

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	<u>1</u>
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	<u>4</u>
Statement of Activities - Modified Cash Basis	<u>5</u>
Fund Financial Statements	
Balance Sheet - Governmental Funds - Modified Cash Basis	<u>6</u>
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities - Modified Cash Basis	<u>7</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis	<u>8</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in to the Statement of Activities - Governmental Activities - Modified Cash Basis	<u>9</u>
Notes to Financial Statements	<u>10</u>
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	
Schedule of Changes in the Employer's Net Pension Liability	<u>26</u>
Illinois Municipal Retirement Fund	
Schedule of Changes in the Employer's Total OPEB Liability	<u>27</u>
Schedule of Expenditures - Budget and Actual - Modified Cash Basis	
General Fund	<u>29</u>

FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Basic Financial Statements

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

December 4, 2023

Members of the Board of Trustees
Byron Public Library District, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the Byron Public Library District (the District), Illinois as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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 financial position of the Byron Public Library District, Illinois, as of June 30, 2023, and the respective changes in financial position 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 District, 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 opinion is not modified with respect to that 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements - Continued

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 include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’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 District’s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Byron Public Library District, Illinois’ basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Net Position - Modified Cash Basis

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,617,330
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,365,283
Depreciable	9,756,901
Accumulated Depreciation	<u>(3,586,292)</u>
Total Capital Assets	<u>7,535,892</u>
Total Assets	<u>9,153,222</u>
LIABILITIES	
Current Liabilities	
Accrued Payroll	694
Loans Payable	<u>271,646</u>
Total Current Liabilities	<u>272,340</u>
Noncurrent Liabilities	
Loans Payable	<u>278,369</u>
Total Liabilities	<u>550,709</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>622,668</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,173,377</u>
NET POSITION	
Investment in Capital Assets	6,985,877
Restricted	
IMRF	24,380
Audit	1,569
Social Security	46,271
Unrestricted	<u>921,748</u>
Total Net Position	<u>7,979,845</u>

The notes to the financial statements are an integral part of this statement.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Activities - Modified Cash Basis

For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expenses)/ Revenues
	Expenses	Charges for Services	Operating Grants/ Contributions	
Governmental Activities				
Public Library	\$ 1,239,590	5,817	24,326	— (1,209,447)
Interest and Fiscal Charges	950	—	—	— (950)
	<u>1,240,540</u>	<u>5,817</u>	<u>24,326</u>	<u>— (1,210,397)</u>
		General Revenues		
		Taxes		
		Property Taxes		1,182,061
		Intergovernmental		
		Replacement Taxes		16,703
		Interest Income		44,942
		Miscellaneous		5,954
				<u>1,249,660</u>
		Change in Net Position		39,263
		Net Position - Beginning		<u>7,940,582</u>
		Net Position - Ending		<u><u>7,979,845</u></u>

The notes to the financial statements are an integral part of this statement.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Balance Sheet - Governmental Funds - Modified Cash Basis

June 30, 2023

	<u>General</u>
ASSETS	
Cash and Investments	<u>\$ 1,617,330</u>
LIABILITIES	
Accrued Payroll	694
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	622,668
Total Liabilities and Deferred Inflows of Resources	<u>623,362</u>
FUND BALANCES	
Restricted	72,220
Unassigned	921,748
Total Fund Balances	<u>993,968</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>1,617,330</u>

The notes to the financial statements are an integral part of this statement.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities - Modified Cash Basis

June 30, 2023

Total Governmental Fund Balances	\$ 993,968
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	7,535,892
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Loan Payable	<u>(550,015)</u>
Net Position of Governmental Activities	<u><u>7,979,845</u></u>

The notes to the financial statements are an integral part of this statement.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis

For the Fiscal Year Ended June 30, 2023

	<u>General</u>
Revenues	
Property Taxes	\$ 1,182,061
Replacement Taxes	16,703
Fines and Fees	5,817
Grants	24,326
Interest Income	44,942
Miscellaneous	5,954
Total Revenues	<u>1,279,803</u>
Expenditures	
Public Library	958,931
Capital Outlay	989,576
Debt Service	
Principal Retirement	5,897
Interest and Fiscal Charges	950
Total Expenditures	<u>1,955,354</u>
Excess (Deficiency) of Revenues Over Expenditures	(675,551)
Other Financing Sources	
Debt Issuance	<u>555,912</u>
Net Change in Fund Balances	(119,639)
Fund Balance - Beginning	<u>1,113,607</u>
Fund Balance - Ending	<u><u>993,968</u></u>

The notes to the financial statements are an integral part of this statement.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (119,639)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	1,028,832
Depreciation Expense	(319,915)
Disposals - Cost	(47,335)
Disposals - Accumulated Depreciation	47,335

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Issuance of Debt	(555,912)
Retirement of Debt	<u>5,897</u>

Changes in Net Position of Governmental Activities 39,263

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Byron Public Library District (the District), Illinois, was incorporated on May 8, 1979, under the provisions of the State of Illinois. The basic financial statements of the District have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the District's accounting policies are described below.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the District.

BASIS OF PRESENTATION

Government-Wide Statements

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) reported on a modified cash, economic resource basis, which recognizes some long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

Fund Financial Statements

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It accounts for all revenues and expenditures of the District which are not accounted for in other funds. The General Fund is a major fund.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the District records capital assets and depreciation.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position 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 purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the District has no investments.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 10 Years
Library Collections	5 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The District's follows the policy of allowing unused sick days to accumulate to a maximum of 240 days per person person. However, if the employee does not use the accumulated sick days, the benefit is lost upon termination of employment.

Unused vacation days are allowed to accumulate. Part time employees working at least 20 hours per week are allowed to have a maximum of 96 hours of paid time off accumulated. Full time employees are allowed to have a maximum of 192 hours of paid time off accumulated.

The accrued liability at June 30, 2023 for unused vacation time is \$16,710. Due to the District being on the modified-cash basis of accounting, this amount is not reflected of the Statement of Net Position - Modified Cash Basis.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "investment in capital assets."

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The District has established their fiscal year as the twelve-month period beginning July 1.

The District annually submits a budget, levy and appropriation using the following procedures:

- Prior to July 1, the District Board directs the District Director to prepare a tentative budget for the General fund for submission to that body.
- The District Board reviews and adopts the tentative budget and submits it to the administration of the District for the fiscal year.
- Public hearings are conducted at a public meeting to obtain taxpayer comments.
- Prior to July 1, the budget is legally enacted through passage of an ordinance by the District Board of Trustees.

The budget, levy, and appropriation are prepared on the same basis and use the same accounting practices as used in the fund financial statements. Unexpected budget amounts lapse at the end of the budget year. Spending controls for the fund are established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line level items.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Illinois Statutes authorizes the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services..

Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the District's deposits totaled \$1,617,330 and the bank balances totaled \$1,714,540.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states the investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably projected. At year-end, the District has no investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the District's investment policy states that investments are to be limited to securities guaranteed by the U.S. Government, or in FDIC insured institutions including SAIF of the FDIC. At year-end, the District has no investments.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy states deposit accounts in banks or savings and loan institutions will at all times in order to meet the objective of safety of capital, the District Treasurer will require deposits in excess of the Federally insured amount to be collateralized to the extent of 110% and evidenced by an approved written agreement with collateralization by a third party acting as an agent of the District. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

In the case of investments, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not address custodial credit risk for investments. At year-end, the District has no investments.

Concentration Risk. This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy states the investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In order to properly manage any risk attendant to the investment of District assets, the portfolio shall not exceed the following diversification limits unless specifically authorized by the District. At year-end, the District does not have any investments.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2022 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Ogle County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 585,128	—	—	585,128
Construction in Progress	—	780,155	—	780,155
	<u>585,128</u>	<u>780,155</u>	<u>—</u>	<u>1,365,283</u>
Depreciable Capital Assets				
Buildings and Improvements	8,951,708	33,350	—	8,985,058
Furniture and Equipment	235,650	136,139	—	371,789
Library Collections	368,201	79,188	47,335	400,054
	<u>9,555,559</u>	<u>248,677</u>	<u>47,335</u>	<u>9,756,901</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,883,410	229,136	—	3,112,546
Furniture and Equipment	224,620	16,790	—	241,410
Library Collections	205,682	73,989	47,335	232,336
	<u>3,313,712</u>	<u>319,915</u>	<u>47,335</u>	<u>3,586,292</u>
Total Net Depreciable Capital Assets	<u>6,241,847</u>	<u>(71,238)</u>	<u>—</u>	<u>6,170,609</u>
Total Net Capital Assets	<u>6,826,975</u>	<u>708,917</u>	<u>—</u>	<u>7,535,892</u>

Depreciation expense of \$319,915 was charged to the Public Library function.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

Loan Payable

The District enters into loans payable to finance building improvements and equipment. Loans payable are direct obligations and pledge the full faith and credit of the District. Final repayment schedule is not available at the time of the issuance of this report. Loan payable currently outstanding is as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Loan Payable of 2022 (authorized issue of \$1,325,000) with Byron Bank, Byron, Illinois - Due in annual installments on August 1, plus interest not to exceed 3.5%, through September 15, 2028.	\$ —	555,912	5,897	550,015

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts within One Year
Loan Payable	\$ —	555,912	5,897	550,015	271,646

Payments on the loan payable are made by the General Fund.

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of June 30, 2023:

Capital Assets - Net of Accumulated Depreciation	\$ 7,535,892
Less Capital Related Debt:	
Loan Payable	<u>(550,015)</u>
Net Investment in Capital Assets	<u>6,985,877</u>

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	<u>General</u>
Fund Balances	
Restricted	
IMRF	\$ 24,380
Audit	1,569
Social Security	<u>46,271</u>
	72,220
Unassigned	<u>921,748</u>
Total Fund Balances	<u><u>993,968</u></u>

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

The District is not a defendant in any lawsuits.

Grants

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

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the District's employees. The District has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. The District currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Description

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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).

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Description - Continued

Benefits Provided. - Continued. 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.

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	6
Inactive Plan Members Entitled to but not yet Receiving Benefits	11
Active Plan Members	<u>8</u>
Total	<u><u>25</u></u>

Contributions. As set by statute, the District's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2023, the District's contribution was 15.49% of covered payroll.

Net Pension Liability. The District's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Description - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For nondisabled 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.

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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 794,437	530,155	322,379

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2021	\$ 1,913,034	1,751,534	161,500
Changes for the Year:			
Service Cost	30,191	—	30,191
Interest on the Total Pension Liability	135,890	—	135,890
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	37,594	—	37,594
Changes of Assumptions	—	—	—
Contributions - Employer	—	52,334	(52,334)
Contributions - Employees	—	15,126	(15,126)
Net Investment Income	—	(235,303)	235,303
Benefit Payments, Including Refunds of Employee Contributions	(107,559)	(107,559)	—
Other (Net Transfer)	—	2,863	(2,863)
Net Changes	96,116	(272,539)	368,655
Balances at December 31, 2022	2,009,150	1,478,995	530,155

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized pension expense of \$55,461 on the modified cash basis. At June 30, 2023 on the accrual basis of accounting, the District's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 55,463	(8,832)	46,631
Change in Assumptions	—	(9,593)	(9,593)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	125,314	—	125,314
Total Expense to be Recognized in Future Periods	180,777	(18,425)	162,352
Contributions Subsequent to Measurement Date	25,884	—	25,884
 Total Deferred Amounts Related to IMRF	 206,661	 (18,425)	 188,236

On the accrual basis of accounting, the District would report \$25,884 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2024. In addition, on the accrual basis of accounting, the District would report deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2024	\$ 12,718
2025	33,725
2026	43,722
2027	72,187
2028	—
Thereafter	—
Total	162,352

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The District has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, there is minimal participation. As the District provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the District has not recorded a liability as of June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
June 30, 2023**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 37,608	\$ 37,264	\$ (344)	\$ 272,127	13.69%
2016	44,648	72,705	28,057	292,005	24.90%
2017	39,189	39,189	—	258,331	15.17%
2018	45,735	45,735	—	262,392	17.43%
2019	54,812	54,812	—	288,180	19.02%
2020	57,437	57,437	—	327,276	17.55%
2021	62,285	62,285	—	350,504	17.77%
2022	53,720	53,720	—	325,575	16.50%
2023	55,461	55,461	—	358,135	15.49%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
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: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Changes in the Employer's Net Pension Liability
June 30, 2023**

	12/31/14	12/31/15
Total Pension Liability		
Service Cost	\$ 28,812	28,406
Interest	80,374	89,133
Differences Between Expected and Actual Experience	(23,263)	113,456
Change of Assumptions	47,811	3,488
Benefit Payments, Including Refunds of Member Contributions	(1,224)	(25,253)
Net Change in Total Pension Liability	132,510	209,230
Total Pension Liability - Beginning	1,060,730	1,193,240
Total Pension Liability - Ending	1,193,240	1,402,470
Plan Fiduciary Net Position		
Contributions - Employer	\$ 37,264	72,705
Contributions - Members	12,134	13,140
Net Investment Income	49,966	4,624
Benefit Payments, Including Refunds of Member Contributions	(1,224)	(25,253)
Other (Net Transfer)	1,432	9,880
Net Change in Plan Fiduciary Net Position	99,572	75,096
Plan Net Position - Beginning	795,028	894,600
Plan Net Position - Ending	894,600	969,696
Employer's Net Pension Liability	\$ 298,640	432,774
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.97%	69.14%
Covered Payroll	\$ 272,127	292,005
Employer's Net Pension Liability as a Percentage of Covered Payroll	109.74%	148.21%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22
26,757	26,124	26,037	29,561	36,402	34,435	30,191
102,724	113,104	114,160	118,232	126,267	132,949	135,890
86,914	11,767	5,840	53,457	60,143	(16,032)	37,594
(11,499)	(51,004)	49,221	—	(25,505)	—	—
(70,287)	(84,175)	(87,571)	(89,140)	(98,570)	(109,747)	(107,559)
134,609	15,816	107,687	112,110	98,737	41,605	96,116
1,402,470	1,537,079	1,552,895	1,660,582	1,772,692	1,871,429	1,913,034
1,537,079	1,552,895	1,660,582	1,772,692	1,871,429	1,913,034	2,009,150
39,189	45,735	54,812	57,437	62,284	53,720	52,334
11,625	11,808	12,968	14,728	15,773	14,651	15,126
61,681	198,786	(77,527)	223,717	195,417	268,213	(235,303)
(70,287)	(84,175)	(87,571)	(89,140)	(98,570)	(109,747)	(107,559)
39,409	(31,567)	31,662	3,325	16,060	(2,578)	2,863
81,617	140,587	(65,656)	210,067	190,964	224,259	(272,539)
969,696	1,051,313	1,191,900	1,126,244	1,336,311	1,527,275	1,751,534
1,051,313	1,191,900	1,126,244	1,336,311	1,527,275	1,751,534	1,478,995
485,766	360,995	534,338	436,381	344,154	161,500	530,155
68.40%	76.75%	67.82%	75.38%	81.61%	91.56%	73.61%
258,331	262,392	288,180	327,276	350,504	325,575	336,123
188.04%	137.58%	185.42%	133.34%	98.19%	49.60%	157.73%

BYRON PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Property Taxes	\$ 1,181,500	1,181,500	1,182,061
Replacement Taxes	12,000	12,000	16,703
Fines and Fees	6,000	6,000	5,817
Grants	23,000	23,000	24,326
Interest Income	9,000	9,000	44,942
Miscellaneous	5,500	5,500	5,954
Total Revenues	1,237,000	1,237,000	1,279,803
Expenditures			
Public Library			
Salaries	460,000	460,000	426,403
Payroll Taxes	44,000	44,000	33,710
Deferred Compensation	14,000	14,000	12,682
Health Insurance	104,000	104,000	83,847
Illinois Municipal Retirement Fund	56,000	56,000	55,461
Books and Periodicals	59,000	59,000	58,735
Audio-visual Material	24,000	24,000	20,453
Digital Service	35,000	35,000	36,915
Utilities	52,000	52,000	54,179
Office Supplies	20,000	20,000	20,716
Building and Janitorial Supplies	3,000	3,000	4,419
Computer Equipment and Maintenance	17,200	17,200	15,874
Furniture and Equipment	5,000	5,000	2,819
Publicity	4,000	4,000	620
Special Programs	22,000	22,000	18,067
Contractual Service	34,500	34,500	29,455
Repair and Maintenance	6,000	6,000	6,711
Legal Services	26,000	26,000	28,557
Audit	10,000	10,000	6,810
Miscellaneous	1,000	1,000	188
Contingency	42,000	42,000	42,310
Debt Service			
Principal Retirement	—	—	5,897
Interest and Fiscal Charges	—	—	950
Capital Outlay	1,051,000	1,051,000	989,576
Total Expenditures	2,089,700	2,089,700	1,955,354
Excess (Deficiency) of Revenues Over (Under) Expenditures	(852,700)	(852,700)	(675,551)
Other Financing Sources			
Debt Issuance	—	—	555,912
Net Change in Fund Balance	(852,700)	(852,700)	(119,639)
Fund Balance - Beginning			1,113,607
Fund Balance - Ending			993,968