



CITY OF BYRON, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2023

The background of the lower half of the cover features a complex, abstract geometric pattern. It consists of numerous overlapping, semi-transparent triangles and polygons in various shades of gray and teal, creating a sense of depth and architectural structure. In the bottom right corner, there is a solid orange rectangular box containing the text 'SIKICH.COM' in white, bold, sans-serif capital letters.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Byron
Byron, Illinois

Report on the Audit of the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Byron, Illinois (the City) as of and for the year ended April 30, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Byron, Illinois as of April 30, 2023, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1d.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1d of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1d; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrect material misstatement of the other information exists, we are required to describe it in our report.

Sikich LLP

Naperville, Illinois
September 25, 2023

BASIC FINANCIAL STATEMENTS

CITY OF BYRON, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,903,726	\$ 1,887,047	\$ 5,790,773
Restricted cash	-	17,628	17,628
Investments	515,084	237,234	752,318
Total current assets	4,418,810	2,141,909	6,560,719
NONCURRENT ASSETS			
Capital assets not being depreciated	126,563	17,026	143,589
Capital assets being depreciated (net of accumulated depreciation)	9,338,248	7,350,820	16,689,068
Total noncurrent assets	9,464,811	7,367,846	16,832,657
Total assets	13,883,621	9,509,755	23,393,376
LIABILITIES			
Water deposits	-	14,751	14,751
Noncurrent liabilities			
Due within one year	423,345	180,000	603,345
Due in more than one year	1,142,171	3,797,347	4,939,518
Total liabilities	1,565,516	3,992,098	5,557,614
NET POSITION			
Net investment in capital assets	7,899,295	3,390,499	11,289,794
Restricted for			
Roads and streets	224,081	-	224,081
Police	25,846	-	25,846
IMRF	56,641	-	56,641
Social Security	44,289	-	44,289
Tort	169,468	-	169,468
TIF	144,443	-	144,443
Debt service	-	17,628	17,628
Unrestricted	3,754,042	2,109,530	5,863,572
TOTAL NET POSITION	\$ 12,318,105	\$ 5,517,657	\$ 17,835,762

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For the Year Ended April 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 981,656	\$ 159,338	\$ -	\$ -
Public safety	881,474	49,292	-	-
Public works	755,700	-	11,850	-
Interest	57,578	-	153,188	41,223
Total governmental activities	2,676,408	208,630	165,038	41,223
Business-Type Activities				
Waterworks and sewerage	1,904,167	1,851,363	-	400,000
Total business-type activities	1,904,167	1,851,363	-	400,000
TOTAL PRIMARY GOVERNMENT	\$ 4,580,575	\$ 2,059,993	\$ 165,038	\$ 441,223

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (822,318)	\$ -	\$ (822,318)	
(832,182)	-	(832,182)	
(743,850)	-	(743,850)	
136,833	-	136,833	
(2,261,517)	-	(2,261,517)	
-	347,196	347,196	
-	347,196	347,196	
(2,261,517)	347,196	(1,914,321)	
General revenues			
Taxes			
Property	1,250,692	-	1,250,692
Intergovernmental	2,692,442	-	2,692,442
Investment income	55,857	37,577	93,434
Miscellaneous	12,665	269,938	282,603
Transfers	(67,714)	67,714	-
Total	3,943,942	375,229	4,319,171
CHANGE IN NET POSITION	1,682,425	722,425	2,404,850
NET POSITION, MAY 1	10,635,680	4,795,232	15,430,912
NET POSITION, APRIL 30	\$ 12,318,105	\$ 5,517,657	\$ 17,835,762

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

April 30, 2023

	General	TIF	Motor Fuex Tax	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,254,293	\$ 144,443	\$ 133,432	\$ 62,250	\$ 309,308	\$ 3,903,726
Investments	454,378	-	-	-	60,706	515,084
Due from other funds	-	-	-	-	16,879	16,879
Advance to other funds	700,000	-	-	-	-	700,000
TOTAL ASSETS	\$ 4,408,671	\$ 144,443	\$ 133,432	\$ 62,250	\$ 386,893	\$ 5,135,689
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 16,879	\$ 16,879
Advance from other funds	-	-	-	700,000	-	700,000
Total liabilities	-	-	-	700,000	16,879	716,879
FUND BALANCES						
Nonspendable						
Advance to other funds	700,000	-	-	-	-	700,000
Restricted						
Roads and streets	-	-	133,432	-	90,649	224,081
Police	-	-	-	-	25,846	25,846
IMRF	-	-	-	-	56,641	56,641
Social Security	-	-	-	-	44,289	44,289
Tort	-	-	-	-	169,468	169,468
TIF	-	144,443	-	-	-	144,443
Unrestricted						
Unassigned (deficit)	3,708,671	-	-	(637,750)	(16,879)	3,054,042
Total fund balances (deficit)	4,408,671	144,443	133,432	(637,750)	370,014	4,418,810
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,408,671	\$ 144,443	\$ 133,432	\$ 62,250	\$ 386,893	\$ 5,135,689

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,418,810
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the fund	
Depreciable capital assets, net of accumulated depreciation	9,464,811
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements	
Notes payable	(73,352)
Bonds and discounts/premiums on bonds	<u>(1,492,164)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 12,318,105</u>

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2023

	General	TIF	Motor Fuex Tax	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES COLLECTED						
Taxes	\$ 497,198	\$ 358,373	\$ -	\$ -	\$ 395,121	\$ 1,250,692
Intergovernmental	2,704,291	-	194,411	43,694	-	2,942,396
Licenses and permits	106,644	-	-	9,000	-	115,644
Fines	41,063	-	-	-	-	41,063
Investment income	43,303	232	3,064	56	9,202	55,857
Miscellaneous	5,150	5,700	-	-	10,045	20,895
Total revenues collected	3,397,649	364,305	197,475	52,750	414,368	4,426,547
EXPENDITURES PAID						
Current						
General government	592,263	-	-	-	347,500	939,763
Public safety	845,641	-	-	-	1,538	847,179
Public works	784,898	149,300	390,041	-	-	1,324,239
Debt service						
Principal	264,900	70,000	42,000	-	45,223	422,123
Interest	33,389	6,163	-	23,000	3,047	65,599
Capital outlay	-	163,070	-	54,507	25,653	243,230
Total expenditures paid	2,521,091	388,533	432,041	77,507	422,961	3,842,133
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	876,558	(24,228)	(234,566)	(24,757)	(8,593)	584,414
OTHER FINANCING SOURCES (USES)						
Loan proceeds	363,000	-	-	-	-	363,000
Transfers (out)	(67,714)	-	-	-	-	(67,714)
Total other financing sources (uses)	295,286	-	-	-	-	295,286
NET CHANGE IN FUND BALANCES	1,171,844	(24,228)	(234,566)	(24,757)	(8,593)	879,700
FUND BALANCES (DEFICIT), MAY 1	3,236,827	168,671	367,998	(612,993)	378,607	3,539,110
FUND BALANCES (DEFICIT), APRIL 30	\$ 4,408,671	\$ 144,443	\$ 133,432	\$ (637,750)	\$ 370,014	\$ 4,418,810

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS**

For the Year Ended April 30, 2023

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 879,700
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,154,778
Depreciation expense on capital assets is reported as an expense in the statement of activities	(419,197)
The proceeds from the issuance of long-term debt are recorded as an other financing source in the governmental funds but as a liability in the statement of activities	(363,000)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal on the government-wide financial statements	422,123
The amortization of premiums is reported as interest expense on the statement of activities	<u>8,021</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,682,425</u>

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
ENTERPRISE FUND**

April 30, 2023

	<u>Waterworks and Sewerage</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,887,047
Restricted cash	17,628
Investments	<u>237,234</u>
Total assets	<u>2,141,909</u>
NONCURRENT ASSETS	
Capital assets not being depreciated	17,026
Capital assets being depreciated (net of accumulated depreciation)	<u>7,350,820</u>
Total noncurrent assets	<u>7,367,846</u>
Total assets	<u>9,509,755</u>
CURRENT LIABILITIES	
Water deposits	14,751
Current portion of long-term debt	<u>180,000</u>
Total current liabilities	194,751
NONCURRENT LIABILITIES	
Long-term debt, net of current portion	<u>3,797,347</u>
Total liabilities	<u>3,992,098</u>
NET POSITION	
Net investment in capital assets	3,390,499
Restricted for debt service	17,628
Unrestricted	<u>2,109,530</u>
TOTAL NET POSITION	<u><u>\$ 5,517,657</u></u>

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
ENTERPRISE FUND**

For the Year Ended April 30, 2023

	<u>Waterworks and Sewerage</u>
OPERATING REVENUES COLLECTED	
Charges for services	<u>\$ 1,851,363</u>
Total operating revenues collected	<u>1,851,363</u>
OPERATING EXPENDITURES PAID	
Salaries and benefits	240,274
Maintenance	212,302
Garbage disposal	263,893
Other operating expenses	600,474
Depreciation expense	<u>429,508</u>
Total operating expenditures paid	<u>1,746,451</u>
OPERATING INCOME	<u>104,912</u>
NON-OPERATING REVENUES COLLECTED (EXPENDITURES PAID)	
Capital improvement fees	232,715
Miscellaneous	37,223
Investment income	37,577
Interest expense	<u>(157,716)</u>
Total non-operating revenues collected (expenditures paid)	<u>149,799</u>
NET INCOME BEFORE TRANSFERS AND CAPITAL GRANTS	254,711
TRANSFERS	67,714
CAPITAL GRANTS AND CONTRIBUTIONS	<u>400,000</u>
CHANGE IN NET POSITION	722,425
NET POSITION, MAY 1	<u>4,795,232</u>
NET POSITION, APRIL 30	<u><u>\$ 5,517,657</u></u>

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
ENTERPRISE FUND**

For the Year Ended April 30, 2023

	<u>Waterworks and Sewerage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,851,355
Payments to suppliers	(1,076,669)
Payments to employees	<u>(240,274)</u>
Net cash from operating activities	<u>534,412</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other income	269,938
Transfers in	<u>67,714</u>
Net cash from noncapital financing activities	<u>337,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(120,213)
Principal paid on long-term debt	(155,000)
Interest paid on long-term debt	<u>(162,550)</u>
Net cash from capital and related financing activities	<u>(437,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>33,966</u>
Net cash from investing activities	<u>33,966</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	468,267
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,436,408</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 1,904,675</u></u>
Cash and cash equivalents	\$ 1,887,047
Restricted cash and cash equivalents	<u>17,628</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 1,904,675</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating income	\$ 104,912
Adjustments to reconcile net operating income to net cash from operating activities	
Depreciation expense	429,508
Increase (decrease) in utility deposits	<u>(8)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 534,412</u></u>

See accompanying notes to financial statements.

CITY OF BYRON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Byron, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP), except as described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the other significant accounting policies:

a. Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member governing city council (Council). As required by GAAP, these financial statements present the City (the primary government) and its component units.

Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, there are no component units for which the City is considered to be financially accountable for.

b. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary. The City does not have any fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The City has no permanent funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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 for 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 government (internal service funds). The City maintains no internal service funds.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the modified cash basis statements of net position and activities) report information on all of the activities of the City. The effect of material interfund activity 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 and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City and is used to account for all financial resources of the City unless accounted for in another fund.

The TIF District Fund accounts for the proceeds of the TIF property taxes for the purpose of grants and improvements to entities within the TIF District. The City has chosen to include the TIF fund as a major fund even though fund calculations do not classify it as major.

The Motor Fuel Tax Fund is used to account for the City's share of the state-imposed tax on gasoline.

The Capital Projects Fund accounts for the funds levied and the grants received for the purpose of capital expenditures for the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

The Waterworks and Sewerage Fund accounts for the costs related to operation of the City's water and sewer services. It also includes the costs of the garbage services as a sub-fund. Funding is provided by user fees.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the enterprise fund are reported using the economic resources measurement focus and the modified cash basis of accounting. The modified cash basis of accounting omits recognition of certain revenues and the related assets, such as taxes receivable, until received, rather than when earned. Also, certain expenditures and the related liabilities, such as accounts payable and accrued items, are recognized when paid, rather than when the obligation is incurred. The financial statements reflect assets and liabilities arising from cash transactions, revenues collected, inventory on hand, and expenditures/expenses paid. The modified cash basis also includes depreciation expense as well as long-term capital assets and capital related liabilities. The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recorded at the time of receipt by the City. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with GAAP.

e. 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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation.

The government has elected to report only prospective infrastructure assets. Infrastructure includes only those assets put into place after May 1, 2004. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Assets (Continued)

Land and construction in progress are not depreciated. Depreciation on all other assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

	Years
Buildings and improvements	40
Equipment and vehicles	5-20
Infrastructure	40

f. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts, as well as any gains (losses) on refundings, 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 expensed in the year of issuance. In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

g. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities.

Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The City Council has authorized the Mayor to assign fund balance. Any residual fund balance of the General Fund and any deficit balances in the other governmental funds are reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Fund Balance/Net Position (Continued)

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and then unassigned funds.

The City has not established fund balance reserve policies for their governmental funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. The net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

h. Property Taxes

Property tax revenues represent the receipts primarily generated by the 2021 property tax levy. The 2021 levy was passed by the Council on December 1, 2021. The 2022 levy was passed by the Council on December 7, 2022. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September. The City receives significant distributions of tax receipts within one month of these due dates.

i. Intergovernmental Revenue

Intergovernmental revenue consists of loans and grants received from federal and state agencies and is recognized as revenue when received. Intergovernmental revenue relating to the City's enterprise fund is reported as non-operating receipts, proceeds from loans payable or capital grants in the enterprise fund.

2. CASH AND INVESTMENTS

The City categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments insured by the Federal Deposit Insurance Corporation (FDIC), obligations or securities guaranteed by the United States of America, direct obligations of any bank as defined by the Illinois Banking Act, certain money market mutual funds and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value).

2. CASH AND INVESTMENTS (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704. Investments in The Illinois Funds, a money market pool created by Illinois State Legislature under the control of the Illinois State Treasurer, are reported at \$1 per share value, which equals the price for which the investment could be sold.

It is the City's policy to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to confirm with legal requirements, seek reasonable income, preserve capital, maintain liquidity and, in general, avoid speculative instruments.

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's does not have an investment policy that addresses custodial credit risk for deposits. At year end, the City had deposits of \$344,878 that were not collateralized or covered by FDIC insurance.

City Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City does not have an investment policy that addresses interest rate risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The Illinois Funds, a money market mutual fund, is rated AAA. The City does not have an investment policy that addresses credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in the possession of an outside party. The Illinois Funds are not subject to custodial credit risk. The City does not have an investment policy that addresses custodial credit risk for investments.

Concentration of the credit risk is the risk that the City has a high percentage of their investments invested in one investment. The City does not have an investment policy that addresses concentration of credit risk.

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 126,563	\$ -	\$ -	\$ 126,563
Construction in progress	30,377	-	30,377	-
Total capital assets not being depreciated	156,940	-	30,377	126,563
Capital assets being depreciated				
Infrastructure	9,237,217	1,028,687	-	10,265,904
Buildings and improvements	1,209,732	89,395	-	1,299,127
Equipment and vehicles	2,383,090	67,073	268,296	2,181,867
Total capital assets being depreciated	12,830,039	1,185,155	268,296	13,746,898
Less accumulated depreciation for				
Infrastructure	1,716,790	272,995	-	1,989,785
Buildings and improvements	587,482	40,543	-	628,025
Equipment and vehicles	1,953,477	105,659	268,296	1,790,840
Total accumulated depreciation	4,257,749	419,197	268,296	4,408,650
Total capital assets being depreciated, net	8,572,290	765,958	-	9,338,248
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 8,729,230	\$ 765,958	\$ 30,377	\$ 9,464,811

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 41,893
Public safety	34,295
Public works	<u>343,009</u>
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u>\$ 419,197</u>

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and land improvements	\$ 17,026	\$ -	\$ -	\$ 17,026
Construction in progress	15,418	-	15,418	-
Total capital assets not being depreciated	32,444	-	15,418	17,026
Capital assets being depreciated				
Infrastructure	15,682,113	535,631	-	16,217,744
Equipment and vehicles	1,347,686	-	4,000	1,343,686
Total capital assets being depreciated	17,029,799	535,631	4,000	17,561,430
Less accumulated depreciation for				
Infrastructure	8,636,218	392,364	-	9,028,582
Equipment and vehicles	1,148,884	37,144	4,000	1,182,028
Total accumulated depreciation	9,785,102	429,508	4,000	10,210,610
Total capital assets being depreciated, net	7,244,697	106,123	-	7,350,820
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 7,277,141	\$ 106,123	\$ (15,418)	\$ 7,367,846
BUSINESS-TYPE ACTIVITIES				
Water and sewer				\$ 429,508
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES				
				\$ 429,508

4. LONG-TERM DEBT

Long-term liability activity for governmental activities for the year ended April 30, 2023 was as follows:

	May 1	Additions	Reductions/ Refundings	April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 1,441,900	\$ 363,000	\$ 376,900	\$ 1,428,000	\$ 377,000
Premium on bonds	72,185	-	8,021	64,164	-
Notes payable	118,575	-	45,223	73,352	46,345
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,632,660	\$ 363,000	\$ 430,144	\$ 1,565,516	\$ 423,345

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Governmental activities long-term debt is comprised of the following issues:

The City issued \$400,000 2014A General Obligation bonds to the pay the costs of improving streets and construct a parking lot within the Central Redevelopment Project Area. Interest is payable at a rate of 4.13% to 4.25%.

The City issued \$1,800,000 2014B Alternate Revenue Bonds to pay for reconstructing and improving streets in the City and provide for the levy of a direct annual tax to pay the principal and interest on the bonds. Interest is payable at a rate of 4.00% to 4.75%.

The City issued \$363,000 2023 General Obligation bonds to finance capital municipal improvements for the City. Interest is payable at a rate of 3.20%.

The City issued \$96,884 note payable to finance the cost of a truck. Interest is payable at a rate of 3.10%.

The City issued \$131,975 note payable to finance the cost of a street sweeper. Interest is payable at a rate of 2.15%.

Long-term liability activity for business-type activities for the year ended April 30, 2023 was as follows:

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Alternative revenue bonds	\$ 4,055,000	\$ -	\$ 155,000	\$ 3,900,000	\$ 180,000
Premium on bonds	82,181	-	4,834	77,347	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 4,137,181	\$ -	\$ 159,834	\$ 3,977,347	\$ 180,000

Business-type activities long-term debt is comprised of the following issues:

The City issued \$5,000,000 2014A Waterworks and Sewerage Alternate Revenue Source bonds to pay the costs of improving the waterworks and sewerage system of the City and to refund the series 2004 General Obligation Bonds. Interest is payable at a rate of 2.00% to 4.13%.

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

The annual debt service to maturity for outstanding debt of the City as of April 30, 2023 is below:

Year Ending April 30,	Notes Payable (Governmental Activities)		Bonds Payable (Governmental Activities)		Bonds Payable (Business-Type Activities)	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 46,345	\$ 1,925	\$ 377,000	\$ 51,313	\$ 180,000	\$ 155,875
2025	27,007	597	316,000	40,147	185,000	148,675
2026	-	-	135,000	28,988	195,000	141,275
2027	-	-	140,000	23,313	200,000	133,475
2028	-	-	145,000	17,256	210,000	185,475
2029-2033	-	-	315,000	14,288	1,180,000	501,088
2034-2038	-	-	-	-	1,430,000	246,481
2039	-	-	-	-	320,000	13,200
TOTAL	\$ 73,352	\$ 2,522	\$ 1,428,000	\$ 175,305	\$ 3,900,000	\$ 1,525,544

The City's aggregate indebtedness is subject to a statutory limitation of 8.625% of its equalized assessed value. At April 30, 2023, the maximum allowed indebtedness of the City is \$6,841,843 based on an assessed valuation of \$79,325,721. At April 30, 2023, the remaining legal debt margin of the City was \$6,403,843.

The Series 2014A Alternate Revenue Bonds are intended to be repaid by water and sewer revenue. Therefore, these bonds have not been included in the legal debt margin calculations. The pledged revenue is required to cover 125% of the debt service payments due in the year. The water and sewer revenue of \$2,521,301 covers the required amount of \$317,075. The 2014A Alternate Revenue Bonds have \$5,425,544 of pledge remaining with a commitment end date of February 1, 2039. The current year principal and interest payments were 12.58% of pledged revenue of \$2,521,301 in fiscal year 2023.

The Series 2014B Alternate Revenue Bonds are intended to be repaid by income tax revenue. Therefore, these bonds have not been included in the legal debt margin calculations. The pledged revenue is required to cover 125% of the debt service payments due in the year. The income tax revenue of \$611,412 covers the required amount of \$164,288. The 2014A Alternate Revenue Bonds have \$1,147,519 of pledge remaining with a commitment end date of May 1, 2029. The current principal and interest payments were 26.87% of pledged revenue of \$611,412 in fiscal year 2023.

5. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The City's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and schools in

5. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

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 supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at www.imrf.org.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The Plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2022, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>15</u>
TOTAL	<u><u>42</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

5. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The required contribution rate for the fiscal year was 13.62% of covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

Actuarial Assumption

The City's net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2022	\$ 5,381,902	\$ 5,187,911	\$ 193,991
Changes for the period			
Service cost	85,566	-	85,566
Interest	383,547	-	383,547
Difference between expected and actual experience	33,749	-	33,749
Changes in assumptions	-	-	-
Employer contributions	-	128,448	(128,448)
Employee contributions	-	41,464	(41,464)
Net investment income	-	(619,836)	619,836
Benefit payments and refunds	(268,758)	(268,758)	-
Administrative expense	-	-	-
Other (net transfer)	-	20,341	(20,341)
Net changes	234,104	(698,341)	932,445
BALANCES AT DECEMBER 31, 2022	\$ 5,616,006	\$ 4,489,570	\$ 1,126,436

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2023, the City incurred pension expense of \$97,935.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 23,651	\$ 18,664	\$ 4,987
Assumption changes	-	12,756	(12,756)
Net difference between projected and actual earnings on pension plan investments	350,062	-	350,062
Contributions after measurement date	45,917	-	45,917
TOTAL	\$ 419,630	\$ 31,420	\$ 388,210

\$45,917 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2024	\$ (36,797)
2025	63,363
2026	117,105
2027	198,622
2028	-
Thereafter	-
TOTAL	\$ 342,293

The net pension liability, deferred outflows of resources and deferred inflows of resources are not reported on City's financial statements as they are presented in the modified cash basis of accounting as discussed in Note 1d.

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 1,795,779	\$ 1,126,436	\$ 592,251

6. INDIVIDUAL FUND DISCLOSURES

The composition of due to/due from other funds as of April 30, 2023 were as follows:

	Due To	Due From
Nonmajor Governmental	\$ 16,879	\$ 16,879
TOTAL	\$ 16,879	\$ 16,879

The purpose of the due to/due from other funds represents short-term borrowing from other funds that will be repaid in one year.

The composition of advances to/from other funds as of April 30, 2023 were as follows:

	Advance To	Advance From
General Fund	\$ 700,000	\$ -
Capital Projects	-	700,000
TOTAL	\$ 700,000	\$ 700,000

The purpose of the advances between funds relate to cash shortfalls. These balances are not expected to be repaid within one year.

CITY OF BYRON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. INDIVIDUAL FUND DISCLOSURES (Continued)

The composition of interfund transfers for the year ended April 30, 2023 was as follows:

	Transfer In	Transfer Out
General Fund	\$ -	\$ 67,714
Waterworks and Sewerage	67,714	-
TOTAL	\$ 67,714	\$ 67,714

The purposes of significant transfers are as follows:

\$67,714 was transferred from the General Fund to the Waterworks and Sewerage Fund for budgeted transfers.

7. RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employees' health; and natural disasters. In order to handle such risks of loss, the government purchases insurance coverage. The deductibles in effect through these policies as of April 30, 2023 were \$50,000 for liability and property. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

8. COMMITMENTS AND CONTINGENCIES

a. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determine at this time although the City expects such amounts, if any, to be immaterial.

9. OTHER POSTEMPLOYMENT BENEFITS

The City has evaluated it potential other postemployment benefits liability. The City provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the City are required to pay 100% of the current premium. However, no former employees have chosen to stay in the City's health insurance plan.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Additionally, the City had no former employees for which the City was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. As a result, the City has determined that no material liability is required to be reported under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In addition, the total OPEB liability, deferred outflows of resources and deferred inflows of resources would not be reported on the City's financial statements as the City reports on the modified cash basis of accounting as discussed in Note 1d. Therefore, the City has not recorded any postemployment benefit liability as of April 30, 2023.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF BYRON, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED			
Taxes			
Property taxes			
Corporate	\$ 185,600	\$ 187,527	\$ 1,927
Street lighting	37,100	37,506	406
Crossing guard	14,900	15,003	103
Police protection	55,600	56,211	611
Audit	11,900	11,999	99
Unemployment insurance	1,000	998	(2)
Bond tax	-	187,954	187,954
	<hr/>	<hr/>	<hr/>
Total Taxes	306,100	497,198	191,098
	<hr/>	<hr/>	<hr/>
Intergovernmental			
Local use tax	130,000	154,085	24,085
Utility tax	210,000	245,988	35,988
Video gaming tax	100,000	107,233	7,233
State income tax and surcharge	460,000	611,412	151,412
Sales tax	1,020,000	1,222,242	202,242
Replacement tax	40,000	94,402	54,402
Other reimbursements	530,580	268,929	(261,651)
	<hr/>	<hr/>	<hr/>
Total intergovernmental	2,490,580	2,704,291	213,711
	<hr/>	<hr/>	<hr/>
Licenses, fees and permits			
Liquor licenses	25,000	23,300	(1,700)
Utility vehicle license	-	15,250	15,250
Franchise fees	50,000	47,039	(2,961)
Building permits	19,200	16,435	(2,765)
Attorney fees	300	240	(60)
Other permits and licenses	2,750	4,380	1,630
	<hr/>	<hr/>	<hr/>
Total licenses, fees and permits	97,250	106,644	9,394
	<hr/>	<hr/>	<hr/>
Fines			
Court fines	35,000	26,638	(8,362)
Parking fines	600	75	(525)
Other fines and forfeits	15,600	14,350	(1,250)
	<hr/>	<hr/>	<hr/>
Total fines	51,200	41,063	(10,137)
	<hr/>	<hr/>	<hr/>
Other revenue			
Interest	3,800	43,303	39,503
Miscellaneous	300	170	(130)
Police reports	75,200	4,980	(70,220)
	<hr/>	<hr/>	<hr/>
Total other revenue	79,300	48,453	(30,847)
	<hr/>	<hr/>	<hr/>
Total revenues collected	3,024,430	3,397,649	373,219
	<hr/>	<hr/>	<hr/>

(This schedule is continued on the following pages.)

CITY OF BYRON, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Over (Under) Budget
EXPENDITURES PAID			
Current			
General government			
Public affairs/city hall			
Salaries, insurance and unemployment	\$ 239,940	\$ 180,253	\$ (59,687)
Maintenance services	16,250	15,466	(784)
Professional services	55,800	63,016	7,216
General expenses	44,800	32,105	(12,695)
Equipment	228,800	74,590	(154,210)
Miscellaneous	15,800	23,822	8,022
Total public affairs/city hall	<u>601,390</u>	<u>389,252</u>	<u>(212,138)</u>
Planning and development			
Engineering	115,500	75,144	(40,356)
Equipment	30,500	-	(30,500)
Miscellaneous	26,350	8,315	(18,035)
Total planning and development	<u>172,350</u>	<u>83,459</u>	<u>(88,891)</u>
Building and zoning			
Salaries, insurance and unemployment	105,190	98,255	(6,935)
Professional fees	15,600	16,600	1,000
General expenses	5,700	4,478	(1,222)
Miscellaneous	900	219	(681)
Total building and zoning	<u>127,390</u>	<u>119,552</u>	<u>(7,838)</u>
Total general government	<u>901,130</u>	<u>592,263</u>	<u>(308,867)</u>
Public safety			
Police department			
Salaries, insurance and unemployment	674,900	669,179	(5,721)
Maintenance services	30,250	23,179	(7,071)
Professional fees	11,000	2,282	(8,718)
General expenses	83,100	66,225	(16,875)
Equipment	83,300	78,329	(4,971)
Miscellaneous	6,750	4,047	(2,703)
Total police department	<u>889,300</u>	<u>843,241</u>	<u>(46,059)</u>
ESDA			
Equipment and miscellaneous expenses	<u>3,800</u>	<u>2,400</u>	<u>(1,400)</u>
Total public safety	<u>893,100</u>	<u>845,641</u>	<u>(47,459)</u>

(This schedule is continued on the following page.)

CITY OF BYRON, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Over (Under) Budget
EXPENDITURES PAID (Continued)			
Current (Continued)			
Public works			
Salaries, insurance and unemployment	\$ 175,480	\$ 180,731	\$ 5,251
Maintenance services	45,000	31,230	(13,770)
Professional fees	146,500	100,293	(46,207)
General expenses	51,100	32,850	(18,250)
Maintenance supplies	28,300	20,755	(7,545)
Equipment	819,010	416,955	(402,055)
Miscellaneous	500	2,084	1,584
Total public works	1,265,890	784,898	(480,992)
Debt service			
Principal	264,900	264,900	-
Interest	23,350	33,389	10,039
Total debt service	288,250	298,289	10,039
Total expenditures paid	3,348,370	2,521,091	(827,279)
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(323,940)	876,558	1,200,498
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	363,000	363,000
Transfers in	29,980	-	(29,980)
Transfers out	(150,000)	(67,714)	82,286
Total other financing sources (uses)	(120,020)	295,286	415,306
NET CHANGE IN FUND BALANCE	\$ (443,960)	1,171,844	\$ 1,615,804
FUND BALANCE, MAY 1		3,236,827	
FUND BALANCE, APRIL 30		\$ 4,408,671	

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED			
Taxes	\$ 315,000	\$ 358,373	\$ 43,373
Investment income	200	232	32
Other revenue	-	5,700	5,700
Total revenues collected	315,200	364,305	49,105
EXPENDITURES PAID			
Current			
Public works	206,550	149,300	(57,250)
Debt service			
Principal	70,000	70,000	-
Interest	6,170	6,163	(7)
Capital outlay	120,000	163,070	43,070
Total expenditures paid	402,720	388,533	(14,187)
NET CHANGE IN FUND BALANCE	<u>\$ (87,520)</u>	(24,228)	<u>\$ 63,292</u>
FUND BALANCE, MAY 1		<u>168,671</u>	
FUND BALANCE, APRIL 30		<u>\$ 144,443</u>	

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED			
Intergovernmental	\$ 202,000	\$ 194,411	\$ (7,589)
Investment income	100	3,064	2,964
Total revenues collected	202,100	197,475	(4,625)
EXPENDITURES PAID			
Current			
Public works	325,000	390,041	65,041
Debt service			
Principal	42,000	42,000	-
Total expenditures paid	367,000	432,041	65,041
NET CHANGE IN FUND BALANCE	<u>\$ (164,900)</u>	(234,566)	<u>\$ (69,666)</u>
FUND BALANCE, MAY 1		<u>367,998</u>	
FUND BALANCE, APRIL 30		<u>\$ 133,432</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2023

	Debt Service	Road and Bridge	Police Foundation	Illinois Municipal Retirement	Social Security	Tort Liability	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 73,770	\$ 25,846	\$ 56,641	\$ 44,289	\$ 108,762	\$ 309,308
Investments	-	-	-	-	-	60,706	60,706
Due from other funds	-	16,879	-	-	-	-	16,879
TOTAL ASSETS	\$ -	\$ 90,649	\$ 25,846	\$ 56,641	\$ 44,289	\$ 169,468	\$ 386,893
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ 16,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,879
Total liabilities	16,879	-	-	-	-	-	16,879
FUND BALANCES							
Restricted							
Roads and streets	-	90,649	-	-	-	-	90,649
Police	-	-	25,846	-	-	-	25,846
IMRF	-	-	-	56,641	-	-	56,641
Social Security	-	-	-	-	44,289	-	44,289
Tort	-	-	-	-	-	169,468	169,468
Unassigned (deficit)	(16,879)	-	-	-	-	-	(16,879)
Total fund balances (deficit)	(16,879)	90,649	25,846	56,641	44,289	169,468	370,014
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 90,649	\$ 25,846	\$ 56,641	\$ 44,289	\$ 169,468	\$ 386,893

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2023

	Debt Service	Road and Bridge	Police Foundation	Illinois Municipal Retirement	Social Security	Tort Liability	Total Nonmajor Governmental Funds
REVENUES COLLECTED							
Taxes	\$ -	\$ 61,060	\$ -	\$ 140,025	\$ 69,014	\$ 125,022	\$ 395,121
Intergovernmental	-	-	-	-	-	-	-
Investment income	-	1,878	36	2,373	1,755	3,160	9,202
Miscellaneous	-	-	8,230	-	-	1,815	10,045
Total revenues collected	-	62,938	8,266	142,398	70,769	129,997	414,368
EXPENDITURES PAID							
Current							
General government	-	-	-	132,144	81,921	133,435	347,500
Public safety	-	-	1,538	-	-	-	1,538
Public works	-	-	-	-	-	-	-
Debt service							
Principal	-	45,223	-	-	-	-	45,223
Interest	-	3,047	-	-	-	-	3,047
Capital outlay	-	6,550	19,103	-	-	-	25,653
Total expenditures paid	-	54,820	20,641	132,144	81,921	133,435	422,961
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	-	8,118	(12,375)	10,254	(11,152)	(3,438)	(8,593)
FUND BALANCES (DEFICIT), MAY 1	(16,879)	82,531	38,221	46,387	55,441	172,906	378,607
FUND BALANCES (DEFICIT), APRIL 30	\$ (16,879)	\$ 90,649	\$ 25,846	\$ 56,641	\$ 44,289	\$ 169,468	\$ 370,014

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

NOTES TO SUPPLEMENTARY INFORMATION

April 30, 2023

BUDGETS

Budgets are adopted on a modified cash basis of accounting which is not consistent with GAAP.

The budget is prepared by fund, function, and department. The City's department heads may make transfers of budgeted amounts within a department. Transfers between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the budget) is the fund level.

Budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrance are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all budgeted funds and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-budgeted and become part of the subsequent year's budget pursuant to state regulations.

Expenditures did not exceed budget in any funds.

OTHER INFORMATION

CITY OF BYRON, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 135,365	\$ 142,015	\$ 128,451	\$ 130,700	\$ 132,455	\$ 164,576	\$ 141,050	\$ 131,897
Contributions in relation to the actuarially determined contribution	135,365	142,015	128,451	130,700	132,455	164,576	141,050	131,897
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 861,631	\$ 879,820	\$ 825,655	\$ 869,850	\$ 862,307	\$ 979,609	\$ 890,054	\$ 968,102
Contributions as a percentage of covered payroll	15.71%	16.14%	15.56%	15.03%	15.36%	16.80%	15.85%	13.62%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 22 years until the remaining period reaches ten years (then ten-year rolling period); the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and price inflation of 2.50%.

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY								
Service cost	\$ 90,483	\$ 96,726	\$ 99,176	\$ 84,797	\$ 88,891	\$ 90,104	\$ 92,183	\$ 85,566
Interest	294,892	317,635	312,838	319,002	343,481	363,240	369,348	383,547
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	71,799	(328,679)	2,636	140,391	85,521	(63,542)	(9,512)	33,749
Changes of assumptions	11,491	(34,502)	(156,282)	146,868	-	(58,686)	-	-
Benefit payments, including refunds of member contributions	(163,373)	(147,568)	(153,479)	(184,504)	(233,073)	(258,860)	(236,956)	(268,758)
Net change in total pension liability	305,292	(96,388)	104,889	506,554	284,820	72,256	215,063	234,104
Total pension liability - beginning	3,989,416	4,294,708	4,198,320	4,303,209	4,809,763	5,094,583	5,166,839	5,381,902
TOTAL PENSION LIABILITY - ENDING	\$ 4,294,708	\$ 4,198,320	\$ 4,303,209	\$ 4,809,763	\$ 5,094,583	\$ 5,166,839	\$ 5,381,902	\$ 5,616,006
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 129,961	\$ 146,786	\$ 138,788	\$ 140,661	\$ 126,589	\$ 154,023	\$ 154,128	\$ 128,448
Contributions - member	37,976	40,474	37,658	39,023	38,699	41,305	41,186	41,464
Net investment income	14,795	214,067	499,995	(166,287)	617,426	579,479	747,252	(619,836)
Benefit payments, including refunds of member contributions	(163,373)	(147,568)	(153,479)	(184,504)	(233,073)	(258,860)	(236,956)	(268,758)
Other (net transfer)	84,141	(288,534)	(23,227)	93,154	55,794	(89,805)	3,495	20,341
Net change in plan fiduciary net position	103,500	(34,775)	499,735	(77,953)	605,435	426,142	709,105	(698,341)
Plan fiduciary net position - beginning	2,956,722	3,060,222	3,025,447	3,525,182	3,447,229	4,052,664	4,478,806	5,187,911
PLAN FIDUCIARY NET POSITION - ENDING	\$ 3,060,222	\$ 3,025,447	\$ 3,525,182	\$ 3,447,229	\$ 4,052,664	\$ 4,478,806	\$ 5,187,911	\$ 4,489,570
EMPLOYER'S NET PENSION LIABILITY	\$ 1,234,486	\$ 1,172,873	\$ 778,027	\$ 1,362,534	\$ 1,041,919	\$ 688,033	\$ 193,991	\$ 1,126,436

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
Plan fiduciary net position as a percentage of the total pension liability	71.26%	72.06%	81.92%	71.67%	79.55%	86.68%	96.40%	79.94%
Covered payroll	\$ 843,907	\$ 899,428	\$ 836,836	\$ 867,178	\$ 859,980	\$ 917,893	\$ 915,250	\$ 921,432
Employer's net pension liability as a percentage of covered payroll	146.28%	130.40%	92.97%	157.12%	121.16%	74.96%	21.20%	122.25%

Changes of assumptions

Changes in assumptions related to retirement age and mortality were made in 2015. There was a change in the discount rate assumption from 2015 to 2016. Changes in assumptions related to retirement age and mortality were made in 2017. There was a change in the discount rate assumption from 2017 to 2018. There was a change in the inflation rate, projected payroll increases and mortality rates from 2019 to 2020.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BYRON, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS AND COLLECTIONS

Last Three Tax Levy Years
(Unaudited)

Tax Levy Year	2022	2021	2020
ASSESSED VALUATIONS	\$ 79,325,721	\$ 75,077,048	\$ 73,070,972
TAX RATES			
General corporate	0.25000	0.24974	0.24962
Bond	0.23784	0.25031	0.25717
Insurance	0.08194	0.09324	0.09580
Street lighting	0.05000	0.04995	0.04981
Social Security	0.06555	0.07326	0.07527
IMRF	0.18027	0.18648	0.18475
School crossing guard	0.02000	0.01998	0.01984
Police protection	0.07500	0.07486	0.07486
Audit	0.01513	0.01598	0.01779
Unemployment insurance	0.00126	0.00133	0.00164
Workman's compensation	0.06933	0.07326	0.08895
Medicare	0.02080	0.01865	0.02053
TOTAL TAX RATES	1.06712	1.10704	1.13603
TAX EXTENSIONS			
General corporate	\$ 198,314	\$ 187,497	\$ 182,400
Bond	188,668	187,925	187,917
Insurance	65,000	70,002	70,002
Street lighting	39,663	37,501	36,397
Social Security	51,998	55,001	55,000
IMRF	143,000	140,004	134,999
School crossing guard	15,856	15,000	14,497
Police protection	59,494	56,203	54,701
Audit	12,002	11,997	12,999
Unemployment insurance	1,000	999	1,198
Workman's compensation	54,997	55,002	64,997
Medicare	16,500	14,002	15,001
TOTAL TAX EXTENSIONS	\$ 846,492	\$ 831,133	\$ 830,108
COLLECTIONS			
General corporate	\$ -	\$ 187,390	\$ 181,998
Bond	-	187,816	187,503
Insurance	-	69,962	69,848
Street lighting	-	37,479	36,317
Social Security	-	54,969	54,879
IMRF	-	139,922	134,702
School crossing guard	-	14,992	14,465
Police protection	-	56,170	54,580
Audit	-	11,990	12,971
Unemployment insurance	-	998	1,196
Workman's compensation	-	54,969	64,854
Medicare	-	13,994	14,969
TOTAL COLLECTIONS	\$ -	\$ 830,651	\$ 828,282
PERCENT OF EXTENSIONS COLLECTED	0.00%	99.94%	99.78%

(See independent auditor's report.)