

City of Byron

Byron, Illinois

Financial Report

Year Ended April 30, 2022



City of Byron

Year Ended April 30, 2022

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City of Byron

Year Ended April 30, 2022

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Independent Auditor's Report

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, 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 April 30, 2022, and the related notes to the 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Byron, Illinois, as of April 30, 2022, 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 as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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 generally accepted auditing standards 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, misrepresentation, 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 generally accepted auditing standards, 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 including 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.

Other Information

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents 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 uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Rockford, Illinois
October 3, 2022

Financial Statements

City of Byron, Illinois

Statement of Net Position - Modified Cash Basis

April 30, 2022

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$2,164,080	\$1,390,856	\$3,554,936
Restricted cash	0	45,552	45,552
Investments	1,375,030	233,623	1,608,653
Total current assets	3,539,110	1,670,031	5,209,141
Noncurrent assets:			
Capital assets:			
Not depreciated	156,940	32,444	189,384
Depreciated (net of accumulated depreciation)	8,572,290	7,244,697	15,816,987
Total noncurrent assets	8,729,230	7,277,141	16,006,371
Total assets	12,268,340	8,947,172	21,215,512
LIABILITIES			
Current liabilities:			
Water deposits	0	14,759	14,759
Current portion-notes payable	45,344	0	45,344
Current portion-bonds payable	376,900	155,000	531,900
Total current liabilities	422,244	169,759	592,003
Noncurrent liabilities:			
Notes payable	73,231	0	73,231
Bonds payable	1,137,185	3,982,181	5,119,366
Total noncurrent liabilities	1,210,416	3,982,181	5,192,597
Total liabilities	1,632,660	4,151,940	5,784,600
NET POSITION			
Net investment in capital assets	7,096,570	3,139,960	10,236,530
Restricted for roads	450,529	0	450,529
Restricted for police	38,221	0	38,221
Restricted tax levies	578,192	0	578,192
Restricted for debt service	0	45,552	45,552
Unrestricted	2,472,168	1,609,720	4,081,888
Total net position	\$10,635,680	\$4,795,232	\$15,430,912

See Accompanying Notes to Financial Statements

City of Byron, Illinois

Statement of Activities - Modified Cash Basis

For the Year Ended April 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$808,759	\$208,536	249,579	\$0	(\$350,644)	\$0	(\$350,644)
Public safety	739,666	56,045	17,905	0	(665,716)	0	(665,716)
Public works	961,263	0	149,382	82,446	(729,435)	0	(729,435)
Interest	57,857	0	0	0	(57,857)	0	(57,857)
Total governmental activities	\$2,567,545	\$264,581	\$416,866	\$82,446	(1,803,652)	0	(1,803,652)
Business-type activities:							
Water and sewer	\$1,690,885	\$1,702,129	\$0	\$0	0	11,244	11,244
General revenues:							
Taxes:							
Property taxes					1,196,838	0	1,196,838
State taxes					2,190,602	0	2,190,602
Unrestricted investment earnings					6,629	3,023	9,652
Miscellaneous					40,014	285,089	325,103
Gain/ Loss on sale on capital of assets					32,821	0	32,821
Transfers					4,034	(4,034)	0
Total general revenues and transfers					3,470,938	284,078	3,755,016
Change in net position					1,667,286	295,322	1,962,608
Net position - beginning					8,968,394	4,499,910	13,468,304
Net position - ending					\$10,635,680	\$4,795,232	\$15,430,912

See Accompanying Notes to Financial Statements.

City of Byron, Illinois

Balance Sheet - Modified Cash Basis - Governmental Funds

April 30, 2022

ASSETS	General	TIF District Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$1,292,139	\$168,671	\$87,007	\$616,263	\$2,164,080
Investments	1,244,688	0	0	130,342	1,375,030
Due from other funds	700,000	0	0	16,879	716,879
Total assets	\$ 3,236,827	\$ 168,671	\$ 87,007	\$ 763,484	\$ 4,255,989
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	134,787	168,671	0	763,484	1,066,942
Unassigned	3,102,040	0	(612,993)	(16,879)	2,472,168
Total fund balance	3,236,827	168,671	(612,993)	746,605	3,539,110
Total liabilities and fund balance	\$3,236,827	\$168,671	\$87,007	\$763,484	\$4,255,989

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, 2022

Total fund balances - governmental funds	\$3,539,110
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:	
	8,729,230
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	(118,575)
Bonds and discounts/premiums on bonds	(1,514,085)
<hr/>	
Total net position - governmental activities	\$10,635,680
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City of Byron, Illinois

Statement of Revenues, Expenditures, and Changes in Fund

Balance - Modified Cash Basis - Governmental Funds

For the Year Ended April 30, 2022

	General	TIF District Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$972,328	\$309,242	\$46,968	\$398,545	\$1,727,083
Intergovernmental	2,035,530	0	0	231,828	2,267,358
Licenses, fees and permits	100,655	0	0	0	100,655
Fines	46,289	0	0	0	46,289
Other revenue	45,487	206	85	10,813	56,591
Total revenues	3,200,289	309,448	47,053	641,186	4,197,976
Expenditures:					
Current:					
General government	474,844	0	0	161,659	636,503
Public safety	713,246	0	0	132,163	845,409
Public works	372,777	152,139	0	117,682	642,598
Capital outlay	477,946	22,543	65,509	0	565,998
Debt service	283,787	79,137	24,900	90,269	478,093
Total expenditures	2,322,600	253,819	90,409	501,773	3,168,601
Excess (deficiency) of revenues over (under) expenditures	877,689	55,629	(43,356)	139,413	1,029,375
Other financing sources (uses):					
Proceeds from issuance of bonds	0	0	0	0	0
Operating transfers in (out)	4,034	0	0	0	4,034
Net change in fund balance	881,723	55,629	(43,356)	139,413	1,033,409
Fund balance, beginning of year	2,355,104	113,042	(569,637)	607,192	2,505,701
Fund balance, end of year	\$3,236,827	\$168,671	(\$612,993)	\$746,605	\$3,539,110

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, 2022

Net change in fund balance - Governmental funds	\$1,033,409
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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.

217,820

Governmental funds only report the disposal of capital assets to the extent proceeds are
received from the sale. In the statement of activities a gain or (loss) is reported for each disposal.

Book value of gain for trade of capital assets

(4,179)

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

412,215

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	\$1,667,286
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City of Byron, Illinois

Statement of Net Position -

Modified Cash Basis - Proprietary Funds

April 30, 2022

	Waterworks and Sewerage Fund
ASSETS	
Cash and cash equivalents	\$1,390,856
Restricted cash	45,552
Investments	233,623
Property and equipment - net of accumulated depreciation	7,277,141
Total assets	8,947,172
LIABILITIES	
Water deposits	14,759
Alternative revenue bonds	4,137,181
Total liabilities	4,151,940
NET POSITION	
Net investment in capital assets	3,139,960
Restricted for debt service	45,552
Unreserved	1,609,720
Total net position	\$4,795,232

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, 2022

	Waterworks and Sewerage	Garbage Disposal Sub-fund	Total Waterworks and Sewerage Fund
Operating revenues:			
Charges for services	\$1,399,565	\$302,564	\$1,702,129
Capital improvement fees	229,845	0	229,845
Miscellaneous	55,244	0	55,244
Total operating revenues	1,684,654	302,564	1,987,218
Operating expenses:			
Salaries and benefits	170,848	0	170,848
Maintenance	186,366	0	186,366
Garbage disposal	0	270,474	270,474
Other operating expenses	479,351	0	479,351
Depreciation	420,129	0	420,129
Total operating expenses	1,256,694	270,474	1,527,168
Operating income (loss)	427,960	32,090	460,050
Nonoperating revenue (expenses):			
Interest income	3,023	0	3,023
Debt service:			
Interest and fiscal charges	(163,717)	0	(163,717)
Operating transfers in (out)	0	(4,034)	(4,034)
Total nonoperating revenue (expenses)	(160,694)	(4,034)	(164,728)
Change in net position	<u>\$267,266</u>	<u>\$28,056</u>	295,322
Net position, beginning of year			<u>4,499,910</u>
Net position, end of year			<u><u>\$4,795,232</u></u>

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, 2022

	Waterworks and Sewerage Fund
Cash Flows from Operating Activities	
Cash received from customers	\$1,986,948
Cash paid to suppliers	(981,790)
Cash paid to employees	(125,249)
Net cash flows from operating activities	879,909
Cash Flows from Investing Activities	
Net purchase/sale of investments	(447)
Interest received	3,023
Net cash flows from investing activities	2,576
Cash Flows from Non-Capital Financing Activities	
Operating transfers in (out)	(4,034)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(73,288)
Principal paid on long-term debt	(150,000)
Interest paid on long-term debt	(168,075)
Fees paid to fiscal agent	(476)
Net cash flows from capital and related financing activities	(391,839)
Net increase (decrease) in cash and cash equivalents	486,612
Cash and cash equivalents, beginning of year	949,796
Cash and cash equivalents, end of year	\$1,436,408
Cash and cash equivalents	\$1,390,856
Restricted cash	45,552
Total cash and cash equivalents	\$1,436,408

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, 2022

	Waterworks and Sewerage
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$460,050
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	420,129
Increase (decrease) in utility deposits	(270)
Net cash flows from operating activities	\$879,909

See Accompanying Notes to Financial Statements.

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*. Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide financial statements and fund financial statements are reported using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transaction with a provision for depreciation on capital assets and long-term debt including premiums in the government wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses/expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

If the City utilized accounting principles generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

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.

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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 revenues represent the receipts primarily generated by the 2020 property tax levy. The 2020 levy was passed by the Council on November 18, 2020. The 2021 levy was passed by the Council on December 1, 2021. 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, 2022 to be \$86,378. 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)

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position – Modified Cash Basis. In the Government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures. 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 and discounts received on debt issuances are reported as other financial sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2022.

Deficit fund equity

At April 30, 2022, the Capital Projects Fund had a deficit fund balance of \$612,993 and the Debt Service Fund had a deficit fund balance of \$16,879.

City of Byron, Illinois

Notes to Financial Statements

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, 2022, the government's bank balance was \$5,238,148. Of the bank balance, \$5,238,148 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.

Note 4 Capital Assets

The governmental activities capital asset activity for the year ended April 30, 2022 is as follows:

	Balance May 1, 2021	Additions	Deletions	Balance April 30, 2022
Capital assets not being depreciated:				
Land and land improvements	\$126,563	\$0	\$0	\$126,563
Construction in Progress	0	30,377	0	30,377
Total capital assets not being depreciated:	126,563	30,377	0	156,940
Capital assets being depreciated:				
Infrastructure	8,829,490	407,727	0	9,237,217
Buildings and improvements	1,203,583	6,149	0	1,209,732
Equipment and vehicles	2,263,745	158,745	39,400	2,383,090
Total capital assets being depreciated	12,296,818	572,621	39,400	12,830,039
Less accumulated depreciation for:				
Infrastructure	1,477,708	239,082	0	1,716,790
Buildings and improvements	555,133	32,349	0	587,482
Equipment and vehicles	1,874,951	113,747	35,221	1,953,477
Total accumulated depreciation	3,907,792	385,178	35,221	4,257,749
Total capital assets being depreciated net	8,389,026	187,443	4,179	8,572,290
Governmental activities, capital assets, net	\$8,515,589	\$217,820	\$4,179	\$8,729,230

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, 2022 is as follows:

	Balance May 1, 2021	Additions	Deletions	Balance April 30, 2022
Capital assets not being depreciated:				
Land and land improvements	\$17,026	\$0	\$0	\$17,026
Construction in progress	0	15,418	0	15,418
Total capital assets not being Depreciated	17,026	15,418	0	32,444
Capital assets being depreciated:				
Infrastructure	15,682,113	0	0	15,682,113
Equipment and vehicles	1,289,816	57,870	0	1,347,686
Total capital assets being depreciated	16,971,929	57,870	0	17,029,799
Less accumulated depreciation for:				
Infrastructure	8,257,322	378,896	0	8,636,218
Equipment and vehicles	1,107,651	41,233	0	1,148,884
Total accumulated depreciation	9,364,973	420,129	0	9,785,102
Total capital assets being depreciated net	7,606,956	(362,259)	0	7,244,697
Business-type activities, capital assets, net	\$7,623,982	(\$346,841)	\$0	\$7,277,141

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

Governmental activities:	
General government	\$45,119
Public safety	21,999
Public works	318,060
Total depreciation expense, governmental activities	\$385,178
Business-type activities	
Water and sewer	\$420,129

Note 5 Pension Plan

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.

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, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	10
Active employees	14
<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 2021 was 16.84%. For the fiscal year ended April 30, 2022, the employer contributed \$141,052 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, 2021, 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, 2021:

- 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.

Note 5 Pension Plan (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2021:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	(0.60)%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	(0.90)%
Total	100%	

- 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%.

City of Byron, Illinois

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2021	\$5,166,839	\$4,478,806	\$688,033
Service costs	92,183	0	92,183
Interest on total pension liability	369,348	0	369,348
Difference between expected and actual experience	(9,512)	0	(9,512)
Changes in assumptions	0	0	0
Employer contributions	0	154,128	(154,128)
Employee contributions	0	41,186	(41,186)
Net investment income	0	747,252	(747,252)
Benefit payments – net of refunds	(236,956)	(236,956)	0
Administrative expense	0	0	0
Other changes	0	3,495	(3,495)
Net changes	215,063	709,105	(494,042)
Balances as of December 31, 2021	\$5,381,902	\$5,187,911	\$193,991

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	\$866,473	\$193,991	(\$346,248)

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>.

City of Byron, Illinois

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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

Related to Pensions - For the year ended April 30, 2022, the City had a pension expense of \$141,052.

At April 30, 2022, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$19,128	\$37,571
Changes in assumptions	92	28,066
Net difference between projected and actual earnings	-	574,248
Employer contributions subsequent to the measurement date	42,468	0
Total	\$61,688	\$639,885

The City reported \$42,468 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, 2023. 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
2023	(\$144,816)
2024	(245,518)
2025	(145,358)
2026	(84,973)
2027	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, 2022.

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, 2022 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%	\$4,055,000
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%	145,000
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%	1,110,000

City of Byron, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

Purpose	Interest Rates	Amount
Governmental Activities (Continued):		
2021 series – General Obligation Bonds – to finance capital municipal improvements for the City, including, without limitation, street repairs and reconstruction	1.00 – 1.10%	186,900
		<u>\$5,496,900</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%	\$39,337
Note payable to pay the cost of a street sweeper	2.15%	79,238
		<u>\$118,875</u>

Governmental activities:

Fiscal Year Ending April 30	Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2023	\$ 45,344	\$2,926	\$376,900	\$ 52,506
2024	46,403	1,766	200,000	42,575
2025	26,828	579	130,000	34,288
2026	0	0	135,000	28,988
2027	0	0	140,000	23,312
2028-2031	0	0	460,000	31,544
	<u>\$118,575</u>	<u>\$5,271</u>	<u>\$1,441,900</u>	<u>\$213,213</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
2023	\$ 155,000	\$ 162,075
2024	180,000	155,875
2025	185,000	148,675
2026	195,000	141,275
2027	200,000	133,475
2028 – 2032	1,135,000	544,850
2033 – 2037	1,375,000	302,206
2038 – 2041	630,000	39,188
Total	\$4,055,000	\$1,627,619

Changes in Long-Term Liabilities. During the year ended April 30, 2022, the following changes occurred in long-term liability accounts:

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
Governmental activities:				
General obligation bonds	\$1,809,900	0	\$368,000	\$1,441,900
Premium on bonds	80,206	0	8,021	72,185
Notes payable	162,790	0	44,215	118,575
Total governmental funds	\$2,052,896	\$0	\$420,236	\$1,632,660
Business type activities:				
Alternative revenue bonds	\$4,205,000	\$0	\$150,000	\$4,055,000
Premium on bonds	87,015	0	4,834	82,181
Total proprietary funds	\$4,292,015	\$0	\$154,834	\$4,137,181

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$75,077,048. As of April 30, 2022 the City had \$4,914,920 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 \$1,399,565 covers the required amount of \$318,075.

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 \$3,102,040. It also includes deficit fund balances in the remaining funds. The Capital Projects Fund had a deficit fund balance of \$612,993 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, 2022 is as follows:

Governmental Activities:

Net investment in capital assets:

Not depreciated	\$156,940
Depreciated, net of accumulated depreciation	8,572,290
Less: related long-term debt outstanding	(1,632,660)
	<u>7,096,570</u>

Restricted:

State statutes and enabling legislation	1,028,721
Contributions	38,221
	<u>1,066,942</u>

Unrestricted	<u>2,472,168</u>
	<u>\$10,635,680</u>

Business-Type Activities:

Net investment in capital assets:

Not depreciated	\$32,444
Depreciated, net of accumulated depreciation	7,244,697
Less: related long-term debt outstanding	(4,137,181)
	<u>3,139,960</u>

Restricted:

Debt service	45,552
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Unrestricted	<u>1,609,720</u>
	<u>\$4,795,232</u>

City of Byron, Illinois

Notes to Financial Statements

Note 11 Interfund receivables and payables

At April 30, 2022, 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, 2022, the following interfund transfer were made

	Transfers In	Transfers Out
General Fund	\$4,034	\$0
Waterworks and Sewerage Fund	0	4,034
Total	\$4,034	\$4,034

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.

Note 14 Tort Insurance Expenditures

The City had \$124,959 in Tort expenditures for the year ended April 30, 2022.

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, 2022.

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, 2021.

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, 2022.

GASB Statement No. 92, *Omnibus 2021*, 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, 2022.

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, 2022.

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.

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, 2022. Earlier application is encouraged if Statement 84 has been implemented.

GASB Statement No. 99, Omnibus 2022, improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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 Commitments

In February 2022, the City entered into a contract with Fehr Graham for the design of a new Waste Water Treatment Plant. The estimated total cost of the contract is \$947,000. As of April 30, 2022, the City has spent \$0 related to the contract.

In March 2022, the City entered into a contract with Kelsey Excavating for the replacement of the Colfax Street Watermain. The estimated total cost of the contract is \$85,577. As of April 30, 2022 the City has spent \$4,700 related to the contract.

In April 2022, the City entered into a contract with Martin & Company Excavating for the completion of the Mill Road Recreation Path Extension. The estimated total cost of the contract is \$348,021. As of April 30, 2022, the City has spent \$0 related to the contract.

In April 2022, the City entered into a contract with Martin & Company Excavating for the Chip Seal of designated locations throughout the City. The estimated total cost of the contract is \$157,630. As of April 30, 2022, the City has spent \$0 related to the contract.

Note 17 Subsequent Events

In May 2022, the City entered into a contract with Struck & Irwin for Slurry Seal of designated locations throughout the City. The estimated total cost of the contract is \$107,383.

In June 2022, the City entered into a contract with Stenstrom Excavation & Blacktop Group for the removal and replacement of the City Hall Parking lot. The estimated total cost of the contract is \$108,952.

In August 2022, The City entered into a contract with Fehr Graham for engineering services on the Sanitary Sewer Extension to Constellation Byron Generation Station. The estimated total cost of the contract is \$580,000.

In August 2022, The City entered into a contract with Constellation Energy Generation for the reimbursement of engineering services on the Sanitary Sewer Extension to Constellation Byron Generation Station. The estimated total revenue of the contract is \$580,000.

Other Information

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Taxes:			
Property tax:			
Corporate	\$180,600	\$182,006	\$1,406
Street lighting	36,000	36,318	318
Crossing guard	14,400	14,466	66
Police Protection	54,200	54,583	383
Audit	12,900	12,971	71
Unemployment insurance	1,200	1,196	(4)
Bond tax	188,000	187,511	(489)
Local use tax	332,000	144,830	(187,170)
Utility tax	0	230,758	230,758
Video gaming tax	60,000	107,689	47,689
Total taxes	879,300	972,328	93,028
Intergovernmental:			
State income tax and surcharge	375,000	542,125	167,125
Sales tax	870,000	1,153,909	283,909
Replacement tax	28,000	72,012	44,012
State grants	0	0	0
Other reimbursements	9,000	267,484	258,484
Total intergovernmental	1,282,000	2,035,530	753,530
Licenses, fees and permits:			
Liquor licenses	25,000	29,496	4,496
Franchise fees	50,000	50,119	119
Building permits	19,000	18,325	(675)
Attorney fees	1,500	105	(1,395)
Other permits and licenses	1,750	2,610	860
Total licenses, fees and permits	97,250	100,655	3,405

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

(Continued)

For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Over (Under) Budget
Revenues (Continued)			
Fines:			
Court fines	35,000	27,239	(7,761)
Parking fines	600	0	(600)
Other fines and forfeits	15,600	19,050	3,450
Total fines	51,200	46,289	(4,911)
Other revenue:			
Interest	3,800	5,388	1,588
Miscellaneous	17,900	40,014	22,114
Police reports	300	85	(215)
Total other revenue	22,000	45,487	23,487
Total revenues	\$2,331,750	\$3,200,289	\$868,539
Expenditures:			
General Government:			
Public affairs/city hall:			
Salaries, insurance and unemployment	\$159,830	\$154,555	(\$5,275)
Maintenance services	14,250	16,222	1,972
Professional services	56,500	56,853	353
General expenses	30,900	55,628	24,728
Equipment	4,800	4,978	178
Miscellaneous	91,100	18,047	(73,053)
Total public affairs/city hall	357,380	306,283	(51,097)
Planning and development:			
Engineering	0	31,420	31,420
Miscellaneous	54,650	20,870	(33,780)
Total planning & development	54,650	52,290	(2,360)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

(Continued)

For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued):			
General Government (continued):			
Building and Zoning			
Salaries, insurance & unemployment	96,180	95,504	(676)
Maintenance services	0	0	0
Professional fees	14,400	14,400	0
General expenses	3,900	6,310	2,410
Miscellaneous	900	57	(843)
Total building and zoning	115,380	116,271	891
Total general government	527,410	474,844	(52,566)
Public Safety:			
Police department:			
Salaries, insurance and unemployment	700,770	616,552	(84,218)
Maintenance services	27,500	27,059	(441)
Professional fees	26,500	38	(26,462)
General expenses	54,400	52,191	(2,209)
Maintenance supplies	0	0	0
Equipment	13,300	8,605	(4,695)
Miscellaneous	5,750	6,401	651
Total police department	828,220	710,846	(117,374)
ESDA			
Equipment and miscellaneous expenses	3,800	2,400	(1,400)
Total public safety	832,020	713,246	(118,774)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - General Fund (Continued) For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Public works:			
Salaries, insurance and unemployment	213,590	158,426	(55,164)
Maintenance services	45,000	34,272	(10,728)
Professional fees	119,500	126,604	7,104
General expenses	46,100	43,491	(2,609)
Maintenance supplies	28,300	15,739	(12,561)
Principal and interest payments	285,090	283,787	(1,303)
Equipment	399,790	472,044	72,254
Debt issuance costs	0	0	0
Miscellaneous	500	147	(353)
Total public works	1,137,870	1,134,510	(3,360)
Total expenditures	\$2,497,300	\$2,322,600	(\$174,700)
Other financing sources (uses):			
Proceeds from issuance of bonds	\$0	\$0	\$0
Operating transfers in	29,000	4,034	(24,966)
Operating transfers out	0	0	0
Total other financing sources	\$29,000	\$4,034	(\$24,966)

City of Byron, Illinois

Budgetary Comparison Schedule - Modified Cash Basis - TIF District Fund For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Taxes	\$308,000	\$309,242	\$1,242
Other revenue	200	206	6
Total revenues	\$308,200	\$309,448	\$1,248
Expenditures:			
Streets and alley	158,340	152,139	(6,201)
Capital outlay	120,600	22,543	(98,057)
Debt service	79,200	79,137	(63)
Total expenditures	\$358,140	\$253,819	(\$104,321)

City of Byron, Illinois

Combined Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds

April 30, 2022

	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
ASSETS								
Cash and cash equivalents	\$0	\$367,998	\$65,652	\$38,221	\$46,387	\$55,441	\$42,564	\$616,263
Investments	0	0	0	0	0	0	130,342	130,342
Due from other funds	0	0	16,879	0	0	0	0	16,879
Total assets	\$0	\$367,998	\$82,531	\$38,221	\$46,387	\$55,441	\$172,906	\$763,484
LIABILITIES								
Due to other funds	\$16,879	\$0	\$0	\$0	\$0	\$0	\$0	\$16,879
FUND BALANCE								
Restricted	0	367,998	82,531	38,221	46,387	55,441	172,906	763,484
Unassigned	(16,879)	0	0	0	0	0	0	(16,879)
Total fund balance	(16,879)	367,998	82,531	38,221	46,387	55,441	172,906	746,605
Total liabilities and fund balance	\$0	\$367,998	\$82,531	\$38,221	\$46,387	\$55,441	\$172,906	\$763,484

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, 2022

	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	\$59,278	\$0	\$134,708	\$69,851	\$134,708	\$398,545
Intergovernmental	0	231,828	0	0	0	0	0	231,828
Other revenue	0	287	55	9,899	80	75	417	10,813
Total revenues	0	232,115	59,333	9,899	134,788	69,926	135,125	641,186
Expenditures:								
General government	0	0	0	0	24,136	12,564	124,959	161,659
Public safety	0	0	0	4,421	84,011	43,731	0	132,163
Public works	0	67,649	0	0	32,905	17,128	0	117,682
Debt service	0	42,000	48,269	0	0	0	0	90,269
Total expenditures	0	109,649	48,269	4,421	141,052	73,423	124,959	501,773
Net change in fund balance	0	122,466	11,064	5,478	(6,264)	(3,497)	10,166	139,413
Fund balance, beginning of year	(16,879)	245,532	71,467	32,743	52,651	58,938	162,740	607,192
Fund balance, end of year	(\$16,879)	\$367,998	\$82,531	\$38,221	\$46,387	\$55,441	\$172,906	\$746,605

City of Byron, Illinois

Assessed Valuations, Tax Rates, Tax Extensions and Collections

April 30, 2022

	2021	Tax Year 2020	2019
Assessed valuations	\$75,077,048	\$73,070,972	\$70,280,892
Tax rates			
General Corporate	0.24974	0.24962	0.24189
Bond	0.25031	0.25717	0.25688
Insurance	0.09324	0.09580	0.11383
Street Lighting	0.04995	0.04981	0.04838
Social Security	0.07326	0.07527	0.08537
IMRF	0.18648	0.18475	0.18497
School Crossing Guard	0.01998	0.01984	0.01935
Police protection	0.07486	0.07486	0.07257
Audit	0.01598	0.01779	0.01850
Unemployment insurance	0.00133	0.00164	0.00171
Workman's Compensation	0.07326	0.08895	0.08537
Medicare	0.01865	0.02053	0.02134
Total tax rates	1.10704	1.13603	1.15016
Tax extensions			
General Corporate	\$187,497	\$182,400	\$170,002
Bond	187,925	187,917	180,538
Insurance	70,002	70,002	80,001
Street Lighting	37,501	36,397	34,002
Social Security	55,001	55,000	59,999
IMRF	140,004	134,999	129,999
School Crossing Guard	15,000	14,497	13,599
Police protection	56,203	54,701	51,003
Audit	11,997	12,999	13,002
Unemployment insurance	999	1,198	1,202
Workman's Compensation	55,002	64,997	59,999
Medicare	14,002	15,001	14,998
Total tax extensions	\$831,133	\$830,108	\$808,344
Collections			
General Corporate	\$0	\$181,998	\$169,849
Bond	0	187,503	180,376
Insurance	0	69,848	79,929
Street Lighting	0	36,317	33,972
Social Security	0	54,879	59,945
IMRF	0	134,702	129,882
School crossing guard	0	14,465	13,587
Police Protection	0	54,580	50,957
Audit	0	12,971	12,991
Unemployment insurance	0	1,196	1,201
Workman's compensation	0	64,854	59,945
Medicare	0	14,969	14,985
Total collections		\$828,282	\$807,619
Percent of extensions collected	0.00%	99.78%	99.91%

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

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

We have examined management's assertion that the City of Byron, Illinois (the "City") complied 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) during the year ended April 30, 2022. The City's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depends on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

Our examination disclosed the following material noncompliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) applicable to the City during the year ended April 30, 2022 as noted in the "Reportable Conditions" paragraphs below.

Reportable Conditions

The City has not held a meeting of the Joint Review Board as required by Section 11-74.4-3 of the Illinois Tax Increments Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2022.

The City has not filed the Annual Report for 2021 with the State Comptroller as required by Section 11-74.4-3 of the Illinois Tax Increments Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2022.

In our opinion, except for the material noncompliance described in the preceding paragraphs, the City of Byron, Illinois complied, in all material respects, with the provisions 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) during the year ended April 30, 2022.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management of the City, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Rockford, Illinois
October 3, 2022