Contributions                                  | <u>516,900</u>      | <u>523,899</u>   |
| Investment Earnings                                  |                     |                  |
| Interest and Dividends                               | 170,000             | 459,167          |
| Net Increase of Fair Value<br>of Investments         | 450,000             | (163,782)        |
| Total Investment Earnings                            | <u>620,000</u>      | <u>295,385</u>   |
| Less Investment Expense                              | (15,000)            | (18,979)         |
| Net Investment Earnings                              | <u>605,000</u>      | <u>276,406</u>   |
| Total Additions                                      | <u>1,121,900</u>    | <u>800,305</u>   |
| <b>Deductions</b>                                    |                     |                  |
| Administration                                       | 19,780              | 19,428           |
| Benefits and Refunds                                 | 800,000             | 734,218          |
| Total Deductions                                     | <u>819,780</u>      | <u>753,646</u>   |
| <b>Change in Net Assets</b>                          | 302,120             | 46,659           |
| <b>Net Assets Held in Trust for Pension Benefits</b> |                     |                  |
| Beginning  | <u>9,412,141</u>    | <u>9,412,141</u> |
| Ending   | <u>\$ 9,714,261</u> | <u>9,458,800</u> |



**VILLAGE OF LYONS, ILLINOIS**  
**FIRE PENSION FUND SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | 2011            |         |
|---|-----------------|---------|
|   | Final<br>Budget | Actual  |
| <b>Additions</b>                              |                 |         |
| Contributions                                 |                 |         |
| Employer                                      | \$ 35,640       | 36,437  |
| Investment Earnings                           |                 |         |
| Interest and Dividends                        | 50              | 8       |
| Less Investment Expense                       | (250)           | -       |
| Net Investment Earnings                       | (200)           | 8       |
| Total Additions                               | 35,440          | 36,445  |
| <b>Deductions</b>                             |                 |         |
| Benefits and Refunds                          | 41,110          | 40,177  |
| Change in Net Assets                          | (5,670)         | (3,732) |
| Net Assets Held in Trust for Pension Benefits |                 |         |
| Beginning                                     | 9,610           | 9,610   |
| Ending  | \$ 3,940        | 5,878   |