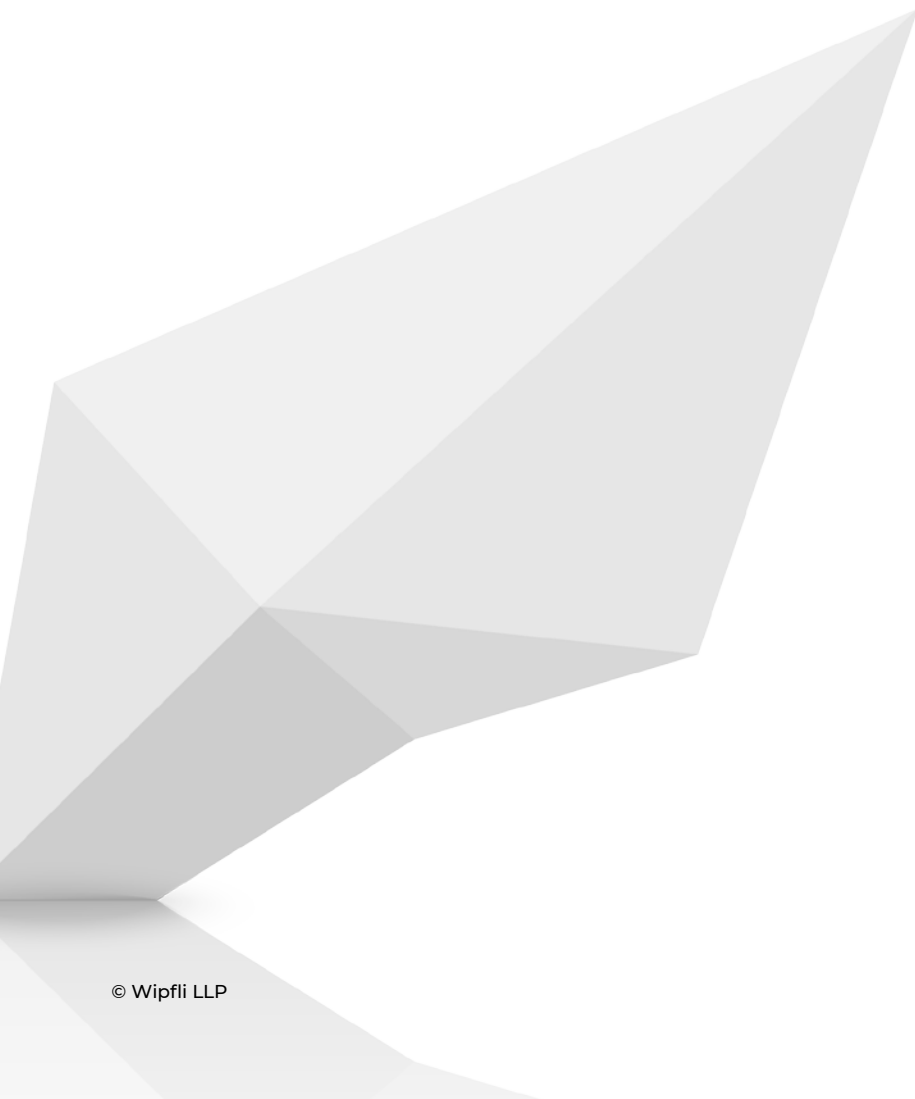


Byron Fire Protection District

Byron, Illinois

Annual Financial Report

August 31, 2020



Byron Fire Protection District

Year Ended August 31, 2020

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Byron Fire Protection District

Year Ended August 31, 2020

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Independent Auditor's Report

Board of Trustees
Byron Fire Protection District
Byron, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Fire Protection District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Fire Protection District, as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules labeled as required supplementary information on pages 48 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of Byron Fire Protection District. The schedule listed in the table of contents as "Other Information" is presented for the purpose of additional analysis and is not a part of the financial statements and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wipfli LLP

Rockford, Illinois
February 26, 2021

Byron Fire Protection District

Statement of Net Position

August 31, 2020

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 6,627,189
Investments	9,937,002
Taxes receivable	1,573,594
Accounts receivable, net of a \$75,000 allowance	85,733
Interest receivable	31,008
Total current assets	18,254,526
Noncurrent assets:	
Capital assets:	
Not depreciated	523,367
Depreciated (Net of accumulated depreciation):	7,046,709
Total noncurrent assets	7,570,076
Total assets	25,824,602
Deferred Outflows of Resources	
Deferred outflows of pension resources	2,216,251
Deferred outflows of other-employment benefits	1,757
Total deferred outflows of resources	2,218,008
Liabilities	
Current liabilities:	
Bank overdraft	15,846
Accounts payable	40,006
Accrued payroll	60,771
Total current liabilities	116,623
Noncurrent liabilities:	
Compensated absences	144,243
Accrued other post-employment benefits	65,728
Net pension liability	4,830,445
Total noncurrent liabilities	5,040,416
Total liabilities	5,157,039
Deferred Inflows of Resources	
Deferred inflows of pension resources	3,508,019
Property taxes	3,410,973
Total deferred inflows of resources	6,918,992
Net Position	
Investment in capital assets	7,570,076
Restricted for:	
Ambulance	1,659,834
Insurance	2,080,681
Unrestricted	4,655,988
Total net position	\$ 15,966,579

See accompanying notes to financial statements.

Byron Fire Protection District

Statement of Activities

For the year ended August 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Public safety	\$ 4,477,961	\$ 384,498	\$ -	\$ -	\$ (4,093,463)
General revenues:					
Taxes:					
Property taxes					3,251,037
Other					43,396
Unrestricted investment earnings					548,925
Miscellaneous					55,556
Total general revenues					3,898,914
Change in net position					(194,549)
Net position - beginning					16,161,128
Net position - ending					\$ 15,966,579

Byron Fire Protection District

Balance Sheet Governmental Funds

August 31, 2020

	General	Ambulance	Total Governmental Funds
Assets			
Cash	\$ 4,202,273	\$ 2,331,716	\$ 6,533,989
Investments	7,949,084	-	7,949,084
Receivables:			
Taxes	977,099	596,495	1,573,594
Accounts	-	85,733	85,733
Interest	25,653	-	25,653
Total assets	\$ 13,154,109	\$ 3,013,944	\$ 16,168,053
Liabilities			
Bank overdraft	\$ 8,767	\$ 6,737	\$ 15,504
Accrued payroll	26,003	26,003	52,006
Accounts payable	14,934	28,387	43,321
Total liabilities	49,704	61,127	110,831
Deferred Inflows of Resources			
Property taxes	2,117,990	1,292,983	3,410,973
Total deferred inflows of resources	2,117,990	1,292,983	3,410,973
Fund Balance			
Restricted	-	1,659,834	1,659,834
Committed for future capital expenditures	8,694,435	-	8,694,435
Unassigned	2,291,980	-	2,291,980
Total fund balance	10,986,415	1,659,834	12,646,249
Total liabilities and fund balance	\$ 13,154,109	\$ 3,013,944	\$ 16,168,053

See accompanying notes to financial statements.

Byron Fire Protection District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

August 31, 2020

Total fund balances - governmental funds	\$ 12,646,249
Amounts reported for governmental activities in the statement of net position are different because:	
Accrued long-term employee benefits are not due and payable in the current period and therefore are not reported as liabilities of the funds, but are included as liabilities and deferred items in the statement of net position	(6,120,456)
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 as reported:	7,570,076
Internal services funds are used to charge the costs in insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,080,681
Long-term liabilities, including compensated absences and other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds.	(209,971)
<hr/>	
Total net position - governmental activities	\$ 15,966,579
<hr/>	

Byron Fire Protection District

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the year ended August 31, 2020

	General	Ambulance	Total Governmental Funds
Revenue			
Taxes	\$ 1,990,818	\$ 1,290,603	\$ 3,281,421
Fees	-	384,498	384,498
Other	441,382	54,912	496,294
Total revenue	2,432,200	1,730,013	4,162,213
Expenditures			
Current:			
Public safety	2,059,181	1,501,248	3,560,429
Capital outlay	84,705	84,862	169,567
Total expenditures	2,143,886	1,586,110	3,729,996
Income (loss) before other financing sources (uses)	288,314	143,903	432,217
Net change in fund balance	288,314	143,903	432,217
Fund balances, beginning	10,698,101	1,515,931	12,214,032
Fund balances, ending	\$ 10,986,415	\$ 1,659,834	\$ 12,646,249

Byron Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended August 31, 2020

Net change in fund balance	\$ 432,217
Amounts reported for governmental activities in the statement of activities are different because:	
The increase in the net pension liability recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the change in the net pension liability in the period.	453,345
The decrease in the other post-employment benefits recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the decrease in the other post-employment benefits in the period.	750
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capitalized fixed assets in the period.	(342,045)
The net effect of various transactions involving capital assets (i.e., disposals and sales) is to decrease net position	
In the statement of activities, postretirement obligations, net pension obligations, and deferred sources are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year net pension liabilities and related deferred outflows exceed the amount paid by.	(456,970)
Compensated absences are reported in governmental funds as expenditures when paid. However, the increase in liability is recorded in the statement of activities. This is the increase in liability expensed in the period.	(9,110)
Internal services funds are used to charge the costs in insurance to individual funds. The net revenue and transfer of certain activities of internal service funds is reported with governmental activities.	(272,736)
Change in net position of governmental activities	\$ (194,549)

See accompanying notes to financial statements.

Byron Fire Protection District

Statement of Net Position Proprietary Funds

August 31, 2020

	Governmental Activities - Internal Service Fund
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 92,858
Investments	1,987,918
Interest receivable	5,355
<hr/>	
Total Assets	2,086,131
<hr/>	
Liabilities	
Current liabilities	
Accrued payroll	4,980
Miscellaneous payroll deduction	470
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Total liabilities	5,450
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Net Position	
Restricted	\$ 2,080,681
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Byron Fire Protection District

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the year ended August 31, 2020

	Governmental Activities - Internal Service Fund
<i>Operating expenses</i>	
Salaries	\$ 199,770
Professional services	18,317
Insurance	165,051
Miscellaneous	10,797
Total operating expenses	393,935
Operating loss	(393,935)
<i>Nonoperating revenues</i>	
Investment income	52,491
Net appreciation of investments	68,708
Total nonoperating revenues	121,199
Change in net position	(272,736)
Net position, beginning	2,353,417
Net position, ending	\$ 2,080,681

See accompanying notes to financial statements.

Byron Fire Protection District

Statement of Cash Flows Proprietary Funds

For the year ended August 31, 2020

	Governmental Activities - Internal Service Funds
<i>Cash Flows From Operating Activities</i>	
Payment to employees	\$ (198,167)
Payments to vendors	(194,165)
Net cash flows from operations	(392,332)
<i>Cash Flows From Investing Activities</i>	
Purchase of investments	(2,347,876)
Sales of investments	2,584,286
Investment income	50,031
Net cash flows from investing activities	286,441
Net change in cash and cash equivalents	(105,891)
Beginning cash and cash equivalents	198,749
Ending cash and cash equivalents	\$ 92,858
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (393,935)
Adjustments to reconcile operating income to net cash provided by (used in) operations:	
Changes in assets and liabilities:	
Increase in accounts payable	-
Increase in accrued payroll	1,471
Decrease in miscellaneous payroll deductions	132
Net cash used in operations	\$ (392,332)

Byron Fire Protection District

Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2020

	Pension Trust Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 548,022
Receivables:	
Accrued interest	32,316
Investments	
Annuities	778,898
Certificates of deposit	51,102
Corporate bonds	748,516
Exchange traded funds	148,953
U.S. government obligations	3,269,816
Municipal bonds	480,035
Mutual funds	6,367,631
Mortgage pools	85,284
<hr/>	
Total investments	11,930,235
<hr/>	
Total assets	12,510,573
<hr/>	
Net Position	
Held in trust for pension benefits	\$ 12,510,573
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Byron Fire Protection District

Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the year ended August 31, 2020

	Pension Trust Fund
Additions	
Contributions - employer taxes	\$ 300,120
Contributions - employer discretionary	200,000
Contributions - employees	107,047
Investment income	1,493,852
Investment expenses	(25,667)
Total additions	2,075,352
Deductions	
Benefits and refunds	784,787
Other charges and services	11,982
Total deductions	796,769
Change in net position	1,278,583
Net position held in trust for pension benefits:	
Net position, beginning	11,231,990
Net position, ending	\$ 12,510,573

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The District operates under a board of trustees' form of government. The District's major operations include fire protection and ambulance services.

In evaluating how to define the government, for financial reporting purposes, the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the District and is generally available to its residents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District is considered to be a primary government pursuant to GASB Statements since it is legally separate and financially independent. This report includes all of the funds and account groups of the District. It includes all activities considered to be part of (controlled by or dependent on) the District as set forth under the GAAP criteria.

Government Wide, Fund Financial Statements and Basis of Accounting

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 District. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments are not included among program revenues, but are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the District maintains a Fiduciary or Agent responsibility are not presented in the government wide financial statements.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

Earnings on investments are not included among program revenues, but are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the District maintains a Fiduciary or Agent responsibility are not presented in the government wide financial statements.

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental funds of the District:

1. General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

Governmental Funds (Continued)

2. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a particular purpose.

Proprietary Fund

The focus of the proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on pricing policy designed to recover similar costs.

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 the District's internal service fund are charges to employees for insurance coverage. Operating expenses for internal service funds include the administrative expenses and insurance premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds

The District reports the following major funds:

Governmental Funds:

General Fund: The general fund is the general operating fund of the District. It is used to account for all the financial resources except those required to be accounted for in another fund.

Ambulance Fund: To account for the ambulance activities of the District. Financing is through property taxes, ambulance fees and interest income.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

Governmental Funds (Continued)

Proprietary Funds:

Insurance Fund: To account for the insurance costs related to the District. Funding is provided by interest income.

Fiduciary Funds:

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Trust funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The District reports Pension Trust Funds and they are accounted for in essentially the same manner as proprietary funds, since capital management is critical.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be checking, savings, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Property Taxes

The District in which the District resides is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The levies were passed by the Board in November 2018 levy and November 2019 levy. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due approximately on or before June 1 and the second installment is due approximately on or before September 1. Payments made after the September 1 installment date are assessed interest at the rate of 1% for farmland and 1-1/2% for all others.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension asset/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 Firefighter Pension. Additions to/deductions from the pensions' fiduciary net position have been determined on the same basis as they are reported by IMRF and pension trust funds. 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.

Other Post-Employment ("OPEB") Obligations

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position and additions to/deductions from the plan net position has been determined on the same basis as they are reported by the plan. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The District has one type of this item that qualifies for reporting in this category. Accordingly, the item, deferred outflows of pension resources is reported in the governmental wide statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, the items, deferred inflows of pension resources and property taxes are both reported in the governmental wide, and only the property taxes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (continued)

The District has deferred inflows in the amount of \$3,410,973 from the 2019 tax levy. This revenue will be recognized in the fiscal year ending August 31, 2021. During the fiscal year ending August 31, 2020, the District recognized \$3,250,070 of revenue deferred from the 2018 tax levy.

Compensated Absences

Permanent full-time employees accrue and receive vested rights in vacation and sick pay according to their years of continuous service. Additionally accumulated vacation and sick pay which is not subject to forfeiture will be paid to employees upon separation from Byron Fire Protection District's service.

Vacation and sick pay is expensed when incurred/paid in the governmental funds. All accumulated unpaid vacation pay and sick pay is reported in the government-wide financial statements.

Accounts Receivable

Receivables at August 31, 2020, for the Ambulance Fund are net of allowance for uncollectable. The allowance for uncollectable in the Ambulance Fund was \$75,000 at August 31, 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances

The District follows fund balance reporting definition that provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District reports a restricted fund balance within the Ambulance fund in the amount of \$1,659,834 for ambulance services;

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balances (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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; The District reports a committed fund balance within the general fund for the following purpose:

Committed for future capital expenditures	<u>\$8,694,435</u>
-------------------------------------------	--------------------

- Assigned fund balances – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets construction, debt service, or other purpose).

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when amounts expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

Note 2 Deposits and Investments

Deposits. At year-end, the carrying amount of the District's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$7,159,365 and the bank balance was \$6,688,767. Of the bank balance, \$6,688,767 was covered by Federal Depository Insurance or by collateral held by pledging bank's trust department or by its agent in the District's name and \$-0- was uninsured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. As of August 31, 2020, \$0 of the District's balance was exposed to custodial credit risk and was uninsured and uncollateralized. The District has no foreign currency risk for deposits at year end.

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (continued)

Investments. As of August 31, 2020 , the District's investments were as follows:

	<u>Value</u>	<u>Fair</u>
<i>Governmental Activities:</i>		
CDs & BAs		\$6,611,684
Corporate bonds		106,105
Mortgage pools		146,644
Muni bonds		854,605
U.S. Government obligations		<u>2,217,964</u>
Total		<u>\$9,937,002</u>
<i>Pension Trust Funds:</i>		
Annuities		\$ 778,898
Corporate bonds		748,516
CDs & BAs		51,102
ETFs		148,953
Mortgage pools		85,284
Muni bonds		480,035
Mutual funds		6,367,631
U.S. Government obligations		<u>3,269,816</u>
Total		<u>\$11,930,235</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the District investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Interest Rate Risk

	Remaining Maturity (in Months)			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	
<i>Governmental activities:</i>				
U.S. Government obligations	\$874,793	\$1,343,171		\$2,217,964
Corporate bonds		106,105		106,105
Mortgage pools			\$146,644	146,644
CDs & BAs	791,024	5,820,660		6,611,684
Muni bonds	<u>431,828</u>	<u>422,777</u>		<u>854,605</u>
Total	<u>\$2,097,645</u>	<u>\$7,692,713</u>	<u>\$146,644</u>	<u>\$9,937,002</u>
<i>Pension Trust Funds:</i>				
U.S. Government obligations	\$151,290	\$ 806,621	\$2,311,907	\$3,269,818
Corporate bonds		551,797	196,719	748,516
Muni bonds	45,317	239,727	194,991	480,035
CDs & BAs		51,102		51,102
Mortgage pools			<u>85,284</u>	<u>85,284</u>
Total	<u>\$196,607</u>	<u>\$1,649,247</u>	<u>\$2,788,901</u>	<u>\$4,634,755</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government.

Presented on the next page is the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Credit Risk (continued)

	Total as of August 31, 2020	Unrated	AAA	AA	A	BBB
Governmental activities:						
Certificates of deposits	\$6,611,684	\$6,611,684				
Corporate bonds	106,105	106,105				
Mortgage pools	146,644	146,644				
Muni bonds	854,605	203,542	\$ 203,948	\$447,115		
U.S. government obligations	2,217,964	113,939	2,104,025			
Total governmental activities	\$9,937,002	\$7,181,914	\$2,307,973	\$447,115		
Pension trust funds:						
Annuities	\$778,898	\$778,898				
Certificates of deposits	51,102	51,102				
Corporate bonds	748,516		\$ 93,579	\$140,301	\$422,164	\$92,472
Mortgage pools	85,284	85,284				
ETFs	148,953	148,953				
Municipal bonds	480,035	213,509	60,668	154,232	51,626	
Mutual funds	6,367,631	6,367,631				
U.S. government obligations	3,269,816		3,269,816			
Total firefighters pension trust funds	\$11,930,235	\$7,645,377	\$3,424,063	\$294,533	\$473,790	\$92,472

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Credit Risk (continued)

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than quoted prices that are observable for the asset or liability.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents the District's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of August 31, 2020:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Governmental activities:				
Certificates of deposits	\$6,611,684		\$6,611,684	
Corporate bonds	106,105		106,105	
Mortgage pools	146,644		146,644	
Muni bonds	854,605		854,605	
U.S. government obligations	2,217,964	\$2,217,964		
Total governmental activities	\$9,937,002	\$2,217,964	\$7,719,038	

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Pension trust funds:				
Annuities	\$ 778,898		\$ 778,898	
Certificates of deposits	51,102	51,102		
Corporate bonds	748,516		748,516	
Mortgage pools	85,284		85,284	
ETFs	148,953	148,953		
Municipal bonds	480,035		480,035	
Mutual funds	6,367,631		6,367,631	
U.S government obligations	3,269,816	\$3,269,816		
Total pension trust	\$11,930,235	\$3,469,871	\$8,460,364	

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of August 31, 2020 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk

The District has no foreign currency risk for investments at year end.

Note 3 Property, Plant, and Equipment

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of one year.

Such assets are recorded at historical cost if purchased or constructed. Donated assets are stated at acquisition value as of the date of donation. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight-line method over the following useful lives:

Buildings & Improvements	20 - 50 years
Equipment	3 - 7 years
Vehicles	6 - 20 years

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

The governmental activities capital asset activity for the year ended August 31, 2020 is as follows:

Byron Fire Protection District

Notes to Financial Statements

Note 3 Property, Plant, and Equipment (Continued)

	<u>Balance August 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance August 31, 2020</u>
Capital assets not being depreciated:				
Land	\$ <u>523,367</u>			\$ <u>523,367</u>
Total capital assets not being depreciated	<u>523,367</u>			<u>523,367</u>
Capital assets being depreciated:				
Buildings and improvements	7,143,053	92,611		7,235,664
Equipment	384,866	49,716	40,467	394,115
Vehicles	<u>4,668,212</u>	<u>29,042</u>	<u>23,309</u>	<u>4,673,945</u>
Total capital assets being depreciated	<u>12,196,131</u>	<u>171,369</u>	<u>63,776</u>	<u>12,303,724</u>
Less accumulated depreciation for:				
Buildings and improvements	2,178,658	184,999		2,363,657
Equipment	267,132	26,725	40,467	253,390
Vehicles	<u>2,361,587</u>	<u>301,690</u>	<u>23,309</u>	<u>2,639,968</u>
Total accumulated depreciation	<u>4,807,377</u>	<u>513,414</u>	<u>63,776</u>	<u>5,257,015</u>
Total capital assets being depreciated, net:	<u>7,388,754</u>	<u>(342,045)</u>	<u>-</u>	<u>7,046,709</u>
Governmental activities-capital assets, net	<u>\$7,912,121</u>	<u>\$(342,045)</u>	<u>-</u>	<u>\$7,570,076</u>

All depreciation expense is allocated to public safety function expense.

Note 4 Long-Term Liabilities

Changes in Long-Term Liabilities:

During the year ended August 31, 2020, the following changes occurred in the long-term liabilities:

Byron Fire Protection District

Notes to Financial Statements

Note 4 Long-Term Liabilities (Continued)

	<u>Balance</u> <u>September 1,</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>August 31,</u> <u>2020</u>
Compensated Absences	\$135,133	\$9,110		\$144,243
Other Post-Employment benefits	66,478		\$750	65,728
<hr/>				
Total Long-Term Liabilities	\$201,611	\$9,110	\$750	\$209,971

The District is subject to a debt limitation of 5.75% of its assessed valuation of \$673,639,378. As of August 31, 2020 the District had \$38,734,264 of remaining legal debt margin.

Note 5 Pension Plan

Illinois Municipal Retirement Fund

Plan Description

The District'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 District'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.

All employees (other than those covered by the Firefighter Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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 Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (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.

Employees Covered by the Benefit Terms

As of December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Active employees	3
<hr/>	
Total	8

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Contributions

As set by statute, the District'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 District's annual contribution rate for calendar year 2019 was 20.49%. For the fiscal year ended August 31, 2020, the District contributed \$43,541 to the plan. The District 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 District's net pension liability was measured as of December 31, 2019. 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, 2019:

- 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 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Actuarial assumptions (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, 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
 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:

- 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
- 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).

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Actuarial assumptions (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2019	\$1,732,374	\$1,253,437	\$478,937
Service costs	22,345	0	22,345
Interest on total pension liability	123,883	0	123,883
Difference between expected and actual experience	5,486	0	5,486
Changes in assumptions		0	0
Employer contributions	0	40,076	(40,076)
Employee contributions	0	8,801	(8,801)
Net investment income	0	220,748	(220,748)
Benefit payments – net of refunds	(69,619)	(69,619)	0
Other changes	0	2,905	(2,905)
Net changes	82,095	202,911	(120,816)
Balances as of December 31, 2019	\$1,814,469	\$1,456,348	\$358,121

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$594,822	\$358,121	\$169,546

Byron Fire Protection District

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 August 31, 2020, the District recognized pension expense of \$45,464. At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pension

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$17,237	\$ 4,821
Changes in assumptions	24,594	16,203
Net difference between projected and actual earnings		55,600
Employer contributions subsequent to the measurement date	30,728	
Total	\$72,559	\$76,624

The District reported \$30,728 as deferred outflows related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability from the measurement period ending December 31, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending August 31:	Net Deferred Inflows of Resources
2021	\$(11,396)
2022	(2,713)
2023	5,420
2024	(26,104)
2025	0
Thereafter	0
Total	\$(34,793)

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Firefighter's Pension

Plan description

Fire sworn personnel are covered by the Firefighter's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (ILCS) (Chapter 40- Article 5/4) and may be amended only by the Illinois legislature. The District accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Fire Chief, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

At September 1st, 2019, the actuarial valuation date, the Firefighter's Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>16</u>
Total	<u>29</u>

Benefits provided

The following is a summary of benefits of the plan as provided for in ILCS:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 3.0% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of credible service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Benefits Provided (Continued)

salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455 percent of the salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The District is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The District's contributions must accumulate to the point where the past service cost for the Firefighter's Pension Plan is fully funded by the year 2034.

Investment policy

ILCS limit the Fire Pension Fund's investments to those allowable by ILCS and require the Fire Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fire Pension Fund's investment policy authorizes the Fire Pension Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds.

The Fire Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

The Fire Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Investment policy (continued)

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	8.80%	2.60%	6.30%
Small Cap Domestic Equity	10.60%	2.60%	8.10%
International Equity	9.30%	2.60%	6.80%
Fixed Income	3.80%	2.60%	1.30%

ILCS limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in August 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of August 31, 2020 are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at August 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of the Fire Pension Fund's investments.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Investment Rate of Return

For the year ended August 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fire Pension Fund's deposits may not be returned to them. The Fire Pension Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fire Pension Fund's debt securities as of August 31, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Fixed income securities	\$4,634,755	\$196,607	\$1,649,247	\$2,788,901

In accordance with its investment policy, the Fire Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fire Pension Fund.

Credit Risk

The Fire Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB-by Standard and Poor's, Baa3 by Moody's and BBB-by Fitch by at least two of the three rating agencies. The fixed income securities are rated A1 to Aaa by Moody's. However, certain fixed income securities are not rated.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fire Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fire Pension Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fire Pension Fund's agent separate from where the investment was purchased in the Fire Pension Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Net Pension Liability

The components of the net pension liability of the Fire Pension Fund as of August 31, 2020 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$16,982,897
Plan fiduciary net position	12,510,573
District's net pension liability	4,472,324
Plan fiduciary net position as a percentage of the total pension liability	74%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fire Pension Fund.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of August 31, 2019 using the following actuarial methods and assumptions.

Actuarial valuation date	September 1, 2019
Actuarial cost method	Entry age normal (level % pay)
Amortization method	Straight Line
Asset Valuation Method	Market Value
Assumptions:	
Investment rate of return	6.50%
Projected salary increases	4.00-4.75%
Aggregate payroll increases	3.25%
Inflation rate included	2.25%

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Actuarial Assumptions (continued)

Mortality rates were based on rates developed in a RP2000BlueM Table for Illinois Fire Fighters. Other demographic assumption rates were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 1, 2016.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance September 1, 2018	\$16,036,844	\$11,231,991	\$4,804,853
Service costs	\$ 337,058	\$ 0	\$ 337,058
Interest on total pension liability	1,016,889	0	1,016,889
Difference between expected and actual experience	511,414	0	511,414
Changes in assumptions	(253,563)	0	(253,563)
Employer contributions	0	500,120	(500,120)
Changes in benefit terms	119,042		119,042
Employee contributions	0	107,047	(107,047)
Net investment income	0	1,468,184	(1,468,184)
Benefit payments – net of refunds	(784,787)	(784,787)	0
Other changes	0	(11,982)	11,982
Net changes	946,053	1,278,582	(332,529)
Balances as of August 31, 2019	\$16,982,897	\$12,510,573	\$4,472,324

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fire Pension Fund's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.50% was blended with the index rate of 2.97% for tax exempt general obligation municipal bonds rated AA or better at August 31, 2020 to arrive at a discount rate of 6.50% used to determine the total pension liability.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 6.50% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	<u>\$ 6,830,124</u>	<u>\$ 4,472,324</u>	<u>\$ 2,546,790</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Fire Pension Fund

For the year ended August 31, 2020, the District recognized pension income of \$493,778. At August 31, 2020, the District reported 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	\$1,306,618	\$797,729
Changes in assumptions	837,074	2,119,103
Net difference between projected and actual earnings		514,563
Total	\$2,143,692	\$3,431,395

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 Ending August 31:	Net Deferred Inflows of Resources
2021	\$(205,696)
2022	(193,087)
2023	(146,671)
2024	(240,350)
2025	(120,637)
Thereafter	(381,262)
Total	\$(1,287,703)

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Aggregate Pension Amounts: At August 31, 2020, the District reported the following from all pension plans:

	Fire Pension	IMRF	All Pension Plans
Net pension liability (asset)	\$4,472,324	\$358,121	\$4,830,445
Deferred outflows of resources	2,143,692	72,559	2,216,251
Deferred inflows of resources	3,431,395	76,624	3,508,019
Pension expense	332,529	120,816	453,345

Note 6 Other Post-Employment Benefits

Plan description

In addition to providing the pension benefits described, the District provides post-employment healthcare benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contribution are governed by the District and can be amended by the District through its personnel manual and union contracts. Retirees are 100% responsible for the premium cost. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the District's governmental type activities.

Benefits provided

The District provides continued health insurance coverage at the active employer rate to all eligible employees. To be eligible for the benefits, an employee must qualify for retirement under one of the District's retirement plans.

Membership

At August 31, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Active vested plan members	6
Active non-vested plan members	<u>13</u>
Total	<u>22</u>
Number of participating employers	<u>1</u>

Funding policy

For the fiscal year ending August 31, 2020, the employer contributed approximately \$28,244. The District is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Funding policy (continued)

The funded status of the plan as of August 31, 2020, was as follows:

Actuarial accrued liability (AAL)	\$65,728
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	65,728
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	1,328,244
UAAL as a percentage of covered payroll	4.95%

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Actuarial valuation date	August 31, 2020
Actuarial cost method	Entry age normal
Discount rate	2.63%
Salary increase	3.50%
Rate of return	2.33%

Mortality rates: for retirement and beneficiary annuitants were based according to RO2014 based rates projected to 2019 using scale MP2019.

Participation: 50% of employees currently enrolled in medical plans were assumed to participate in the plan.

Health care cost trends: actual trend used for fiscal year 2019. For fiscal years after, trend started at 8.5% and gradually decreases to an ultimate trend of 4.5%.

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Changes in total OPEB liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 1, 2019	\$66,478	\$0	\$66,478
Changes for the year:			
Service cost	0	0	0
Interest	1,693	0	1,693
Changes in benefit terms	0	0	0
Differences between expected and actual experience	0	0	0
Changes in assumptions	1,757	0	1,757
Benefit payments	(4,200)	0	(4,200)
Net changes	(750)	0	(750)
Balance at August 31, 2019	\$65,728	\$0	\$65,728

Deferred Outflows and Inflows

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

Deferred Outflows and Inflows Obligation

The district's Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$0
Changes in assumption	1,757	0
Net difference between projected and actual earnings on OPEB plan investments	0	0
OPEB contributions made subsequent to the measurement date	0	0
Total	\$1,757	\$0

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Deferred Outflows and Inflows Obligation (continued)

OPEB Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future OPEB Expenses:

<u>Year ended August 31:</u>	<u>Net Deferred Outflows of Resources</u>
2021	\$0
2022	0
2023	0
2024	0
2025	0
Thereafter	0
Total	\$0

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 2.33%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (3.33%) or lower (1.33%) than the current rate:

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate (Continued)

Sensitivity of Net OPEB Liability as of August 31, 2019 to the Single Discount Rate Assumption

	1% Decrease (1.33%)	Current Single Discount Rate Assumption (2.33%)	1% Increase (3.33%)
Net OPEB liability	\$73,525	\$65,728	\$59,203

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates.

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (continued)

Sensitivity of Net OPEB Liability as of August 31, 2019 to the Healthcare Cost Trend Rate Assumption

	Healthcare Cost Trend		
	1% Decrease (A) 7.5% – 3.5%	Rates Assumption 8.5% – 4.5%	1% Increase (B) 9.5% – 5.5%
Net OPEB liability	\$65,728	\$65,728	\$65,728

(A) One percentage point decrease in healthcare trend rates are 7.5% in 2019 decrease to an ultimate trend rate of 3.50% in 2027

(B) One percentage point increase in healthcare trend rates are 9.5% in 2019 decreasing to an ultimate trend rate of 5.50% in 2027.

Note 7 Self-Insurance

The District is partially self-insured for liability claims against it. A reserve has been established from which claims in excess of the District's liability insurance will be paid. Various policies of the District will cover up to \$1,000,000 of liability claims while the umbrella policy has a limit of \$5,000,000. Any claims in excess of these amounts will be paid from the Self-Insurance Fund. Premiums for general insurance coverage, unemployment and workers compensation coverage are paid from the self-insurance fund.

Note 8 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; injuries to employees; and natural disasters. In order to handle such risks of loss, the District purchases commercial insurance coverage. The deductibles in effect through these policies as of August 31, 2020 ranged from \$-0- to \$1,000. The amounts of settlements have not exceeded insurance coverage for any of the past three years. See Note 7 for an explanation of Self-Insurance.

Note 9 Economic Dependency

Because Exelon's nuclear plant's assessed valuation represents nearly 75% of the District's total assessed valuation, it is economically dependent upon Exelon in order to maintain its current level of services to the public.

Byron Fire Protection District

Notes to Financial Statements

Note 10 Contingencies

During the fiscal year end 2009, a four year agreement was made between Exelon and the taxing bodies for the Annual Credit Trigger Amounts. This agreement wiped away all (3) years worth of appealed EAV's filed with PTAB plus defined the EAV of the Exelon Byron Nuclear Station for tax years 2008, 2009, 2010 and 2011. This agreement started the EAV of the Exelon Byron Nuclear Station at \$450,000,000 for 2008 and adds \$10,000,000 every year thereafter with an ending EAV of \$480,000,000 for tax year 2011. The agreement expired at the end of the 2013 fiscal year. The current assessment is under appeal until an agreement is made between the taxing bodies and Exelon. The outcome of the appeal cannot be reasonably determined at this time. The financial statements do not reflect any adjustment that may be necessary for the future outcome of this appeal.

Note 11 Restricted Net Position

The following restricted net position existed as of August 31, 2020

Restricted for Ambulance	<u>\$1,659,834</u>
Restricted for Insurance	<u>\$2,080,681</u>
Fiduciary fund:	
Held in trust for pension benefits	<u>\$12,710,573</u>

Note 12 Pending Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District has not determined the effect of this Statement.

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 fiscal years beginning after June 15, 2021. The District has not determined the effect of this Statement.

Byron Fire Protection District

Notes to Financial Statements

Note 12 Pending Accounting Pronouncements (Continued)

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District has not determined the effect of this Statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District has not determined the effect of this Statement.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61, improves accounting and financial reporting by presenting majority equity interest in legally separate organizations that were previously reported inconsistently. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District has not determined the effect of this Statement.

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

GASB Statement No. 92, Omnibus 2020, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District has not determined the effect of this Statement.

Byron Fire Protection District

Notes to Financial Statements

Note 12 Pending Accounting Pronouncements (Continued)

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 fiscal years beginning after June 15, 2021. The District has not determined the effect of this Statement.

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 fiscal years beginning after June 15, 2022. The District has not determined the effect of this Statement.

Byron Fire Protection District

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF Regular Plan - Last Ten Calendar Years

(Schedule to be built prospectively from 2014)

Required Supplementary Information

Calendar Year Ending December 31,

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 22,345	\$ 20,099	\$ 21,453	\$ 21,469	\$ 20,829	\$ 21,602
Interest on the total pension liability	123,883	117,547	116,582	110,477	105,475	99,185
Benefit changes	-	-	-	-	-	-
Difference between expected and actual experience	5,486	22,234	(15,519)	15,874	6,027	(5,714)
Assumption changes		49,148	(42,102)	(23,722)	1,904	38,378
Benefit payments and refunds	(69,619)	(67,785)	(65,969)	(67,299)	(62,400)	(59,044)
Net change in total pension liability	82,095	141,243	14,445	56,799	71,835	94,407
Total pension liability - beginning	1,732,374	1,591,131	1,576,686	1,519,887	1,448,052	1,353,645
Total pension liability - ending (a)	\$ 1,814,469	\$ 1,732,374	\$ 1,591,131	\$ 1,576,686	\$ 1,519,887	\$ 1,448,052
Plan fiduciary net position:						
Employer contributions	\$ 40,076	\$ 41,292	\$ 38,279	\$ 39,554	\$ 39,596	\$ 38,524
Employee contributions	8,801	8,571	8,164	7,729	7,895	7,668
Pension plan net investment income	220,748	(54,176)	192,705	76,088	5,171	60,039
Benefit payments and refunds	(69,619)	(67,785)	(65,969)	(67,299)	(62,400)	(59,044)
Administrative expense		-	-	-	-	-
Other	2,905	26,125	(20,747)	8,868	50,110	3,799
Net change in plan fiduciary net position	202,911	(45,973)	152,432	64,940	40,372	50,986
Plan fiduciary net position - beginning	1,253,437	1,299,410	1,146,978	1,082,038	1,041,666	990,680
Plan fiduciary net position - ending (b)	\$ 1,456,348	\$ 1,253,437	\$ 1,299,410	\$ 1,146,978	\$ 1,082,038	\$ 1,041,666
Net pension liability(asset) - Ending (a) - (b)	\$ 358,121	\$ 478,937	\$ 291,721	\$ 429,708	\$ 437,849	\$ 406,386
Plan fiduciary net position as a percentage of total pension liability	80.26%	72.35%	81.67%	72.75%	71.19%	71.94%
Covered valuation payroll	195,590	190,465	181,413	175,437	175,437	170,390
Net pension liability as a percentage of covered valuation payroll	183.10%	251.46%	160.80%	244.94%	249.58%	238.50%

Byron Fire Protection District

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

Fire Pension Fund - Last Ten Fiscal Years

(Schedule to be built prospectively from 2014)

Required Supplementary Information

For the Fiscal Year Ending August 31,

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 337,058	\$ 325,043	\$ 288,868	\$ 255,674	\$ 278,873	\$ 277,948	\$ 255,390
Interest on the total pension liability	1,016,889	986,081	941,100	932,785	791,830	765,180	788,579
Benefit changes	119,042		-	-	-	-	-
Difference between expected and actual experience	511,414	(240,885)	(29,228)	1,020,549	(1,051,048)	(284,671)	-
Assumption changes	(253,563)	(931,549)	(407,060)	(1,469,771)	1,330,967	643,096	-
Benefit payments and refunds	(784,787)	(747,628)	(635,991)	(556,767)	(486,557)	-	(415,756)
Net change in total pension liability	946,053	(608,938)	157,689	182,470	864,065	1,401,553	628,213
Total pension liability - beginning	16,036,844	16,645,782	16,488,093	16,305,623	15,441,558	14,040,005	13,411,792
Total pension liability - ending (a)	\$ 16,982,897	\$ 16,036,844	\$ 16,645,782	\$ 16,488,093	\$ 16,305,623	\$ 15,441,558	\$ 14,040,005
Plan fiduciary net position:							
Employer contributions	\$ 500,120	\$ 200,038	\$ 169,967	\$ 170,976	\$ 171,974	\$ 160,010	\$ 179,992
Employee contributions	107,047	86,531	84,508	87,799	83,881	74,556	74,108
Pension plan net investment income	1,468,184	409,133	921,544	728,833	440,593	52,029	811,989
Benefit payments and refunds	(784,787)	(747,628)	(635,991)	(556,767)	(486,557)	(444,911)	(391,232)
Administrative expense	(11,982)	(35,331)	(37,340)	(12,219)	(7,840)	(32,916)	(5,086)
Other			-	-	-	-	-
Net change in plan fiduciary net position	1,278,582	(87,257)	502,688	418,622	202,051	(191,232)	669,771
Plan fiduciary net position - beginning	11,231,991	11,319,248	10,816,560	10,397,938	10,195,887	10,387,119	9,717,348
Plan fiduciary net position - ending (b)	\$ 12,510,573	\$ 11,231,991	\$ 11,319,248	\$ 10,816,560	\$ 10,397,938	\$ 10,195,887	\$ 10,387,119
Net pension liability(asset) - Ending (a) - (b)	\$ 4,472,324	\$ 4,804,853	\$ 5,326,534	\$ 5,671,533	\$ 5,907,685	\$ 5,245,671	\$ 3,652,886
Plan fiduciary net position as a percentage of total pension liability	73.67%	70.04%	68.00%	65.60%	63.77%	66.03%	73.98%
Covered valuation payroll	1,126,373	901,509	823,986	814,012	747,408	938,248	897,845
Net pension liability as a percentage of covered valuation payroll	397.06%	532.98%	646.44%	696.74%	790.42%	559.09%	406.85%

Byron Fire Protection District

Multiyear Schedule of IMRF Contributions (Schedule to be built prospectively from 2015) Required Supplementary Information

Fiscal Year Ending August 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2020	\$43,541	\$43,541	\$0	\$199,591	21.82%
2019	40,669	40,669	0	194,892	20.87%
2018	43,052	38,278	4,774	186,937	20.48%
2017	41,560	39,164	2,396	180,462	21.70%
2016	40,860	40,860	0	178,704	22.86%
2015	39,596	39,596	0	175,437	22.57%

* Estimated based on 2020 calendar year contribution rate of 22.42%, 2019 calendar year contribution rate of 20.49% and covered payroll at \$199,591

The District implemented GASB Statement No. 68 effective August 31, 2015.

Byron Fire Protection District

Schedule of Employer Contributions
 Fire Pension Fund - Last Ten Fiscal Years
 (Schedule to be built prospectively from 2014)
 Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 275,844	\$ 184,183	\$ 133,594	\$ 150,717	\$ 171,815	\$ 157,052	\$ 177,163	N/A	N/A	N/A
Contributions in Relation to the Actuarially Determined Contribution	500,120	200,038	169,967	170,976	171,974	160,010	179,992	N/A	N/A	N/A
CONTRIBUTION DEFICIENCY (Excess)	\$ (224,276)	\$ (15,855)	\$ (36,373)	\$ (20,259)	\$ (159)	\$ (2,958)	\$ (2,829)	N/A	N/A	N/A
Covered-Employee Payroll	1,126,373	901,509	823,986	814,012	747,408	938,248	897,845	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	44.4%	22.2%	20.6%	21.0%	23.0%	17.1%	20.0%	N/A	N/A	N/A

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation presented is as follows: The actuarial determined contribution shown is from the August 31, 2016 actuary's report completed by the Illinois Department of Insurance for the tax levy recommendation for the December, 2017 tax levy.

Byron Fire Protection District

Schedule of Investment Returns Firefighter Pension Fund For the year ending August 31, 2020 Required Supplementary Information

	2020	2019
Firefighter Pension Fund		
Annual money - weighted rate of return, net of investment expense	13.17%	3.63%

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

Byron Fire Protection District

Multiyear Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB - Last 10 years

(Scheduled to be built prospectively from 2019)

Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fiscal year ending August 31,										
Total OPEB liability:										
Service cost	\$ -	\$ -								
Interest on the total OPEB liability	1,693	2,193								
Benefit changes										
Difference between expected and actual experience	-	-								
Assumption changes	1,757	6,960								
Benefit payments and refunds	(4,200)	(4,200)								
Net change in OPEB liability	(750)	4,953								
Total OPEB liability - beginning	66,478	61,525								
Total OPEB liability - ending (a)	\$ 65,728	\$ 66,478								
Plan fiduciary net position:										
Employer contributions	\$ 4,200	\$ 4,200								
Employee contributions	-	-								
Pension plan net investment income	-	-								
Benefit payments and refunds	(4,200)	(4,200)								
Administrative expense	-	-								
Other										
Net change in plan fiduciary net position	-	-								
Plan fiduciary net position - beginning	-	-								
Plan fiduciary net position - ending (b)	\$ -	\$ -								
Net OPEB liability(asset) - Ending (a) - (b)	\$ 65,728	\$ 66,478								
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%								
Covered valuation payroll	1,328,244	1,283,328								
Net OPEB liability as a percentage of covered valuation payroll	4.95%	5.18%								

The District implemented GASB Statement No. 75 in August 31, 2019

Byron Fire Protection District

Multiyear Schedule of Contributions - OPEB

(schedule to be built prospectively from 2019)

Required Supplementary Information

Fiscal Year Ending August 31,	Actuarially Determined Contribution*	Actual Contributions	Contribution Deficiency (excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	-	4,200	(4,200)	1,328,244	0.32%
2019	-	4,200	(4,200)	1,283,328	0.33%

* There is no ADC

The District implemented GASB Statement No. 75 in August 31, 2019

The District implemented GASB Statement No. 68 in August 31, 2015

Byron Fire Protection District

General Fund
 Schedule of Revenues and Expenditures
 Compared with Budget
 Required Supplementary Information

For the year ended August 31, 2020

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes			
Fire levy	\$ 1,675,000	\$ 1,675,506	\$ 506
Pension levy	300,000	300,120	120
Replacement tax	13,000	15,192	2,192
Total taxes	1,988,000	1,990,818	2,818
Other			
Interest (net unrealized loss on investments)	240,000	405,080	165,080
Training reimbursements	5,000	-	(5,000)
Foreign fire insurance	12,983	13,012	29
Miscellaneous	15,700	23,290	7,590
Total other	273,683	441,382	167,699
Total revenues	\$ 2,261,683	\$ 2,432,200	\$ 170,517
Expenditures			
Personnel:			
Salaries, firemen	\$ 945,000	\$ 809,699	\$ (135,301)
Salaries, office	99,000	89,292	(9,708)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	18,129	(31,871)
Employee insurance	246,000	185,488	(60,512)
Social security taxes	45,000	38,429	(6,571)
Employee pension contribution	225,000	221,905	(3,095)
Employee incentive program	10,000	5,273	(4,727)
Pension expense	300,000	300,120	120
Fire commission board	5,000	1,962	(3,038)
Total personnel	1,932,500	1,677,797	(254,703)
Commodities			
Office supplies and postage	6,000	1,710	(4,290)
Gas and oil	20,000	11,600	(8,400)
Operating supplies	15,000	9,825	(5,175)
Uniforms	30,000	11,172	(18,828)
Publications and printing	4,000	3,397	(603)
Total commodities	75,000	37,704	(37,296)

Byron Fire Protection District

General Fund
 Schedule of Revenues and Expenditures
 Compared with Budget (Continued)
 Required Supplementary Information

For the year ended August 31, 2020

	Original & Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Contractual services:			
Maintenance:			
Buildings and grounds	50,000	40,740	(9,260)
Vehicles	100,000	71,339	(28,661)
Equipment	127,500	79,980	(47,520)
Radio	12,000	306	(11,694)
Other	35,000	15,105	(19,895)
Telephone	10,600	8,632	(1,968)
Utilities - heat	10,000	5,284	(4,716)
Utilities - electric	20,000	16,155	(3,845)
Training - schools and seminars	48,000	24,201	(23,799)
Training - materials	28,000	9,770	(18,230)
Fire prevention and inspection	27,983	25,265	(2,718)
Professional services-accounting	8,000	8,123	123
Professional services-legal	63,000	23,587	(39,413)
Investment manager fees	10,000	8,059	(1,941)
Dues	4,000	3,670	(330)
Contingent expense	5,000	1,243	(3,757)
Public relations	10,000	2,221	(7,779)
Total contractual services	569,083	343,680	(225,403)
Capital Outlay			
Equipment	70,000	24,858	(45,142)
Building & Improvements	50,000	46,306	(3,694)
Vehicles	37,500	13,541	(23,959)
Total capital outlay	157,500	84,705	(72,795)
Total expenditures	\$ 2,734,083	\$ 2,143,886	\$ (590,197)

Byron Fire Protection District

Ambulance Fund
 Schedule of Revenues and Expenditures
 Compared with Budget
 Required Supplementary Information

For the year ended August 31, 2020

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes:			
Ambulance levy	\$ 1,275,000	\$ 1,275,411	\$ 411
Replacement tax	13,000	15,192	2,192
Total taxes	1,288,000	1,290,603	2,603
Fees:			
Ambulance	300,000	384,498	84,498
Other:			
Interest	50,000	31,372	(18,628)
Miscellaneous	15,700	23,540	7,840
Total other	65,700	54,912	(10,788)
Total revenues	\$ 1,653,700	\$ 1,730,013	\$ 76,313
Expenditures			
Personnel:			
Salaries, ambulance	\$ 950,000	\$ 811,659	\$ (138,341)
Salaries, office	99,000	89,292	(9,708)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	18,129	(31,871)
Employee insurance	246,000	185,489	(60,511)
Social security taxes	45,000	38,418	(6,582)
Employee incentive program	10,000	5,348	(4,652)
Employee pension contribution	25,000	21,904	(3,096)
Total personnel	1,432,500	1,177,739	(254,761)
Commodities:			
Office supplies and postage	6,000	1,734	(4,266)
Gas and oil	20,000	11,599	(8,401)
Operating supplies	20,000	22,743	2,743
Uniforms	30,000	11,172	(18,828)
Publications and printing	3,000	1,798	(1,202)
Total commodities	79,000	49,046	(29,954)

Byron Fire Protection District

Ambulance Fund Schedule of Revenues and Expenditures Compared with Budget (Continued) Required Supplementary Information

For the year ended August 31, 2020

	Original & Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Contractual services:			
Maintenance:			
Building and grounds	50,000	40,742	(9,258)
Vehicles	25,000	27,877	2,877
Equipment	112,500	68,809	(43,691)
Radio	12,000	417	(11,583)
Other	35,000	15,185	(19,815)
Telephone	10,000	8,490	(1,510)
Utilities - heat	10,600	5,680	(4,920)
Utilities - electric	20,000	16,155	(3,845)
Training - schools and seminars	54,000	26,691	(27,309)
Training - materials	10,000	1,869	(8,131)
Professional services	91,000	54,988	(36,012)
Dues	4,000	3,670	(330)
Public relations	10,000	1,669	(8,331)
Contingent expenses	5,000	2,221	(2,779)
Total contractual services	449,100	274,463	(174,637)
Capital Outlay			
Equipment	42,000	24,857	(17,143)
Building & Improvements	50,000	46,304	(3,696)
Vehicles	37,500	13,701	(23,799)
Total capital outlay	129,500	84,862	(44,638)
Total expenditures	\$ 2,090,100	\$ 1,586,110	\$ (503,990)

Byron Fire Protection District

Notes to Required Supplementary Information

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-year closed Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Byron Fire Protection District

Notes to Required Supplementary Information

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate for IMRF * (Continued)

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.*

Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate for OPEB

Summary of Actuarial Assumptions

Actuarial Cost Method Entry Age Normal

Discount (Interest) Rate 2.63%

Salary Increase 3.50%

Mortality Probabilities of death for participants were according to RP2014 base rates projected to 2019 using scale MP2019 was used.

Participation 50% of employees currently enrolled in medical plans were assumed to participate in the plan

Rate of return 2.33%

Byron Fire Protection District

Notes to Required Supplementary Information

Note 3 Budgets

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the District's annual appropriation ordinance adopted for the fiscal year ended August 31, 2020. Budgets are adopted on a basis consistent with the modified accrual basis of accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. At least 30 days prior to approving the budget, the Board proposes a means of financing expenditure appropriations for the fiscal year commencing on September 1.
- b. Normally at the board meeting in October of the current fiscal year, the budget is legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the District. No amendments occurred during fiscal year 2020.
- d. Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Byron Fire Protection District

Schedule of Tort Expenditures

For the year ended August 31, 2020

Risk management related salaries and benefits	\$	199,770
Legal services		18,317
Insurance		165,051
Miscellaneous		10,797
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Total tort expenditures	\$	393,935
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