

VILLAGE OF LODA

Loda, Illinois

Annual Financial Report

For the Year Ended April 30, 2015

Feller & Kuester CPAs LLP
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Loda
Loda, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Loda, Illinois (the Village), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Village as of April 30, 2015; the respective changes in modified cash basis financial position; and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedules listed as "Supplementary Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The schedule listed as "Supplementary Information" is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Basis of Accounting

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

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, Illinois

May 21, 2015

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 556,867	\$ 152,887	\$ 709,754
Capital Assets, Net of Accumulated Depreciation:			
Land (Not Being Depreciated)	5,000	-	5,000
Other Capital Assets	141,236	316,790	458,026
 Total Assets	 703,103	 469,677	 1,172,780
Liabilities			
Payroll Taxes Payable	-	-	-
 Total Liabilities	 -	 -	 -
Net Position			
Net Investment in Capital Assets	146,236	316,790	463,026
Restricted for:			
Expendable:			
Unspent Levy Allocations	12,525	-	12,525
Streets and Alleys (MFT)	92,346	-	92,346
Unrestricted	451,996	152,887	604,883
 Total Net Position	 \$ 703,103	 \$ 469,677	 \$ 1,172,780

See Accompanying Notes.

VILLAGE OF LODA
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED APRIL 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
<i>Governmental Activities:</i>						
General Government	\$ 53,112	\$ 1,865	-	\$ (51,247)	\$ -	\$ (51,247)
Streets and Alleys	133,648	-	71,849	\$ (61,799)	-	(61,799)
Public Comfort Station-Park Recreatio	88	-	-	\$ (88)	-	(88)
Total Governmental Activities	186,848	1,865	71,849	(113,134)	-	(113,134)
<i>Business-Type Activities:</i>						
Water	76,031	96,430	-	-	20,399	20,399
Total Business-Type Activities	76,031	96,430	-	-	20,399	20,399
Total Primary Government	\$ 262,878	\$ 98,295	\$ 71,849	(113,134)	20,399	(92,734)
General Revenues:						
Taxes:						
Property Tax				27,086	-	27,086
Municipal Utility Tax				18,577	-	18,577
State Income Tax				39,522	-	39,522
State Replacement Tax				2,130	-	2,130
State Sales-Use Tax				29,668	-	29,668
State Video Gaming Tax				3,868	-	3,868
State Motor Fuel Tax				9,778	-	9,778
Interest Income				758	284	1,042
Other				1,912	-	1,912
Total General Revenue				133,299	284	133,583
Change in Net Position				20,165	20,683	40,849
Net Position - May 1, 2014				682,938	448,994	1,131,932
Net Position - April 30, 2015				\$ 703,103	\$ 469,677	\$ 1,172,781

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2015

	General Fund	IKE Fund	Motor Fuel Tax Fund	Audit Fund	Public Comfort Station Fund	Insurance Fund	Total Government Funds
Assets							
<i>Current Assets</i>							
Cash and Cash Equivalents	\$ 451,996	\$ -	\$ 92,346	\$ 5,584	\$ 2,820	\$ 4,121	\$ 556,867
Total Assets	<u>\$ 451,996</u>	<u>\$ -</u>	<u>\$ 92,346</u>	<u>\$ 5,584</u>	<u>\$ 2,820</u>	<u>\$ 4,121</u>	<u>\$ 556,867</u>
Liabilities							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances							
Restricted	-	-	92,346	5,584	2,820	4,121	104,871
Unassigned	451,996	-	-	-	-	-	451,996
Fund Balances	<u>451,996</u>	<u>-</u>	<u>92,346</u>	<u>5,584</u>	<u>2,820</u>	<u>4,121</u>	<u>556,867</u>
Total Liabilities and Fund Balances	<u>\$ 451,996</u>	<u>\$ -</u>	<u>\$ 92,346</u>	<u>\$ 5,584</u>	<u>\$ 2,820</u>	<u>\$ 4,121</u>	<u>\$ 556,867</u>

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds	\$ 556,867
Amounts Reported for Governmental Activities in the Statement of Net Position - Modified Cash Basis are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>146,236</u>
Net Position of Governmental Activities	<u>\$ 703,103</u>

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	General Fund	IKE Fund	Motor Fuel Tax Fund	Audit Fund	Public Comfort Station Fund	Insurance Fund	Totals Governmental Funds
Revenue							
<i>Local Revenue</i>							
Property Tax	\$ 13,466	\$ -	\$ -	\$ 4,146	\$ 52	\$ 9,422	\$ 27,086
Municipal Utility Tax	18,577	-	-	-	-	-	18,577
<i>Intergovernmental</i>							
State Income Tax	39,522	-	-	-	-	-	39,522
State Replacement Tax	2,130	-	-	-	-	-	2,130
State Sales-Use Tax	29,668	-	-	-	-	-	29,668
State Video Gaming Tax	3,868	-	-	-	-	-	3,868
State Motor Fuel Tax	-	-	9,778	-	-	-	9,778
Grant Income	-	68,209	3,640	-	-	-	71,849
<i>Other</i>							
Fines	-	-	-	-	-	-	-
License and Permits	1,865	-	-	-	-	-	1,865
Interest Income	451	-	272	6	6	24	758
Other	1,342	-	-	-	-	570	1,912
Total Revenues Received	110,888	68,209	13,690	4,152	58	10,016	207,013
Expenditures							
<i>Current</i>							
General Government	38,506	-	-	3,500	-	11,106	53,112
Streets and Alleys	44,190	70,604	-	-	-	-	114,794
Park	-	-	-	-	88	-	88
<i>Capital Outlays</i>							
Total Expenditures Disbursed	82,696	70,604	-	3,500	88	11,106	167,994
Excess (Deficiency) of Revenue Over Expenditures	28,192	(2,396)	13,690	652	(30)	(1,090)	39,019
Other Financing Sources (Uses)							
Transfers In (Out)	-	-	-	-	-	-	-
Net Changes in Fund Balances	28,192	(2,396)	13,690	652	(30)	(1,090)	39,019
Fund Balances - May 1, 2014	423,804	2,396	78,656	4,932	2,850	5,211	517,848
Fund Balances - April 30, 2015	<u>\$ 451,996</u>	<u>\$ -</u>	<u>\$ 92,346</u>	<u>\$ 5,584</u>	<u>\$ 2,820</u>	<u>\$ 4,121</u>	<u>\$ 556,867</u>

Reconciliation to the Statement of Activities - Modified Cash Basis:

Net Change in Fund Balances of Governmental Funds \$ 39,019

Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:

Governmental funds report capital outlays as expenditures while government activities report depreciation to allocate those costs over the lives of the assets:

Capital Outlay - assets capitalized	-
Depreciation Expense	(18,854)

Change in Net Position of Governmental Activities \$ 20,165

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2015

	Enterprise Funds
	Water Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 152,887
 <i>Capital Assets, Net of Accumulated Depreciation</i>	
Land (Not Being Depreciated)	-
Other Capital Assets	316,790
Total Capital Assets, Net	316,790
Total Assets	469,677
Liabilities	
<i>Current Liabilities</i>	
Capital Debt Payable , Current Portion	-
Total Liabilities	-
Net Position	
Net Investment in Capital Assets	316,790
Restricted for:	
Expendable:	
Unrestricted	152,887
Total Net Position	\$ 469,677

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	Enterprise Funds
	Water Fund
Operating Revenues	
User Fees	\$ 96,430
Total Operating Revenue	96,430
Operating Expenses	
Contractual Services	45,703
Materials and Supplies	7,352
Utilities	7,378
Depreciation	15,598
Total Operating Expenses	76,031
Operating Income (Loss)	20,399
Non-Operating Revenue (Expenses)	
Interest Income	284
Interest Expense	-
Total Non-Operating Revenue (Expenses)	284
Income (Loss) Before Transfers	20,683
Transfers	
None	-
Net Transfers In (Out)	-
Change in Net Position	20,683
Net Position - May 1, 2014	448,994
Net Position - April 30, 2015	\$ 469,677

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	Enterprise Funds
	Water Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 96,430
Payments to Vendors	(60,433)
Net Cash Provided by (Used in) Operating Activities	35,997
 Cash Flows from Non-Capital Financing Activities	
None	-
 Cash Flows from Capital and Related Financing Activities	
Payment of Interest on Capital Debt	-
Repayment of Principal on Capital Debt	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-
 Cash Flows from Investing Activities	
Interest Receipts	284
 Net Increase in Cash and Cash Equivalents	36,281
Cash and Cash Equivalents - May 1, 2014	116,606
Cash and Cash Equivalents - April 30, 2015	\$ 152,887
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 20,399
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by(Used in) Operating Activities:	
Depreciation expense	15,598
Net Cash Provided by (Used in) Operating Activities	\$ 35,997

See Accompanying Notes.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

As discussed further later in this Note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP include all relevant Governmental Accounting Standards Board (GASB) pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Financial Reporting Entity

The Village of Loda (the Village) is duly organized and existing under the provisions of the laws of the State of Illinois. The Village is governed by an elected Board consisting of six trustees. The Village's financial reporting entity is composed of a single primary government. In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. Based on the operational and financial criteria of that statement, the Village does not have a component unit that should be reported as part of the reporting entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

**VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015**

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specific purposes or designated to finance particular functions or activities of the Village. The reporting entity included the following special revenue fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for motor fuel tax provided by the State of Illinois and expenditures paid for road repair and replacement.
IKE Fund	Reports grant income and expenses.
Audit Fund	Accounts for property taxes levied and expenditures Paid for audit services.
Public Comfort Fund	Accounts for property taxes levied and expenditures Paid for the public restrooms in the park.
Insurance Fund	Accounts for property taxes levied and expenditures Paid for insurance expenses.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

<u>Fund</u>	<u>Brief Description</u>
Water Fund	Accounts for revenues received and expenses paid for operating the water system.

The Insurance Fund, Audit Fund, and the Public Comfort Station Fund do not meet the requirements of a major fund; however, management has elected to include these funds as major funds of the reporting entity.

Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, both governmental activities and business-type activities are presented using the “economic resources” measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as defined below:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. These funds’ equities are classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis and the fund financial statements, activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and recording of long-term debt in the

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

government-wide financial statements and proprietary funds financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements and fund financial statements for proprietary funds would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

For the purpose of these statements, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less. Since the penalties of converting certificate of deposits to cash is insignificant, all certificate of deposits have been included with cash and cash equivalents.

Capital Assets

The Village's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. The Village's management uses a capitalization threshold of \$5000, although the Village's Board of Trustees has not enacted a capitalization policy. Donated property and equipment is valued at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays in excess of \$5000 that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Village, in compliance with GASB 34 (as amended), as a Phase 3 implementer, has chosen not to capitalize infrastructure costs incurred prior to the implementation of GASB 34 at May 1, 2004 for governmental activities on the Statement of Net Position – Modified Cash Basis.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

<u>Governmental Activities</u>	
Infrastructure	25-50 years
Building	40-50 years
Equipment	3-20 years
<u>Business-Type Activities</u>	
Office Equipment	3-20 years
Water System and Equipment	10-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as government-wide financial statements.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

Equity Classification

Government-Wide Statements

In the government-wide financial statements, equity is classified as net position and displayed in three components. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted.

- Net Investment in Capital Assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - consists of net position with constraints placed on their use either by external groups, by laws of other higher authority governments, or by constitutional provisions. The Village at April 30, 2015 reported the total amount of \$104,871 as restricted in the following components:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

- \$92,346 restricted for unspent motor fuel tax. This amount can only be spent on street and alley improvements under state laws and procedures.
 - \$2,820 restricted for unspent public comfort station special tax levy. This amount can only be spent on park expenses.
 - \$5,584 restricted for unspent audit special tax levy. This amount can only be spent on auditing services.
 - \$4,121 restricted for unspent liability insurance special tax levy. This amount can only be spent on liability insurance.
- Unrestricted Net Position - consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements

In the governmental fund financial statements, fund equity is classified as fund balance and displayed in five components in accordance with GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The five components of fund balance are:

- Nonspendable - consists of fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints require them to be maintained intact. At April 30, 2015, the Village did not report any amounts as nonspendable.
- Restricted - consists of fund balances with constraints placed on their use either by external groups, by laws of higher authority governments or by constitutional provisions, or enabling legislation. The Village at April 30, 2015 reported the total amount of \$104,871 as restricted in the following components:
 - \$92,346 restricted for unspent motor fuel tax. This amount can only be spent on street and alley improvements under state laws and procedures.
 - \$2,820 restricted for unspent public comfort station special tax levy. This amount can only be spent on park expenses.
 - \$5,584 restricted for unspent audit special tax levy. This amount can only be spent on auditing services.
 - \$4,121 restricted for unspent liability insurance special tax levy. This amount can only be spent on liability insurance.
- Committed - consists of fund balance amounts that are constrained for specific purposes that are internally imposed by formal action of the highest level of decision making authority, the Village Trustees. These amounts are committed thru a resolution approved by the Village Trustees prior to year end (actual amounts are determined after year end). Any changes to the constraints imposed require amendment by the same type of Village

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

Trustee resolution. At April 30, 2015, the Village did not report any amounts as committed.

- Assigned - consists of fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by financial management or official action of the Village Trustees and also includes all amounts in governmental funds, other than the general fund, that are not restricted or committed. Assignments may take place after the end of the reporting period. At April 30, 2015, the Village did not report any amounts as assigned.
- Unassigned - consists of residual positive fund balance within the general fund which has not been classified within the other above categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. At April 30, 2015, the Village reported the amount of \$451,996 as unassigned in the general fund.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first unless there are legal documents or contracts that prohibit this (ex. grant agreements). Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village does not maintain any rainy day funds (amounts set aside for use in emergency situations or when a budgetary imbalance arises). The Village also does not utilize encumbrance accounting. Appropriations not spent at year-end lapse and may be acted upon as a supplemental appropriation, if required.

Program Revenues

In the Statement of Activities - Modified Cash Basis, revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenues. Program revenues include the following:

Governmental Activities

Charges for Services:

License and Permits	Fees paid by the public for license and permits.
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Business-Type Activities

Charges for Services:

User Fees	Fees paid by the public for water usage.
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All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

Operating and Non-Operating Revenues and Expenses of the Proprietary Funds

Operating revenues and expenses for the proprietary funds are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

1. Interfund Loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund Transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal Balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position – Modified Cash Basis, except for the net residual amounts due between governmental and business-type activities which are reported as Internal Balances.
2. Internal Activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities – Modified Cash Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Modified Cash Basis.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Subsequent Events

The Village has evaluated subsequent events through June 10, 2015, the date on which the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the financial statements.

NOTE 2 – Legal Budget

Legal budgets are prepared in the form of appropriations for Village funds using the same accounting basis and practices as are used to account for and prepare financial reports. Unexpended appropriations lapse at the end of the fiscal year. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board of Village Trustees after a public notice and hearing.

Appropriations transfers between budget line items may be presented to the Board at their regular meetings. Each transfer must have Board approval. Such transfers are made before the fact and are reflected in the official minutes of the Board. There were no transfers made after fiscal year-end, as dictated by law.

The Village does not prepare a budget for revenues. The Village did not have any expenditure over legal appropriation limits for the year ended April 30, 2015.

NOTE 3 – Property Taxes

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last day in December. The Board of Village Trustees passed the 2012 tax levy on September 12, 2012. The Board of Village Trustees passed the 2013 tax levy on September 11, 2013. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The Village receives significant distributions of tax receipts approximately one month after these due dates. Property tax receipts in these financial statements are from the 2013 tax levy.

NOTE 4 – Cash and Cash Equivalents

The Village is authorized to invest excess funds in instruments outlined under Chapter 30, Section 235, of the Illinois Compiled Statutes. Such instruments include obligations of the U.S. Treasury, savings accounts, certificates of deposit, and money market mutual funds.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have an investment policy and thus does not have a written policy to address custodial credit risk. At April 30, 2015, none of the Village's bank deposits totaling \$709,754 was subject to custodial credit risk as all deposits were insured by federal deposit insurance or fully collateralized.

NOTE 5 – Capital Assets

The following is a summary of the changes in the property and equipment of the governmental activities for the year ended April 30, 2014:

	<u>April 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2015</u>
<i>Not Depreciable</i>				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
<i>Depreciable</i>				
Property and Equipment:				
Buildings	211,352	-	-	211,352
Other Improvements	30,410	-	-	30,410
Machinery and Equipment	111,946	-	-	111,946
Less: Accumulated				
Depreciation	<u>(193,618)</u>	<u>(18,854)</u>	<u>-</u>	<u>(212,472)</u>
Property and Equipment, Net	<u>\$ 165,090</u>	<u>\$ (18,854)</u>	<u>\$ -</u>	<u>\$ 146,236</u>

Depreciation expense was charged to the Streets and Alleys function in the amount of \$18,854.

The following is a summary of the changes in the property and equipment of the business-type activities (proprietary fund) for the year ended April 30, 2015:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

	<u>April 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2015</u>
<i>Not Depreciable</i>				
Land	\$ -	\$ -	\$ -	\$ -
<i>Depreciable</i>				
Property and Equipment:				
Buildings	-	-	-	-
Machinery and Equipment	3,769	-	-	3,769
Utility Property and Improvemen	587,360	-	-	587,360
Less: Accumulated Depreciation	<u>(258,741)</u>	<u>(15,598)</u>	<u>-</u>	<u>(274,339)</u>
Property and Equipment, Net	<u>\$ 332,388</u>	<u>\$ (15,598)</u>	<u>\$ -</u>	<u>\$ 316,790</u>

Depreciation expense was charged to the Water function in the amount of \$15,598.

NOTE 6 – Interfund Receivables and Payables and Transfers

The Village has no interfund receivables or payables at April 30, 2015.

Transfers to / from Other Funds

The Village has no interfund transfers at April 30, 2015.

NOTE 7 – Employee Pension Plan and other Benefit Plans

The Village does not maintain and employee pension or benefit plans.

NOTE 8 – Risk Management

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended April 30, 2015, there were no significant reductions in coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years.

NOTE 9 – Restricted Property Tax Activity

The Village had the following restricted property tax activity in the general fund during the year ended April 30, 2015:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2015

	Special Tax Levy			
	Road & Bridge	Street Lighting	Unempl Ins	Social Security
Restricted Balance April 30, 2014	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	4,417	1,348	106	340
Expenditures Incurred	(4,417)	(1,348)	(106)	(340)
Restricted Balance April 30, 2015	\$ -	\$ -	\$ -	\$ -

NOTE 10 – Position Deficit

The Village does not have any funds with a Net Position Deficit.

NOTE 11 – ILLINOIS “IKE” DISASTER RECOVERY PROGRAM

Loda received grant award (08-354007) in the amount not to exceed \$319,918.00. The grant will be used to provide “Public Infrastructure – Storm Sewer Construction and Engineering Costs”. During the current year, \$68,209 was received and is shown as Special Revenue Fund on the financial statements. Details of the grant are on file with the Village Clerk. The Program was completed in the current year.

NOTE 12 – ERH OPERATING AGREEMENT - COMMITMENTS

The Village entered into an operating agreement with ERH Enterprises to run the water system starting April 12, 2006. The agreement continues and has been renewed, current renewal runs until April 12, 2017 and the Village pays ERH \$4,166.67 monthly.

NOTE 13 – Legal Debt Margin

The Village’s legal debt margin is 8.625% of the most recent available equalized assessed valuation (EAV) of the Village per 65 ILCS 5/8-5-1.

2014 EAV	\$ 3,336,162
Debt Legal (%)	8.625%
Debt Margin	287,744
Current Debt	-
Remaining Debt Margin	\$ 287,744

VILLAGE OF LODA
PROPERTY TAX LEVIES, RATES, EXTENSIONS, AND COLLECTIONS
FOR THE YEARS ENDED APRIL 30

Fiscal Year of Receipt <i>Levy Year</i>	2016 <u>2014</u>	2015 <u>2013</u>	2014 <u>2012</u>	2013 <u>2011</u>
Assessed Valuations	<u>\$ 3,336,162</u>	<u>\$ 3,482,426</u>	<u>\$ 3,543,512</u>	<u>\$ 3,520,762</u>
Tax Levies				
Corporate	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Audit	4,000	4,000	3,700	3,500
Liability Insurance	9,090	9,090	8,390	7,600
Street Lighting	1,300	1,300	1,300	1,300
Social Security	328	328	328	328
Unemployment Insurance	102	102	102	102
Public Comfort Station	50	50	50	100
Total Tax Levies	<u>\$ 21,870</u>	<u>\$ 21,870</u>	<u>\$ 20,870</u>	<u>\$ 19,930</u>
Tax Rates				
Corporate	0.20983	0.20101	0.19755	0.19883
Audit	0.11990	0.11487	0.10442	0.09942
Liability Insurance	0.27247	0.26103	0.23678	0.21587
Street Lighting	0.03897	0.03734	0.03669	0.03693
Social Security	0.00984	0.00942	0.00926	0.00932
Unemployment Insurance	0.00306	0.00293	0.00288	0.00290
Public Comfort Station	0.00150	0.00144	0.00142	0.00285
Total Tax Rates	<u>0.65557</u>	<u>0.62804</u>	<u>0.58900</u>	<u>0.56612</u>
Tax Extensions				
Corporate	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Audit	4,000	4,000	3,700	3,500
Liability Insurance	9,090	9,090	8,390	7,600
Street Lighting	1,300	1,300	1,300	1,300
Social Security	328	328	328	328
Unemployment Insurance	102	102	102	102
Public Comfort Station	50	50	50	100
Total Tax Extensions	<u>\$ 21,870</u>	<u>\$ 21,870</u>	<u>\$ 20,870</u>	<u>\$ 19,930</u>
Tax Collections				
Corporate		\$ 7,254	\$ 6,560	\$ 6,921
Audit		4,146	3,467	3,461
Liability Insurance		9,422	7,863	7,514
Street Lighting		1,348	1,218	1,286
Social Security		340	307	324
Unemployment Insurance		106	96	101
Public Comfort Station		52	47	99
Extended Tax Collections		<u>22,668</u>	<u>19,558</u>	<u>19,706</u>
Adjustments:				
Road and Bridge Allocation		4,417	4,100	4,194
Total Tax Collections		<u>\$ 27,085</u>	<u>\$ 23,658</u>	<u>\$ 23,900</u>
Percentage of Extension Collected		<u>103.65%</u>	<u>93.71%</u>	<u>98.88%</u>