

VILLAGE OF DURAND

Durand, Illinois

Annual Financial Report

April 30, 2018

(With Independent Auditor's Report Thereon)

VILLAGE OF DURAND

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BOARD OF TRUSTEES

Robert Corwin, President, to May 2021
Sheila Hoffman, Trustee, to May 2021
Gary Ingram, Trustee, to May 2019
Barb Matteson, Trustee, to May 2021
Jody Meissen, Trustee, to May 2021
Matt Slade, Trustee, to May 2019
Fran Waller, Trustee, to May 2019

* * * * *

CLERK

Lindsey Leombruni

* * * * *

TREASURER

Connie Langley

* * * * *

PRESIDENT

Robert Corwin

VILLAGE OF DURAND
ANNUAL FINANCIAL REPORT
April 30, 2018

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Independent Auditor's Report

To the Village President and the Board of Trustees
Village of Durand
Durand, Illinois 61024

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Durand, Illinois (the Village) as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Durand, Illinois, as of April 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Freeport, Illinois
September 13, 2018



BENNING GROUP, LLC

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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Village President and the Board of Trustees
Village of Durand
Durand, Illinois 61024

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and remaining fund information of the Village of Durand, Illinois (the Village) as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency as described below:

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Finding:

There is minimal segregation of duties among personnel involved with the accounting function regarding recording, processing, and reporting financial data. When this condition exists, the Village Board and management's close supervision and review of accounting information is the best means of preventing or detecting errors and fraud.

Management's Response:

The Village acknowledges that segregation of duties is an issue, however, the Village Board and management perform close supervision and review procedures to mitigate the lack of segregation of duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Village of Durand, Illinois' Response to Findings

The Village's response to the finding identified in our audit is described above. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Freeport, Illinois
September 13, 2018

VILLAGE OF DURAND

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ 9,012	\$ 53,049	\$ 62,061
Non-pooled cash and cash equivalents	<u>1,239,896</u>	<u>142,140</u>	<u>1,382,036</u>
Total current assets	<u>1,248,908</u>	<u>195,189</u>	<u>1,444,097</u>
Non-current assets:			
Capital assets (net of accumulated depreciation)	162,527	2,357,423	2,519,950
Restricted assets:			
Non-pooled cash and cash equivalents	<u>40,000</u>	<u>587,381</u>	<u>627,381</u>
Total non-current assets	<u>202,527</u>	<u>2,944,804</u>	<u>3,147,331</u>
Total assets	<u>1,451,435</u>	<u>3,139,993</u>	<u>4,591,428</u>
Liabilities			
Current liabilities:			
Current portion of long term debt	<u>-</u>	<u>126,136</u>	<u>126,136</u>
Total current liabilities	<u>-</u>	<u>126,136</u>	<u>126,136</u>
Non-current liabilities:			
Long term debt	<u>-</u>	<u>912,146</u>	<u>912,146</u>
Total non-current liabilities	<u>-</u>	<u>912,146</u>	<u>912,146</u>
Total liabilities	<u>-</u>	<u>1,038,282</u>	<u>1,038,282</u>
Net Position			
Net investment in capital assets	162,527	1,319,141	1,481,668
Restricted for:			
Pledged funds	40,000	-	40,000
Streets & highways	67,880	-	67,880
Economic development	56,232	-	56,232
Capital improvements	-	587,381	587,381
Other purposes	3,969	-	3,969
Unrestricted	<u>1,120,827</u>	<u>195,189</u>	<u>1,316,016</u>
Total net position	<u>\$ 1,451,435</u>	<u>\$ 2,101,711</u>	<u>\$ 3,553,146</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

April 30, 2018

Functions/Programs	Program Revenues			Net (Expenditures) Revenue and Change in Net Position		
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 128,752	\$ 10,610	\$ -	\$ (118,142)	\$ -	\$ (118,142)
Public safety	158,916	777	-	(158,139)	-	(158,139)
Public works	234,691	-	-	(234,691)	-	(234,691)
Culture and recreation	108,909	-	-	(108,909)	-	(108,909)
Total governmental activities	631,268	11,387	-	(619,881)	-	(619,881)
Business-type activities:						
Water and sewer utilities	480,497	492,337	-	-	11,840	11,840
Garbage	70,667	68,874	-	-	(1,793)	(1,793)
Total business-type activities	551,164	561,211	-	-	10,047	10,047
Total primary government	\$ 1,182,432	\$ 572,598	\$ -	\$ (619,881)	\$ 10,047	\$ (609,834)
General revenues:						
Taxes:						
Property tax				86,571	-	86,571
Motor fuel tax				36,700	-	36,700
Corporate replacement tax				2,026	-	2,026
Franchise tax (fees)				7,311	-	7,311
Income tax				152,851	-	152,851
Local use tax				37,433	-	37,433
Sales tax				163,627	-	163,627
Utility tax				56,044	-	56,044
Video gaming tax				22,485	-	22,485
Investment income (unrestricted)				6,463	4,601	11,064
Miscellaneous				23,533	10,293	33,826
Transfers:						
Transfers - internal activity				-	-	-
Total general revenues and transfers				595,044	14,894	609,938
Changes in net position				(24,837)	24,941	104
Net position - beginning				1,476,272	2,076,770	3,553,042
Net position - ending				\$ 1,451,435	\$ 2,101,711	\$ 3,553,146

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
April 30, 2018

	Major Governmental Funds			Non-major Governmental Fund	Total
	General	Motor Fuel Tax	TIF	Civil Defense	
	Assets				
Pooled cash and cash equivalents	\$ 9,012	\$ -	\$ -	\$ -	\$ 9,012
Non-pooled cash and cash equivalents	1,111,815	67,880	56,232	3,969	1,239,896
Restricted cash and cash equivalents	40,000	-	-	-	40,000
Total assets	<u>\$ 1,160,827</u>	<u>\$ 67,880</u>	<u>\$ 56,232</u>	<u>\$ 3,969</u>	<u>\$ 1,288,908</u>
Liabilities and Fund Balances					
Fund Balances					
Restricted for:					
Pledged funds	40,000	-	-	-	40,000
Streets & highways	-	67,880	-	-	67,880
Economic development	-	-	56,232	-	56,232
Civil defense	-	-	-	3,969	3,969
Assigned	405,476	-	-	-	405,476
Unassigned	715,351	-	-	-	715,351
Total fund balances	<u>1,160,827</u>	<u>67,880</u>	<u>56,232</u>	<u>3,969</u>	<u>1,288,908</u>
Total liabilities and fund balances	<u>\$ 1,160,827</u>	<u>\$ 67,880</u>	<u>\$ 56,232</u>	<u>\$ 3,969</u>	<u>1,288,908</u>

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

Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in governmental funds.	162,527
Net position of governmental activities	<u>\$ 1,451,435</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 Year Ended April 30, 2018

	Major Governmental Funds			Non-major Governmental	Total
	General	Motor	TIF	Fund	
		Fuel Tax		Civil Defense	
Revenues					
Property tax	\$ 59,372	\$ -	\$ 27,199	\$ -	\$ 86,571
Motor fuel tax	-	36,700	-	-	36,700
Corporate replacement tax	2,026	-	-	-	2,026
Franchise tax (fees)	7,311	-	-	-	7,311
Income tax	152,851	-	-	-	152,851
Local use tax	37,433	-	-	-	37,433
Sales tax	163,627	-	-	-	163,627
Utility tax	56,044	-	-	-	56,044
Video gaming tax	22,485	-	-	-	22,485
Licenses	9,610	-	-	-	9,610
Other permits and fees	1,000	-	-	-	1,000
Fines and forfeitures	777	-	-	-	777
Investment income	5,548	320	575	20	6,463
Rentals	4,641	-	-	-	4,641
Miscellaneous	18,892	-	-	-	18,892
Total revenues	<u>541,617</u>	<u>37,020</u>	<u>27,774</u>	<u>20</u>	<u>606,431</u>
Expenditures					
Current:					
General government	128,363	-	-	-	128,363
Public works	85,227	11,506	108,841	-	205,574
Public safety	149,966	-	-	-	149,966
Culture and recreation	100,133	-	-	-	100,133
Total current expenditures	<u>463,689</u>	<u>11,506</u>	<u>108,841</u>	<u>-</u>	<u>584,036</u>
Capital outlay	-	-	-	-	-
Total expenditures	<u>463,689</u>	<u>11,506</u>	<u>108,841</u>	<u>-</u>	<u>584,036</u>
Excess (deficiency) of revenues over (under) expenditures	77,928	25,514	(81,067)	20	22,395
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	77,928	25,514	(81,067)	20	22,395
Fund balances, beginning	<u>1,082,899</u>	<u>42,366</u>	<u>137,299</u>	<u>3,949</u>	<u>1,266,513</u>
Fund balances, ending	<u>\$ 1,160,827</u>	<u>\$ 67,880</u>	<u>\$ 56,232</u>	<u>\$ 3,969</u>	<u>\$ 1,288,908</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2018

Net change in fund balance - total governmental funds	\$ 22,395
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net amount by which depreciation (\$47,232) and asset disposals (\$0) exceeded capital outlays (\$0) in the current period.	(47,232)
Change in net position of governmental activities	<u>\$ (24,837)</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 April 30, 2018

	<u>Business-Type Activities</u>		<u>Total Enterprise Funds</u>
	<u>Water and Sewer Utilities</u>	<u>Garbage</u>	
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ 41,588	\$ 11,461	\$ 53,049
Non-pooled cash and cash equivalents	97,211	44,929	142,140
Total current assets	<u>138,799</u>	<u>56,390</u>	<u>195,189</u>
Non-current assets:			
Capital assets:			
Capital assets being depreciated, net	2,357,423	-	2,357,423
Restricted cash and cash equivalents	587,381	-	587,381
Total non-current assets	<u>2,944,804</u>	<u>-</u>	<u>2,944,804</u>
Total assets	<u>3,083,603</u>	<u>56,390</u>	<u>3,139,993</u>
Liabilities			
Current liabilities:			
Notes payable, current	73,136	-	73,136
Bonds payable, current	53,000	-	53,000
Total current liabilities	<u>126,136</u>	<u>-</u>	<u>126,136</u>
Non-current liabilities:			
Notes payable, non-current	631,146	-	631,146
Bonds payable, non-current	281,000	-	281,000
Total non-current liabilities	<u>912,146</u>	<u>-</u>	<u>912,146</u>
Total liabilities	<u>1,038,282</u>	<u>-</u>	<u>1,038,282</u>
Net Position			
Net investment in capital assets	1,319,141	-	1,319,141
Restricted for:			
Capital improvements	587,381	-	587,381
Unrestricted	138,799	56,390	195,189
Total net position	<u>\$ 2,045,321</u>	<u>\$ 56,390</u>	<u>\$ 2,101,711</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 Year Ended April 30, 2018

	Business-Type Activities		Total Enterprise Funds
	Water and Sewer Utilities	Garbage	
Operating revenues			
Charges for services - refuse and recycling	\$ -	\$ 68,874	\$ 68,874
Charges for services - sewer	199,803	-	199,803
Charges for services - water	292,534	-	292,534
Other operating revenues	10,293		10,293
Total operating revenues	<u>502,630</u>	<u>68,874</u>	<u>571,504</u>
Operating expenses			
Water department	182,911	-	182,911
Sewer department	193,343	-	193,343
Refuse and recycling	-	70,667	70,667
Depreciation	88,487	-	88,487
Total operating expenses	<u>464,741</u>	<u>70,667</u>	<u>535,408</u>
Operating income (loss)	37,889	(1,793)	36,096
Non-operating revenues (expenses)			
Interest income	4,174	427	4,601
Interest expense	(15,756)	-	(15,756)
Miscellaneous income	-	-	-
Miscellaneous expense	-	-	-
Total non-operating revenues (expenses)	<u>(11,582)</u>	<u>427</u>	<u>(11,155)</u>
Income (loss) before transfers	26,307	(1,366)	24,941
Transfers			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	26,307	(1,366)	24,941
Total net position, beginning	<u>2,019,014</u>	<u>57,756</u>	<u>2,076,770</u>
Total net position, ending	<u>\$ 2,045,321</u>	<u>\$ 56,390</u>	<u>\$ 2,101,711</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 Year Ended April 30, 2018

	Business-Type Activities		Total Enterprise Funds
	Water and Sewer Utilities	Garbage	
Cash flows from operating activities:			
Cash received from customers	\$ 492,337	\$ 68,874	\$ 561,211
Cash payments to suppliers for goods and services	(212,774)	(1,814)	(214,588)
Cash payments to employees for services	(71,309)	(3,275)	(74,584)
Cash payments to professional contractors for services	(92,171)	(65,578)	(157,749)
Other operating revenues	10,293	-	10,293
Net cash provided (used) by operating activities	<u>126,376</u>	<u>(1,793)</u>	<u>124,583</u>
Cash flows from capital and related financing activities:			
Acquisition or construction of capital assets	-	-	-
Principal paid on bonds and notes	(133,994)	-	(133,994)
Interest paid on bonds and notes	(15,756)	-	(15,756)
Proceeds from grant funding	-	-	-
Proceeds from sale of assets	-	-	-
Other miscellaneous revenue	-	-	-
Capital contributions	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(149,750)</u>	<u>-</u>	<u>(149,750)</u>
Cash flows from investing activities			
Investment income	4,174	427	4,601
Net cash provided (used) by investing activities	<u>4,174</u>	<u>427</u>	<u>4,601</u>
Net increase (decrease) in cash and cash equivalents	(19,200)	(1,366)	(20,566)
Cash and cash equivalents at beginning of year	745,380	57,756	803,136
Cash and cash equivalents at end of year	<u>\$ 726,180</u>	<u>\$ 56,390</u>	<u>\$ 782,570</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 37,889	\$ (1,793)	\$ 36,096
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	88,487	-	88,487
Non-cash operating revenue (expenses)	-	-	-
Total adjustments	<u>88,487</u>	<u>-</u>	<u>88,487</u>
Net cash provided (used) by operating activities	<u>\$ 126,376</u>	<u>\$ (1,793)</u>	<u>\$ 124,583</u>
Noncash investing, capital and financing activities:			
None			

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

Notes to Financial Statements April 30, 2018

(1) Summary of Significant Accounting Policies

The Village of Durand (the "Village") is a community of 1,443 in population located in Winnebago County and incorporated under the provisions of the State of Illinois. The Village operates under an elected President/Trustee form of government. The Village's major operations include public safety, streets and highways, economic development and general administrative services. In addition, the Village owns and operates water and sewer utilities.

The Village's financial statements are prepared in accordance with the modified cash basis of accounting which is a basis of accounting other than generally accepted accounting principles (GAAP) as noted in (1)(b). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

(a) Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Village has considered all potential component units. The decision as to whether or not 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 Village and is generally available to its citizens. 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 Village is able to exercise oversight responsibilities.

Based on the above criteria, the Village has determined that there are no organizations to be reported on within the financial statements. Also, based on the above criteria, the Village determined that the Village is not a component unit of any other entity.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) display information about the reporting government as a whole excluding fiduciary activities of the Village. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF DURAND

Notes to Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (cost recovery), and financial position.

The Statement of Activities – Modified Cash Basis reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which include fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, both governmental and business-like activities are presented using the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Revenues and related assets are recorded at the time of receipt by the Village rather than when earned. Expenses and related liabilities are recorded when the funds are disbursed rather than when the obligation is incurred, except that the acquisition of a capital asset is capitalized, related debt has been recorded as liabilities, and depreciation of capital assets has been reported as an expense. Revenues received, expenses disbursed, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange is received/paid. Reclassification or elimination of internal activity (between or within funds) is also utilized except for utility services provided to Village departments. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/-expenses. Funds of the Village are organized into two major categories: governmental and proprietary. Emphasis is placed on major funds within the governmental and proprietary categories.

The funds of the reporting entity are described below:

Governmental Funds

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

VILLAGE OF DURAND

Notes to Financial Statements

The fund financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. In the modified cash basis presentation utilized by the governmental funds, acquisitions of capital assets are treated as capital outlay expense and no depreciation is reflected in the fund financial statements. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

General Fund

The General fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The Village's General fund accounts for the operations of the Village's administration, public works, public safety, and parks.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Funds

The proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds use the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenses are recorded when the funds are disbursed rather than when the obligation is incurred, except that the acquisition of a capital asset is capitalized, related loans have been recorded as liabilities, and depreciation of capital assets has been reported as an expense.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges. The measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water and Sewer Utilities Fund and Garbage Fund.

VILLAGE OF DURAND

Notes to Financial Statements

Major and Non-Major Funds

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- 1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Under the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the Village may report any governmental or enterprise fund (but not internal service funds of fiduciary funds) as a major fund if the government’s official believe the fund is “particularly important to financial statement users”. The Village has chosen to include the Motor Fuel Tax Fund and TIF Fund as major funds even though the fund calculations noted above do not classify them as major funds. The Village views these funds as particularly important to the financial statement users.

The Civil Defense Fund, although non-major as calculated under the criteria noted above, is the only non-major fund and is therefore reported on the face of the financial statements.

The Village reports the following major funds:

Table with 2 columns: Fund and Brief Description. Rows include Governmental: General, Special Revenue Funds: Motor Fuel Tax Fund, TIF Fund, and Proprietary: Enterprise Funds: Water and Sewer Utilities Fund.

VILLAGE OF DURAND

Notes to Financial Statements

Garbage Fund

Accounts for the operations of garbage collection services to residential and commercial users of the Village. All costs are financed through user charges.

(c) Cash and Investments

The Village maintains and controls a cash pool in which all funds of the primary government share. Each fund’s portion of the pool is displayed on its respective balance sheet or statement of fund net position as “pooled cash and cash equivalents.” In addition, non-pooled cash and investments are separately held and reflected in respective funds as “non-pooled cash” and “investments,” some of which are restricted assets.

Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at year end. An individual fund’s equity in pooled cash accounts are available upon demand and are considered to be “cash equivalents” when preparing these financial statements. Occasionally one or more of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Village Board. Negative balances incurred in pooled cash at year end are shown as due to/from other funds in the financial statements.

For purposes of the proprietary fund Statement of Cash Flows – Modified Cash Basis, “cash and cash equivalents” include all demand and savings accounts.

Cash deposits are reported at carrying amount which reasonably approximates fair value. Additional cash and investment disclosures are presented in Note (2).

(d) Capital Assets

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. The Village has established a capitalization threshold for infrastructure assets (roads, bridges, culverts, curbs, drainage system, sidewalks, and gutters), to be an original cost of \$50,000 or more. The capitalization threshold for buildings and improvements is \$10,000 and for equipment and vehicles is \$5,000. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and new infrastructure	40 years
Other improvements	20 years
Road improvements	10 years
Equipment and vehicles (13,000 gross vehicle weight)	7 years
Appliances and tools	3 - 10 years

VILLAGE OF DURAND

Notes to Financial Statements

The Village has elected to report only prospective infrastructure assets for governmental funds. Infrastructure assets prior to May 1, 2004 have not been capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

(e) Restricted Assets

Restricted assets include cash of the governmental and business-type activities that is legally or contractually restricted as to its use. The restricted assets of the Village consist of deposits maintained at a local financial institution. Additional restricted asset disclosures are presented in Note (3).

(f) Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of notes payable and revenue bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

(g) Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Investment in capital assets, net – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “investment in capital assets, net.”

VILLAGE OF DURAND

Notes to Financial Statements

Fund Statements

Governmental fund equity is classified as fund balance. Under the guidelines of GASB Statement No. 54, fund balance is further classified as into five major classifications: nonspendable, restricted, committed, assigned, and unassigned. The definitions of each category are below:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the Village, all such items are expensed at the time of purchase, so no amounts are reported for this classification.

Restricted fund balance - Includes amounts that are subject to outside restrictions, not controlled by the entity such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The Village has several categories of restricted funds and restricted revenue sources received within various funds. See Note (7) for components of the Village’s restricted fund balances at year end.

Committed fund balance - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The Village did not have any committed fund balances at year end.

The Village Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - Includes amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the Village Board itself or (b) the finance committee or by the Village President when the Village Board has delegated the authority to assign amounts to be used for specific purposes. See Note (7) for components of the Village’s assigned fund balances at year end.

Unassigned fund balance - Is the residual classification for amounts in the General fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General fund.

Proprietary fund equity is classified as net position which is the same as in the government-wide statements.

VILLAGE OF DURAND

Notes to Financial Statements

Unless specifically identified, the Village’s policy is to have expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified. Additionally, expenditures/expenses reduce reserved funds first when an expense is paid for purposes which both reserved and unreserved net position are available. The Village has not established fund balance reserve policies for their governmental funds. See Note (7) for additional disclosures.

(h) Property Tax

The Village is responsible for levying real estate taxes and the taxes are collected by the County. The Village recognizes property tax revenues when they are received.

The Village's real estate tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The 2017 tax levy ordinance was passed by the Board on August 28, 2017. The 2016 tax levy ordinance was passed by the Board on August 22, 2016. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The two tax collection dates for property taxes are approximately July 1 and September 1. Significant amounts of real estate taxes were received by the Village in June through November of 2017 for the 2016 tax levy.

The following are the tax rate limits permitted by the *Illinois Compiled Statutes* by local referendum and the actual rates levied per \$100.00 of assessed valuation:

	- 2017 Levy Year -		- 2016 Levy Year -	
	Limit	Actual	Limit	Actual
Corporate	0.43750	0.27600	0.43750	0.27490
Police Protection	0.60000	<u>0.05780</u>	0.60000	<u>0.05770</u>
		<u>0.33380</u>		<u>0.33260</u>

For the year ended April 30, 2018, the Village had received \$59,372 of their 2016 tax levy and \$0 of their 2017 tax levy.

(i) Internal and Interfund Balances and Activities

Internal and interfund balances and activities are reported as loans, reimbursements, or transfers. Loans are reported as interfund advances receivable or payable as appropriate and are subject to elimination upon consolidation. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are offset as part of the reconciliation to the government-wide financial statements and any residual balances outstanding are reported as internal balances.

VILLAGE OF DURAND

Notes to Financial Statements

(j) Accumulated Unpaid Vacation and Sick Pay

Regular full-time and regular part-time employees earn vacation time according to their years of continuous service. Vacation time is to be used in the fiscal year earned unless prior approval extends usage to next fiscal year. Earned sick days can be accumulated year to year. Employees may receive half of their accrued sick pay at resignation or termination of employment. Expenses for vacation and sick leave are recorded, in accordance with the cash basis method, at the time employees are paid for days not worked due to vacation or illness. The amount of accumulated unpaid vacation and sick pay at April 30, 2018 is \$13,504.

(k) Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results may differ from those estimates.

(2) Cash and Cash Equivalents

Cash and cash equivalents consist of deposit accounts, savings accounts, and certificates of deposit. Statutes authorize the Village to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer’s Investment Pool created under Section 17 of “An Act to revise the law in relation to the State Treasurer”, approved April 23, 1873, as amended. Bank and savings and loan investments may only be in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Deposits with Financial Institutions

Deposits as of April 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position - Modified Cash Basis

Pooled cash	\$ 62,061
Non-pooled cash	1,382,036
Restricted:	
Cash	627,381
Total cash and investments	<u>\$ 2,071,478</u>

VILLAGE OF DURAND

Notes to Financial Statements

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village’s deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. As of April 30, 2018, the carrying amount of the Village’s deposits was \$2,071,478 and the bank balance was \$2,092,432, of which \$1,842,432 exceeded FDIC insurance limits and were exposed to custodial credit risk as follows:

Uninsured and collateralized by securities held by the pledging financial institution	<u>\$ 1,842,432</u>
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As of April 30, 2018, the Village had no investments.

(3) Restricted Assets

The amounts reported as restricted cash in the Statement of Net Position – Modified Cash Basis relate to the legal restrictions placed upon the deposits.

The primary government reported \$40,000 as restricted cash for the year ended April 30, 2018. This amount represents an agreement between the Village and a local financial institution that states the financial institution will loan funds to owners of commercial real estate property within the Village to encourage commercial real estate property improvement or commercial revenue enhancement through the acquisition of new equipment or commercial infrastructure. The agreement requires the Village to pledge \$40,000 in the form of a certificate of deposit. These funds are accounted for in the General fund.

In the proprietary funds, the ordinance authorizing the issuance of General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014, in the amount of \$489,000, imposed certain covenants and financial requirements on the Village. This ordinance requires that all monies held in the Water and Sewer fund be segregated and restricted in separate reserve accounts, in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
Operation and Maintenance	Sufficient amount to pay all reasonable and necessary costs for the current month	Paying the cost of operation and maintenance of the system
Bond and Interest	A fraction of the amount sufficient to pay principal and interest maturing during the next twelve months	Paying principal and interest
Sinking	A fraction of the amount payable on the next installment date	Paying of sinking fund installments
Depreciation	Amount to be adequate and reasonable	Paying cost of any unusual and extraordinary maintenance, repairs, and/or replacements
Surplus	All remaining funds after crediting above accounts	All lawful purposes

VILLAGE OF DURAND

Notes to Financial Statements

The Water and Sewer fund contains restricted cash in the amount of \$587,381 which is required to be used for a specific purpose.

	Water and Sewer Fund
Water capital outlay/improvement	\$ 145,016
Sewer capital outlay/improvement	442,365
Total Water and Sewer Fund restricted cash	\$ 587,381

(4) Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2018, was as follows:

	Balance at 4/30/2017	Additions	Disposals	Balance at 4/30/2018
Governmental activities:				
Infrastructure	\$ 519,783	\$ -	\$ -	\$ 519,783
Buildings	40,737	-	-	40,737
Equipment and vehicles	564,519	-	93,280	471,239
Total depreciable	1,125,039	-	93,280	1,031,759
Less accumulated depreciation:				
Infrastructure	434,723	18,694	-	453,417
Buildings	27,448	983	-	28,431
Equipment and vehicles	453,109	27,555	93,280	387,384
Total accumulated depreciation	915,280	47,232	93,280	869,232
Governmental activities capital assets, net	\$ 209,759	\$ (47,232)	\$ -	\$ 162,527
	Balance at 4/30/2017	Additions	Disposals	Balance at 4/30/2018
Business-type activities:				
Infrastructure	\$ 3,100,581	\$ -	\$ -	\$ 3,100,581
Equipment and vehicles	141,826	-	-	141,826
Total depreciable	3,242,407	-	-	3,242,407
Less accumulated depreciation:				
Infrastructure	712,411	77,515	-	789,926
Equipment and vehicles	84,086	10,972	-	95,058
Total accumulated depreciation	796,497	88,487	-	884,984
Business-type activities capital assets, net	\$ 2,445,910	\$ (88,487)	\$ -	\$ 2,357,423

VILLAGE OF DURAND

Notes to Financial Statements

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

Governmental activities:		Business-type activities:	
General government	\$ 2,260	Water and Sewer utilities	<u>\$ 88,487</u>
Public safety	7,080		
Public works	29,117		
Culture and recreation	8,775		
Totals depreciation expense	<u>\$ 47,232</u>		

(5) Long Term Debt

Bonded Indebtedness

The Water and Sewer fund supports the following outstanding bonds:

General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014

On January 7, 2015, the Village issued bonds in the amount of \$489,000 for the refinancing of a prior Bank One Lease. The bonds carry a variable interest rate between 1.10-2.65% and require semi-annual interest payments on June 1 and December 1. The Village retired \$52,000 in bond principal during the fiscal year ended April 30, 2018. The future repayment schedule is shown below.

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	53,000	7,960	60,960
2020	54,000	6,847	60,847
2021	55,000	5,713	60,713
2022	56,000	4,558	60,558
2023	57,000	3,074	60,074
2024	59,000	1,654	60,654
	<u>\$ 334,000</u>	<u>\$ 29,806</u>	<u>\$ 363,806</u>

Notes Payable

The Water and Sewer fund supports the following outstanding notes payable:

IEPA Loan – Lagoon Project

On August 13, 2003, the Village entered into a loan agreement in the amount of \$651,250 with the Illinois Environmental Protection Agency Bureau of Water Infrastructure to upgrade and expand the existing lagoon facilities. The Village completed construction on this project during the fiscal year ended April 30, 2005. The loan has a 20 year term and is payable in semi-annual repayments due May 15 and November 15 at 2.57% simple interest. The Village repaid \$35,635 in principal during the fiscal year ended April 30, 2018. The future repayment schedule is shown below.

VILLAGE OF DURAND

Notes to Financial Statements

Year Ending	Principal	Interest	Total
<u>April 30</u>			
2019	36,556	6,116	42,672
2020	37,502	5,170	42,672
2021	38,472	4,200	42,672
2022	39,467	3,205	42,672
2023	40,488	2,184	42,672
2024-2025	54,547	1,304	55,851
	<u>\$ 247,032</u>	<u>\$ 22,179</u>	<u>\$ 269,211</u>

IEPA Loan – Mulvain Street Project

On June 8, 1998, the Village entered into a loan agreement in the amount of \$198,370 with the Illinois Environmental Protection Agency Bureau of Water Infrastructure for the replacement of the Mulvain Street sewer system including construction of sanitary sewer, manholes, and all necessary restoration, site work, and miscellaneous appurtenances to make the project complete and operational. The loan has a 20 year term and is payable in semi-annual repayments due June 15 and December 15 at 2.865% simple interest. The Village made the final principal payment of \$9,780 during the fiscal year ended April 30, 2018.

IEPA Loan – North Street/Water Meter Project

On December 21, 2009, the Village entered into a loan agreement in the amount of \$712,237 with the Illinois Environmental Protection Agency Bureau of Water Infrastructure for the installation of water meters to all existing customers and replacement of an undersized water main along North Street. The loan is non-interest bearing and has a 20 year term payable in semi-annual repayments due April 17 and October 17. The Village repaid \$36,579 in principal during the fiscal year ended April 30, 2018. The future repayment schedule is shown below.

Year Ending	Principal	Interest	Total
<u>April 30</u>			
2019	36,580	-	36,580
2020	36,580	-	36,580
2021	36,580	-	36,580
2022	36,580	-	36,580
2023	36,580	-	36,580
2024-2028	182,900	-	182,900
2029-2031	91,450	-	91,450
	<u>\$ 457,250</u>	<u>\$ -</u>	<u>\$ 457,250</u>

VILLAGE OF DURAND

Notes to Financial Statements

The following is a summary of changes in Long Term Debt for the year ended April 30, 2018.

<u>Type of Debt</u>	<u>Balance 4/30/2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 4/30/2018</u>	<u>Due Within One Year</u>
Business-type Activities					
G.O. Bonds, Series 2014	\$ 386,000	\$ -	\$ 52,000	\$ 334,000	\$ 53,000
Notes Payable	786,276	-	81,994	704,282	73,136
Total Business-type Activities	<u>\$ 1,172,276</u>	<u>\$ -</u>	<u>\$ 133,994</u>	<u>\$ 1,038,282</u>	<u>\$ 126,136</u>

All outstanding debt of the Village is paid by the Sewer and Water funds from utility revenues.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long term debt as of April 30, 2018, are as follows:

<u>Year Ending April 30</u>	<u>Business-type Activities</u>					
	<u>General Obligation Bonds, Series 2014</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 53,000	\$ 7,960	\$ 60,960	\$ 73,136	\$ 6,116	\$ 79,252
2020	54,000	6,847	60,847	74,082	5,170	79,252
2021	55,000	5,713	60,713	75,052	4,200	79,252
2022	56,000	4,558	60,558	76,047	3,205	79,252
2023	57,000	3,074	60,074	77,068	2,184	79,252
2024-2028	59,000	1,654	60,654	237,447	1,304	238,751
2029-2031	-	-	-	91,450	-	91,450
	<u>\$ 334,000</u>	<u>\$ 29,806</u>	<u>\$ 363,806</u>	<u>\$ 704,282</u>	<u>\$ 22,179</u>	<u>\$ 726,461</u>

VILLAGE OF DURAND

Notes to Financial Statements

(6) Legal Debt Margin

Illinois Compiled Statutes limits the amount of outstanding general obligation bonded debt of the municipality to no more than 8.625% of net assessed valuation. Based on total assessed valuation of \$16,327,563, the Village's legal debt margin is as follows:

Assessed Valuation	\$ 16,327,563
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 1,408,252
Total Long-Term Debt:	
General Obligation Bonds, Series 2014	(334,000)
IEPA Loans	(704,282)
Exception to Indebtedness:	
General Obligation Bonds, Series 2014 *	334,000
IEPA Loans *	704,282
Legal Debt Margin	<u>\$ 1,408,252</u>

* The Illinois General Assembly, pursuant to the Illinois Compiled Statutes (30 ILCS 350/15), does not consider alternate revenue source bonds in its computation of indebtedness as it relates to any statutory debt limitation. As of April 30, 2018, all of the Village's outstanding debt meets this definition.

(7) Net Position/Fund Balance Classifications

Governmental activities as shown in the Statement of Net Position – Modified Cash Basis report net position restricted for pledged funds of \$40,000, streets and highways of \$67,880, and for economic development of \$56,232. The pledged funds restriction relates to an agreement with a local financial institution as described in Note (3). The streets and highways restriction is derived from Motor Fuel Tax revenues received from the State of Illinois – Department of Transportation as described in Note (13). The economic development restriction relates to legal constraints placed on revenues generated in connection with the Village's Tax Increment Financing (TIF) District accounted for in the TIF fund. Net position restricted for other purposes consists of \$3,969 restricted by legal constraints for public defense.

Business-type activities as shown in the Statement of Net Position – Modified Cash Basis report net position restricted for capital improvements of \$587,381. This restriction relates to requirements set forth in the Village's ordinance authorizing the issuance of \$489,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014 and is also described in Note (3).

Restricted governmental fund balances as shown in the Balance Sheet – Modified Cash Basis consist of the restricted items as described above. Governmental funds also report assigned fund balances consisting of the following:

VILLAGE OF DURAND

Notes to Financial Statements

General Fund - assigned for future capital outlay (police)	\$ 39,954
General Fund - assigned for future capital outlay (parks)	33,966
General Fund - assigned for future capital outlay (admin)	18,308
General Fund - assigned for future capital outlay (streets & alleys)	258,281
General Fund - assigned for working cash/capital outlay (police)	15,786
General Fund - assigned for economic development	39,181
Total assigned fund balances	<u>\$ 405,476</u>

(8) Employee Pension and Other Benefit Plans

It should be noted that actuarial accrued liabilities, deferred inflows of resources and deferred outflows of resources are not recorded in the financial statements since the Village uses the modified cash basis of accounting as described in Note 1.

Illinois Municipal Retirement Fund

Plan Description. The Village’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 Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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. That report may be obtained online at www.imrf.org.

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate

VILLAGE OF DURAND

Notes to Financial Statements

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 Benefit Terms. As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	1
Active members	4
Total	<u>10</u>

Contributions. As set by statute, the Village’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 Village’s annual contribution rate for calendar year 2017 was 17.69%. For the fiscal year ended April 30, 2018, the Village contributed \$44,871 to the plan. The Village 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 Village’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- 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 3.39% to 14.25%, including inflation.
- The investment rate of return was assumed to be 7.50%.
- 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.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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 adjustments that were applied for non-disabled lives.

VILLAGE OF DURAND

Notes to Financial Statements

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
	100%	

Single Discount Rate. A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

VILLAGE OF DURAND

Notes to Financial Statements

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 1,336,018	\$ 974,428	\$ 361,590
Changes for the year:			
Service cost	20,033	-	20,033
Interest on the total pension liability	97,198	-	97,198
Difference between expected and actual experience of the total pension liability	91,084	-	91,084
Changes of assumptions	(45,216)	-	(45,216)
Contributions - employer	-	39,827	(39,827)
Contributions - employee	-	7,226	(7,226)
Net investment income	-	174,228	(174,228)
Benefit payments, including refunds of employee contributions	(100,122)	(100,122)	-
Other (net transfer)	-	14,674	(14,674)
Net changes	62,977	135,833	(72,856)
Balances at December 31, 2017	<u>\$ 1,398,995</u>	<u>\$ 1,110,261</u>	<u>\$ 288,734</u>

Sensitivity 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 7.50%, 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:

	Single Discount Rate Assumption		
	1% Decrease 6.50%	Current 7.50%	1% Increase 8.50%
Total pension liability	\$ 1,553,796	\$ 1,398,995	\$ 1,269,546
Plan fiduciary net position	1,110,261	1,110,261	1,110,261
Net pension liability	<u>\$ 443,535</u>	<u>\$ 288,734</u>	<u>\$ 159,285</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. Pension expense as reflected in the financial statements for the fiscal year ended April 30, 2018 was \$44,871. At December 31, 2017, the Village had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF DURAND

Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Difference between expected and actual experience	\$ 108,569	\$ 7,506
Changes of assumptions	-	39,228
Net difference between project and actual earnings on pension plan investments	<u>28,295</u>	<u>82,069</u>
Total deferred amounts to be recognized in pension expense in future periods	136,864	128,803
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 136,864</u></u>	<u><u>\$ 128,803</u></u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018	\$ 8,692
2019	8,693
2020	(922)
2021	(9,980)
2022	<u>1,578</u>
	<u><u>\$ 8,061</u></u>

Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered as "non-participating employees" and are covered under Social Security. The Village contributed \$15,667 to cover its eligible employees for Social Security during the current fiscal year.

Medicare

All employees are covered under Basic Hospital Insurance Plan provision of the medicare health insurance program. The Village contributed \$3,664, the required contribution for the current fiscal year.

VILLAGE OF DURAND

Notes to Financial Statements

(9) Other Postemployment Benefits (OPEB)

The Village has evaluated its potential liability for other postemployment benefits. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. As a result, there has been 0% utilization and, therefore, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2018.

(10) Interfund Transfers and Balances

The Village made no interfund transfers or loans during the fiscal year ended April 30, 2018.

(11) Risk Management - Claims and Judgments

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is self-insured through insurance purchased as a participant in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool of Illinois municipalities. Significant losses are covered by insurance purchased through IMLRMA for all major programs including property, liability, crime, public official position bond and workers' compensation. Claims in excess of the self-insured retention amounts are covered through third-party limited-coverage insurance policies. Liability coverage includes general, auto, broad form property, civil constitutional rights - assault/battery, contractual, employee benefit programs, incidental malpractice, intentional building removal, limited worldwide, personal injury/advertising, watercraft, personal injury as respects employment practices, premises medical payments, fire legal liability, public officials/employees, liquor, auto medical payments, and uninsured/underinsured motorist.

During the year ended April 30, 2018, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts which have exceeded insurance coverage.

(12) Commitments and Contingencies

Grant Program Involvement

In the normal course of operations, the Village participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which are to ensure compliance with specified conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

VILLAGE OF DURAND

Notes to Financial Statements

Litigation

The Village is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, due to the insurance coverage maintained by the Village and the State statute relating to judgment, the Village feels that any settlement or judgment not covered by insurance would not have a materially adverse effect on the financial condition of the Village.

(13) Joint Venture

The Village has an ongoing joint venture with the State of Illinois – Department of Transportation for various maintenance and construction projects subject to approval from the Department of Transportation. The Village maintains the Motor Fuel Tax fund for which revenues are derived from motor fuel taxes collected by the State of Illinois and remitted to the Village. Motor Fuel Tax expenditures must be approved by the State of Illinois prior to project start. The Village does not have any equity interest in this joint venture. The separate audit for the State of Illinois may be obtained at www.illinois.gov.

(14) Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

The Village has evaluated subsequent events through September 13, 2018, the date on which the financial statements were available to be issued, and determined that there were no significant non-recognized subsequent events through that date.

VILLAGE OF DURAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 APPROPRIATION VS. ACTUAL - MODIFIED CASH BASIS

GENERAL FUND

Year Ended April 30, 2018

	Original & Final Appropriated Amounts	Actual Appropriation Basis	Variance with Final Appropriation
Revenues received			
Taxes:			
Property tax	\$ 53,700	\$ 59,372	\$ 5,672
Corporate replacement tax	2,500	2,026	(474)
Franchise tax (fees)	7,500	7,311	(189)
Income tax	143,000	152,851	9,851
Local use tax	33,000	37,433	4,433
Sales tax	155,000	163,627	8,627
Utility tax	60,000	56,044	(3,956)
Video gaming tax	15,000	22,485	7,485
Total taxes	<u>469,700</u>	<u>501,149</u>	<u>31,449</u>
Licenses, permits, and fees:			
Licenses	9,250	9,610	360
Other permits and fees	200	1,000	800
Total licenses, permits, and fees	<u>9,450</u>	<u>10,610</u>	<u>1,160</u>
Fines and forfeitures	1,250	777	(473)
Investment income	4,735	5,548	813
Miscellaneous:			
Rentals	5,000	4,641	(359)
Miscellaneous	3,450	18,892	15,442
Total miscellaneous	<u>8,450</u>	<u>23,533</u>	<u>15,083</u>
Total revenues	<u>493,585</u>	<u>541,617</u>	<u>48,032</u>
Expenditures disbursed			
General government:			
Salaries	51,186	44,330	(6,856)
Employee benefits	12,732	12,199	(533)
Repairs and maintenance	-	675	675
Insurance	1,550	1,494	(56)
Telephone and internet	2,040	2,099	59
Travel	200	-	(200)
Postage	500	243	(257)
Printing, advertising, and publications	490	614	124
Professional services	27,600	28,452	852
Dues and fees	380	472	92
Office supplies	1,500	648	(852)
Operating supplies	850	1,308	458
Miscellaneous	1,000	5,529	4,529
Miscellaneous - Durand Charm	30,000	30,000	-
Miscellaneous - DARTS	325	300	(25)
Capital outlay	3,900	-	(3,900)
Total general government	<u>134,253</u>	<u>128,363</u>	<u>(5,890)</u>

(Continued)

VILLAGE OF DURAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 APPROPRIATION VS. ACTUAL - MODIFIED CASH BASIS

GENERAL FUND

Year Ended April 30, 2018

	Original & Final Appropriated Amounts	Actual Appropriation Basis	Variance with Final Appropriation
Public works:			
Salaries	\$ 19,744	\$ 22,171	\$ 2,427
Employee benefits	10,221	10,774	553
Repairs and maintenance	27,675	26,553	(1,122)
Insurance	9,550	9,640	90
Telephone and internet	300	257	(43)
Street lighting	-	-	-
Professional services	12,800	6,034	(6,766)
Operating supplies	12,800	8,276	(4,524)
Miscellaneous	-	1,522	1,522
Capital outlay	3,183	-	(3,183)
Total public works	<u>96,273</u>	<u>85,227</u>	<u>(11,046)</u>
Public safety:			
Salaries	99,673	82,597	(17,076)
Employee benefits	27,938	36,652	8,714
Repairs and maintenance	3,300	4,823	1,523
Insurance	10,600	10,475	(125)
Telephone and internet	2,250	2,632	382
Travel	400	87	(313)
Training	700	785	85
Postage	50	18	(32)
Printing, advertising, and publications	220	561	341
Dues and fees	85	1,258	1,173
Office supplies	250	35	(215)
Operating supplies	6,500	4,694	(1,806)
Uniforms	2,900	2,840	(60)
Miscellaneous	1,000	2,509	1,509
Capital outlay	-	-	-
Total public safety	<u>155,866</u>	<u>149,966</u>	<u>(5,900)</u>
Culture and recreation:			
Salaries	30,744	29,012	(1,732)
Employee benefits	11,124	11,337	213
Repairs and maintenance	4,225	30,875	26,650
Insurance	7,900	7,766	(134)
Professional services	6,000	1,002	(4,998)
Operating supplies	7,750	7,404	(346)
Miscellaneous	6,700	12,737	6,037
Capital outlay	31,921	-	(31,921)
Total culture and recreation	<u>106,364</u>	<u>100,133</u>	<u>(6,231)</u>
Total expenditures	<u>492,756</u>	<u>463,689</u>	<u>(29,067)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 829</u>	<u>\$ 77,928</u>	<u>\$ 77,099</u>
Fund balance, beginning		<u>1,082,899</u>	
Fund balance, ending		<u>\$ 1,160,827</u>	

VILLAGE OF DURAND

**Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance – Appropriation vs. Actual
– Modified Cash Basis – General Fund
April 30, 2018**

(1) Appropriation (Budget) and Appropriation Accounting

Prior to April 1 each year, the Village prepares its appropriation (budget) on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. The Village's appropriation includes only the General Fund. Public hearings are conducted to obtain taxpayer comment. The final appropriation ordinance is made no later than the end of the first quarter of the fiscal year. Unexpended budgeted amounts expire at the end of each fiscal year.

In the Schedule of Revenues, Expenditures, and Change in Fund Balance – Appropriation vs. Actual, appropriated and actual amounts are presented in accordance with the modified cash basis of accounting to provide meaningful comparison of actual results with appropriations. The appropriations adopted by the Village on the cash basis of accounting do not vary when using the modified cash basis of accounting; therefore, no reconciliation between appropriation and modified cash basis is necessary.

(2) Excess Expenditure over Appropriations – Major Governmental Funds

The Village operated the General Fund within the legal confines of its appropriations during the current fiscal year.

VILLAGE OF DURAND

Other Information (unaudited)

April 30, 2018

Illinois Municipal Retirement Fund
Schedule of Changes in the Net Pension Liability and Related Ratios

	Calendar Year Ending December 31, 2017	Calendar Year Ending December 31, 2016	Calendar Year Ending December 31, 2015
Total pension liability			
Service cost	\$ 20,033	\$ 18,786	\$ 17,876
Interest on the total pension liability	97,198	90,636	88,452
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	91,084	57,243	(18,096)
Changes of assumptions	(45,216)	(4,478)	-
Benefit payments, including refunds of employee contributions	(100,122)	(60,218)	(58,693)
Net change in total pension liability	<u>62,977</u>	<u>101,969</u>	<u>29,539</u>
Total pension liability – beginning	<u>1,336,018</u>	<u>1,234,049</u>	<u>1,204,510</u>
Total pension liability – ending (a)	<u>1,398,995</u>	<u>1,336,018</u>	<u>1,234,049</u>
Plan fiduciary net position			
Contributions – employer	39,827	37,439	32,071
Contributions – employee	7,226	8,394	7,763
Net investment income	174,228	63,748	4,440
Benefit payments, including refunds of employee contributions	(100,122)	(60,218)	(58,693)
Other (net transfer)	14,674	6,783	35,318
Net change in plan fiduciary net position	<u>135,833</u>	<u>56,146</u>	<u>20,899</u>
Plan fiduciary net position – beginning	<u>974,428</u>	<u>918,282</u>	<u>897,383</u>
Plan fiduciary net position – ending (b)	<u>1,110,261</u>	<u>974,428</u>	<u>918,282</u>
Net pension liability – ending (a)-(b)	<u>\$ 288,734</u>	<u>\$ 361,590</u>	<u>\$ 315,767</u>
Plan fiduciary net position as a percentage of the total pension liability	79.36%	72.94%	74.41%
Covered valuation payroll	\$ 160,579	\$ 186,539	\$ 172,509
Net pension liability as a percentage of covered valuation payroll	179.81%	193.84%	183.04%

See notes to schedule of contributions.

VILLAGE OF DURAND

Other Information (unaudited)

April 30, 2018

Illinois Municipal Retirement Fund
Multiyear Schedule of Contributions

Calendar Year Ending December 31,	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Valuation Payroll (c)	Actual Contribution as a % of Covered Payroll (b/c)
2015	\$ 32,069	32,071	(2)	172,509	18.59%
2016	37,438	37,439	(1)	186,539	20.07%
2017	28,406	39,827	(11,421)	160,579	24.80%

See notes to schedule of contributions.

VILLAGE OF DURAND

Notes to Schedule of Contributions
Year Ended April 30, 2018

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Illinois Municipal Retirement Fund Pension Plan – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

(a) Valuation Date

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

(b) Methods and Assumptions Used to Determine 2017 Contribution Rates

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Taxing bodies (Regular, SLEP, and ECO groups): 26-year closed period. Early retirement incentive plan liabilities: a period up to 10 years selected by the Village upon adoption of early retirement incentive.
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Price inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary increases	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-

VILLAGE OF DURAND

Notes to Schedule of Contributions

2014 Employee Mortality Table with adjustments to match current IMRF experience.

(c) Other Information

There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.



BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.BenningGroup.com

Independent Auditor's Report on Compliance
with Waterworks Sewerage Revenue Bond Ordinance No. 2003-2
and Alternate Revenue Source Bond Ordinance No. 2014-7

To the Village President and the Board of Trustees
Village of Durand
Durand, Illinois 61024

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements as listed in the table of contents, of the Village of Durand, Illinois (Village) as of and for the year ended April 30, 2018, and have issued our report thereon dated September 13, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the Village failed to comply with the terms, covenants, provisions or conditions of Waterworks Sewerage Revenue Bond Ordinance No. 2003-2 and Alternate Revenue Source Bond Ordinance No. 2014-7, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village's non-compliance with the above-referenced terms, covenants, provisions, or conditions of the Ordinance, insofar as they relate to accounting matters.

This report is intended for the information of the Village Board, management, and bond holders. However, this report is a matter of public record and its distribution is not limited.

Freeport, Illinois
September 13, 2018

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VILLAGE OF DURAND

April 30, 2018

Schedule of Information Required by
Waterworks and Sewerage Revenue Bond Ordinance 2003-2

Utility system users:

Water - metered	623
Water - non-metered	-
Sewer	593
Recycling	469

Rates:

	<u>Rate in effect 4/30/2017</u>	<u>Rate change effective 5/1/2017</u>	<u>Rate change effective 12/1/2017</u>
Water - metered rates			
Base rate: 0 - 3,000 gallons			
Residential/Commercial	24.00	29.00	31.00
Laundromat	24.00	50.13	53.59
Car wash	24.00	74.83	79.99
Nursing home	24.00	216.38	231.31
School	24.00	99.72	106.60
3,000+ gallons	.0035/gallon	.0035/gallon	.0035/gallon
Administrative fee	2.50	2.50	2.50
Sewer - flat rates			
Residential	23.50	25.50	25.50
Commercial 1	23.50	25.50	25.50
Commercial 2	23.50	25.50	25.50
Laundromat	87.00	94.40	94.40
Car wash	181.00	196.39	196.39
Nursing home	1,010.00	1,095.85	1,095.85
School	230.00	249.55	249.55
Garbage - flat rate			
Residential only	12.00	12.00	12.00

Consumption:

Water - gallons pumped	45,985,000
Water - gallons billed	32,930,000

Sewerage - (influent) gallons treated 119,672,000

Water - purchased none

VILLAGE OF DURAND

April 30, 2018

Schedule of Information Required by
Waterworks and Sewerage Revenue Bond Ordinance 2003-2 and
Alternate Revenue Source Bond Ordinance 2014-7

Insurance and surety bond coverage

Name of insurer:

Illinois Municipal League - Risk Management Association

Expiration date of policies:

December 31, 2018

Type of policy and coverages:

Liability coverages:

Description	Total Available Limits
General Liability	\$1,000,000 each occurrence, each Member, for all applicable coverages including "Special Liability Coverages" listed below - even if more than one coverages applies to the same loss
Auto Liability	
Broad Form Property	
Civil Constitutional Rights - Assault/Battery	
Contractual Liability	
Employee Benefit Programs Liability	
Incidental Malpractice	
Intentional Building Removal	
Limited Worldwide Liability	
Personal Injury/Advertising Liability	
Watercraft Liability	
Personal Injury as Respects Employment Practices	
Public Officials/Employees	

Special liability coverages:

Description	Total Available Limits
Premises Medical Payments	\$3,000 each person
Fire Legal Liability	\$1,000,000 each occurrence
	\$100,000 each occurrence
	\$100,000 annual aggregate
Equal Employment Opportunity Comm. (EEOC)	\$15,000 each occurrence
	\$15,000 annual aggregate
Liquor Liability - Special Events & Host	\$1,000,000 each occurrence
	\$1,000,000 annual aggregate
Auto Medical Payments	\$10,000 each person
	\$1,000,000 each occurrence
Uninsured/Underinsured Motorist	\$100,000 each person
	\$300,000 each accident

VILLAGE OF DURAND

April 30, 2018

Schedule of Information Required by
Waterworks and Sewerage Revenue Bond Ordinance 2003-2 and
Alternate Revenue Source Bond Ordinance 2014-7

Insurance and surety bond coverage (continued)

Property coverages:

<u>Description</u>	<u>Total Available Limits</u>
Auto Physical Damage	Combined limit: \$30,000,000 any location, each occurrence
Building/Personal Property	\$250,000,000 each occurrence, all members
Inland Marine	\$50,000 extra expense
Valuable Papers/Records	\$50,000 each occurrence
Flood/Earthquake Limits apply separately to each peril	\$76,500,000 annual aggregate all Members

Stand-alone coverages:

<u>Description</u>	<u>Total Available Limits</u>
Crime	\$100,000 each occurrence
Worker's Compensation/Occupational Disease	Statutory
Employer's Liability	\$3,000,000 each accident

Public Official Position Bond -

<u>Position</u>	<u>Amount of Guarantee</u>
Village President	\$50,000
Village Clerk	\$50,000
Village Treasurer	\$50,000



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

To the Village President and the Board of Trustees
Village of Durand
Durand, Illinois 61024

We have examined management's assertion, included in its representation letter dated September 13, 2018 that the Village of Durand, Illinois (Village) complied with the provisions of Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Public Act 85-1142) during the year ended April 30, 2018. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express our opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village of Durand, Illinois complied with the aforementioned requirements for the year ended April 30, 2018 is fairly stated, in all material respects.

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

Freeport, Illinois
September 13, 2018

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