

VILLAGE OF DURAND

Durand, Illinois

Annual Financial Report

April 30, 2022

(With Independent Auditor's Report Thereon)

VILLAGE OF DURAND

* * * * *

BOARD OF TRUSTEES

Sheila Hoffman, President, to May 2025
Ben Fritz, Trustee, to May 2023
Matt Slade, Trustee, to May 2023
Fran Waller, Trustee, to May 2023
Adrian Becker, Trustee, to May 2025
Adam Buckner, Trustee, to May 2025
LeAnn Clark, Trustee, to May 2025

* * * * *

CLERK

Mary Sphatt

* * * * *

TREASURER

Sherry Bessert

* * * * *

PRESIDENT

Sheila Hoffman

* * * * *

VILLAGE OF DURAND
ANNUAL FINANCIAL REPORT
April 30, 2022

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BENNING GROUP, LLC

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Independent Auditor's Report

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Durand, Illinois (the Village) as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Durand, Illinois, as of April 30, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further discussed in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Durand, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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Responsibility of Management 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The schedules listed in the table of contents as “Supplementary Information” are presented for the purposes of additional analysis and are not a required part of the financial statements of the Village. Such information is the responsibility of management and has been derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting as described in Note 1.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The information listed in the table of contents as “Other Information,” the Schedule of Information Required by Waterworks Sewerage Revenue Bond Ordinance No. 2003-2, and the Schedule of Information Required by Waterworks Sewerage Revenue Bond Ordinance No. 2003-2 and Alternate Revenue Source Bond Ordinance No. 2014-7, which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 on our consideration of the Village’s internal control over financial reporting and on 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 23, 2022



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, 2022, 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 23, 2022.

Report on 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.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described above. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Penning Group, LLC". The signature is written in a cursive, flowing style.

Freeport, Illinois
September 23, 2022

VILLAGE OF DURAND

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ 1,422,660	\$ 36,645	\$ 1,459,305
Non-pooled cash and cash equivalents	176,897	2,043	178,940
Total current assets	<u>1,599,557</u>	<u>38,688</u>	<u>1,638,245</u>
Non-current assets:			
Capital assets (net of accumulated depreciation)	365,708	5,052,996	5,418,704
Restricted assets:			
Pooled cash and cash equivalents	-	715,521	715,521
Non-pooled cash and cash equivalents	-	45,676	45,676
Total non-current assets	<u>365,708</u>	<u>5,814,193</u>	<u>6,179,901</u>
Total assets	<u>1,965,265</u>	<u>5,852,881</u>	<u>7,818,146</u>
Liabilities			
Current liabilities:			
Payroll and other liabilities	1,325	-	1,325
Current portion of long term debt	-	120,539	120,539
Total current liabilities	<u>1,325</u>	<u>120,539</u>	<u>121,864</u>
Non-current liabilities:			
Long term debt	-	666,802	666,802
Total non-current liabilities	<u>-</u>	<u>666,802</u>	<u>666,802</u>
Total liabilities	<u>1,325</u>	<u>787,341</u>	<u>788,666</u>
Net Position			
Net investment in capital assets	365,708	4,265,655	4,631,363
Restricted for:			
Streets & highways	60,379	-	60,379
Economic development	54,399	-	54,399
Infrastructure	7,496	-	7,496
Water and sewer utilities	-	761,197	761,197
Unrestricted	1,475,958	38,688	1,514,646
Total net position	<u>\$ 1,963,940</u>	<u>\$ 5,065,540</u>	<u>\$ 7,029,480</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended April 30, 2022

Functions/Programs	Expenditures	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	\$ 137,633	\$ 20,045	\$ 94,851	\$ 36,967	\$ 14,230	\$ -	\$ 14,230
Public safety	191,538	1,053	-	-	(190,485)	-	(190,485)
Public works	258,906	-	-	-	(258,906)	-	(258,906)
Culture and recreation	147,759	-	-	-	(147,759)	-	(147,759)
Total governmental activities	<u>735,836</u>	<u>21,098</u>	<u>94,851</u>	<u>36,967</u>	<u>(582,920)</u>	<u>-</u>	<u>(582,920)</u>
Business-type activities:							
Water and sewer utilities	421,133	571,453	-	185,207	-	335,527	335,527
Garbage	78,850	70,566	-	-	-	(8,284)	(8,284)
Total business-type activities	<u>499,983</u>	<u>642,019</u>	<u>-</u>	<u>185,207</u>	<u>-</u>	<u>327,243</u>	<u>327,243</u>
Total primary government	<u>\$ 1,235,819</u>	<u>\$ 663,117</u>	<u>\$ 94,851</u>	<u>\$ 222,174</u>	<u>(582,920)</u>	<u>327,243</u>	<u>(255,677)</u>
General revenues:							
Taxes:							
Property tax					91,683	-	91,683
Motor fuel tax					89,136	-	89,136
Corporate replacement tax					6,846	-	6,846
Franchise tax (fees)					8,522	-	8,522
Income tax					204,460	-	204,460
Local use tax					54,551	-	54,551
Sales tax					217,067	-	217,067
Utility tax					59,113	-	59,113
Cannabis use tax					2,225	-	2,225
Video gaming tax					45,579	-	45,579
Investment income (unrestricted)					1,345	624	1,969
Miscellaneous					27,260	-	27,260
Transfers:							
Transfers - internal activity					-	-	-
Total general revenues and transfers					<u>807,787</u>	<u>624</u>	<u>808,411</u>
Changes in net position					224,867	327,867	552,734
Net position - beginning					<u>1,739,073</u>	<u>4,737,673</u>	<u>6,476,746</u>
Net position - ending					<u>\$ 1,963,940</u>	<u>\$ 5,065,540</u>	<u>\$ 7,029,480</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
April 30, 2022**

	Major Governmental Funds			Total
	General	Motor Fuel Tax	TIF	
Assets				
Pooled cash and cash equivalents	\$ 1,422,660	\$ -	\$ -	\$ 1,422,660
Non-pooled cash and cash equivalents	62,119	60,379	54,399	176,897
Total assets	<u>\$ 1,484,779</u>	<u>\$ 60,379</u>	<u>\$ 54,399</u>	<u>\$ 1,599,557</u>
Liabilities and Fund Balances				
Liabilities				
Payroll and other liabilities	\$ 1,325	\$ -	\$ -	\$ 1,325
Total liabilities	<u>1,325</u>	<u>-</u>	<u>-</u>	<u>1,325</u>
Fund Balances				
Restricted for:				
Streets & highways	-	60,379	-	60,379
Economic development	-	-	54,399	54,399
Infrastructure	7,496	-	-	7,496
Assigned	570,894	-	-	570,894
Unassigned	905,064	-	-	905,064
Total fund balances	<u>1,483,454</u>	<u>60,379</u>	<u>54,399</u>	<u>1,598,232</u>
Total liabilities and fund balances	<u>\$ 1,484,779</u>	<u>\$ 60,379</u>	<u>\$ 54,399</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. 365,708

Net position of governmental activities \$ 1,963,940

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, 2022**

	Major Governmental Funds			Total
	General	Motor Fuel Tax	TIF	
Revenues				
Property tax	\$ 59,708	\$ -	\$ 31,975	\$ 91,683
Motor fuel tax	-	89,136	-	89,136
Corporate replacement tax	6,846	-	-	6,846
Franchise tax (fees)	8,522	-	-	8,522
Income tax	204,460	-	-	204,460
Local use tax	54,551	-	-	54,551
Sales tax	217,067	-	-	217,067
Utility tax	59,113	-	-	59,113
Cannabis use tax	2,225	-	-	2,225
Video gaming tax	45,579	-	-	45,579
Licenses	18,860	-	-	18,860
Other permits and fees	1,185	-	-	1,185
Fines and forfeitures	1,053	-	-	1,053
Investment income	1,262	40	43	1,345
Rentals	5,052	-	-	5,052
Grants	131,818	-	-	131,818
Miscellaneous	22,208	-	-	22,208
Total revenues	<u>839,509</u>	<u>89,176</u>	<u>32,018</u>	<u>960,703</u>
Expenditures				
Current:				
General government	129,698	-	-	129,698
Public works	133,549	80,616	23,930	238,095
Public safety	183,241	-	-	183,241
Culture and recreation	133,862	-	-	133,862
Total current expenditures	580,350	80,616	23,930	684,896
Capital outlay	54,333	-	-	54,333
Total expenditures	<u>634,683</u>	<u>80,616</u>	<u>23,930</u>	<u>739,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>204,826</u>	<u>8,560</u>	<u>8,088</u>	<u>221,474</u>
Other financing sources (uses)				
Transfers in	28,000	-	-	28,000
Transfers out	(28,000)	-	-	(28,000)
Net change in fund balances	<u>204,826</u>	<u>8,560</u>	<u>8,088</u>	<u>221,474</u>
Fund balances, beginning	<u>1,278,628</u>	<u>51,819</u>	<u>46,311</u>	<u>1,376,758</u>
Fund balances, ending	<u>\$ 1,483,454</u>	<u>\$ 60,379</u>	<u>\$ 54,399</u>	<u>\$ 1,598,232</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, 2022**

Net change in fund balance - total governmental funds	\$ 221,474
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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 capital outlays (\$54,333) exceeded depreciation (\$50,940) and asset disposals (\$0) in the current period.	3,393
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Change in net position of governmental activities	<u>\$ 224,867</u>
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See accompanying notes to basic financial statements.

VILLAGE OF DURAND

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 April 30, 2022

	Business-Type Activities		Total
	Water and		Enterprise
	Sewer Utilities	Garbage	Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ -	\$ 36,645	\$ 36,645
Non-pooled cash and cash equivalents	-	2,043	2,043
Total current assets	-	38,688	38,688
Non-current assets:			
Capital assets:			
Capital assets being depreciated, net	5,052,996	-	5,052,996
Restricted assets:			
Pooled cash and cash equivalents	715,521	-	715,521
Non-pooled cash and cash equivalents	45,676	-	45,676
Total non-current assets	5,814,193	-	5,814,193
Total assets	5,814,193	38,688	5,852,881
Liabilities			
Current liabilities:			
Notes payable, current	63,539	-	63,539
Bonds payable, current	57,000	-	57,000
Total current liabilities	120,539	-	120,539
Non-current liabilities:			
Notes payable, non-current	607,802	-	607,802
Bonds payable, non-current	59,000	-	59,000
Total non-current liabilities	666,802	-	666,802
Total liabilities	787,341	-	787,341
Net Position			
Net investment in capital assets	4,265,655	-	4,265,655
Restricted for:			
Water and sewer utilities	761,197	-	761,197
Unrestricted	-	38,688	38,688
Total net position	\$ 5,026,852	\$ 38,688	\$ 5,065,540

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, 2022**

	Business-Type Activities		Total
	Water and Sewer Utilities	Garbage	Enterprise Funds
Operating revenues			
Charges for services - refuse and recycling	\$ -	\$ 70,566	\$ 70,566
Charges for services - sewer	253,641	-	253,641
Charges for services - water	317,812	-	317,812
Total operating revenues	<u>571,453</u>	<u>70,566</u>	<u>642,019</u>
Operating expenses			
Water department	136,069	-	136,069
Sewer department	138,984	-	138,984
Refuse and recycling	-	78,850	78,850
Depreciation	131,277	-	131,277
Total operating expenses	<u>406,330</u>	<u>78,850</u>	<u>485,180</u>
Operating income (loss)	165,123	(8,284)	156,839
Non-operating revenues (expenses)			
Interest income	616	8	624
Interest expense	(14,803)	-	(14,803)
Debt forgiveness	185,207	-	185,207
Total non-operating revenues (expenses)	<u>171,020</u>	<u>8</u>	<u>171,028</u>
Income (loss) before transfers	336,143	(8,276)	327,867
Change in net position	336,143	(8,276)	327,867
Total net position, beginning	<u>4,690,709</u>	<u>46,964</u>	<u>4,737,673</u>
Total net position, ending	<u>\$ 5,026,852</u>	<u>\$ 38,688</u>	<u>\$ 5,065,540</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended April 30, 2022**

	Business-Type Activities		Total
	Water and Sewer Utilities	Garbage	Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	571,453	\$ 70,566	\$ 642,019
Cash payments to suppliers for goods and services	(179,172)	(1,338)	(180,510)
Cash payments to employees for services	(90,594)	(5,324)	(95,918)
Cash payments to professional contractors for services	(5,287)	(72,188)	(77,475)
Net cash provided (used) by operating activities	<u>296,400</u>	<u>(8,284)</u>	<u>288,116</u>
Cash flows from capital and related financing activities:			
Acquisition or construction of capital assets	(529,554)	-	(529,554)
Principal paid on bonds and notes	(171,648)	-	(171,648)
Interest paid on bonds and notes	(14,803)	-	(14,803)
Proceeds from loans	<u>202,622</u>	<u>-</u>	<u>202,622</u>
Net cash provided (used) by capital and related financing activities	<u>(513,383)</u>	<u>-</u>	<u>(513,383)</u>
Cash flows from investing activities			
Investment income	<u>616</u>	<u>8</u>	<u>624</u>
Net cash provided (used) by investing activities	<u>616</u>	<u>8</u>	<u>624</u>
Net increase (decrease) in cash and cash equivalents	(216,367)	(8,276)	(224,643)
Cash and cash equivalents at beginning of year	<u>977,564</u>	<u>46,964</u>	<u>1,024,528</u>
Cash and cash equivalents at end of year	<u>\$ 761,197</u>	<u>\$ 38,688</u>	<u>\$ 799,885</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 165,123	\$ (8,284)	\$ 156,839
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	<u>131,277</u>	<u>-</u>	<u>131,277</u>
Total adjustments	<u>131,277</u>	<u>-</u>	<u>131,277</u>
Net cash provided (used) by operating activities	<u>\$ 296,400</u>	<u>\$ (8,284)</u>	<u>\$ 288,116</u>
Noncash investing, capital and financing activities:			
Principal forgiven on notes payable	<u>\$ 185,207</u>	<u>\$ -</u>	<u>\$ 185,207</u>

See accompanying notes to basic financial statements.

VILLAGE OF DURAND

Notes to Financial Statements April 30, 2022

(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 TIF Fund as a major fund even though the fund calculations noted above does not classify it as a major fund. The Village views this fund as particularly important to the financial statement users.

The Village reports the following major funds:

<u>Fund</u>	<u>Brief Description</u>
Governmental:	
General	See above for description.
Special Revenue Funds:	
<u>Motor Fuel Tax Fund</u>	Accounts for the maintenance activities of the Village’s roads and bridges generated by the Village’s share of state gasoline taxes.
<u>TIF Fund</u>	Accounts for the economic development activities generated by the tax increment financing districts of the Village as mandated by state statute.
Proprietary:	
Enterprise Funds:	
<u>Water and Sewer Utilities Fund</u>	Accounts for the operations of the water and sewer services to the residents of the Village. Activities of the fund include administration, operations and maintenance, and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary to ensure integrity of funds.

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 is available upon demand and is 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 2021 tax levy ordinance was originally passed by the Board on September 13, 2021 and amended on October 25, 2021. The 2020 tax levy ordinance was passed by the Board on August 24, 2020. 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 2021 for the 2020 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 of assessed valuation:

	- 2021 Levy Year -		- 2020 Levy Year -	
	Limit	Actual	Limit	Actual
Corporate	0.43750	0.22760	0.43750	0.24800
Police Protection	0.60000	0.04340	0.60000	0.05250
Revenue Recapture Adjustment	0.00000	0.00470	0.00000	0.00000
		<u>0.27570</u>		<u>0.30050</u>

For the year ended April 30, 2022, the Village had received \$59,708 of their 2021 tax levy and \$0 of their 2022 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, 2022 is \$23,304.

(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, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position - Modified Cash Basis

Pooled cash	\$ 1,459,305
Non-pooled cash	178,940
Restricted:	
Pooled cash	715,521
Non-pooled cash	45,676
Total cash and investments	<u>\$ 2,399,442</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, 2022, the carrying amount of the Village's deposits was \$2,399,442 and the bank balance was \$2,408,009 of which \$2,050,188 exceeded FDIC insurance limits and were exposed to custodial credit risk as follows:

Uninsured and collateralized by securities held by the pledging financial institution	\$ 2,050,188
Uninsured and uncollateralized	-
Total	<u>\$ 2,050,188</u>

As of April 30, 2022, 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.

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

The Water and Sewer fund contains restricted cash in the amount of \$761,197, which is required to be used for a specific purpose.

VILLAGE OF DURAND

Notes to Financial Statements

(4) Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2022, was as follows:

	Balance at 4/30/2021	Additions	Disposals	Balance at 4/30/2022
Governmental activities:				
Nondepreciable:				
Land	\$ 48,667	\$ 5,364	\$ -	\$ 54,031
Total nondepreciable	48,667	5,364	-	54,031
Depreciable:				
Infrastructure	519,783	-	-	519,783
Buildings	40,737	-	-	40,737
Improvements	152,190	-	-	152,190
Construction in progress	-	36,967	-	36,967
Equipment and vehicles	537,363	12,002	-	549,365
Total depreciable	1,250,073	48,969	-	1,299,042
Total	1,298,740	54,333	-	1,353,073
Less accumulated depreciation:				
Infrastructure	501,551	13,675	-	515,226
Buildings	30,209	593	-	30,802
Improvements	12,682	7,610	-	20,292
Equipment and vehicles	391,983	29,062	-	421,045
Total accumulated depreciation	936,425	50,940	-	987,365
Governmental activities capital assets, net	\$ 362,315	\$ 3,393	\$ -	\$ 365,708
Business-type activities:				
Infrastructure	\$ 4,535,428	\$ 195,874	\$ -	\$ 4,731,302
Construction in progress	1,077,731	513,146	195,874	\$ 1,395,003
Equipment and vehicles	214,252	16,408	-	230,660
Total depreciable	5,827,411	725,428	195,874	6,356,965
Less accumulated depreciation:				
Infrastructure	1,042,130	113,386	-	1,155,516
Equipment and vehicles	130,562	17,891	-	148,453
Total accumulated depreciation	1,172,692	131,277	-	1,303,969
Business-type activities capital assets, net	\$ 4,654,719	\$ 594,151	\$ 195,874	\$ 5,052,996

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	\$ 7,935	Water and sewer utilities	<u>\$ 131,277</u>
Public safety	8,297		
Public works	20,811		
Culture and recreation	13,897		
Total depreciation expense	<u>\$ 50,940</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 \$56,000 in bond principal during the fiscal year ended April 30, 2022. The future repayment schedule is shown below.

Year Ending			
April 30	Principal	Interest	Total
2023	57,000	3,074	60,074
2024	59,000	1,654	60,654
	<u>\$ 116,000</u>	<u>\$ 4,728</u>	<u>\$ 120,728</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 \$59,581 in principal during the fiscal year ended April 30, 2022. The future repayment schedule is shown below.

VILLAGE OF DURAND

Notes to Financial Statements

Year Ending April 30	Principal	Interest	Total
2023	20,373	963	21,336
2024	41,535	1,137	42,672
2025	13,012	167	13,179
	<u>\$ 74,920</u>	<u>\$ 2,267</u>	<u>\$ 77,187</u>

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 \$36,580 in principal during the fiscal year ended April 30, 2022. The future repayment schedule is shown below.

Year Ending April 30	Principal	Interest	Total
2023	36,580	-	36,580
2024	36,580	-	36,580
2025	36,580	-	36,580
2026	36,580	-	36,580
2027	36,580	-	36,580
2028-2031	128,029	-	128,029
	<u>\$ 310,929</u>	<u>\$ -</u>	<u>\$ 310,929</u>

IEPA Loan – State Street, South Street & Newman Street Water Main Project

On March 4, 2019, the Village entered into a loan agreement in the amount of \$1,240,283 with the Illinois Environmental Protection Agency Bureau of Water Infrastructure for the replacement of water mains along State Street, South Street and Newman Street. The loan has a 20 year term and is payable in semi-annual repayments due May 1 and November 1 at 1.38% simple interest with the first repayment due November 1, 2020. The Village repaid \$19,487 in principal during the fiscal year ended April 30, 2022. The future repayment schedule is shown below.

VILLAGE OF DURAND

Notes to Financial Statements

Year Ending April 30	Principal	Interest	Total
2023	6,586	1,849	8,435
2024	13,308	3,562	16,870
2025	13,492	3,378	16,870
2026	13,679	3,191	16,870
2027	13,868	3,002	16,870
2028-2032	72,275	12,075	84,350
2033-2037	77,419	6,931	84,350
2038-2041	57,450	1,595	59,045
	<u>\$ 268,077</u>	<u>\$ 35,583</u>	<u>303,660</u>

IEPA Loan – Well Project

On June 30, 2020, the Village entered into a loan agreement in the amount of \$1,532,538 with the Illinois Environmental Protection Agency Bureau of Water Infrastructure for well construction. The loan has a 20 year term and is payable in semi-annual repayments due August 6 and February 6 at 1.50% simple interest with the first repayment due August 6, 2022.

During the year ended April 30, 2022 the Village received disbursements totaling \$202,622 and was awarded forgiveness of \$185,207 by the Illinois Environmental Protection Agency pursuant to the loan agreement. Although substantial construction of the project was performed during the fiscal year, the project and loan activity was not yet complete. The loan repayment schedule will be finalized once the final disbursement is made.

The following is a summary of changes in Long Term Debt for the year ended April 30, 2022.

Type of Debt	Balance 4/30/2021	Issued	Retired	Balance 4/30/2022	Within One Year
Business-type Activities					
G.O. Bonds, Series 2014	\$ 172,000	\$ -	\$ 56,000	\$ 116,000	\$ 57,000
Notes Payable	769,574	-	115,648	653,926	63,539
Notes Payable - current projects	-	202,622	185,207	17,415	-
Total Business-type Activities	<u>\$ 941,574</u>	<u>\$ 202,622</u>	<u>\$ 356,855</u>	<u>\$ 787,341</u>	<u>\$ 120,539</u>

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

VILLAGE OF DURAND

Notes to Financial Statements

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long term debt, excluding current projects, as of April 30, 2022, are as follows.

Year Ending April 30	Business-type Activities					
	General Obligation Bonds, Series 2014			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	57,000	3,074	60,074	63,539	2,812	66,351
2024	59,000	1,654	60,654	91,423	4,699	96,122
2025	-	-	-	63,084	3,545	66,629
2026	-	-	-	50,259	3,191	53,450
2027	-	-	-	50,448	3,002	53,450
2028-2032	-	-	-	200,304	12,075	212,379
2033-2037	-	-	-	77,419	6,931	84,350
2038-2041	-	-	-	57,450	1,595	59,045
	<u>\$ 116,000</u>	<u>\$ 4,728</u>	<u>\$ 120,728</u>	<u>\$ 653,926</u>	<u>\$ 37,850</u>	<u>\$ 691,776</u>

(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 \$18,920,146, the Village's legal debt margin is as follows:

Assessed Valuation	\$ 18,920,146
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 1,631,863
Total Long-Term Debt:	
General Obligation Bonds, Series 2014	(116,000)
IEPA Loans	(671,341)
Exception to Indebtedness:	
General Obligation Bonds, Series 2014 *	116,000
IEPA Loans *	671,341
Legal Debt Margin	<u>\$ 1,631,863</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, 2022, 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 streets and highways of \$60,379, infrastructure of \$7,496, and for economic development of \$54,399. The streets and highways restriction is derived from Motor Fuel Tax revenues received from the

VILLAGE OF DURAND

Notes to Financial Statements

State of Illinois – Department of Transportation as described in Note (13). The infrastructure restriction is derived from non-home rule municipal retailers' and service occupation tax revenues received from the Illinois Department of Revenue. 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.

Business-type activities as shown in the Statement of Net Position – Modified Cash Basis report net position restricted for water and sewer utilities of \$761,197. 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:

General Fund - assigned for future capital outlay (police)	\$ 53,220
General Fund - assigned for future capital outlay (parks)	110,026
General Fund - assigned for future capital outlay (admin)	37,029
General Fund - assigned for future capital outlay (streets & alleys)	370,619
Total assigned fund balances	<u>\$ 570,894</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)

VILLAGE OF DURAND

Notes to Financial Statements

with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms. As of December 31, 2021, 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	2
Active members	4
Total	<u>11</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 2022 was 19.68%. For the fiscal year ended April 30, 2022, the Village contributed \$42,803 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, 2021. 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, 2021:

- The actuarial cost method used was Entry Age Normal.
- The asset valuation method used was Market Value of Assets.
- The inflation rate was assumed to be 2.25%.

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Notes to Financial Statements

- Salary increases were expected to be 2.75% to 13.75%, including inflation.
- The investment rate of return was assumed to be 7.25%.
- Projected retirement age was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2022 valuation according to an experience study from years 2017-2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%), and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70%-5.50%
Cash Equivalents	1%	-0.90%
	<u>100%</u>	

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement

VILLAGE OF DURAND

Notes to Financial Statements

date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at December 31, 2020	\$ 1,157,139	\$ 920,904	236,235
Changes for the year:			
Service cost	21,490	-	21,490
Interest on the total pension liability	81,696	-	81,696
Difference between expected and actual experience of the total pension liability	24,896	-	24,896
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	42,599	(42,599)
Contributions - employee	-	9,741	(9,741)
Net investment income	-	165,300	(165,300)
Benefit payments, including refunds of employee contributions	(82,075)	(82,075)	-
Other (net transfer)	-	1,997	(1,997)
Net changes	46,007	137,562	(91,555)
Balances at December 31, 2021	\$ 1,203,146	\$ 1,058,466	\$ 144,680

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

	Single Discount Rate Assumption		
	1% Decrease 6.25%	Current 7.25%	1% Increase 8.25%
Total pension liability	\$ 1,342,758	\$ 1,203,146	\$ 1,092,261
Plan fiduciary net position	1,058,466	1,058,466	1,058,466
Net pension liability	\$ 284,292	\$ 144,680	\$ 33,795

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, 2022 was \$42,803. At December 31, 2021, 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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Difference between expected and actual experience	\$ 31,179	\$ 57,497
Changes of assumptions	4,930	6,164
Net difference between project and actual earnings on pension plan investments	<u>32,836</u>	<u>179,078</u>
Total deferred amounts to be recognized in pension expense in future periods	68,945	242,739
Pension contributions made subsequent to the measurement date	-	-
Total deferred amounts related to pensions	<u>\$ 68,945</u>	<u>\$ 242,739</u>

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

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2022	(72,237)
2023	(55,043)
2024	(27,010)
2025	(19,504)
2026	-
	<u>\$ (173,794)</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 \$18,785 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 \$4,393, 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. 75, *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, 2022.

(10) Interfund Transfers and Balances

The Village made no interfund loans during the fiscal year ended April 30, 2022.

(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, 2022, 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 23, 2022, 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.

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

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09/23/22

Grantee Name	VILLAGE OF DURAND
ID Numbers	AUDIT:31989 Grantee:686707 UEI:C5N3MD4EM9Z1 FEIN:362528581
Audit Period	5/1/2021 - 4/30/2022
Submitted	09/23/2022; SHERRY L BESSERT; Treasurer; ADMIN@VILLAGEOFDURAND.COM; 1815248260
Accepted	
Program Count	5

All Programs Total				
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	302,991.00	302,991.00
Fringe Benefits	0.00	0.00	101,523.00	101,523.00
Travel	0.00	0.00	1,229.00	1,229.00
Equipment	0.00	2,956.00	53,936.00	56,892.00
Supplies	0.00	13,219.00	71,734.00	84,953.00
Contractual Services	0.00	0.00	182,455.00	182,455.00
Consultant (Professional Services)	5,906.00	0.00	80,952.00	86,858.00
Construction	63,878.81	36,967.00	202,622.25	303,468.06
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	6,300.00	6,300.00
Training and Education	0.00	0.00	2,833.00	2,833.00
Direct Administrative Costs	0.00	0.00	37,200.00	37,200.00
Miscellaneous Costs	10,831.00	40,650.00	419,306.00	470,787.00
All Grant Specific Categories	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	80,615.81	93,792.00	1,463,081.25	1,637,489.06
Indirect Costs	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	80,615.81	93,792.00	1,463,081.25	1,637,489.06

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Commerce And Economic Opportunity (420)
Program Name	Downstate Small Business Stabilization Program (420-75-2398)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Miscellaneous Costs	0.00	40,650.00	0.00	40,650.00
TOTAL DIRECT EXPENDITURES	0.00	40,650.00	0.00	40,650.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Transportation (494)
Program Name	Illinois Transportation Enhancement Program (494-00-1000)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Construction	0.00	36,967.00	0.00	36,967.00
TOTAL DIRECT EXPENDITURES	0.00	36,967.00	0.00	36,967.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Transportation (494)
Program Name	Local REBUILD ILLNOIS Bond Program (494-00-2356)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Consultant (Professional Services)	5,906.00	0.00	0.00	5,906.00
Construction	25,793.80	0.00	0.00	25,793.80
TOTAL DIRECT EXPENDITURES	31,699.80	0.00	0.00	31,699.80

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Transportation (494)
Program Name	Motor Fuel Tax Program (494-00-1488)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Construction	38,085.01	0.00	0.00	38,085.01
Miscellaneous Costs	10,831.00	0.00	0.00	10,831.00
TOTAL DIRECT EXPENDITURES	48,916.01	0.00	0.00	48,916.01

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Illinois Environmental Protection Agency (532)
Program Name	USEPA Capitalization Grants for Drinking Water State Revolving Funds (532-60-0379) <i>This program was added by the grantee</i>
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Construction	0.00	0.00	202,622.25	202,622.25
TOTAL DIRECT EXPENDITURES	0.00	0.00	202,622.25	202,622.25

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	Other grant programs and activities			
Category	State	Federal	Other	Total
Equipment	0.00	2,956.00	0.00	2,956.00
Supplies	0.00	13,219.00	0.00	13,219.00
TOTAL DIRECT EXPENDITURES	0.00	16,175.00	0.00	16,175.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	All other costs not allocated
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Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	302,991.00	302,991.00
Fringe Benefits	0.00	0.00	101,523.00	101,523.00
Travel	0.00	0.00	1,229.00	1,229.00
Equipment	0.00	0.00	53,936.00	53,936.00
Supplies	0.00	0.00	71,734.00	71,734.00
Contractual Services	0.00	0.00	182,455.00	182,455.00
Consultant (Professional Services)	0.00	0.00	80,952.00	80,952.00
Telecommunications	0.00	0.00	6,300.00	6,300.00
Training and Education	0.00	0.00	2,833.00	2,833.00
Direct Administrative Costs	0.00	0.00	37,200.00	37,200.00
Miscellaneous Costs	0.00	0.00	419,306.00	419,306.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	1,260,459.00	1,260,459.00

VILLAGE OF DURAND

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

**GENERAL FUND
Year Ended April 30, 2022**

	Original Appropriated Amounts	Final Appropriated Amounts	Actual Appropriation Basis	Over (Under) Appropriation
Revenues received				
Taxes:				
Property tax	\$ 54,000	\$ 54,000	\$ 59,708	\$ 5,708
Corporate replacement tax	2,300	2,300	6,846	4,546
Franchise tax (fees)	7,700	7,700	8,522	822
Income tax	137,000	137,000	204,460	67,460
Local use tax	45,000	45,000	54,551	9,551
Sales tax	160,000	160,000	217,067	57,067
Utility tax	46,000	46,000	59,113	13,113
Cannabis use tax	750	750	2,225	1,475
Video gaming tax	30,000	30,000	45,579	15,579
Total taxes	<u>482,750</u>	<u>482,750</u>	<u>658,071</u>	<u>175,321</u>
Licenses, permits, and fees:				
Licenses	9,250	9,250	18,860	9,610
Other permits and fees	500	500	1,185	685
Total licenses, permits, and fees	<u>9,750</u>	<u>9,750</u>	<u>20,045</u>	<u>10,295</u>
Fines and forfeitures	1,050	1,050	1,053	3
Investment income	3,025	3,025	1,262	(1,763)
Miscellaneous:				
Rentals	5,000	5,000	5,052	52
Grants	-	94,851	131,818	36,967
Miscellaneous	100	100	22,208	22,108
Total miscellaneous	<u>5,100</u>	<u>99,951</u>	<u>159,078</u>	<u>59,127</u>
Total revenues	<u>501,675</u>	<u>596,526</u>	<u>839,509</u>	<u>242,983</u>
Expenditures disbursed				
General government:				
Salaries	42,340	42,340	39,841	(2,499)
Employee benefits	11,815	11,815	11,496	(319)
Insurance	4,071	4,071	3,322	(749)
Telephone and internet	2,350	2,350	2,338	(12)
Postage	450	450	434	(16)
Printing, advertising, and publications	640	640	626	(14)
Travel	1,000	1,000	-	(1,000)
Training	500	500	-	(500)
Professional services	33,000	33,000	45,367	12,367
Dues and fees	1,350	1,350	334	(1,016)
Office supplies	1,000	1,000	1,670	670
Operating supplies	1,000	1,000	1,011	11
Miscellaneous	1,000	7,474	7,959	485
Miscellaneous - Durand Charm	15,000	15,000	15,000	-
Miscellaneous - DARTS	325	325	300	(25)
Total general government	<u>115,841</u>	<u>122,315</u>	<u>129,698</u>	<u>7,383</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, 2022**

	Original Appropriated Amounts	Final Appropriated Amounts	Actual Appropriation Basis	Over (Under) Appropriation
Public works:				
Salaries	\$ 25,410	\$ 25,410	\$ 29,475	\$ 4,065
Employee benefits	11,596	11,596	12,233	637
Repairs and maintenance	20,350	33,282	56,655	23,373
Insurance	6,563	6,563	7,271	708
Telephone and internet	300	300	274	(26)
Street lighting	-	-	1,070	1,070
Professional services	13,550	13,550	10,877	(2,673)
Operating supplies	13,000	13,000	7,486	(5,514)
Miscellaneous	-	8,208	8,208	-
Capital outlay	45,000	45,000	46,129	1,129
Total public works	<u>135,769</u>	<u>156,909</u>	<u>179,678</u>	<u>22,769</u>
Public safety:				
Salaries	97,410	97,410	97,560	150
Employee benefits	29,170	29,170	28,917	(253)
Repairs and maintenance	2,400	2,400	2,700	300
Insurance	11,643	11,643	8,878	(2,765)
Telephone and internet	2,400	2,400	1,978	(422)
Travel	500	500	472	(28)
Training	1,100	1,100	237	(863)
Postage	50	50	11	(39)
Printing, advertising, and publications	375	375	63	(312)
Dues and fees	17,200	17,200	17,751	551
Office supplies	250	250	-	(250)
Operating supplies	6,500	6,500	7,810	1,310
Uniforms	975	975	765	(210)
Miscellaneous	1,500	12,518	16,099	3,581
Total public safety	<u>171,473</u>	<u>182,491</u>	<u>183,241</u>	<u>750</u>
Culture and recreation:				
Salaries	38,410	38,410	40,195	1,785
Employee benefits	12,663	12,663	13,118	455
Repairs and maintenance	4,500	4,500	6,186	1,686
Insurance	5,676	5,676	5,490	(186)
Professional services	5,500	5,500	20,779	15,279
Operating supplies	8,500	8,500	15,188	6,688
Miscellaneous	-	36,373	32,906	(3,467)
Capital outlay	13,900	13,900	8,204	(5,696)
Total culture and recreation	<u>89,149</u>	<u>125,522</u>	<u>142,066</u>	<u>16,544</u>
Total expenditures	<u>512,232</u>	<u>587,237</u>	<u>634,683</u>	<u>47,446</u>
Other financing sources (uses)				
Transfers from other funds	94,250	254,250	28,000	(226,250)
Transfers to other funds	(85,500)	(245,500)	(28,000)	217,500
Total other financing sources (uses)	<u>8,750</u>	<u>8,750</u>	<u>-</u>	<u>(8,750)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (1,807)</u>	<u>\$ 18,039</u>	<u>\$ 204,826</u>	<u>\$ 195,537</u>
Fund balance, beginning			1,278,628	
Fund balance, ending			<u>\$ 1,483,454</u>	

VILLAGE OF DURAND

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

**MOTOR FUEL TAX FUND
Year Ended April 30, 2022**

	<u>Original & Final Appropriated Amounts</u>	<u>Actual Appropriation Basis</u>	<u>Over (Under) Appropriation</u>
Revenues received			
Taxes:			
Motor fuel tax	\$ 40,000	\$ 89,136	\$ 49,136
Total taxes	<u>40,000</u>	<u>89,136</u>	<u>49,136</u>
Investment income	1,200	40	(1,160)
Total revenues	<u>41,200</u>	<u>89,176</u>	<u>47,976</u>
 Expenditures disbursed			
Public works:			
Street lighting	\$ 12,000	\$ 10,832	\$ (1,168)
Street maintenance	109,000	63,878	(45,122)
Engineering services	<u>8,900</u>	<u>5,906</u>	<u>(2,994)</u>
Total public works	<u>129,900</u>	<u>80,616</u>	<u>(49,284)</u>
Total expenditures	<u>129,900</u>	<u>80,616</u>	<u>(49,284)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (88,700)</u>	\$ 8,560	<u>\$ 97,260</u>
Fund balance, beginning		<u>51,819</u>	
Fund balance, ending		<u>\$ 60,379</u>	

VILLAGE OF DURAND

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

TIF FUND

Year Ended April 30, 2022

	<u>Original & Final Appropriated Amounts</u>	<u>Actual Appropriation Basis</u>	<u>Over (Under) Appropriation</u>
Revenues received			
Taxes:			
Property tax	\$ 26,900	\$ 31,975	\$ 5,075
Total taxes	<u>26,900</u>	<u>31,975</u>	<u>\$ 5,075</u>
Investment income	1,200	43	(1,157)
Total revenues	<u>28,100</u>	<u>32,018</u>	<u>3,918</u>
 Expenditures disbursed			
Public works:			
Professional fees	\$ 3,000	\$ 3,930	\$ 930
Engineering services	10,000	-	(10,000)
Office supplies	30	-	(30)
Miscellaneous	20,000	20,000	-
Total public works	<u>33,030</u>	<u>23,930</u>	<u>(9,100)</u>
Total expenditures	<u>33,030</u>	<u>23,930</u>	<u>(9,100)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (4,930)</u>	<u>\$ 8,088</u>	<u>\$ 13,018</u>
Fund balance, beginning		<u>46,311</u>	
Fund balance, ending		<u><u>\$ 54,399</u></u>	

VILLAGE OF DURAND

Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance – Appropriation vs. Actual – Modified Cash Basis April 30, 2022

(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 all major governmental funds. 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

During the fiscal year ended April 30, 2022, the Village over expended its appropriations in the following funds.

	<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>
General		\$ 634,683	\$ 587,237

The Motor Fuel Tax and TIF Funds were operated within the legal confines of their appropriations during the current fiscal year.

VILLAGE OF DURAND

Illinois Municipal Retirement Fund
Schedule of Changes in the Net Pension Liability and Related Ratios
April 30, 2022

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total pension liability							
Service cost	\$ 21,490	\$ 21,239	\$ 20,221	\$ 18,998	\$ 20,033	\$ 18,786	\$ 17,876
Interest on the total pension liability	81,696	79,519	101,681	101,805	97,198	90,636	88,452
Differences between expected and actual experience of the total pension liability	24,896	20,452	(344,803)	(16,542)	91,084	57,243	(18,096)
Changes of assumptions	-	(10,164)	-	34,526	(45,216)	(4,478)	-
Benefit payments, including refunds of employee contributions	(82,075)	(80,192)	(86,397)	(102,199)	(100,122)	(60,218)	(58,693)
Net change in total pension liability	46,007	30,854	(309,298)	36,588	62,977	101,969	29,539
Total pension liability – beginning	1,157,139	1,126,285	1,435,583	1,398,995	1,336,018	1,234,049	1,204,510
Total pension liability – ending (a)	\$ 1,203,146	\$ 1,157,139	\$ 1,126,285	\$ 1,435,583	\$ 1,398,995	\$ 1,336,018	\$ 1,234,049
Plan fiduciary net position							
Contributions – employer	\$ 42,599	\$ 42,052	\$ 41,509	\$ 35,756	\$ 39,827	\$ 37,439	\$ 32,071
Contributions – employee	9,741	9,146	9,211	8,478	7,226	8,394	7,763
Net investment income	165,300	124,542	207,973	(81,696)	174,228	63,748	4,440
Benefit payments, including refunds of employee contributions	(82,075)	(80,192)	(86,397)	(102,199)	(100,122)	(60,218)	(58,693)
Other (net transfer)	1,997	10,107	(364,650)	37,003	14,674	6,783	35,318
Net change in plan fiduciary net position	137,562	105,655	(192,354)	(102,658)	135,833	56,146	20,899
Plan fiduciary net position – beginning	920,904	815,249	1,007,603	1,110,261	974,428	918,282	897,383
Plan fiduciary net position – ending (b)	1,058,466	920,904	815,249	1,007,603	1,110,261	974,428	918,282
Net pension liability – ending (a)-(b)	\$ 144,680	\$ 236,235	\$ 311,036	\$ 427,980	\$ 288,734	\$ 361,590	\$ 315,767
Plan fiduciary net position as a percentage of the total pension liability	87.97%	79.58%	72.38%	70.19%	79.36%	72.94%	74.41%
Covered valuation payroll	\$ 216,456	\$ 203,247	\$ 204,680	\$ 188,390	\$ 160,579	\$ 186,539	\$ 172,509
Net pension liability as a percentage of covered valuation payroll	66.84%	116.23%	151.96%	227.18%	179.81%	193.84%	183.04%

VILLAGE OF DURAND

**Illinois Municipal Retirement Fund
Multiyear Schedule of Contributions
April 30, 2022**

Calendar Year Ended 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%
2018	35,756	35,756	-	188,390	18.98%
2019	41,509	41,509	-	204,680	20.28%
2020	42,052	42,052	-	203,247	20.69%
2021	42,599	42,599	-	216,456	19.68%

See notes to schedule of contributions.

VILLAGE OF DURAND

Notes to Schedule of Contributions Year Ended April 30, 2022

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 2021 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 2021 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): 22-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	3.25%
Price inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments made to match current IMRF experience. For disabled lives, 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. For active members, an IMRF-specific

VILLAGE OF DURAND

Notes to Schedule of Contributions

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.

(c) Other Information

There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2019, actuarial valuation; note two year lag between valuation and rate setting.



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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, 2022, and have issued our report thereon dated September 23, 2022.

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 noncompliance 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.

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September 23, 2022

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VILLAGE OF DURAND

April 30, 2022

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

Utility system users:

Water - metered	663
Sewer	633
Refuse and recycling	497

Rates:

	Rate in effect 4/30/2021	Rate change effective 6/1/2021
Water -metered rates		
Base rate: 0 - 3,000 gallons		
Residential/Commercial	33.00	33.00
Laundromat	57.02	57.02
Car wash	85.11	85.11
Nursing home	246.11	246.11
School	113.42	113.42
3,000+ gallons	.0035/gallon	.0035/gallon
Administrative fee	2.50	2.50
Sewer - flat rates		
Residential	30.50	32.00
Commercial 1	30.50	32.00
Commercial 2	30.50	32.00
Laundromat	112.91	118.47
Car wash	234.90	246.46
Nursing home	1,310.69	1,375.18
School	298.48	313.17
Garbage - flat rate		
Residential only	12.00	12.00

Consumption:

Water - gallons pumped	34,613,000
Water - gallons billed	30,747,000
Sewerage - (influent) gallons treated	165,318,000
Water - purchased	none

VILLAGE OF DURAND

April 30, 2022

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, 2022

Type of policy and coverages:

Liability coverages:

Description	Total Available Limits
* General Liability	\$8,000,000 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	\$16,000,000 annual aggregate, each member, as respects *
* 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	
Premises Medical Payments	\$3,000 each person
	\$1,000,000 each occurrence
Fire Legal Liability	\$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, 2022

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:

Description	Total Available Limits
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 and Electronic Media/Records	\$50,000 each occurrence
Flood/Earthquake	\$76,500,000 annual aggregate, all members
Limits apply separately to each peril	

Stand-alone coverages:

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

Public Official Position Bond -

Position	Amount of Guarantee
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 23, 2022 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, 2022. 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, 2022 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 23, 2022

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