

City of Byron

Byron, Illinois

Financial Report
Year Ended April 30, 2021



WIPFLI

City of Byron

Year Ended April 30, 2021

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City of Byron

Year Ended April 30, 2021

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Independent Auditor's Report

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

Report on 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2021, 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 1.

Basis of Accounting

We draw attention to Note 1 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Byron, Illinois's basic financial statements. The additional schedules listed in the table of contents as other information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Wipfli LLP".

Rockford, Illinois
December 8, 2021

Financial Statements

City of Byron, Illinois

Statement of Net Position - Modified Cash Basis

April 30, 2021

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$2,132,123	\$873,779	\$3,005,902
Restricted cash	0	76,017	76,017
Investments	373,578	233,176	606,754
Total current assets	2,505,701	1,182,972	3,688,673
Noncurrent assets:			
Capital assets:			
Not depreciated	126,563	17,026	143,589
Depreciated (net of accumulated depreciation)	8,389,026	7,606,956	15,995,982
Total noncurrent assets	8,515,589	7,623,982	16,139,571
Total assets	11,021,290	8,806,954	19,828,244
LIABILITIES			
Current liabilities:			
Water deposits	0	15,029	15,029
Current portion-notes payable	44,215	0	44,215
Current portion-bonds payable	368,000	150,000	518,000
Total current liabilities	412,215	165,029	577,244
Noncurrent liabilities:			
Notes payable	118,575	0	118,575
Bonds payable	1,522,106	4,142,015	5,664,121
Total noncurrent liabilities	1,640,681	4,142,015	5,782,696
Total liabilities	2,052,896	4,307,044	6,359,940
NET POSITION			
Net investment in capital assets	6,462,693	3,331,967	9,794,660
Restricted for roads	316,999	0	316,999
Restricted for police	32,743	0	32,743
Restricted tax levies	515,290	0	515,290
Restricted for debt service	0	76,017	76,017
Unrestricted	1,640,669	1,091,926	2,732,595
Total net position	\$8,968,394	\$4,499,910	\$13,468,304

See Accompanying Notes to Financial Statements

City of Byron, Illinois
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$890,138	\$138,405	\$154,823	\$0	(\$596,910)	\$0	(\$596,910)
Public safety	756,394	50,771	6,755	0	(698,868)	0	(698,868)
Public works	872,544	0	133,614	123,669	(615,261)	0	(615,261)
Interest	87,372	0	0	0	(87,372)	0	(87,372)
Total governmental activities	\$2,606,448	\$189,176	\$295,192	\$123,669	(1,998,411)	0	(1,998,411)
Business-type activities:							
Water and sewer	\$1,639,588	\$1,482,047	\$0	\$0	0	(157,541)	(157,541)
General revenues:							
Taxes:							
Property taxes					1,163,496	0	1,163,496
State taxes					1,852,182	0	1,852,182
Unrestricted investment earnings					7,724	6,240	13,964
Miscellaneous					14,755	281,865	296,620
Transfers					28,719	(28,719)	0
Total general revenues and transfers					3,066,876	259,386	3,326,262
Change in net position					1,068,465	101,845	1,170,310
Net position - beginning					7,899,929	4,398,065	12,297,994
Net position - ending					\$8,968,394	\$4,499,910	\$13,468,304

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Balance Sheet - Modified Cash Basis - Governmental Funds

April 30, 2021

ASSETS	General	TIF District Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$1,411,531	\$113,042	\$130,363	\$477,187	\$2,132,123
Investments	243,573	0	0	130,005	373,578
Due from other funds	700,000	0	0	16,879	716,879
Total assets	\$ 2,355,104	\$ 113,042	\$ 130,363	\$ 624,071	\$ 3,222,580
LIABILITIES					
Due to other funds	\$0	\$0	\$700,000	\$16,879	\$716,879
Total liabilities	0	0	700,000	16,879	716,879
FUND BALANCE					
Restricted	127,919	113,042	0	624,071	865,032
Unassigned	2,227,185	0	(569,637)	(16,879)	1,640,669
Total fund balance	2,355,104	113,042	(569,637)	607,192	2,505,701
Total liabilities and fund balance	\$2,355,104	\$113,042	\$130,363	\$624,071	\$3,222,580

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Reconciliation of the Governmental Funds Balance Sheet - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis April 30, 2021

Total fund balances - governmental funds	\$2,505,701
Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The net book value of capital assets is as followed:	8,515,589
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	(162,790)
Bonds and discounts/premiums on bonds	(1,890,106)
<hr/>	
Total net position - governmental activities	\$8,968,394

City of Byron, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Governmental Funds For the Year Ended April 30, 2021

	General	TIF District Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$892,179	\$298,308	\$57,512	\$402,211	\$1,650,210
Intergovernmental	1,579,588	0	0	256,809	1,836,397
Licenses, fees and permits	85,851	0	0	0	85,851
Fines	45,140	0	0	0	45,140
Other revenue	10,996	137	113	7,352	18,598
Total revenues	2,613,754	298,445	57,625	666,372	3,636,196
Expenditures:					
Current:					
General government	493,486	0	0	150,962	644,448
Public safety	734,330	0	0	142,516	876,846
Public works	360,208	153,411	0	113,800	627,419
Capital outlay	397,531	1,125	27,101	0	425,757
Debt service	292,540	76,819	24,900	90,270	484,529
Total expenditures	2,278,095	231,355	52,001	497,548	3,058,999
Excess (deficiency) of revenues over (under) expenditures	335,659	67,090	5,624	168,824	577,197
Other financing sources (uses):					
Proceeds from issuance of bonds	369,900	0	0	0	369,900
Operating transfers in (out)	28,719	0	0	0	28,719
Net change in fund balance	734,278	67,090	5,624	168,824	975,816
Fund balance, beginning of year	1,620,826	45,952	(575,261)	438,368	1,529,885
Fund balance, end of year	\$2,355,104	\$113,042	(\$569,637)	\$607,192	\$2,505,701

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Modified Cash Basis to the Statement of Activities - Modified Cash Basis For the Year Ended April 30, 2021

Net change in fund balance - Governmental funds	\$975,816
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Amounts reported for governmental activities in the statement of activities -
modified cash basis are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities - modified cash basis, the cost of
those assets is allocated over their useful lives as depreciation expense.

This is the amount by which capitalized fixed assets exceeds
depreciation expense in the period.

55,393

Long-term liabilities are not due and payable in the current period and
therefore are not reported as expenditures and proceeds from borrowing are not
reported as revenue in the government wide financial statements. This is the
amount by which principal payments expensed exceeded proceeds from
borrowings during the year

29,235

Bond premiums are recorded as other financing sources in the year issued in the
governmental funds, but these amounts are amortized over the life of the bonds
in the statements of net position - modified cash basis.

8,021

Change in net position of governmental activities	\$1,068,465
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City of Byron, Illinois

Statement of Net Position - Modified Cash Basis - Proprietary Funds April 30, 2021

	Waterworks and Sewerage Fund
ASSETS	
Cash and cash equivalents	\$873,779
Restricted cash	76,017
Investments	233,176
Property and equipment - net of accumulated depreciation	7,623,982
Total assets	8,806,954
LIABILITIES	
Water deposits	15,029
Alternative revenue bonds	4,292,015
Total liabilities	4,307,044
NET POSITION	
Net investment in capital assets	3,331,967
Restricted for debt service	76,017
Unreserved	1,091,926
Total net position	\$4,499,910

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis - Proprietary Funds For the Year Ended April 30, 2021

	Waterworks and Sewerage	Garbage Disposal Sub-fund	Total Waterworks and Sewerage Fund
Operating revenues:			
Charges for services	\$1,189,362	\$292,685	\$1,482,047
Capital improvement fees	228,558	0	228,558
Miscellaneous	53,307	0	53,307
Total operating revenues	1,471,227	292,685	1,763,912
Operating expenses:			
Salaries and benefits	174,126	0	174,126
Maintenance	172,032	0	172,032
Garbage disposal	0	259,620	259,620
Other operating expenses	442,756	0	442,756
Depreciation	421,538	0	421,538
Total operating expenses	1,210,452	259,620	1,470,072
Operating income (loss)	260,775	33,065	293,840
Nonoperating revenue (expenses):			
Interest income	6,240	0	6,240
Debt service:			
Interest and fiscal charges	(169,516)	0	(169,516)
Operating transfers in (out)	0	(28,719)	(28,719)
Total nonoperating revenue (expenses)	(163,276)	(28,719)	(191,995)
Change in net position	\$97,499	\$4,346	101,845
Net position, beginning of year			4,398,065
Net position, end of year			\$4,499,910

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Statement of Cash Flows - Modified Cash Basis - Proprietary Funds For the Year Ended April 30, 2021

	Waterworks and Sewerage Fund
Cash Flows from Operating Activities	
Cash received from customers	\$1,764,084
Cash paid to suppliers	(917,869)
Cash paid to employees	(130,665)
Net cash flows from operating activities	715,550
Cash Flows from Investing Activities	
Net purchase/sale of investments	(4,358)
Interest received	6,240
Net cash flows from investing activities	1,882
Cash Flows from Non-Capital Financing Activities	
Operating transfers in (out)	(28,719)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(22,239)
Principal paid on long-term debt	(145,000)
Interest paid on long-term debt	(173,875)
Fees paid to fiscal agent	(475)
Net cash flows from capital and related financing activities	(341,589)
Net increase (decrease) in cash and cash equivalents	347,124
Cash and cash equivalents, beginning of year	602,672
Cash and cash equivalents, end of year	\$949,796
Cash and cash equivalents	\$873,779
Restricted cash	76,017
Total cash and cash equivalents	\$949,796

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Statement of Cash Flows - Modified Cash Basis - Proprietary Funds

For the Year Ended April 30, 2021

	Waterworks and Sewerage
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$293,840
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	421,538
Increase (decrease) in utility deposits	172
Net cash flows from operating activities	\$715,550

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of the City of Byron (the “government” or the “City”) are presented on a modified cash basis of accounting. This modified cash basis differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting principles and policies utilized by the government are described below.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting entity

The government is a municipal corporation governed by an elected mayor and eight-member governing city council (council). The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship. The government has no entities that meet the definition of a component unit.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The City has chosen to include the TIF fund as a major fund even though fund calculations do not classify it as major. The City views this fund particularly important to the financial statement users.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. The general fund includes impact fees collected and distributed to other taxing bodies. It also includes the proceeds of the working cash bond that has been loaned to the capital projects 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 *Capital Projects fund* accounts for the funds levied and the grants received for the purpose of capital expenditures for the City.

The government reports the following major enterprise funds:

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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (continued)

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *modified cash basis of accounting*. Revenues are recorded when received and expenses are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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 during the reporting period. Actual results could differ from those estimates.

Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations 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 appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances 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 appropriations 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-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Note 1 Summary of Significant Accounting Policies (Continued)

Assets, liabilities, and net position/fund balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The City invests in accordance with the Illinois Compiled Statutes 30 ILCS 235 under the Illinois Public Funds Investment Act.

Restricted Assets

Certain resources, based on debt covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents) that can be used only for the specified purposes indicated in the bond ordinances.

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 two years.

The government has elected to report only prospective infrastructure assets. Infrastructure includes only those assets put in 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	40
Equipment and vehicles	5-20
Infrastructure	40

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted to have been depleted before unrestricted is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note 1 Summary of Significant Accounting Policies (Continued)

Fund balance policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has authorized the Mayor to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as *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 contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax receipts represent the receipts primarily generated by the 2019 property tax levy. The 2019 levy was passed by the Council on December 4, 2019. The 2020 levy was passed by the Council on November 18, 2020. 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 government receives significant distributions of tax receipts within one month of these due dates.

Compensated absences - Vacation

Unused vacation days are not allowed to accumulate between years. However, after one year of employment one year of accrual can be carried over and upon termination of employment, employees are paid any accumulated earned vacation time. The City estimates a liability for vacation days as of April 30, 2021 to be \$89,112. This amount has not been recorded on the financial statements since the City is reporting under the modified cash basis.

Note 1 Summary of Significant Accounting Policies (Continued)

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. These amounts are not recorded on the financial statements since the City reports on the modified cash basis. The amounts are for note disclosure purposes only.

Note 2 Stewardship, Compliance and Accountability

Violations of legal or contractual provisions

No funds exceeded their budget for the year ended April 30, 2021.

Deficit fund equity

At April 30, 2021, the Capital Projects Fund had a deficit fund balance of \$569,637 and the Debt Service Fund had a deficit fund balance of \$16,879.

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of April 30, 2021, the government's bank balance was \$3,713,793. Of the bank balance, \$3,665,505 was covered by federal depository insurance or collateralized with securities held by the pledging or financial institution's trust department or agent in the government's name.

For financial statement purposes, the City shows certificates of deposits as investments. These types of deposit investments do not qualify for further investment disclosures.

City of Byron, Illinois

Notes to Financial Statements

Note 4 Capital Assets

The governmental activities capital asset activity for the year ended April 30, 2021 is as follows:

	Balance May 1, 2020	Additions	Deletions	Balance April 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$126,563	\$0	\$0	\$126,563
Capital assets being depreciated:				
Infrastructure	8,409,728	419,762	0	8,829,490
Buildings and improvements	1,202,583	1,000	0	1,203,583
Equipment and vehicles	2,258,750	4,995	0	2,263,745
Total capital assets being depreciated	11,871,061	425,757	0	12,296,818
Less accumulated depreciation for:				
Infrastructure	1,247,194	230,514	0	1,477,708
Buildings and improvements	522,936	32,197	0	555,133
Equipment and vehicles	1,767,298	107,653	0	1,874,951
Total accumulated depreciation	3,537,428	370,364	0	3,907,792
Total capital assets being depreciated net	8,333,633	55,393	0	8,389,026
Governmental activities, capital assets, net	\$8,460,196	\$55,393	\$0	\$8,515,589

City of Byron, Illinois

Notes to Financial Statements

Note 4 Capital Assets (Continued)

The business-type activities capital asset activity for the year ended April 30, 2021 is as follows:

	Balance May 1, 2020	Additions	Deletions	Balance April 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$17,026	\$0	\$0	\$17,026
Capital assets being depreciated:				
Infrastructure	15,682,113	0	0	15,682,113
Equipment and vehicles	1,267,577	22,239	0	1,289,816
Total capital assets being depreciated	16,949,690	22,239	0	16,971,929
Less accumulated depreciation for:				
Infrastructure	7,878,040	379,282	0	8,257,322
Equipment and vehicles	1,065,395	42,256	0	1,107,651
Total accumulated depreciation	8,943,435	421,538	0	9,364,973
Total capital assets being depreciated net	8,006,255	(399,299)	0	7,606,956
Governmental activities, capital assets, net	\$8,023,281	(\$399,299)	\$0	\$7,623,982

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

Governmental activities:	
General government	\$46,280
Public safety	21,497
Public works	302,587
Total depreciation expense, governmental activities	\$370,364
Business-type activities	
Water and sewer	\$421,538

Note 5 Pension Plan

Plan description – The employer’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits provided - IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Note 5 Pension Plan (Continued)

Employees Covered by the Benefit Terms - At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	10
Active employees	16
<hr/>	
Total	38

Contributions – As set by statute, the employer's Regular Plan Members are required to contribute 4.5% 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's annual contribution rate for calendar year 2020 was 16.78%. For the fiscal year ended April 30, 2021, the employer contributed \$164,577 to the plan. The employer also contributes for 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- The IMRF-specific rates for **Mortality** (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

Note 5 Pension Plan (Continued)

Single Discount rate - A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

Due to the City preparing its financial statements on the modified cash basis, pension liabilities and deferred inflows and outflows referred to throughout this note disclosure are not recognized in the actual financial statements.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2020	\$5,094,583	\$4,052,664	\$1,041,919
Service costs	90,104	0	90,104
Interest on total pension liability	363,240	0	363,240
Difference between expected and actual experience	(63,542)	0	(63,542)
Changes in assumptions	(58,686)	0	(58,686)
Employer contributions	0	154,023	(154,023)
Employee contributions	0	41,305	(41,305)
Net investment income	0	579,479	(579,479)
Benefit payments – net of refunds	(258,860)	(258,860)	0
Administrative expense	0	0	0
Other changes	0	(89,805)	89,805
Net changes	72,256	426,142	(353,886)
Balances as of December 31, 2020	\$5,166,839	\$4,478,806	\$688,033

City of Byron, Illinois

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$1,375,454	\$688,033	\$139,896

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended April 30, 2021, the City had a pension expense of \$164,577. At April 30, 2021, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, which are not reported due to a modified cash basis of accounting:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$76,844	\$46,966
Changes in assumptions	36,786	71,838
Net difference between projected and actual earnings	-	334,764
Employer contributions subsequent to the measurement date	55,546	0
Total	\$169,176	\$453,568

The City reported \$55,546 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended April 30:	Net Deferred Inflows of Resources
2022	(\$65,591)
2023	(57,701)
2024	(158,403)
2025	(58,243)
2026	0

City of Byron, Illinois

Notes to Financial Statements

Note 6 Post-Employment Benefits

The City has evaluated its potential other postemployment benefits liability. The City provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes. Former employees who choose to retain their rights to health insurance through the City are required to pay 100% of the current premium, which creates an implicit subsidy of retiree health insurance. However, no former employees have chosen to stay in the City's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statements. Additionally, the City has no former employees for whom the City was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the City has not recorded any postemployment benefit liability as of April 30, 2021.

Note 7 Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; 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, 2021 were \$50,000 for liability and property. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

Note 8 Long-Term Debt

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Business-Type Activities:		
2014 A series – Waterworks and sewerage Alternative Revenue Source - to pay the costs of improving the waterworks and sewerage system of the City and to refund the series 2004 General Obligation Bonds.	2.00 – 4.13%	\$4,205,000
Governmental Activities:		
2014A series - General Obligation Bonds - to pay the costs of improving streets and construct a parking lot within the Central Redevelopment Project Area	4.13 – 4.25%	215,000
2014B series - 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	4.00 – 4.75%	1,225,000

City of Byron, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

Purpose	Interest Rates	Amount
Governmental Activities (Continued):		
2019 series - General Obligation Bonds - to provide funds to finance capital municipal improvements for the City and pay costs of bond issuance. These bonds were paid off during fiscal year 2021.	2.30 – 2.4%	0
2020 series – General Obligation Bonds – to finance capital municipal improvements for the City, including, without limitation, street repairs and reconstruction	1.00 – 1.10%	369,900
		<u>\$6,014,900</u>

Notes payable currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Note payable to pay the cost of a truck	3.10%	\$58,198
Note payable to pay the cost of a street sweeper	2.15%	104,592
		<u>\$162,790</u>

Governmental activities:

Fiscal Year Ending April 30	Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$44,215	\$4,056	\$368,000	\$61,824
2023	45,345	2,926	376,900	52,506
2024	46,403	1,766	200,000	42,575
2025	26,827	579	130,000	34,288
2026	0	0	135,000	28,988
2027-2031	0	0	600,000	54,856
2032-2036	0	0	0	0
2037-2041	0	0	0	0
	<u>\$162,790</u>	<u>\$9,327</u>	<u>\$1,809,900</u>	<u>\$275,037</u>

City of Byron, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

Business-Type Activities:

Fiscal Year Ending April 30	Bonds Payable	
	Principal	Interest
2022	\$150,000	\$168,075
2023	155,000	162,075
2024	180,000	155,875
2025	185,000	148,675
2026	195,000	141,275
2027 – 2031	1,090,000	586,813
2032 – 2036	1,325,000	355,563
2037 – 2041	925,000	77,344
Total	\$4,205,000	\$1,795,695

Changes in Long-Term Liabilities. During the year ended April 30, 2021, the following changes occurred in long-term liability accounts:

	Balance April 30, 2020	Additions	Deletions	Balance April 30, 2021
Governmental activities:				
General obligation bonds	\$1,793,400	\$369,900	\$353,400	\$1,809,900
Premium on bonds	88,227	0	8,021	80,206
Notes payable	208,526	0	45,736	162,790
Total governmental funds	\$2,090,153	\$369,900	\$407,157	\$2,052,896
Business type activities:				
Alternative revenue bonds	\$4,350,000	\$0	\$145,000	\$4,205,000
Premium on bonds	91,849	0	4,834	87,015
Total proprietary funds	\$4,441,849	\$0	\$149,834	\$4,292,015

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$73,070,972. As of April 30, 2021 the City had \$4,329,681 of remaining legal debt margin.

The series 2014A alternative revenue bonds are intended to be repaid by water and sewer revenue. Therefore, these bonds have not been included in the legal debt margin calculation. The pledged revenue is required to cover 125% of the debt service payments due in the year. The water and sewer revenue of \$1,189,362 covers the required amount of \$318,875.

City of Byron, Illinois

Notes to Financial Statements

Note 9 Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The City has no balances that are nonspendable at year end.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The City commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The City has no balances that are committed at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the City Council to assign amounts to be used for specific purposes. The City has no balances that are assigned at year end.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling \$2,227,185. It also includes deficit fund balances in the remaining funds. The Capital Projects Fund had a deficit fund balance of \$569,637 and the Debt Service Fund had a deficit fund balance of \$16,879.

City of Byron, Illinois

Notes to Financial Statements

Note 10 Net Position

Net position reported on the government wide statement of net position as of April 30, 2020 is as follows:

Governmental Activities:

Net investment in capital assets:

Not depreciated	\$126,563
Depreciated, net of accumulated depreciation	8,389,026
Less: related long-term debt outstanding	(2,052,896)
	<u>6,462,693</u>

Restricted:

State statutes and enabling legislation	832,289
Contributions	32,743
	<u>865,032</u>

Unrestricted	<u>1,640,669</u>
	<u>\$8,968,394</u>

Business-Type Activities:

Net investment in capital assets:

Not depreciated	\$17,026
Depreciated, net of accumulated depreciation	7,606,956
Less: related long-term debt outstanding	(4,292,015)
	<u>3,331,967</u>

Restricted:

Debt service	<u>76,017</u>
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Unrestricted	<u>1,091,926</u>
	<u>\$4,499,910</u>

City of Byron, Illinois

Notes to Financial Statements

Note 11 Interfund receivables and payables

At April 30, 2021, the following interfund receivables/payables existed:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General	\$700,000	\$0
Capital projects	0	700,000
Non-major governmental funds	16,879	16,879
Total	\$716,879	\$716,879

The purpose of the interfund balances was to fund short-term cash shortfalls in each fund. All amounts are expected to be repaid within the next fiscal year except for the loan from the General Fund to the Capital Projects Fund. Repayment for that loan will be made when there are sufficient property tax proceeds to cover the loan.

Note 12 Transfers

During the year ended April 30, 2021, the following interfund transfer were made

	Transfers In	Transfers Out
General Fund	\$28,719	\$0
Waterworks and Sewerage Fund	0	28,719
Total	\$28,719	\$28,719

The purpose of the transfers was to transfer amounts from the waterworks and sewerage fund to the general fund to reimburse administrative costs.

Note 13 Contingencies

From time to time, the government is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the government's financial position or results of operations.

City of Byron, Illinois

Notes to Financial Statements

Note 14 Tort Insurance Expenditures

The City had \$112,337 in Tort expenditures for the year ended April 30, 2021.

Note 15 Pending Accounting Pronouncements

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by the issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

City of Byron, Illinois

Notes to Financial Statements

Note 15 Pending Accounting Pronouncements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, provides more guidance for determining whether a primary government is financially accountable for a potential component unit, when the financial burden criterion in paragraph 7 of Statement No. 84 applies, and this statement clarifies that Statement 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged if Statement 84 has been implemented.

City management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Note 16 Subsequent Events

The City has evaluated subsequent events through December 8, 2021 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of April 30, 2021 have been incorporated.

Other Information

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Taxes:			
Property tax:			
Corporate	\$170,000	\$169,865	(\$135)
Street lighting	34,000	33,975	(25)
Crossing guard	13,000	13,589	589
Police Protection	51,000	50,962	(38)
Audit	13,000	12,992	(8)
Unemployment insurance	1,200	1,201	1
Bond tax	180,500	180,393	(107)
Local use tax	228,000	167,795	(60,205)
Utility tax	0	208,865	208,865
Video gaming tax	64,200	52,542	(11,658)
Total taxes	754,900	892,179	137,279
Intergovernmental:			
State income tax and surcharge	25,700	430,233	404,533
Sales tax	421,700	956,799	535,099
Replacement tax	531,700	30,978	(500,722)
State grants	38,000	0	(38,000)
Other reimbursements	15,800	161,578	145,778
Total intergovernmental	1,032,900	1,579,588	546,688
Licenses, fees and permits:			
Liquor licenses	25,000	20,421	(4,579)
Franchise fees	52,000	49,958	(2,042)
Building permits	342,800	12,825	(329,975)
Attorney fees	600	322	(278)
Other permits and licenses	3,550	2,325	(1,225)
Total licenses, fees and permits	423,950	85,851	(338,099)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

(Continued)

For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Over (Under) Budget
Revenues (Continued)			
Fines:			
Court fines	1,000	27,498	26,498
Parking fines	2,000	0	(2,000)
Other fines and forfeits	18,300	17,642	(658)
Total fines	21,300	45,140	23,840
Other revenue:			
Interest	0	5,652	5,652
Miscellaneous	10,800	5,229	(5,571)
Police reports	2,500	115	(2,385)
Total other revenue	13,300	10,996	(2,304)
Total revenues	\$2,246,350	\$2,613,754	\$367,404
Expenditures:			
General Government:			
Public affairs/city hall:			
Salaries, insurance and unemployment	\$155,550	\$154,661	(\$889)
Maintenance services	10,300	12,075	1,775
Professional services	39,700	41,270	1,570
General expenses	30,600	122,249	91,649
Equipment	29,000	1,253	(27,747)
Miscellaneous	10,700	10,591	(109)
Total public affairs/city hall	275,850	342,099	66,249
Planning and development:			
Engineering	0	37,504	37,504
Miscellaneous	66,150	3,472	(62,678)
Total planning & development	66,150	40,976	(25,174)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

(Continued)

For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued):			
General Government (continued):			
Building and Zoning			
Salaries, insurance & unemployment	94,360	94,034	(326)
Maintenance services	0	8	8
Professional fees	14,400	14,400	0
General expenses	3,900	1,530	(2,370)
Miscellaneous	900	439	(461)
Total building and zoning	113,560	110,411	(3,149)
Total general government	455,560	493,486	37,926
Public Safety:			
Police department:			
Salaries, insurance and unemployment	645,330	640,239	(5,091)
Maintenance services	26,000	25,779	(221)
Professional fees	31,500	4,750	(26,750)
General expenses	55,400	49,210	(6,190)
Maintenance supplies	0	0	0
Equipment	8,500	8,529	29
Miscellaneous	7,250	3,423	(3,827)
Total police department	773,980	731,930	(42,050)
ESDA			
Equipment and miscellaneous expenses	3,600	2,400	(1,200)
Total public safety	777,580	734,330	(43,250)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

(Continued)

For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Public works:			
Salaries, insurance and unemployment	210,980	209,642	(1,338)
Maintenance services	42,500	23,507	(18,993)
Professional fees	90,700	85,559	(5,141)
General expenses	42,600	37,729	(4,871)
Maintenance supplies	28,300	21,408	(6,892)
Principal and interest payments	282,700	282,540	(160)
Equipment	566,800	379,520	(187,280)
Debt issuance costs	0	10,000	10,000
Miscellaneous	500	374	(126)
Total public works	1,265,080	1,050,279	(214,801)
Total expenditures	\$2,498,220	\$2,278,095	(\$220,125)
Other financing sources (uses):			
Proceeds from issuance of bonds	\$0	\$369,900	\$369,900
Operating transfers in	27,800	28,719	919
Operating transfers out	0	0	0
Total other financing sources	\$27,800	\$398,619	\$370,819

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - TIF District Fund For the Year Ended April 30, 2021

	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Taxes	\$308,000	\$298,308	(\$9,692)
Other revenue	200	137	(63)
Total revenues	\$308,200	\$298,445	(\$9,755)
Expenditures:			
Streets and alley	156,710	153,411	(3,299)
Capital outlay	50,600	1,125	(49,475)
Debt service	76,900	76,819	(81)
Total expenditures	\$284,210	\$231,355	(\$52,855)

City of Byron, Illinois

Combined Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds

April 30, 2021

ASSETS	Debt Service Fund	Motor Fuel Tax Fund	Road and Bridge Fund	Police Foundation Fund	IMRF Fund	Social Security Fund	Tort Liability	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$0	\$245,532	\$54,588	\$32,743	\$52,651	\$58,938	\$32,735	\$477,187
Investments	0	0	0	0	0	0	130,005	130,005
Due from other funds	0	0	16,879	0	0	0	0	16,879
Total assets	\$0	\$245,532	\$71,467	\$32,743	\$52,651	\$58,938	\$162,740	\$624,071
LIABILITIES								
Due to other funds	\$16,879	\$0	\$0	\$0	\$0	\$0	\$0	\$16,879
FUND BALANCE								
Restricted	0	245,532	71,467	32,743	52,651	58,938	162,740	624,071
Unassigned	(16,879)	0	0	0	0	0	0	(16,879)
Total fund balance	(16,879)	245,532	71,467	32,743	52,651	58,938	162,740	607,192
Total liabilities and fund balance	\$0	\$245,532	\$71,467	\$32,743	\$52,651	\$58,938	\$162,740	\$624,071

City of Byron, Illinois

Combined Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified
Cash Basis - Nonmajor Governmental Funds
For the Year Ended April 30, 2021

	Debt Service Fund	Motor Fuel Tax Fund	Road and Bridge Fund	Police Foundation Fund	IMRF Fund	Social Security Fund	Tort Liability Fund	Total Nonmajor Governmental Funds
Revenues:								
Taxes	\$0	\$0	\$57,158	\$0	\$129,894	\$74,936	\$140,223	\$402,211
Intergovernmental	0	256,809	0	0	0	0	0	256,809
Other revenue	0	144	48	5,557	103	80	1,420	7,352
Total revenues	0	256,953	57,206	5,557	129,997	75,016	141,643	666,372
Expenditures:								
General government	0	0	0	0	26,049	12,576	112,337	150,962
Public safety	0	0	0	567	95,732	46,217	0	142,516
Public works	0	49,041	1,302	0	42,796	20,661	0	113,800
Debt service	0	42,000	48,270	0	0	0	0	90,270
Total expenditures	0	91,041	49,572	567	164,577	79,454	112,337	497,548
Net change in fund balance	0	165,912	7,634	4,990	(34,580)	(4,438)	29,306	168,824
Fund balance, beginning of year	(16,879)	79,620	63,833	27,753	87,231	63,376	133,434	438,368
Fund balance, end of year	(\$16,879)	\$245,532	\$71,467	\$32,743	\$52,651	\$58,938	\$162,740	\$607,192

City of Byron, Illinois

Assessed Valuations, Tax Rates, Tax Extensions and Collections

April 30, 2021

	Tax Year		
	2020	2019	2018
Assessed valuations	\$73,070,972	\$70,280,892	\$67,402,563
Tax rates			
General Corporate	0.24962	0.24189	0.25000
Bond	0.25717	0.25688	0.26543
Insurance	0.09580	0.11383	0.10385
Street Lighting	0.04981	0.04838	0.05000
Social Security	0.07527	0.08537	0.09644
IMRF	0.18475	0.18497	0.22254
School Crossing Guard	0.01984	0.01935	0.02000
Police protection	0.07486	0.07257	0.07500
Audit	0.01779	0.01850	0.01929
Unemployment insurance	0.00164	0.00171	0.00223
Workman's Compensation	0.08895	0.08537	0.08160
Medicare	0.02053	0.02134	0.02374
Total tax rates	1.13603	1.15016	1.21012
Tax extensions			
General Corporate	\$182,400	\$170,002	\$168,506
Bond	187,917	180,538	178,907
Insurance	70,002	80,001	69,998
Street Lighting	36,397	34,002	33,701
Social Security	55,000	59,999	65,003
IMRF	134,999	129,999	149,998
School Crossing Guard	14,497	13,599	13,481
Police protection	54,701	51,003	50,552
Audit	12,999	13,002	13,002
Unemployment insurance	1,198	1,202	1,503
Workman's Compensation	64,997	59,999	55,000
Medicare	15,001	14,998	16,001
Total tax extensions	\$830,108	\$808,344	\$815,652
Collections			
General Corporate	\$0	\$169,849	\$167,983
Bond	0	180,376	178,351
Insurance	0	79,929	69,780
Street Lighting	0	33,972	33,596
Social Security	0	59,945	64,801
IMRF	0	129,882	149,532
School crossing guard	0	13,587	13,438
Police Protection	0	50,957	50,395
Audit	0	12,991	12,962
Unemployment insurance	0	1,201	1,499
Workman's compensation	0	59,945	54,829
Medicare	0	14,985	15,952
Total collections	\$0	\$807,619	\$813,118
Percent of extensions collected	0.00%	99.91%	99.69%

**Independent Auditor's Report on Compliance
With State of Illinois Public Act 85-1142**

To the City Council
City of Byron, Illinois
Byron, Illinois

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 8, 2021. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the City's compliance with the provisions of subsection (q) of the Illinois Compiled Statutes 65 (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2021. The management of the City, is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

Our audit was made in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In connection with our audit, referred to above, we selected and tested transactions and records to determine the City of Byron's compliance with subsection (q) of the Illinois Compiled Statutes (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2021.

In our opinion, the City of Byron, Illinois complied, in all material respects, with the requirements of subsection (q) of the Illinois Compiled Statutes (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2021.

Wipfli LLP

Rockford, Illinois
December 8, 2021