

CITY OF DURAND, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021



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**CITY OF DURAND, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	5
STATEMENT OF ACTIVITIES	6
BALANCE SHEET – GOVERNMENTAL FUNDS	7
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	11
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	14
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	15
STATEMENT OF NET POSITION – FIDUCIARY FUNDS	17
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS	18
NOTES TO BASIC FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	
1 – BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	56
2 – BUDGETARY COMPARISON SCHEDULE – CDBG FUND	57
3 – SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY – LAST TEN MEASUREMENT PERIODS	58
4 – SCHEDULE OF CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN – LAST TEN FISCAL YEARS	59

**CITY OF DURAND, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

5 – SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND MULTIEMPLOYER OPEB PLAN – LAST TEN MEASUREMENT PERIODS	60
6 – SCHEDULE OF CITY'S CONTRIBUTIONS TO WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND MULTIEMPLOYER OPEB PLAN – LAST TEN FISCAL YEARS	61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	62
SUPPLEMENTARY INFORMATION	
INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
GENERAL FUND	
B-1 – DETAILED BALANCE SHEET	65
WATER UTILITY ENTERPRISE FUND	
B-2 – STATEMENT OF NET POSITION	66
B-3 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	68
B-4 – STATEMENT OF CASH FLOWS	69
B-5 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	71
SEWER UTILITY ENTERPRISE FUND	
B-6 – STATEMENT OF NET POSITION	72
B-7 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	74
B-8 – STATEMENT OF CASH FLOWS	75
B-9 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	77
STORM WATER UTILITY ENTERPRISE FUND	
B-10 – STATEMENT OF NET POSITION	78
B-11 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	79
B-12 – STATEMENT OF CASH FLOWS	80

**CITY OF DURAND, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

B-13 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	81
AMBULANCE SERVICE ENTERPRISE FUND	
B-14 – STATEMENT OF NET POSITION	82
B-15 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	83
B-16 – STATEMENT OF CASH FLOWS	84
B-17 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	85
SINGLE AUDIT SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	87
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	88
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	89
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	91
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	94



INDEPENDENT AUDITORS' REPORT

City Council
City of Durand
Durand, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Durand, Wisconsin (City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government 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 GAAS and *Government 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the year ended December 31, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We have also previously audited, in accordance with GAAS, the basic financial statements of the City for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated October 28, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 18, 2023

**CITY OF DURAND, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 2,581,286	\$ 469,827	\$ 3,051,113
Taxes Receivable	718,317	34,423	752,740
Accounts Receivable, Net	268,324	166,757	435,081
Due from Other Governmental Units	171,146	16,342	187,488
Prepayments	10,351	1,025	11,376
Inventories	-	17,101	17,101
Long-Term Receivables	903,289	-	903,289
Internal Balances	31,162	(31,162)	-
Restricted Assets:			
Cash and Investments	-	54,702	54,702
Wisconsin Retirement System Net Pension Asset	166,729	137,151	303,880
Capital Assets:			
Capital Assets Not Being Depreciated	1,274,316	55,586	1,329,902
Capital Assets Being Depreciated	11,814,604	14,205,973	26,020,577
Accumulated Depreciation	<u>(6,903,974)</u>	<u>(6,741,217)</u>	<u>(13,645,191)</u>
Total Assets	11,035,550	8,386,508	19,422,058
DEFERRED OUTFLOWS OF RESOURCES			
State Life Insurance Other Postemployment Benefits Related	44,756	36,784	81,540
Wisconsin Retirement System Pension Related Items	279,565	229,969	509,534
Total Deferred Outflows of Resources	<u>324,321</u>	<u>266,753</u>	<u>591,074</u>
LIABILITIES			
Vouchers and Accounts Payable	284,295	7,935	292,230
Accrued Interest Payable	14,724	20,382	35,106
Payroll Taxes and Withholdings	20,221	-	20,221
Unearned Revenue	-	21,177	21,177
Noncurrent Liabilities:			
Amounts Due Within One Year	253,948	222,429	476,377
Amounts Due in More than One Year	1,920,654	2,846,302	4,766,956
State Life Insurance Net Other Postemployment Benefits Liability	82,704	68,032	150,736
Total Liabilities	<u>2,576,546</u>	<u>3,186,257</u>	<u>5,762,803</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year's Property Taxes	811,844	-	811,844
State Life Insurance Other Postemployment Benefits Related	12,538	10,314	22,852
Wisconsin Retirement System Pension Related Items	365,628	300,767	666,395
Total Deferred Inflows of Resources	<u>1,190,010</u>	<u>311,081</u>	<u>1,501,091</u>
NET POSITION			
Net Investment in Capital Assets	4,035,686	4,499,731	8,535,417
Restricted for:			
Debt Service	-	43,525	43,525
Capital Projects and Plant Replacement	85,305	1,020	86,325
Wisconsin Retirement System Net Pension Asset	166,729	137,151	303,880
Housing/Business Loan Programs	803,289	-	803,289
Library	149,794	-	149,794
Unrestricted	<u>2,352,512</u>	<u>474,496</u>	<u>2,827,008</u>
Total Net Position	<u>\$ 7,593,315</u>	<u>\$ 5,155,923</u>	<u>\$ 12,749,238</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 163,453	\$ 18,107	\$ -	\$ -	\$ (145,346)	\$ -	\$ (145,346)
Public Safety	716,824	72,846	107,975	-	(536,003)	-	(536,003)
Public Works	487,238	91,703	472,015	-	76,480	-	76,480
Health and Human Services	10,239	3,693	-	-	(6,546)	-	(6,546)
Culture, Recreation, and Education	282,817	25,583	71,163	-	(186,071)	-	(186,071)
Conservation and Development	66,278	-	-	-	(66,278)	-	(66,278)
Interest and Fiscal Charges	128,810	-	171,146	-	42,336	-	42,336
Total Governmental Activities	<u>1,855,659</u>	<u>211,932</u>	<u>822,299</u>	-	<u>(821,428)</u>	-	<u>(821,428)</u>
BUSINESS-TYPE ACTIVITIES							
Water	440,557	497,247	-	245,490	-	302,180	302,180
Sewer	588,384	580,038	-	107,672	-	99,326	99,326
Storm Water	134,305	175,331	-	110,381	-	151,407	151,407
Ambulance	332,466	162,811	5,413	-	-	(164,242)	(164,242)
Total Business-Type Activities	<u>1,495,712</u>	<u>1,415,427</u>	<u>5,413</u>	<u>463,543</u>	-	<u>388,671</u>	<u>388,671</u>
Total Primary Government	<u>\$ 3,351,371</u>	<u>\$ 1,627,359</u>	<u>\$ 827,712</u>	<u>\$ 463,543</u>	<u>(821,428)</u>	<u>388,671</u>	<u>(432,757)</u>
GENERAL REVENUES							
Taxes:							
Property Taxes, Levied for General Purposes					703,434	-	703,434
Property Taxes, Levied for TIF Districts					72,320	-	72,320
Grants and Contributions not Restricted for a Particular Purpose					489,441	-	489,441
Interest and Investment Earnings					5,992	1,502	7,494
Miscellaneous					129,351	-	129,351
TRANSFERS					55,999	(55,999)	-
Total General Revenues and Transfers					<u>1,456,537</u>	<u>(54,497)</u>	<u>1,402,040</u>
CHANGE IN NET POSITION					635,109	334,174	969,283
Net Position - Beginning of Year					<u>6,958,206</u>	<u>4,821,749</u>	<u>11,779,955</u>
NET POSITION - END OF YEAR					<u>\$ 7,593,315</u>	<u>\$ 5,155,923</u>	<u>\$ 12,749,238</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Major Funds						Total Governmental Funds
	General Fund	CDBG Loan Fund	Debt Service Fund	Tax Incremental District #3 Fund	Library Fund	3rd Ave Reconstruction CDBG Project Funds	
ASSETS							
Treasurer's Cash and Investments	\$ 2,229,051	\$ 73,498	\$ 76,265	\$ 33,425	\$ 169,047	\$ -	\$ 2,581,286
Taxes Receivable	358,013	-	199,885	83,115	77,304	-	718,317
Accounts Receivable	216,444	-	-	51,880	-	-	268,324
Due from Other Governmental Units	-	-	-	-	-	171,146	171,146
Due from Other Funds	267,443	-	-	-	-	-	267,443
Prepayments	10,351	-	-	-	-	-	10,351
Advances to Other Funds	27,692	-	-	-	-	-	27,692
Long-Term Receivables	173,498	729,791	-	-	-	-	903,289
Total Assets	\$ 3,282,492	\$ 803,289	\$ 276,150	\$ 168,420	\$ 246,351	\$ 171,146	\$ 4,947,848
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Vouchers and Accounts Payable	\$ 265,042	\$ -	\$ -	\$ -	\$ 19,253	\$ -	\$ 284,295
Payroll Withholdings	20,221	-	-	-	-	-	20,221
Due to Other Funds	-	-	124,790	-	-	139,183	263,973
Total Liabilities	285,263	-	124,790	-	19,253	139,183	568,489
DEFERRED INFLOWS OF RESOURCES							
Succeeding Year's Property Taxes	451,540	-	199,885	83,115	77,304	-	811,844
Unavailable Revenue - Long-Term Receivables	-	729,791	-	-	-	171,146	900,937
Total Deferred Inflows of Resources	451,540	729,791	199,885	83,115	77,304	171,146	1,712,781
FUND BALANCES							
Nonspendable	220,089	-	-	-	-	-	220,089
Restricted	-	73,498	-	85,305	149,794	-	308,597
Assigned	675,000	-	-	-	-	-	675,000
Unassigned	1,650,600	-	(48,525)	-	-	(139,183)	1,462,892
Total Fund Balances	2,545,689	73,498	(48,525)	85,305	149,794	(139,183)	2,666,578
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,282,492	\$ 803,289	\$ 276,150	\$ 168,420	\$ 246,351	\$ 171,146	\$ 4,947,848

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 2,666,578

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 91,147	
Construction Work in Progress	1,183,169	
Land Improvements	431,080	
Buildings	1,775,096	
Equipment and Vehicles	2,142,957	
Infrastructure	7,465,471	
Accumulated Depreciation	<u>(6,903,974)</u>	6,184,946

Some receivables, including special assessments, are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

900,937

Net Wisconsin Retirement System pension plan asset, liability and related deferred outflows and inflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Plan Asset	166,729	
Deferred Outflows of Resources	279,565	
Deferred Inflows of Resources	<u>(365,628)</u>	80,666

Net State Life Insurance other postemployment plan asset, liability and related deferred outflows and inflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net OPEB Plan Liability	(82,704)	
Deferred Outflows of Resources	44,756	
Deferred Inflows of Resources	<u>(12,538)</u>	(50,486)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

General Obligation Bonds Payable	1,550,000	
General Obligation Notes Payable	465,000	
Unamortized Bond Premium	134,260	
Accrued Interest on Long-Term Debt	14,724	
Compensated Absences Payable	<u>25,342</u>	<u>(2,189,326)</u>

Total Net Position of Governmental Activities \$ 7,593,315

**CITY OF DURAND, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Major Funds						Total Governmental Funds
	General Fund	CDBG Loan Fund	Debt Service Fund	Tax Incremental District #3 Fund	Library Fund	3rd Ave Reconstruction CDBG Project Funds	
REVENUES							
Taxes	\$ 446,820	\$ -	\$ 179,310	\$ 72,320	\$ 77,304	\$ -	\$ 775,754
Intergovernmental	700,433	-	-	1,224	66,663	367,773	1,136,093
Licenses and Permits	18,851	-	-	-	-	-	18,851
Fines and Forfeits	9,120	-	-	-	-	-	9,120
Public Charges for Services	135,696	-	-	-	-	-	135,696
Intergovernmental Charges for Services	48,266	-	-	-	-	-	48,266
Miscellaneous:							
Interest	5,891	96	-	-	4	-	5,991
Rent	26,550	-	-	-	-	-	26,550
Sale of Property	8,107	-	-	-	-	-	8,107
Donations	2,501	-	-	-	4,500	-	7,001
Loan Repayments	-	36,375	-	-	-	-	36,375
Other	18,215	-	-	-	28,630	-	46,845
Total Revenues	<u>1,420,450</u>	<u>36,471</u>	<u>179,310</u>	<u>73,544</u>	<u>177,101</u>	<u>367,773</u>	<u>2,254,649</u>
EXPENDITURES							
General Government	169,064	-	-	-	-	-	169,064
Public Safety	722,190	-	-	-	-	-	722,190
Public Works	402,490	-	-	-	-	1,118,240	1,520,730
Health and Human Services	9,787	-	-	-	-	-	9,787
Culture, Recreation, and Education	104,345	-	-	-	127,068	-	231,413
Conservation and Development	4,648	55,492	-	989	-	-	61,129
Debt Service:							
Principal	-	-	87,470	-	-	-	87,470
Interest and Fiscal Charges	-	-	74,491	-	-	-	74,491
Debt Issuance Costs	-	-	36,482	-	-	16,418	52,900
Total Expenditures	<u>1,412,524</u>	<u>55,492</u>	<u>198,443</u>	<u>989</u>	<u>127,068</u>	<u>1,134,658</u>	<u>2,929,174</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Major Funds						Total Governmental Funds
	General Fund	CDBG Loan Fund	Debt Service Fund	Tax Incremental District #3 Fund	Library Fund	3rd Ave Reconstruction CDBG Project Funds	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 7,926	\$ (19,021)	\$ (19,133)	\$ 72,555	\$ 50,033	\$ (766,885)	\$ (674,525)
OTHER FINANCING SOURCES (USES)							
Refunding Bonds Issued	-	-	1,340,000	-	-	-	1,340,000
Bonds Issued	-	-	-	-	-	675,000	675,000
Premium on Debt Issued	-	-	133,177	-	-	6,184	139,361
Transfers In	55,999	-	74,340	-	-	-	130,339
Transfers Out	-	-	-	(74,340)	-	-	(74,340)
Proceeds from Sale of Capital Assets	8,974	-	-	-	-	-	8,974
Payment to Refunding Bond Escrow	-	-	(1,523,334)	-	-	-	(1,523,334)
Total Other Financing Sources (Uses)	<u>64,973</u>	<u>-</u>	<u>24,183</u>	<u>(74,340)</u>	<u>-</u>	<u>681,184</u>	<u>696,000</u>
NET CHANGE IN FUND BALANCES	72,899	(19,021)	5,050	(1,785)	50,033	(85,701)	21,475
Fund Balances - Beginning of Year	<u>2,472,790</u>	<u>92,519</u>	<u>(53,575)</u>	<u>87,090</u>	<u>99,761</u>	<u>(53,482)</u>	<u>2,645,103</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,545,689</u>	<u>\$ 73,498</u>	<u>\$ (48,525)</u>	<u>\$ 85,305</u>	<u>\$ 149,794</u>	<u>\$ (139,183)</u>	<u>\$ 2,666,578</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 21,475

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 1,302,198	
Depreciation Expense Reported in the Statement of Activities	<u>(342,902)</u>	959,296

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements. 164,154

Pension and other postemployment expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in net pension and other postemployment benefit asset, liability, and related deferred outflows and inflows of resources. 38,484

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the Statement of Activities. Long-term debt incurred in the current year is:

General Obligation Bonds	1,550,000	
General Obligation Notes	<u>465,000</u>	(2,015,000)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

General Obligation Bonds Principal Retirement	445,000	
General Obligation Notes Principal Retirement	<u>1,165,804</u>	1,610,804

Debt issuance and refinancing costs, discounts, and premiums are reported as expenditures/other financing sources/uses in governmental fund but are deferred in the government wide statements and amortized over the life of the related debt. (139,361)

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	(3,912)	
Amortization of Debt Premium	5,101	
Amortization of Debt Refunding Loss	(2,608)	
Net Change in Compensated Absences Payable	<u>(3,324)</u>	<u>(4,743)</u>

Change in Net Position of Governmental Activities		<u>\$ 635,109</u>
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**CITY OF DURAND, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

ASSETS	Business-Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Storm Water Utility	Ambulance Fund	Totals
CURRENT ASSETS					
Cash and Investments	\$ 204,485	\$ 25,687	\$ 239,655	\$ -	\$ 469,827
Accounts Receivable:					
Customer/Patient	31,439	67,748	16,258	129,959	245,404
Allowance for Doubtful Accounts	-	-	-	(80,000)	(80,000)
Other Accounts Receivable	-	713	-	640	1,353
Accounts Receivable on Tax Roll	10,043	20,800	3,580	-	34,423
Due from Other Governmental Units	-	-	-	16,342	16,342
Prepayments	-	-	-	1,025	1,025
Prepaid Supplies	17,101	-	-	-	17,101
Total Current Assets	<u>263,068</u>	<u>114,948</u>	<u>259,493</u>	<u>67,966</u>	<u>705,475</u>
RESTRICTED ASSETS					
Equipment Replacement Fund Investments	-	1,020	-	-	1,020
Wisconsin Retirement System Net Pension Asset	55,718	65,475	15,958	-	137,151
Debt Redemption Fund Investments:					
Revenue Bonds	53,682	-	-	-	53,682
Total Restricted Assets	<u>109,400</u>	<u>66,495</u>	<u>15,958</u>	<u>-</u>	<u>191,853</u>
CAPITAL ASSETS					
Property and Plant in Service	4,711,835	6,066,988	2,889,088	582,202	14,250,113
Less: Accumulated Depreciation	1,981,334	3,170,885	1,319,335	269,663	6,741,217
Net Capital Assets	<u>2,730,501</u>	<u>2,896,103</u>	<u>1,569,753</u>	<u>312,539</u>	<u>7,508,896</u>
Construction Work in Progress	-	-	-	11,446	11,446
Total Capital Assets	<u>2,730,501</u>	<u>2,896,103</u>	<u>1,569,753</u>	<u>323,985</u>	<u>7,520,342</u>
Total Assets	3,102,969	3,077,546	1,845,204	391,951	8,417,670
DEFERRED OUTFLOWS OF RESOURCES					
State Life Insurance Other Post-Employment Benefits Related	14,956	17,575	4,253	-	36,784
Wisconsin Retirement System Related Items	93,426	109,784	26,759	-	229,969
Total Deferred Outflows of Resources	<u>108,382</u>	<u>127,359</u>	<u>31,012</u>	<u>-</u>	<u>266,753</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Storm Water Utility	Ambulance Fund	
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	\$ 2,732	\$ 4,534	\$ 146	\$ 523	\$ 7,935
Accrued Interest	10,157	8,575	1,650	-	20,382
Due to Other Funds	-	-	-	3,470	3,470
Unearned Revenue	-	-	-	21,177	21,177
Current Portion of Long-Term Debt:					
Revenue Bonds	49,346	33,776	-	-	83,122
General Obligation Bonds	20,000	90,000	10,000	-	120,000
Unamortized Debt Premium	579	3,978	208	-	4,765
Accrued Compensated Absences	4,685	5,573	1,468	938	12,664
Total Current Liabilities	<u>87,499</u>	<u>146,436</u>	<u>13,472</u>	<u>26,108</u>	<u>273,515</u>
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)					
Revenue Bonds	849,578	672,300	-	-	1,521,878
General Obligation Bonds	595,000	445,000	205,000	-	1,245,000
Unamortized Debt Premium	13,495	30,638	1,713	-	45,846
Accrued Compensated Absences	13,887	16,162	4,145	1,262	35,456
State Life Insurance Net Other Post-Employment Benefits Liability	27,638	32,478	7,916	-	68,032
Advances from Other Funds	-	-	27,692	-	27,692
Total Long-Term Liabilities	<u>1,499,598</u>	<u>1,196,578</u>	<u>246,466</u>	<u>1,262</u>	<u>2,943,904</u>
Total Liabilities	1,587,097	1,343,014	259,938	27,370	3,217,419
DEFERRED INFLOWS OF RESOURCES					
State Life Insurance Other Post-Employment Benefits Related	4,190	4,924	1,200	-	10,314
Wisconsin Retirement System Related Items	122,187	143,584	34,996	-	300,767
Total Deferred Inflows of Resources	<u>126,377</u>	<u>148,508</u>	<u>36,196</u>	<u>-</u>	<u>311,081</u>
NET POSITION					
Net Investment in Capital Assets	1,202,503	1,620,411	1,352,832	323,985	4,499,731
Restricted for Equipment Replacement	-	1,020	-	-	1,020
Restricted for Debt Service	43,525	-	-	-	43,525
Restricted for Wisconsin Retirement System Net Pension Asset	55,718	65,475	15,958	-	137,151
Unrestricted	196,131	26,477	211,292	40,596	474,496
Total Net Position	<u>\$ 1,497,877</u>	<u>\$ 1,713,383</u>	<u>\$ 1,580,082</u>	<u>\$ 364,581</u>	<u>\$ 5,155,923</u>

See accompanying Notes to Basic Financial Statements.

CITY OF DURAND, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Storm Water Utility	Ambulance Fund	
OPERATING REVENUES					
Charges for Services	\$ 454,587	\$ 575,800	\$ 158,469	\$ 102,925	\$ 1,291,781
Intergovernmental:					
Grants	-	-	-	8,509	8,509
Contracts	-	-	-	50,111	50,111
Other Operating Revenues	42,660	4,238	16,862	1,266	65,026
Total Operating Revenues	<u>497,247</u>	<u>580,038</u>	<u>175,331</u>	<u>162,811</u>	<u>1,415,427</u>
OPERATING EXPENSES					
Operation and Maintenance	277,038	392,426	60,770	280,198	1,010,432
Depreciation	109,505	147,018	64,674	52,268	373,465
Total Operating Expenses	<u>386,543</u>	<u>539,444</u>	<u>125,444</u>	<u>332,466</u>	<u>1,383,897</u>
OPERATING INCOME (LOSS)	110,704	40,594	49,887	(169,655)	31,530
NONOPERATING REVENUES (EXPENSES)					
Interest Revenue	-	100	-	1,402	1,502
Donations	-	-	-	5,413	5,413
Interest Expense	(36,640)	(34,850)	(2,612)	-	(74,102)
Debt Issuance Cost	(18,014)	(15,671)	(6,298)	-	(39,983)
Amortization of Debt Premium	640	1,581	49	-	2,270
Total Nonoperating Revenue (Expenses)	<u>(54,014)</u>	<u>(48,840)</u>	<u>(8,861)</u>	<u>6,815</u>	<u>(104,900)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	56,690	(8,246)	41,026	(162,840)	(73,370)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Grants	245,490	107,672	110,381	-	463,543
Transfer to Governmental Funds - Property Tax Equivalent	(55,999)	-	-	-	(55,999)
Total Contributions and Transfers	<u>189,491</u>	<u>107,672</u>	<u>110,381</u>	<u>-</u>	<u>407,544</u>
CHANGE IN NET POSITION	246,181	99,426	151,407	(162,840)	334,174
Net Position - Beginning of Year	<u>1,251,696</u>	<u>1,613,957</u>	<u>1,428,675</u>	<u>527,421</u>	<u>4,821,749</u>
NET POSITION - END OF YEAR	<u>\$ 1,497,877</u>	<u>\$ 1,713,383</u>	<u>\$ 1,580,082</u>	<u>\$ 364,581</u>	<u>\$ 5,155,923</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Storm Water Utility	Ambulance Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Utility Customers	\$ 353,061	\$ 572,636	\$ 172,994	\$ 127,320	\$ 1,226,011
Cash Received for Public Fire Protection	134,897	-	-	-	134,897
Cash Received (Paid) for Meter Related Charges	10,488	(10,488)	-	-	-
Cash Received for Contracts and Grants	-	-	-	47,037	47,037
Cash Paid to Suppliers for Goods and Services	(105,037)	(168,313)	(14,556)	(61,332)	(349,238)
Cash Paid for Employee Services	(183,836)	(213,549)	(63,734)	(220,930)	(682,049)
Net Cash Provided (Used) by Operating Activities	<u>209,573</u>	<u>180,286</u>	<u>94,704</u>	<u>(107,905)</u>	<u>376,658</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Donations Received	-	-	-	5,413	5,413
Working Capital Provided by (Repaid to) General Fund	-	-	(27,145)	-	(27,145)
Cash Payments for Tax Equivalent	(55,999)	-	-	-	(55,999)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(55,999)</u>	<u>-</u>	<u>(27,145)</u>	<u>5,413</u>	<u>(77,731)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Payments for Capital Assets	(887,073)	(583,750)	(303,891)	(8,451)	(1,783,165)
Cash Received for Sale of Capital Assets	-	-	-	16,158	16,158
Cash Received from Grants	245,490	-	110,381	-	355,871
Cash Received from Governmental Funds	-	-	-	3,470	3,470
Cash Received from Customer Contributions and Grants	-	107,672	-	-	107,672
Cash Received from Issuance of Debt	615,000	255,000	215,000	-	1,085,000
Cash Received from Debt Premium	4,995	25,537	1,921	-	32,453
Principal Paid on Long-Term Debt	(46,224)	(33,776)	-	-	(80,000)
Interest Paid on Long-Term Debt	(31,632)	(30,220)	(913)	-	(62,765)
Cash Payment for Debt Issuance Costs	(18,014)	(15,671)	(6,298)	-	(39,983)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(117,458)</u>	<u>(275,208)</u>	<u>16,200</u>	<u>11,177</u>	<u>(365,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	-	100	-	1,402	1,502
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>36,116</u>	<u>(94,822)</u>	<u>83,759</u>	<u>(89,913)</u>	<u>(64,860)</u>
Cash and Cash Equivalents - Beginning of Year	<u>222,051</u>	<u>121,529</u>	<u>155,896</u>	<u>89,913</u>	<u>589,389</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 258,167</u>	<u>\$ 26,707</u>	<u>\$ 239,655</u>	<u>\$ -</u>	<u>\$ 524,529</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Storm Water Utility	Ambulance Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 110,704	\$ 40,594	\$ 49,887	\$ (169,655)	\$ 31,530
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	109,505	147,018	64,674	52,268	373,465
Net Change in WRS Net Pension Asset	(28,804)	(33,848)	(8,249)	-	(70,901)
Net Change in WRS Pension Deferred Outflows	(29,041)	(34,121)	(8,318)	-	(71,480)
Net Change in WRS Pension Deferred Inflows	41,192	48,405	11,796	-	101,393
Net Change in State Life Insurance Deferred Outflows	(3,662)	(4,404)	(984)	-	(9,050)
Net Change in State Life Insurance Liability	7,608	8,940	2,179	-	18,727
Net Change in State Life Insurance Deferred Inflows	(54)	(63)	(74)	-	(191)
(Increase) Decrease in Assets:					
Customer Accounts Receivable	4	(8,167)	(2,138)	23,129	12,828
Other Accounts Receivable	1,195	-	-	-	1,195
Accounts Receivable on Tax Roll	-	765	(199)	-	566
Inventories	(2,960)	-	-	-	(2,960)
Increase (Decrease) in Liabilities:					
Accounts Payable	1,968	(1,726)	14	(2,352)	(2,096)
Compensated Absences	1,918	16,893	(13,884)	288	5,215
Unearned Revenues	-	-	-	(11,583)	(11,583)
Net Cash Provided (Used) by Operating Activities	<u>\$ 209,573</u>	<u>\$ 180,286</u>	<u>\$ 94,704</u>	<u>\$ (107,905)</u>	<u>\$ 376,658</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS					
Cash and Investments per Statement of Net Position:					
Cash and Investments	\$ 204,485	\$ 25,687	\$ 239,655	\$ -	\$ 469,827
Cash and Investments - Restricted	53,682	1,020	-	-	54,702
Total Cash and Cash Equivalents	<u>\$ 258,167</u>	<u>\$ 26,707</u>	<u>\$ 239,655</u>	<u>\$ -</u>	<u>\$ 524,529</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Refunding Proceeds Paid Directly to Bond Escrow Agent	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,000</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 374,142
Taxes Receivable	<u>1,261,522</u>
Total Assets	<u>1,635,664</u>
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Taxes	<u>1,635,664</u>
 NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 1,641,911
DEDUCTIONS	
Payments of Taxes to Other Governments	<u>1,641,911</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Durand (the City) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City of Durand was incorporated on April 12, 1887 under the provisions of the state of Wisconsin. The City is governed by a mayor/council form of government. The council consists of six members and the mayor.

The financial reporting of the City is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the City consist of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the City.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) as described below:

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those accounted for in another fund.

CDBG Loan Fund – The CDBG Housing Loan Fund, a special revenue fund, accounts for the housing rehabilitation loans and the repayments received that are restricted for the purpose of financing rehabilitation loans.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds.

Tax Incremental District #3 Fund – The Tax Incremental District #3 Fund, a capital projects fund, is used to account for revenues and expenditures of the City's Tax Incremental District #3 (TID #3). Transactions of TID #3 are further discussed in Note 2.G.

Library Fund – The Library Fund is a special revenue fund, is used to account for revenues and expenditures of the operating of the City library.

3rd Ave Reconstruction Fund – The 3rd Ave Reconstruction Fund, a capital projects fund, is used to account for revenues and expenditures of the 3rd ave reconstruction project.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

The City reports the following major proprietary funds:

Water Utility – This fund accounts for the operations of the water system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

Sewer Utility – This fund accounts for the operations of the wastewater collection system and treatment facilities.

Storm Water Utility – This fund accounts for the operations of the storm water collection system and related activities.

Ambulance Fund – This fund accounts for the operations of the municipal ambulance department.

Additionally, the City reports the following fiduciary fund:

Custodial Fund – This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The custodial fund is primarily used to account for the collection of property taxes for other government entities.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables, if any, are recorded as revenues when services are provided.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from those estimates.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a) Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b) Bonds or securities issued or guaranteed by the federal government.
- c) Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- d) Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f) Bonds or securities issued under the authority of the municipality.
- g) The local government investment pool.
- h) Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures. Investments of the City are stated at fair value.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore, real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Pepin County Treasurer for collection in February. Pepin County subsequently settles in full with the City in August of the same year, including settlement for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the City as collections are received.) Delinquent personal property taxes are retained by the City for collection. A portion of the general fund balance is classified as nonspendable for the City's investment in delinquent taxes.

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2021 tax roll are recognized as revenue in 2022). Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable. All accounts receivable are shown at gross amounts with uncollectible accounts recognized under the allowance method. An allowance in the amount of \$80,000 is reported in the Ambulance Fund.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Loans Receivable. The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amounts recorded as economic development and housing rehabilitation loans receivable have not been reduced by an allowance for uncollectible accounts. It is the City's policy to record deferred inflows of resources for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

Interfund Balances. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with initial, individual costs as shown below and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 assets lives are not capitalized. Items meeting the preceding definition and exceeding a cost of \$5,000 are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City's policy is to prospectively report infrastructure acquired after adoption of GASB Statement No. 34.

Depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

Assets	Depreciation Method	Estimated Useful Life
Land	N/A	N/A
Land Improvements	Straight-Line	10 - 50 Years
Buildings and Improvements	Straight-Line	10 - 50 Years
Machinery and Equipment	Straight-Line	3 - 15 Years
Infrastructure	Straight-Line	20 - 50 Years
Utility Systems	Straight-Line	4 - 100 Years

6. Deferred Outflows of Resources

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. A deferred outflow of resources is reported in these financial statements for pension and other postemployment benefit related items.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

7. Deferred Inflows of Resources

The City reports increases in net position or fund equity that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. A deferred inflow of resources is reported in these financial statements for pension and other postemployment benefit related items.

In addition to the above pension and other postemployment benefit related deferred inflows, the City also has one other type of deferred inflows of resource, which only arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected more than 60 days after the end of the City's year) under the modified accrual basis of accounting.

8. Wisconsin Retirement System Pension Plan Benefits

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

9. Other Postemployment Benefits (OPEB) – Multiple Employer Plan

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Compensated Absences

Employees are granted sick and vacations leave under terms of employment. In the government-wide and proprietary fund financial statements, vested vacation and sick leave pay is accrued when incurred. A liability for these amounts is reported in governmental funds only if they have matured (i.e. signed employee retirement agreements).

11. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Defining Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water utility, sewer utility, storm sewer utility, and ambulance utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

13. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

14. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the City's financial statements:

Government-Wide and Proprietary Fund Statements. Fund equity is classified as net position in the government-wide, proprietary, and fiduciary fund financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net positions are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

14. Equity Classifications (Continued)

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Council.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. It is the City's policy that at the end of each fiscal year, the City's unassigned portion of fund balance should be at a level between 30% and 50% of general fund expenditures.

Committed fund balance is required to be established, modified, or rescinded by resolution of the Finance Committee prior to each year-end. Based on resolution of the Finance Committee, the City Administrator will have the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require the disclosure of individual funds that have deficit balances at year-end. At December 31, 2021, certain funds had deficit balances as shown below:

Debt Service Fund	\$ (48,525)
3rd Ave Reconstruction Project	\$ (139,183)

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

In the general fund, at December 31, 2021, the expenditures exceeded the budgeted amount for expenditures as shown below:

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Public Safety	\$ 570,290	\$ 570,290	\$ 722,190	\$ (151,900)
Public Works	317,050	317,050	402,490	(85,440)
Culture, Recreation, and Education	104,150	104,150	104,345	(195)

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2021 as shown in the financial statements as follows:

Governmental Funds	\$ 2,581,286
Proprietary Funds	524,529
Fiduciary Funds	374,142
Total	\$ 3,479,957

The above cash and investments balances consisted of the following:

Deposits at Financial Institutions	\$ 3,307,723
Investments in Local Governmental Investment Pool	172,144
Petty Cash	90
Total	\$ 3,479,957

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage for governmental entities of up to \$250,000 for time and savings deposits and an additional \$250,000 for demand deposits. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned. At December 31, 2021, the City's deposits at financial institutions were fully covered by federal and state depository coverage as well as collateral agreements with financial institutions.

Investments

The City's investments at December 31, 2021 consisted of deposits in the following external investment pool:

Deposits in State Local Government Pooled-Investment Fund. The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2021 was 63 days.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The City's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.D.1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the City.

B. Loans Receivable

Community Development Block Grant Loans Receivable. At December 31, 2021, the City had outstanding installment loans under the CDBG program totaling \$729,791. These loans are being repaid to the City under terms established through the program. These notes become due and payable in the event that the maker:

- a. no longer continues to occupy the premises securing this note as a full time residence,
- b. or transfers any legal or equitable interest in the mortgaged premises to anyone for any reason.

Receivables have been recorded in the special revenue fund in the amount of the outstanding balances of these loans and are equally offset by deferred inflows of resources recorded therein. Revenue is recognized in the special revenue fund as collections are received on these loans. Proceeds from the collection of the above loans are restricted for financing similar rehabilitation projects.

Economic Development Loan Receivable – At December 31, 2021, the City had outstanding installment loans under an economic development loan fund program totaling \$173,498. These loans are being repaid to the City under terms established through the program. Proceeds from the collection of the above loans are restricted for financing similar economic development projects.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2021 is as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 91,147	\$ -	\$ -	\$ 91,147
Construction Work in Progress	64,928	1,118,241	-	1,183,169
Total Capital Assets Not Being Depreciated	156,075	1,118,241	-	1,274,316
Capital Assets Being Depreciated:				
Land Improvements	431,080	-	-	431,080
Buildings	1,775,096	-	-	1,775,096
Equipment and Vehicles	1,964,820	178,137	-	2,142,957
Infrastructure	7,459,651	5,820	-	7,465,471
Total Capital Assets Being Depreciated	11,630,647	183,957	-	11,814,604
Total Capital Assets	11,786,722	1,302,198	-	13,088,920
Accumulated Depreciation:				
Land Improvements	133,400	12,615	-	146,015
Buildings	1,322,058	39,353	-	1,361,411
Equipment and Vehicles	1,371,566	85,038	-	1,456,604
Infrastructure	3,734,048	205,896	-	3,939,944
Total Accumulated Depreciation	6,561,072	342,902	-	6,903,974
Net Capital Assets - Governmental Activities	<u>\$ 5,225,650</u>	<u>\$ 959,296</u>	<u>\$ -</u>	<u>\$ 6,184,946</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 4,545
Public Safety	68,351
Public Works	218,602
Culture, Recreation, and Education	51,404
Total Depreciation - Governmental Activities	<u>\$ 342,902</u>

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 16,563	\$ -	\$ -	\$ 16,563
Capital Assets Being Depreciated:				
Source of Supply	165,411	-	-	165,411
Pumping Plant	344,184	-	-	344,184
Water Treatment	455,423	-	-	455,423
Transmission and Distribution	2,760,893	887,073	46,190	3,601,776
General Plant	128,477	-	-	128,477
Total Capital Assets Being Depreciated	3,854,388	887,073	46,190	4,695,271
Total Capital Assets	3,870,951	887,073	46,190	4,711,834
Less: Accumulated Depreciation	1,918,018	109,505	46,190	1,981,333
Net Capital Assets - Water Utility	1,952,933	777,568	-	2,730,501
Sewer Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	27,577	-	-	27,577
Construction Work in Progress	108,802	-	108,802	-
Total Capital Assets Not Being Depreciated	136,379	-	108,802	27,577
Capital Assets Being Depreciated:				
Collection System	1,193,616	459,216	-	1,652,832
Pumping System	260,183	-	-	260,183
Treatment and Disposal Plant	3,623,331	233,336	-	3,856,667
General Plant	269,729	-	-	269,729
Total Capital Assets Being Depreciated	5,346,859	692,552	-	6,039,411
Total Capital Assets	5,483,238	692,552	108,802	6,066,988
Less: Accumulated Depreciation	3,023,867	147,018	-	3,170,885
Net Capital Assets - Sewer Utility	2,459,371	545,534	108,802	2,896,103
Storm Water Utility				
Capital Assets Being Depreciated:				
Storm Water System	2,380,338	303,891	-	2,684,229
General Plant	204,859	-	-	204,859
Total Capital Assets Being Depreciated	2,585,197	303,891	-	2,889,088
Total Capital Assets	2,585,197	303,891	-	2,889,088
Less: Accumulated Depreciation	1,254,661	64,674	-	1,319,335
Net Capital Assets - Storm Water Utility	1,330,536	239,217	-	1,569,753

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Ambulance Fund				
Capital Assets Not Being Depreciated:				
Construction Work in Progress	\$ 11,446	\$ -	\$ -	\$ 11,446
Capital Assets Being Depreciated:				
Vehicles	407,410	-	-	407,410
Other Equipment	166,341	8,452	-	174,793
Total Capital Assets Being Depreciated	573,751	8,452	-	582,203
Total Capital Assets	585,197	8,452	-	593,649
Less: Accumulated Depreciation	217,395	52,269	-	269,664
Net Capital Assets - Ambulance Fund	367,802	(43,817)	-	323,985
Net Capital Assets - Business-Type Activities	<u>\$ 6,110,642</u>	<u>\$ 1,518,502</u>	<u>\$ 108,802</u>	<u>\$ 7,520,342</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 109,505
Sewer	147,018
Storm Water	64,674
Ambulance	52,269
Total Depreciation - Business-Type Activities	<u>\$ 373,466</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Debt Service Fund	\$ 124,790	Cash Flows
	CDBG Fund	139,183	Cash Flows
General Fund	Ambulance Fund	3,470	Cash Flows
Total		<u>\$ 267,443</u>	

Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Storm Sewer Utility	\$ 27,692	Capital Asset Financing
Total		<u>\$ 27,692</u>	

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 55,999	Property Tax Equivalent
Debt Service Fund	Tax Incremental District #3 Fund	74,340	Finance Current Year Maturities
Total		\$ 130,339	

Interfund balances that are owed within the governmental activities and business-type activities are eliminated in the statement of net position.

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in the long-term obligations of the City for the year ended December 31, 2021 were as follows:

	Balance 1/1/21	Issued	Retired	Balance 12/31/21	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds, dated 08/07/12	\$ 445,000	\$ -	\$ 445,000	\$ -	\$ -
General Obligation Notes, dated 11/23/15, from Direct Borrowings	505,682	-	505,682	-	-
General Obligation Notes, dated 02/15/16, from Direct Borrowings	314,464	-	314,464	-	-
General Obligation Notes, dated 02/15/18, from Direct Borrowings	345,658	-	345,658	-	-
General Obligation Bonds, dated 08/24/21	-	1,550,000	-	1,550,000	160,000
General Obligation Notes, dated 08/04/21, from Direct Borrowings	-	465,000	-	465,000	66,000
Bond Premium	-	139,361	5,101	134,260	20,333
Compensated Absences	22,018	3,324	-	25,342	7,615
Governmental Activities - Long-Term Liabilities	\$ 1,632,822	\$ 2,157,685	\$ 1,615,905	\$ 2,174,602	\$ 253,948

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

	Balance 1/1/21	Issued	Retired	Balance 12/31/21	Amounts Due Within One Year
Business-Type Activities					
General Obligation Bonds, dated 08/07/12	\$ 280,000	\$ -	\$ 280,000	\$ -	\$ -
General Obligation Bonds, dated 08/24/21	-	1,365,000	-	1,365,000	120,000
Bond Premiums	18,157	34,723	2,269	50,611	4,765
Total Bonds Payable	298,157	1,399,723	282,269	1,415,611	124,765
Revenue Bonds	1,685,000	-	80,000	1,605,000	85,000
Compensated Absences	42,906	5,214	-	48,120	12,664
Business-Type Activities - Long-Term Liabilities	<u>\$ 2,026,063</u>	<u>\$ 1,404,937</u>	<u>\$ 362,269</u>	<u>\$ 3,068,731</u>	<u>\$ 222,429</u>

On August 24, 2021, the City issued \$2,915,000 general obligation bonds for the purposes of financing the street and utility upgrades of the 3rd avenue project and for refinancing the August 7, 2012 general obligation bonds, February 15, 2016 general obligation note, and October 23, 2018 general obligation note. The bonds bear an interest rate from 1.5% to 4.0% and mature on February 1, 2041. The refunding resulted in actual cash flow and present value savings of \$227,424 and \$205,723, respectively.

On August 4, 2021, the City issued a \$465,000 general obligation note to refund the July 28, 2015 general obligation note issued which was originally issued to refinance street improvement loans. The note bears an interest rate of 2.14% and matures on March 15, 2028. The refunding resulted in actual cash flow and present value savings of \$18,837 and \$17,449, respectively.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

Security and Default. The outstanding long-term debt obligations of the City contain the following provisions:

The water and sewer system revenue bonds are payable only from and secured by a pledge of the income and revenues to be derived from the operation of the water and sewerage systems. Principal and interest paid for the current year and total customer net revenues were \$78,568 and \$497,247, respectively, in the water utility. Principal and interest paid for the current year and total customer net revenues were \$59,440 and \$580,038, respectively, in the sewer utility.

All general obligation bonds, notes and other long-term obligations are backed by the full faith and credit of the City. General obligation long-term debt will be retired by future tax levies accumulated by the debt service fund. The City's outstanding bonds from direct borrowings and direct placements related to governmental activities and business type activities of \$2,915,000 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make payment.

The City's outstanding notes from direct borrowings related to governmental activities of \$465,000 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make payment.

General Obligation Debt. All general obligation bonds and notes payable are backed by the full faith and credit of the City. Bonds and notes payable will be retired by future property tax levies or tax increments accumulated by the debt service fund.

The purpose of the governmental activities general obligation debt is to finance various capital improvements and tax incremental City planned projects.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

Individual general obligation long-term debt issues outstanding at December 31, 2021 are as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
Governmental Activities:					
General Obligation Bonds:					
Bonds					
Corporate Purpose Bonds					
Series 2021A	8/24/21	2/1/41	1.5-4.0%	\$ 2,915,000	\$ 1,550,000
General Obligation Notes:					
Promissory Note	8/4/21	3/15/28	2.14%	465,000	465,000
Business-Type Activities:					
General Obligation Bonds:					
Corporate Purpose Bonds					
Series 2021A	8/24/21	2/1/41	1.5-4.0%	2,915,000	<u>1,365,000</u>
Total					<u><u>\$ 3,380,000</u></u>

Annual Requirements for Retirement – The annual requirements for retirement of the above issues, together with the expected funding sources, are shown below:

Governmental Activities						Funding Sources		
Year	Bonded Debt		Notes from Direct Borrowings		Total	General	TID #3	Total
	Principal	Interest	Principal	Interest		Fund	Fund	
2022	\$ 160,000	\$ 39,884	\$ 66,000	\$ 6,109	\$ 271,993	\$ 199,885	\$ 72,108	\$ 271,993
2023	165,000	36,325	63,000	8,539	272,864	201,325	71,539	272,864
2024	170,000	29,625	64,000	7,190	270,815	199,625	71,190	270,815
2025	65,000	24,925	66,000	5,821	161,746	89,925	71,821	161,746
2026	65,000	22,325	67,000	4,408	158,733	87,325	71,408	158,733
2027-2031	440,000	74,823	69,000	2,975	586,798	443,325	143,473	586,798
2032-2036	255,000	34,927	70,000	1,498	361,425	361,425	-	361,425
2037-2041	230,000	10,600	-	-	240,600	240,600	-	240,600
Total	<u>\$ 1,550,000</u>	<u>\$ 273,434</u>	<u>\$ 465,000</u>	<u>\$ 36,540</u>	<u>\$ 2,324,974</u>	<u>\$ 1,823,435</u>	<u>\$ 501,539</u>	<u>\$ 2,324,974</u>

Business-Type Activities						Funding Sources			
Year	Bonded Debt		Notes from Direct Borrowings		Total	Water	Sewer	Storm	Total
	Principal	Interest	Principal	Interest		Utility	Utility	Utility	
2022	\$ 120,000	\$ 32,938	\$ -	\$ -	\$ 152,938	\$ 34,390	\$ 103,435	\$ 15,112	\$ 152,937
2023	120,000	30,550	-	-	150,550	34,600	100,875	15,075	150,550
2024	80,000	26,550	-	-	106,550	38,700	53,175	14,675	106,550
2025	50,000	23,950	-	-	73,950	37,700	21,975	14,275	73,950
2026	55,000	21,850	-	-	76,850	41,600	21,375	13,875	76,850
2027-2031	280,000	78,963	-	-	358,963	191,500	103,588	63,875	358,963
2032-2036	315,000	49,200	-	-	364,200	190,838	114,575	58,789	364,202
2037-2041	345,000	17,350	-	-	362,350	188,800	105,000	68,550	362,350
Total	<u>\$ 1,365,000</u>	<u>\$ 281,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,646,351</u>	<u>\$ 758,128</u>	<u>\$ 623,998</u>	<u>\$ 264,226</u>	<u>\$ 1,646,352</u>

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

General Obligation Debt Limitation. Section 67.03 of the Wisconsin Statutes restricts general obligation debt to 5% of the equalized value of all property in the City. At December 31, 2021, the City's debt limit amounted to \$5,535,340 and long-term indebtedness subject to the limitation totaled \$3,380,000.

Mortgage Revenue Bonds

Sewer and Water system mortgage revenue bonds totaling \$1,185,000 were issued in 2014 to finance the Sewer and water utility system improvements. Future maturities of principal and interest on the bonds at December 31, 2021 are scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 85,000	\$ 55,683	\$ 140,683
2023	85,000	52,970	137,970
2024	85,000	50,258	135,258
2025	100,000	47,545	147,545
2026	100,000	43,995	143,995
2027-2031	535,000	166,385	701,385
2032-2036	500,000	67,773	567,773
2037-2038	115,000	6,475	121,475
Total	<u>\$ 1,605,000</u>	<u>\$ 491,084</u>	<u>\$ 2,096,084</u>

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2021 consisted of the following:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Major Funds:					
General Fund:					
Interfund Advances	\$ 27,692	\$ 27,692	\$ -	\$ -	\$ -
Delinquent Taxes	8,548	8,548	-	-	-
Prepaid Items	10,351	10,351	-	-	-
Long-Term Receivables	173,498	173,498	-	-	-
Community Swimming Pool Replacement	500,000	-	-	500,000	-
Baseball Field Contribution	175,000	-	-	175,000	-
Unassigned	<u>1,650,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,600</u>
Subtotal General Fund	2,545,689	220,089	-	675,000	1,650,600
CDBG Loan Fund	73,498	-	73,498	-	-
Debt Service Fund	(48,525)	-	-	-	(48,525)
Tax Incremental District #3	85,305	-	85,305	-	-
Special Revenue Funds:					
Library Fund	149,794	-	149,794	-	-
Nonmajor Funds:					
3rd Ave Reconstruction Project					
CDBG Fund	(139,183)	-	-	-	(139,183)
Total Governmental Fund Balances at December 31, 2021	<u>\$ 2,666,578</u>	<u>\$ 220,089</u>	<u>\$ 308,597</u>	<u>\$ 675,000</u>	<u>\$ 1,462,892</u>

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Tax Incremental Districts

The City has created three tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the *Wisconsin Statutes*. One TID (TID #3) was in existence during 2021. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

The resolution creating Tax Incremental District #3 (TID #3) was dated May 2, 2007. The project plans, on file in the City's Administrative offices, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. The City has established a separate fund to account for transactions of the district.

Accumulated project costs and revenues from inception to December 31, 2021 are shown below:

	TID #3
Accumulated Project Costs:	
Project Expenditures	\$ 1,038,390
Debt Expenditures:	
Interest Charges	370,140
Total Project Costs	1,408,530
Accumulated Project Revenues:	
Tax Increments	866,085
Intergovernmental Grants and Aids	23,087
Sale of City Property	78,932
Other	75,426
Total Project Revenues	1,043,530
Future Project Revenues Necessary to Recover Project Costs to Date	\$ 365,000

The preceding summary of transactions is reconcilable to the fund balance in the TID #3 capital projects fund at December 31, 2021 as follows:

	TID #3
Outstanding Long-Term Debt Payable from TID Funds at December 31, 2021	\$ 450,305
Less Unrecovered Costs Above	(365,000)
Fund Balance at December 31, 2021	\$ 85,305

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the fiscal reporting period January 1, 2021 through December 31, 2021, the WRS recognized \$57,342 in contributions from the employer.

Contribution rates for 2021 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75%	6.75%
Executives and Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

Postretirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

At December 31, 2021, the City reported an asset of \$303,880 for its proportionate share of the net pension asset. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2020, the City's proportion was 0.00486743%, which was an increase of 0.00031511% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$32,495. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 439,803	\$ 94,732
Changes of Assumptions	6,892	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	570,509
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	4,458	1,154
City Contributions Subsequent to the Measurement Date	58,381	-
Total	<u>\$ 509,534</u>	<u>\$ 666,395</u>

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$58,381 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (55,256)
2023	(14,369)
2024	(102,210)
2025	(43,407)
2026	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	7.0%
Discount Rate	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments	1.9%

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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 by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	N/A	N/A	70.0%	4.1%
International Equity	N/A	N/A	30.0%	4.9%
Equities	51.0%	4.7%	N/A	N/A
Fixed Income	25.0%	0.8%	N/A	N/A
Inflation Sensitive Assets	16.0%	-0.4%	N/A	N/A
Real Estate	8.0%	3.1%	N/A	N/A
Private Equity/Debt	11.0%	7.6%	N/A	N/A
Multi-Asset	4.0%	3.3%	N/A	N/A
Cash	-15.0%	0.0%	N/A	N/A
Total Core Fund	<u>100.0%</u>		<u>100.0%</u>	

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member 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. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s Proportionate Share of the Net Pension Liability (Asset)	\$ 289,252	\$ (303,880)	\$ (739,531)

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan

Plan Description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees. ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2021 are:

Attained Age	Basic
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the City’s fiscal year the LRLIF recognized \$546 in contributions from the City.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2021, the City reported a liability of \$150,736 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.027403%, which was an increase of 0.001745 from its proportion measured as of December 31, 2019.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

For the year ended June 30, 2021, the City recognized OPEB expense of \$21,298. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 7,194
Changes of Assumptions or Other Input	58,639	10,343
Net Difference Between Projected and Actual Earnings on OPEB Investments	2,195	-
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	20,151	5,315
District Contributions Subsequent to the Measurement Date	586	-
Total	<u>\$ 81,571</u>	<u>\$ 22,852</u>

\$586 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ending December 31,	OPEB Expense Amount
2022	\$ 10,955
2023	10,721
2024	10,476
2025	10,443
2026	10,624
Thereafter	4,914

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return	4.25%
Discount Rate	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

Long-Term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	50.00%	1.47%
U.S. Mortgages	Barclays MBS	50.00%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Single Discount Rate. A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

		1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Proportionate Share of the Net OPEB Liability (Asset)	12/31/21	\$ 205,044	\$ 150,736	\$ 109,665

C. Vacation and Sick Leave Liability

Under terms of employment, the City employees may accrue sick leave of up to 120 days to be paid out at 50% of the pay rate in existence at the time of separation as determined based on current salary rates and salary related payments. Vacation may be accrued to an amount up to 80 hours. Only benefits considered to be vested are disclosed in these statements. Accumulated sick leave and accumulated vacation is \$73,462.

The estimated liability for unused sick leave and vacation leave payable from governmental activities at December 31, 2021, was \$25,342. The estimated liability for the compensated absences for the business-type activities was \$48,120.

**CITY OF DURAND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City routinely receives several claims for damages relating to various matters. These matters are turned over to the City's insurer, where appropriate. The City is not aware of any matters pending at year-end that could be material to its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DURAND, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 456,820	\$ 456,820	\$ 446,820	\$ (10,000)
Special Assessments	4,300	4,300	-	(4,300)
Intergovernmental	601,350	601,350	700,433	99,083
Licenses and Permits	14,180	14,180	18,851	4,671
Fines and Forfeits	11,000	11,000	9,120	(1,880)
Public Charges for Services	61,700	61,700	135,696	73,996
Intergovernmental Charges for Services	-	-	48,266	48,266
Miscellaneous:				
Interest	21,000	21,000	5,891	(15,109)
Rent	20,000	20,000	26,550	6,550
Sale of Property	2,000	2,000	8,107	6,107
Donations	3,000	3,000	2,501	(499)
Other	9,000	9,000	18,215	9,215
Total Revenues	1,204,350	1,204,350	1,420,450	216,100
EXPENDITURES				
General Government	206,600	206,600	169,064	37,536
Public Safety	570,290	570,290	722,190	(151,900)
Public Works	317,050	317,050	402,490	(85,440)
Health and Human Services	14,260	14,260	9,787	4,473
Culture, Recreation, and Education	104,150	104,150	104,345	(195)
Conservation and Development	27,000	27,000	4,648	22,352
Total Expenditures	1,239,350	1,239,350	1,412,524	(173,174)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,000)	(35,000)	7,926	42,926
OTHER FINANCING SOURCES				
Transfers In	35,000	35,000	55,999	20,999
Sale of Capital Assets	-	-	8,974	8,974
Total Other Financing Sources	35,000	35,000	64,973	29,973
NET CHANGE IN FUND BALANCE	-	-	72,899	72,899
Fund Balance - Beginning of Year	2,472,790	2,472,790	2,472,790	-
FUND BALANCE - END OF YEAR	\$ 2,472,790	\$ 2,472,790	\$ 2,545,689	\$ 72,899

See accompanying Notes to Required Supplementary Information.

**CITY OF DURAND, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
CDBG FUND
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous:				
Interest	\$ -	\$ -	\$ 96	\$ 96
Loan Repayments	15,000	15,000	36,375	21,375
Other	5,000	5,000	-	(5,000)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>36,471</u>	<u>16,471</u>
EXPENDITURES				
Conservation and Development	<u>20,000</u>	<u>20,000</u>	<u>55,492</u>	<u>(35,492)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(19,021)	(19,021)
Fund Balance - Beginning of Year	<u>92,519</u>	<u>92,519</u>	<u>92,519</u>	-
FUND BALANCE - END OF YEAR	<u><u>\$ 92,519</u></u>	<u><u>\$ 92,519</u></u>	<u><u>\$ 73,498</u></u>	<u><u>\$ (19,021)</u></u>

**CITY OF DURAND, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY
LAST TEN MEASUREMENT PERIODS**

Measurement Date: December 31,

	2014	2015	2016	2017	2018	2019	2020
City's Proportion of the Net Pension Liability (Asset)	0.00425111%	0.00407723%	0.00430428%	0.00422305%	0.00447214%	0.00455232%	0.00486743%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (104,418)	\$ 66,254	\$ 35,478	\$ (125,350)	\$ 159,105	\$ (146,787)	\$ (303,880)
City's Covered Payroll	\$ 549,681	\$ 493,893	\$ 615,606	\$ 543,760	\$ 595,419	\$ 661,402	\$ 685,088
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-19.00%	13.41%	5.76%	-23.05%	26.72%	-22.19%	-44.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%	105.26%

The amounts presented for each fiscal year were determined as of December 31 that occurred within the fiscal year.

**CITY OF DURAND, WISCONSIN
SCHEDULE OF CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS**

Fiscal Year-Ended: December 31,	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 36,919	\$ 36,645	\$ 45,184	\$ 41,906	\$ 52,255	\$ 51,891	\$ 57,342
Contributions in Relation to the Contractually Required Contributions	(36,919)	(36,645)	(45,184)	(41,906)	(52,255)	(51,891)	(57,342)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 493,893	\$ 615,606	\$ 543,760	\$ 595,419	\$ 661,402	\$ 685,088	\$ 700,131
Contributions as a Percentage of Covered Payroll	7.48%	5.95%	8.31%	7.04%	7.90%	7.57%	8.19%

The amounts presented for each fiscal year were determined December 31 that occurred within the fiscal year.

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions. Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CITY OF DURAND, WISCONSIN
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND
MULTIEMPLOYER OPEB PLAN
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Measurement Date: December 31,	2017	2018	2019	2020
City's Proportion of the Net OPEB Liability (Asset)	0.01661400%	0.02391200%	0.02565800%	0.02740300%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 49,970	\$ 61,701	\$ 109,250	\$ 150,736
City's Covered-Employee Payroll	\$ 698,666	\$ 773,375	\$ 582,000	\$ 671,000
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of it's Covered-Employee Payroll	7.15%	7.98%	18.77%	22.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	44.81%	48.69%	37.58%	31.36%

**CITY OF DURAND, WISCONSIN
 SCHEDULE OF CITY'S CONTRIBUTIONS TO
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND
 MULTIEMPLOYER OPEB PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year-Ended: December 31,	2018	2019	2020	2021
Contractually Required Contributions	\$ 477	\$ 612	\$ 463	\$ 546
Contributions in Relation to the Contractually Required Contributions	(477)	(612)	(463)	(546)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 773,375	\$ 582,000	\$ 671,000	\$ 690,000
Contributions as a Percentage of Covered Payroll	0.06%	0.11%	0.07%	0.07%

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of Assumptions. The ETF Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

**CITY OF DURAND, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the City's annual operating budget.

The City's budget is adopted in accordance with Chapter 65 of the *Wisconsin Statutes* and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the City's general fund and each major special revenue fund are presented as required supplementary information following the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for each of these funds are shown in those schedules.

SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF DURAND, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
ASSETS		
Treasurer's Cash and Investments	\$ 2,229,051	\$ 2,233,841
Taxes Receivable:		
Current Tax Roll	349,465	284,730
Delinquent Personal Property Taxes Held by City	8,548	6,440
Accounts Receivable	216,444	39,463
Due from Other Funds	267,443	107,057
Prepayments	10,351	16,225
Advances to Other Funds	27,692	54,837
Long-Term Receivables	173,498	235,858
 Total Assets	 \$ 3,282,492	 \$ 2,978,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Vouchers and Accounts Payable	\$ 265,042	\$ 58,029
Payroll Withholdings	20,221	812
Total Liabilities	285,263	58,841
DEFERRED INFLOWS OF RESOURCES		
Tax Roll Items:		
General Property Taxes	451,540	446,820
Total Deferred Inflows of Resources	451,540	446,820
FUND BALANCES		
Nonspendable	220,089	313,360
Assigned	675,000	675,000
Unassigned	1,650,600	1,484,430
Total Fund Balances	2,545,689	2,472,790
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 3,282,492	 \$ 2,978,451

**CITY OF DURAND, WISCONSIN
 WATER UTILITY ENTERPRISE FUND
 STATEMENT OF NET POSITION
 DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Investments	\$ 204,485	\$ 168,369
Customer Accounts Receivable	31,439	31,443
Accounts Receivable on Tax Roll	10,043	11,238
Prepaid Supplies	17,101	14,141
Total Current Assets	263,068	225,191
RESTRICTED ASSETS		
Debt Redemption Fund Investments:		
Revenue Bonds	53,682	53,682
Wisconsin Retirement System Net Pension Asset	55,718	26,914
Total Restricted Assets	109,400	80,596
CAPITAL ASSETS		
Utility Plant in Service	4,711,835	3,870,951
Less Accumulated Depreciation	1,981,334	1,918,018
Net Capital Assets	2,730,501	1,952,933
Total Assets	3,102,969	2,258,720
DEFERRED OUTFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits	14,956	11,294
WRS Pension Items	93,426	64,385
Total Deferred Outflows of Resources	108,382	75,679

**CITY OF DURAND, WISCONSIN
 WATER UTILITY ENTERPRISE FUND
 STATEMENT OF NET POSITION (CONTINUED)
 DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,732	\$ 764
Accrued Interest Payable	10,157	5,789
Current Portion of Long-Term Debt:		
Revenue Bonds	49,346	46,224
General Obligation Bonds	20,000	-
Unamortized Debt Premium	579	-
Accrued Compensated Absences	4,685	-
Total Current Liabilities	87,499	52,777
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
Revenue Bonds	849,578	898,924
General Obligation Bonds	595,000	-
Unamortized Debt Premium	13,495	9,079
Accrued Compensated Absences	13,887	16,654
State Life Insurance Other Postemployment Benefits Liability	27,638	20,030
Total Long-Term Liabilities	1,499,598	944,687
 Total Liabilities	 1,587,097	 997,464
DEFERRED INFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits	4,190	4,244
WRS Pension Items	122,187	80,995
Total Deferred Inflows of Resources	126,377	85,239
NET POSITION		
Net Investment in Capital Assets	1,202,503	998,706
Restricted for Debt Service	43,525	53,682
Restricted for Wisconsin Retirement System Net Pension Asset	55,718	26,914
Unrestricted	196,131	172,394
 Total Net Position	 \$ 1,497,877	 \$ 1,251,696

CITY OF DURAND, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Sales of Water:		
Residential	\$ 204,943	\$ 201,037
Commercial	57,434	57,365
Industrial	7,708	5,888
Public Authorities	43,702	35,179
Private Fire Protection	5,903	5,844
Public Fire Protection	134,897	134,897
Total Sales of Water	<u>454,587</u>	<u>440,210</u>
Other Operating Revenues:		
Forfeited Discounts	1,300	1,202
Meter Use Charge to Sewer Utility	10,488	10,377
Miscellaneous Operating Revenues	30,872	29,994
Total Other Operating Revenues	<u>42,660</u>	<u>41,573</u>
 Total Operating Revenues	 <u>497,247</u>	 <u>481,783</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Operation	135,780	138,706
Maintenance	14,150	40,621
Administrative and General	127,108	129,410
Total Operation and Maintenance	<u>277,038</u>	<u>308,737</u>
Depreciation	109,505	102,651
 Total Operating Expenses	 <u>386,543</u>	 <u>411,388</u>
OPERATING INCOME	110,704	70,395
NONOPERATING REVENUES (EXPENSES)		
Interest Expense	(36,640)	(33,421)
Debt Issuance Costs	(18,014)	-
Amortization of Debt Premium	640	504
Total Nonoperating Revenues (Expenses)	<u>(54,014)</u>	<u>(32,917)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	56,690	37,478
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Grants	245,490	1,193
Transfer to General Fund - Property Tax Equivalent	(55,999)	(58,284)
Total Contributions and Transfers	<u>189,491</u>	<u>(57,091)</u>
CHANGE IN NET POSITION	246,181	(19,613)
Net Position - Beginning of Year	<u>1,251,696</u>	<u>1,271,309</u>
NET POSITION - END OF YEAR	<u>\$ 1,497,877</u>	<u>\$ 1,251,696</u>

**CITY OF DURAND, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 353,061	\$ 348,514
Cash Received for Public Fire Protection	134,897	134,897
Cash Received for Sewer Share of Meter Related Expenses	10,488	10,377
Cash Payments to Suppliers for Goods and Services	(105,037)	(143,904)
Cash Payments for Employee Services	(183,836)	(175,448)
Net Cash Provided by Operating Activities	<u>209,573</u>	<u>174,436</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Out - Tax Equivalent	(55,999)	(58,284)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(887,073)	(743)
Cash Received from Grants	245,490	1,193
Cash Received from Issuance of Debt	615,000	-
Cash Received from Debt Premium	4,995	-
Principal Paid on Long-Term Debt	(46,224)	(46,727)
Interest Paid on Long-Term Debt	(31,632)	(33,143)
Cash Payment for Debt Issuance Costs	(18,014)	-
Net Cash Used by Capital and Related Financing Activities	<u>(117,458)</u>	<u>(79,420)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,116	36,732
Cash and Cash Equivalents - Beginning of Year	<u>222,051</u>	<u>185,319</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 258,167</u>	<u>\$ 222,051</u>

CITY OF DURAND, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 110,704	\$ 70,395
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	109,505	102,651
Net Change in Wisconsin Retirement System Net Pension Asset	(28,804)	(26,914)
Net Change in Wisconsin Retirement System Pension Deferred Outflows	(29,041)	15,645
Net Change in Wisconsin Retirement System Net Pension Liability	-	(29,164)
Net Change in Wisconsin Retirement System Pension Deferred Inflows	41,192	40,217
Net Change in State Life Insurance OPEB Deferred Outflows	(3,662)	(9,301)
Net Change in State Life Insurance OPEB Liability	7,608	8,720
Net Change in State Life Insurance OPEB Deferred Inflows	(54)	2,298
(Increase) Decrease in Assets:		
Customer Accounts Receivable	4	5,554
Other Accounts Receivable	1,195	6,451
Inventories	(2,960)	(1,715)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,968	(13,115)
Accrued Compensated Absences	1,918	2,714
Net Cash Provided by Operating Activities	\$ 209,573	\$ 174,436
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 204,485	\$ 168,369
Cash and Investments - Restricted	53,682	53,682
Cash and Cash Equivalents	\$ 258,167	\$ 222,051

CITY OF DURAND, WISCONSIN
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATION		
Salaries and Wages	\$ 78,444	\$ 72,331
Fuel or Power Purchased for Pumping	30,506	31,685
Chemicals	3,489	3,041
Supplies and Expenses	20,973	29,472
Transportation Expenses	<u>2,368</u>	<u>2,177</u>
Total Operation	135,780	138,706
 MAINTENANCE		
Repairs of Water Plant	14,150	40,621
 ADMINISTRATIVE AND GENERAL		
Administrative and General Salaries	39,663	39,379
Office Supplies and Expenses	9,262	9,227
Outside Services Employed	13,789	3,073
Insurance Expenses	7,859	8,516
Employee Pensions and Benefits	54,886	67,953
Other General Expenses	<u>1,649</u>	<u>1,262</u>
Total Administrative and General	<u>127,108</u>	<u>129,410</u>
 Total Operation and Maintenance Expenses	<u><u>\$ 277,038</u></u>	<u><u>\$ 308,737</u></u>

**CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Investments	\$ 25,687	\$ 120,509
Customer Accounts Receivable	67,748	59,581
Other Accounts Receivable	713	713
Accounts Receivable on Tax Roll	20,800	21,565
Total Current Assets	114,948	202,368
RESTRICTED ASSETS		
Equipment Replacement Fund Investments	1,020	1,020
Wisconsin Retirement System Net Pension Asset	65,475	31,627
Total Restricted Assets	66,495	32,647
CAPITAL ASSETS		
Utility Plant in Service	6,066,988	5,374,436
Less Accumulated Depreciation	3,170,885	3,023,867
Net Capital Assets	2,896,103	2,350,569
Construction Work in Progress	-	108,802
Total Capital Assets	2,896,103	2,459,371
Total Assets	3,077,546	2,694,386
DEFERRED OUTFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits	17,575	13,171
Wisconsin Retirement System Pension Related	109,784	75,663
Total Deferred Outflows of Resources	127,359	88,834

**CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,534	\$ 6,260
Accrued Interest	8,575	5,526
Current Portion of Long-Term Liabilities:		
Revenue Bonds	33,776	33,776
General Obligation Bonds	90,000	80,000
Unamortized Debt Premium	3,978	-
Accrued Compensated Absences	5,573	-
Total Current Liabilities	146,436	125,562
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
Revenue Bonds	672,300	706,076
General Obligation Bonds	445,000	200,000
Unamortized Debt Premium	30,638	9,079
Accrued Compensated Absences	16,162	4,842
State Life Insurance Other Postemployment Benefits Liability	32,478	23,538
Total Long-Term Liabilities	1,196,578	943,535
 Total Liabilities	 1,343,014	 1,069,097
DEFERRED INFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits	4,924	4,987
Wisconsin Retirement System Pension Related	143,584	95,179
Total Deferred Inflows of Resources	148,508	100,166
NET POSITION		
Net Investment in Capital Assets	1,620,411	1,430,440
Restricted for Equipment Replacement	1,020	1,020
Restricted for Wisconsin Retirement System Net Pension Asset	65,475	31,627
Unrestricted	26,477	150,870
 Total Net Position	 \$ 1,713,383	 \$ 1,613,957

CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Sewerage Revenues:		
Residential	\$ 386,865	\$ 359,493
Commercial	114,790	109,526
Industrial	19,324	12,985
Public Authorities	54,821	44,576
Total Sewerage Revenues	<u>575,800</u>	<u>526,580</u>
Other Operating Revenues:		
Forfeited Discounts	4,238	2,651
Total Operating Revenues	<u>580,038</u>	<u>529,231</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Operation	234,585	215,207
Maintenance	23,733	55,991
Administrative and General	134,108	152,855
Total Operation and Maintenance	<u>392,426</u>	<u>424,053</u>
Depreciation	147,018	146,960
Total Operating Expenses	<u>539,444</u>	<u>571,013</u>
OPERATING INCOME (LOSS)	40,594	(41,782)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	100	845
Interest Expense	(34,850)	(34,050)
Debt Issuance Costs	(15,671)	-
Amortization of Debt Premium	1,581	(3,031)
Total Nonoperating Revenues (Expenses)	<u>(48,840)</u>	<u>(36,236)</u>
LOSS BEFORE CONTRIBUTIONS	(8,246)	(78,018)
CAPITAL CONTRIBUTIONS		
Capital Grants	<u>107,672</u>	<u>4,020</u>
CHANGE IN NET POSITION	99,426	(73,998)
Net Position - Beginning of Year	<u>1,613,957</u>	<u>1,687,955</u>
NET POSITION - END OF YEAR	<u>\$ 1,713,383</u>	<u>\$ 1,613,957</u>

**CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 572,636	\$ 562,334
Cash Paid for Sewer Share of Meter Related Expenses	(10,488)	(10,377)
Cash Payments to Suppliers for Goods and Services	(168,313)	(202,738)
Cash Payments for Employee Services	(213,549)	(209,342)
Net Cash Provided by Operating Activities	<u>180,286</u>	<u>139,877</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(583,750)	-
Cash Payments for Construction in Progress	-	(108,802)
Cash Received from Customer Contributions and Grants	107,672	4,020
Cash Received from Issuance of Debt	255,000	-
Cash Received from Debt Premium	25,537	-
Principal Paid on Long-Term Debt	(33,776)	(109,281)
Interest Paid on Long-Term Debt	(30,220)	(35,288)
Cash Payment for Debt Issuance Costs	(15,671)	-
Net Cash Used by Capital and Related Financing Activities	<u>(275,208)</u>	<u>(249,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>100</u>	<u>845</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(94,822)	(108,629)
Cash and Cash Equivalents - Beginning of Year	<u>121,529</u>	<u>230,158</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 26,707</u></u>	<u><u>\$ 121,529</u></u>

CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 40,594	\$ (41,782)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	147,018	146,960
Net Change in Wisconsin Retirement System Net Pension Asset	(33,848)	(31,627)
Net Change in Wisconsin Retirement System Pension Deferred Outflows	(34,121)	18,382
Net Change in Wisconsin Retirement System Net Pension Liability	-	(34,271)
Net Change in Wisconsin Retirement System Pension Deferred Inflows	48,405	47,259
Net Change in State Life Insurance OPEB Deferred Outflows	(4,404)	(7,892)
Net Change in State Life Insurance OPEB Liability	8,940	10,247
Net Change in State Life Insurance OPEB Deferred Outflows	(63)	(237)
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(8,167)	13,785
Other Accounts Receivable	-	1,249
Accounts Receivable on Tax Roll	765	18,069
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,726)	(1,106)
Accrued Compensated Absences	16,893	841
Net Cash Provided by Operating Activities	\$ 180,286	\$ 139,877
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 25,687	\$ 120,509
Cash and Investments - Restricted	1,020	1,020
Total Cash and Cash Equivalents	\$ 26,707	\$ 121,529
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Refunding Proceeds Paid Directly to Bond Escrow Agent	\$ 280,000	\$ -

CITY OF DURAND, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATION		
Supervision and Labor	\$ 113,925	\$ 94,188
Power and Fuel for Pumping	29,163	30,916
Chemicals	33,171	27,701
Supplies and Expenses	52,705	54,225
Transportation Expenses	5,621	8,177
Total Operation	<u>234,585</u>	<u>215,207</u>
 MAINTENANCE		
Repairs of Sewer Plant	23,733	55,991
 ADMINISTRATIVE AND GENERAL		
Administrative and General Salaries	39,858	38,804
Office Supplies and Expenses	2,812	3,098
Outside Services Employed	380	1,746
Insurance Expenses	15,717	17,032
Employee Pensions and Benefits	61,188	77,306
Meter Use Charge from Water Utility	10,488	10,377
Other General Expenses	3,665	4,492
Total Administrative and General	<u>134,108</u>	<u>152,855</u>
 Total Operation and Maintenance Expenses	<u>\$ 392,426</u>	<u>\$ 424,053</u>

**CITY OF DURAND, WISCONSIN
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Investments	\$ 239,655	\$ 155,896
Customer Accounts Receivable	16,258	14,120
Accounts Receivable on Tax Roll	3,580	3,381
Total Current Assets	259,493	173,397
RESTRICTED ASSETS		
Wisconsin Retirement System Net Pension Asset	15,958	7,709
CAPITAL ASSETS		
Utility Plant in Service	2,889,088	2,585,197
Less: Accumulated Depreciation	1,319,335	1,254,661
Total Capital Assets	1,569,753	1,330,536
Total Assets	1,845,204	1,511,642
DEFERRED OUTFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits Liability	4,253	3,269
Wisconsin Retirement System Pension Related	26,759	18,441
Total Deferred Outflows	31,012	21,710
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	146	132
Accrued Interest	1,650	-
Current Portion of Liabilities:		
General Obligation Bonds	10,000	-
Unamortized Debt Premium	208	-
Accrued Compensated Absences	1,468	-
Total Current Liabilities	13,472	132
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
General Obligation Bonds	205,000	-
Unamortized Debt Premium	1,713	-
Accrued Compensated Absences	4,145	19,497
State Life Insurance Other Postemployment Benefits Liability	7,916	5,737
Advances from Other Funds	27,692	54,837
Total Long-Term Liabilities	246,466	80,071
Total Liabilities	259,938	80,203
DEFERRED INFLOWS OF RESOURCES		
State Life Insurance Other Postemployment Benefits	1,200	1,274
Wisconsin Retirement System Pension Related	34,996	23,200
Total Deferred Inflows of Resources	36,196	24,474
NET POSITION		
Net Investment in Capital Assets	1,352,832	1,330,536
Restricted for Wisconsin Retirement System Net Pension Asset	15,958	7,709
Unrestricted	211,292	90,430
Total Net Position	\$ 1,580,082	\$ 1,428,675

CITY OF DURAND, WISCONSIN
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Storm Water Revenues:		
Residential	\$ 66,306	\$ 57,184
Commercial	61,644	53,070
Industrial	1,959	1,699
Public Authorities	28,560	24,772
Total Storm Water Revenues	<u>158,469</u>	<u>136,725</u>
Other Operating Revenues:		
Miscellaneous Operating Revenues	16,862	731
Total Operating Revenues	<u>175,331</u>	<u>137,456</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Operation	22,826	23,475
Maintenance	2,906	10,620
Administrative and General	35,038	41,338
Total Operation and Maintenance	<u>60,770</u>	<u>75,433</u>
Depreciation	64,674	67,113
Total Operating Expenses	<u>125,444</u>	<u>142,546</u>
OPERATING INCOME (LOSS)	49,887	(5,090)
NONOPERATING REVENUES (EXPENSES)		
Interest Expense	(2,612)	(1,501)
Debt Issuance Costs	(6,298)	-
Amortization of Debt Premium	49	-
Total Nonoperating Revenues (Expenses)	<u>(8,861)</u>	<u>(1,501)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	41,026	(6,591)
CAPITAL CONTRIBUTIONS		
Capital Grants	<u>110,381</u>	<u>-</u>
CHANGE IN NET POSITION	151,407	(6,591)
Net Position - Beginning of Year	<u>1,428,675</u>	<u>1,435,266</u>
NET POSITION - END OF YEAR	<u>\$ 1,580,082</u>	<u>\$ 1,428,675</u>

CITY OF DURAND, WISCONSIN
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 172,994	\$ 139,888
Cash Payments to Suppliers for Goods and Services	(14,556)	(21,983)
Cash Payments for Employee Services	(63,734)	(49,722)
Net Cash Provided by Operating Activities	94,704	68,183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Working Capital Repaid to General Fund	(27,145)	(28,112)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(303,891)	-
Cash Received from Long-Term Debt	215,000	-
Cash Received from Debt Premium	1,921	-
Cash Received from Grants	110,381	-
Interest Paid on Long-Term Debt	(913)	-
Cash Payment for Debt Issuance Costs	(6,298)	-
Net Cash Provided by Capital and Related Financing Activities	16,200	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,759	40,071
Cash and Cash Equivalents - Beginning of Year	155,896	115,825
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 239,655	\$ 155,896
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 49,887	\$ (5,090)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	64,674	67,113
Net Change in Wisconsin Retirement System Net Pension Asset	(8,249)	(7,709)
Net Change in Wisconsin Retirement System Pension Deferred Outflow	(8,318)	4,481
Net Change in Wisconsin Retirement System Net Pension Liability	-	(8,353)
Net Change in Wisconsin Retirement System Pension Deferred Inflow	11,796	11,519
Net Change in State Life Insurance OPEB Deferred Outflow	(984)	(1,982)
Net Change in State Life Insurance OPEB Liability	2,179	2,498
Net Change in State Life Insurance OPEB Deferred Inflow	(74)	-
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(2,138)	948
Accounts Receivable on Tax Roll	(199)	1,484
Increase (Decrease) in Liabilities:		
Accounts Payable	14	132
Accrued Compensated Absences	(13,884)	3,142
Net Cash Provided by Operating Activities	\$ 94,704	\$ 68,183
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position:		
Cash and Investments	\$ 239,655	\$ 155,896

CITY OF DURAND, WISCONSIN
STORM WATER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATION		
Salaries and Wages	\$ 17,840	\$ 19,199
Supplies and Expenses	4,986	4,276
Total Operation	<u>22,826</u>	<u>23,475</u>
MAINTENANCE		
Repairs of Water Plant	2,906	10,620
ADMINISTRATIVE AND GENERAL		
Administrative and General Salaries	14,580	15,232
Office Supplies and Expenses	2,749	2,961
Insurance Expenses	3,929	4,258
Employee Pensions and Benefits	15,070	16,438
Net Wisconsin Retirement System Pension Expense	(3,650)	454
Other General Expenses	2,360	1,995
Total Administrative and General	<u>35,038</u>	<u>41,338</u>
 Total Operation and Maintenance Expenses	 <u>\$ 60,770</u>	 <u>\$ 75,433</u>

**CITY OF DURAND, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2020)**

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Investments	\$ -	\$ 89,913
Accounts Receivable:		
Customer/Patient	129,959	153,188
Accumulated Allowance for Doubtful Accounts	(80,000)	(80,000)
Other	640	540
Due from Other Governmental Units	16,342	32,500
Prepayments	1,025	1,025
Total Current Assets	<u>67,966</u>	<u>197,166</u>
CAPITAL ASSETS		
Ambulance Equipment in Service	582,202	573,751
Less Accumulated Depreciation	<u>269,663</u>	<u>217,395</u>
Net Capital Assets	312,539	356,356
Construction Work in Progress	<u>11,446</u>	<u>11,446</u>
Total Capital Assets	<u>323,985</u>	<u>367,802</u>
 Total Assets	 391,951	 564,968
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	523	2,875
Due to Other Funds	3,470	-
Unearned Revenue	21,177	32,760
Current Portion of Long-Term Liabilities:		
Accrued Employee Benefits	938	-
Total Current Liabilities	<u>26,108</u>	<u>35,635</u>
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
Accrued Employee Benefits	<u>1,262</u>	<u>1,912</u>
Total Long-term Liabilities	<u>1,262</u>	<u>1,912</u>
 Total Liabilities	 <u>27,370</u>	 <u>37,547</u>
 NET POSITION		
Net Investment in Capital Assets	323,985	367,802
Unrestricted	<u>40,596</u>	<u>159,619</u>
 Total Net Position	 <u>\$ 364,581</u>	 <u>\$ 527,421</u>

CITY OF DURAND, WISCONSIN
AMBULANCE SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Patient Revenue:		
Charges	\$ 102,925	\$ 135,732
Less Adjustments for Uncollectible Accounts	-	(15,346)
Intergovernmental:		
Grants	8,509	11,226
Contracts	50,111	53,735
Miscellaneous Operating Revenues	1,266	21,585
Total Operating Revenues	<u>162,811</u>	<u>206,932</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Operation	259,563	305,983
Maintenance	1,501	2,237
Administrative and General	19,134	24,191
Total Operation and Maintenance	<u>280,198</u>	<u>332,411</u>
Depreciation	52,268	57,105
Total Operating Expenses	<u>332,466</u>	<u>389,516</u>
OPERATING LOSS	(169,655)	(182,584)
NONOPERATING REVENUES		
Interest Revenue	1,402	1,188
Donations	5,413	550
Gain on Disposal of Capital Assets	-	21,804
Total Nonoperating Revenues	<u>6,815</u>	<u>23,542</u>
CHANGE IN NET POSITION	(162,840)	(159,042)
Net Position - Beginning of Year	<u>527,421</u>	<u>686,463</u>
NET POSITION - END OF YEAR	<u>\$ 364,581</u>	<u>\$ 527,421</u>

**CITY OF DURAND, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers/Patients	\$ 127,320	\$ 117,499
Cash Received for Contracts and Grants	47,037	76,777
Cash Payments to Suppliers for Goods and Services	(61,332)	(84,414)
Cash Payments for Employee Services	(220,930)	(249,808)
Net Cash Used by Operating Activities	<u>(107,905)</u>	<u>(139,946)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Donations Received	5,413	550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(8,451)	(8,566)
Cash Received from Governmental Funds	3,470	-
Cash Received from Sale of Capital Assets	16,158	45,000
Net Cash Provided by Capital and Related Financing Activities	<u>11,177</u>	<u>36,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>1,402</u>	<u>1,189</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,913)	(101,773)
Cash and Cash Equivalents - Beginning of Year	<u>89,913</u>	<u>191,686</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 89,913</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (169,655)	\$ (182,584)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	52,268	57,105
(Increase) Decrease in Assets:		
Customer Accounts Receivable	23,129	(24,472)
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,352)	(1,978)
Accrued Compensated Absences	288	167
Unearned Revenues	(11,583)	11,816
Net Cash Used by Operating Activities	<u>\$ (107,905)</u>	<u>\$ (139,946)</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position:		
Cash and Investments - Unrestricted	<u>\$ -</u>	<u>\$ 89,913</u>

**CITY OF DURAND, WISCONSIN
 AMBULANCE SERVICE ENTERPRISE FUND
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
 YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATION OF PLANT		
Salaries and Wages	\$ 180,043	\$ 205,195
Employee Benefits	40,013	40,355
Training	1,162	4,425
Supplies and Expenses	17,486	39,781
Transportation Expenses	2,509	1,777
Rent	18,350	14,450
Total Operation	<u>259,563</u>	<u>305,983</u>
 MAINTENANCE OF PLANT		
Repairs of Vehicles and Equipment	1,501	2,237
 ADMINISTRATIVE AND GENERAL		
Office Supplies and Expenses	1,656	1,576
Outside Services Employed	1,628	1,628
Insurance Expenses	7,859	8,516
Other General Expenses	7,991	12,471
Total Administrative and General	<u>19,134</u>	<u>24,191</u>
 Total Operation and Maintenance Expenses	<u><u>\$ 280,198</u></u>	<u><u>\$ 332,411</u></u>

SINGLE AUDIT SECTION

**CITY OF DURAND, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>					
Community Development Block Grant	14.228	*	WI DOA	CDBG PF 20-09	\$ -
Total U.S. Department of Housing and Urban Development				-	\$ 1,000,000
<u>U.S. Department of Justice</u>					
COVID-19 - Emergency Supplemental Funding	16.034		Wi DOJ	2020-CV-01-16415	-
Total U.S. Department of Justice				-	8,445
<u>U.S. Department of the Treasury</u>					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		Direct	N/A	-
Total U.S. Department of Treasury				-	94,202
Total Expenditures of Federal Awards				\$ -	\$ 1,102,647

* Major Federal Program

CITY OF DURAND, WISCONSIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Durand under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Durand, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Durand.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City of Durand has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

City Council
City of Durand
Durand, Wisconsin

We have audited, in accordance with the 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Durand, Wisconsin (City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

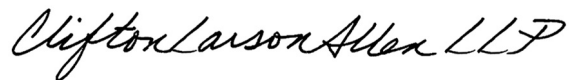
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City’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 City’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 City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 18, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

City Council
City of Durand
Durand, Wisconsin

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Durand's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

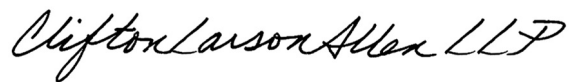
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 18, 2023

**CITY OF DURAND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ X _____ Yes _____ No
 - Significant deficiency(ies) identified? _____ Yes _____ X _____ None reported
3. Noncompliance material to basic financial statements noted? _____ Yes _____ X _____ No

Federal Awards

1. Internal control over compliance:
- Material weakness(es) identified? _____ Yes _____ X _____ No
 - Significant deficiency(ies) identified? _____ Yes _____ X _____ None reported
2. Type of auditor’s report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X _____ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant

- Dollar threshold used to determine between type A and type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? _____ Yes _____ X _____ No

**CITY OF DURAND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Findings Related to the Financial Statements
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Finding: 2021-001 Limited Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: The auditors noted during the audit that the available staff precludes a proper separation of duties to assure adequate internal control.

Criteria or specific requirement: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Cause: The condition is due to limited staff available.

Effect: Lack of segregation of duties could result in a financial statement misstatement, caused by error or fraud that would not be detected or prevented by City staff.

Repeat Finding: This is a repeat finding of 2020-001

Recommendation: The City should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

Views of Responsible Officials and Planned Corrective Actions: The City will continue to work to achieve segregation of duties whenever cost effective. The City Administrator is the official responsible for ensuring corrective action of the deficiency.

**CITY OF DURAND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Findings Related to the Financial Statements (Continued)

Finding: 2021-002 Material Audit Adjustments

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: The audit firm proposed, and the City posted to its general ledger accounts journal entries for correcting certain misstatements.

Criteria or specific requirement: The City should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

Cause: The City has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Effect: The financial statements of the City may include inaccurate information not detected or prevented by City staff.

Repeat Finding: This is a repeat finding of 2020-002

Recommendation: The City should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: The city will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them. The City Administrator is the official responsible for ensuring corrective action of the deficiency.

**CITY OF DURAND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Findings Related to the Financial Statements (Continued)
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Finding: 2021-003 **Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)**

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: The City does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Criteria or specific requirement: The City is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements included related disclosures, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: The City relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have designated an individual with suitable skill, knowledge, or experience to oversee their preparation and have reviewed, approved, and accepted responsibility for the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the City's internal controls.

Repeat Finding: This is a repeat finding of 2020-003

Recommendation: The City should continue to evaluate its internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials and Planned Corrective Actions: The City will continue to rely upon the audit firm to prepare the annual financial statements and related footnote disclosures in accordance with GAAP. Management will review, approve, and accept responsibility for these financial statements and related footnote disclosures prior to issuance. The City Administrator is the official responsible for ensuring corrective action of the deficiency.

**CITY OF DURAND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

<i>Section III – Findings and Questioned Costs – Major Federal Program</i>

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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