

VILLAGE OF LODA

Loda, Illinois

Annual Financial Report

For the Year Ended April 30, 2021

Feller & Kuester CPAs LLP
Certified Public Accountants
806 Parkland Court
Champaign, IL 61821
217-351-3192

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Balance Sheet – Modified Cash Basis – Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	6
Statement of Net Position – Modified Cash Basis – Proprietary Fund	7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund	8
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund	9
Notes to Basic Financial Statements	10 – 22
SUPPLEMENTARY INFORMATION:	
Schedule of Property Tax Levies, Rates, Extensions, and Collections	23

Feller & Kuester CPAs LLP

Tax - Audit - Bookkeeping

806 Parkland Court - Champaign, Illinois 61821

Phone - (217) 351-3192 Fax - (217) 351-4135 Email - neal@fellerkuester.com

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, 2021, 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, 2021; 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.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Village's basic financial statements. The schedule of property tax levies, rates, extensions, and collections is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of property tax levies, rates, extensions, and collections presented on page 23 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 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 on the basis of accounting described in Note 1.

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

July 16, 2021

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 543,260	\$ 97,766	\$ 641,026
Investments	94,949	-	94,949
Capital Assets:			
Nondepreciable:			
Land	5,000	12,291	17,291
Construction in Progress	-	197,477	197,477
Depreciable, Net of Accumulated Depreciation	53,759	215,329	269,088
 Total Assets	 <u>696,968</u>	 <u>522,863</u>	 <u>1,219,831</u>
Liabilities			
Payroll Taxes Payable	6	-	6
 Total Liabilities	 <u>6</u>	 <u>-</u>	 <u>6</u>
Net Position			
Net Investment in Capital Assets	58,759	425,097	483,856
Restricted for:			
Unemployment Insurance	40	-	40
Streets and Highways	41,963	-	41,963
Audit	2,881	-	2,881
Unrestricted	593,319	97,766	691,085
 Total Net Position	 <u>\$ 696,962</u>	 <u>\$ 522,863</u>	 <u>\$ 1,219,825</u>

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary Government:							
<i>Governmental Activities:</i>							
General Government	\$ 74,177	\$ 4,300	\$ -		\$ (69,877)	\$ -	\$ (69,877)
Streets and Highways	87,857	2,500	-	-	(85,357)	-	(85,357)
Parks	2,537	-	-	-	(2,537)	-	(2,537)
Total Governmental Activities	<u>164,571</u>	<u>6,800</u>	<u>-</u>	<u>-</u>	<u>(157,771)</u>	<u>-</u>	<u>(157,771)</u>
<i>Business-Type Activities:</i>							
Water	66,231	92,050	-	-	-	25,819	25,819
Total Business-Type Activities	<u>66,231</u>	<u>92,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,819</u>	<u>25,819</u>
Total Primary Government	<u>\$ 230,802</u>	<u>\$ 98,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(157,771)</u>	<u>25,819</u>	<u>(131,952)</u>
General Revenues:							
<i>Taxes:</i>							
Property Tax					28,625	-	28,625
Municipal Electric Utilities Tax					7,163	-	7,163
Municipal Communications Utilities Tax					1,935	-	1,935
Municipal Gas Utilities Tax					3,376	-	3,376
State Income Tax					46,657	-	46,657
State Sales Tax					25,215	-	25,215
State Use Tax					18,197	-	18,197
State Cannabis Use Tax					333	-	333
State Motor Fuel Tax					27,850	-	27,850
State Replacement Tax					2,937	-	2,937
State Gaming Tax					10,686	-	10,686
Interest Income					1,167	480	1,647
Total General Revenue					<u>174,141</u>	<u>480</u>	<u>174,621</u>
Change in Net Position					16,370	26,299	42,669
Net Position - Beginning of Year					680,592	496,564	1,177,156
Net Position - End of Year					<u>\$ 696,962</u>	<u>\$ 522,863</u>	<u>\$ 1,219,825</u>

See Accompanying Notes.

VILLAGE OF LODA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2021

	General Fund	Motor Fuel Tax Fund	Audit Fund	Public Comfort Station Fund	Insurance Fund	Totals Governmental Funds
Assets						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 498,140	\$ 42,239	\$ 2,881	\$ -	\$ -	\$ 543,260
Investments	94,949	-	-	-	-	94,949
Due From Other Funds	276	-	-	-	-	276
Total Assets	\$ 593,365	\$ 42,239	\$ 2,881	\$ -	\$ -	\$ 638,485
Liabilities						
Payroll Taxes Payable	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 6
Due to Other Funds	-	276	-	-	-	276
Total Liabilities	6	276	-	-	-	282
Fund Balances						
Restricted for:						
Unemployment Insurance	40	-	-	-	-	40
Streets and Highways	-	41,963	-	-	-	41,963
Audit	-	-	2,881	-	-	2,881
Unassigned	593,319	-	-	-	-	593,319
Fund Balances	593,359	41,963	2,881	-	-	638,203
Total Liabilities and Fund Balances	\$ 593,365	\$ 42,239	\$ 2,881	\$ -	\$ -	\$ 638,485

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds	\$ 638,203
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>58,759</u>
Net Position of Governmental Activities	<u>\$ 696,962</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, 2021

	General Fund	Motor Fuel Tax Fund	Audit Fund	Public Comfort Station Fund	Insurance Fund	Totals Governmental Funds
Revenues						
<i>Local Taxes</i>						
Property Tax	\$ 15,655	\$ -	\$ 3,915	\$ 49	\$ 9,006	\$ 28,625
Municipal Electric Utilities Tax	7,163	-	-	-	-	7,163
Municipal Communications Utilities Tax	1,935	-	-	-	-	1,935
Municipal Gas Utilities Tax	3,376	-	-	-	-	3,376
<i>Intergovernmental Receipts and Grants</i>						
State Income Tax	46,657	-	-	-	-	46,657
State Sales Tax	25,215	-	-	-	-	25,215
State Use Tax	18,197	-	-	-	-	18,197
State Cannabis Use Tax	333	-	-	-	-	333
State Motor Fuel Tax	-	27,850	-	-	-	27,850
State Replacement Tax	2,937	-	-	-	-	2,937
State Gaming Tax	10,686	-	-	-	-	10,686
<i>Other Sources</i>						
Licenses and Permits	1,880	-	-	-	-	1,880
Fines and Forfeitures	472	-	-	-	-	472
Franchise Fees	1,948	-	-	-	-	1,948
Other Fees	2,500	-	-	-	-	2,500
Interest Income	1,039	68	10	10	40	1,167
Total Revenues	<u>139,993</u>	<u>27,918</u>	<u>3,925</u>	<u>59</u>	<u>9,046</u>	<u>180,941</u>
Expenditures						
<i>Current</i>						
General Government	57,199	-	5,550	-	11,428	74,177
Streets and Highways	29,892	52,681	-	-	-	82,573
Parks	1,472	-	-	202	-	1,674
Total Expenditures	<u>88,563</u>	<u>52,681</u>	<u>5,550</u>	<u>202</u>	<u>11,428</u>	<u>158,424</u>
Excess (Deficiency) of Revenues Over Expenditures	51,430	(24,763)	(1,625)	(143)	(2,382)	22,517
Other Financing Sources (Uses)						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	51,430	(24,763)	(1,625)	(143)	(2,382)	22,517
Fund Balances - Beginning of Year	541,929	66,726	4,506	143	2,382	615,686
Fund Balances - End of Year	<u>\$ 593,359</u>	<u>\$ 41,963</u>	<u>\$ 2,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,203</u>

Reconciliation to the Statement of Activities - Modified Cash Basis:

Net Change in Fund Balances of Governmental Funds \$ 22,517

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:

Depreciation Expense (6,147)

Change in Net Position of Governmental Activities \$ 16,370

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
APRIL 30, 2021

	Water Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 97,766
Total Current Assets	97,766
 <i>Noncurrent Assets</i>	
Capital Assets:	
Nondepreciable:	
Land	12,291
Construction in Progress	197,477
Depreciable, Net of Accumulated Depreciation	215,329
Total Noncurrent Assets	425,097
 Total Assets	522,863
 Liabilities	
None	-
 Total Liabilities	-
 Net Position	
Net Investment in Capital Assets	425,097
Unrestricted	97,766
 Total Net Position	\$ 522,863

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Water Fund
Operating Revenue	
User Fees	\$ 92,050
Total Operating Revenue	92,050
 Operating Expenses	
Contractual Services	45,380
Materials and Supplies	1,336
Utilities	4,831
Depreciation	14,684
Total Operating Expenses	66,231
 Operating Income (Loss)	25,819
 Non-Operating Revenue (Expenses)	
Interest Income	480
Total Non-Operating Revenue (Expenses)	480
 Change in Net Position	26,299
 Net Position - Beginning of Year	496,564
 Net Position - End of Year	\$ 522,863

See Accompanying Notes.

**VILLAGE OF LODA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	Water Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 92,050
Payments to Suppliers of Goods and Services	(51,547)
Net Cash Provided by (Used in) Operating Activities	40,503
 Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(66,867)
 Cash Flows from Investing Activities	
Interest Receipts	480
 Net Increase in Cash and Cash Equivalents	(25,884)
Cash and Cash Equivalents - Beginning of Year	123,650
Cash and Cash Equivalents - End of Year	\$ 97,766
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 25,819
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation expense	14,684
Net Cash Provided by (Used in) Operating Activities	\$ 40,503

See Accompanying Notes.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

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. 61, *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:

- 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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

- 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 funds that are reported as a major funds:

<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.
Audit Fund	Accounts for property taxes levied and expenditures paid for audit services.
Public Comfort Station 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 Fund

Enterprise Fund – 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:

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

The audit fund, public comfort station fund, and insurance fund do not meet the requirements of a major fund; however, management has elected to include these funds as major funds of the Village.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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 and funds 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 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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

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 arising from cash transactions are accounted for as assets in the Statement of Net Position – Modified Cash Basis. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Additions, improvements, and other capital outlays in excess of the capitalization threshold 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.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of asset is as follows:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

	<u>Useful Life</u> <u>(Years)</u>	<u>Capitalization</u> <u>Threshold</u>
Buildings	20 – 40	\$ 50,000
Machinery and Equipment	5 – 10	\$ 5,000
Land Improvements	15	\$ 10,000
Water Distribution System	20 – 40	\$ 50,000

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

In the government-wide financial statements and for proprietary fund types in the 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.

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, which is the debt proceeds are reported as liabilities at the time of occurrence and payment of principal is reported as reduction in debt outstanding and interest is reported as an expense.

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, 2021 reported the total amount of \$44,884 as restricted in the following components:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

- \$2,921 restricted for unspent special tax levies. This amount can only be spent for purposes as described in the special tax levy.
- \$41,963 restricted for unspent motor fuel tax. This amount can only be spent on highway and street improvements under state laws and procedures.
- 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, 2021, 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, 2021 reported the total amount of \$44,884 as restricted in the following components:
 - General Fund - \$40 restricted for unspent special tax levies. This amount can only be spent for purposes as described in the special tax levy. See Note 8 regarding the breakdown of these restrictions.
 - Motor Fuel Tax Fund - \$41,963 restricted for unspent motor fuel tax. This amount can only be spent on highway and street improvements under state laws and procedures.
 - Audit Fund - \$2,881 restricted for unspent special tax levy. This amount can only be spent for audit expenditures as described in the special tax levy.
- 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 Trustee resolution. At April 30, 2021, 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

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

committed. Assignments may take place after the end of the reporting period. At April 30, 2021, 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, 2021, the Village reported the amount of \$593,319 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:

Licenses and Permits	Fees paid by the public for license and permits.
Fines and Forfeitures	Amounts remitted to the Village by entities and persons for violation of Village ordinances.
Franchise Fees	Fees paid by the public for franchise fees.
Other Fees	Other fees paid by the public for services.

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, 2021

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:

- Interfund Loans - Amounts provided with a requirement for repayment are reported as due to and due from other funds.
- Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- 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.
- 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:

- Internal Balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type 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.
- 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 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, 2021

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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 July 16, 2021, the date on which the financial statements were available to be issued. The Village is in the process of planning for the construction of a new water tower. To pay for the project, the Village would get a \$550,000 grant and an Illinois EPA loan for the balance. Half of the Illinois EPA loan would be forgiven and the remaining amount would be paid back over thirty years at 1% interest rate.

NOTE 2 – Legal Budget

Legal budgets are prepared in the form of appropriations for Village funds using the cash basis of accounting as outlined under Chapter 50, Section 330 of the Illinois Compiled Statutes. 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.

Actual cash expenditures exceeded appropriations by \$50 in the audit fund for the year ended April 30, 2021. Overspending the audit fund was the result of not appropriating for fees associated with additional GATA reporting requirements.

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 Tuesday in December. The Board of Village Trustees passed the 2019 tax levy on October 9, 2019. The Board of Village Trustees passed the 2020 tax levy on October 14, 2020. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1st and September 1st. The Village receives significant distributions of tax receipts approximately one month after these due dates. Property taxes are recorded as revenue when they are received. Property tax receipts in these financial statements are from the 2019 tax levy.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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.

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, 2021, the Village had a bank balance of \$736,015, which reconciled to a book balance of \$735,975, exposed to custodial credit risk. The table presented below is designed to disclose the level of custodial credit risk assumed by the Village based upon how its deposits were insured or secured with collateral at April 30, 2021. The categories of custodial credit risk are defined as follows:

Category 1 – Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Village or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the Village's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village’s name; or properly collateralized with no written and approved collateral agreement.

Type of Deposit	Total Bank Balance	Custody Credit Risk Category			Total Bank Balance
		1	2	3	
<i>Insured Deposits</i>	\$ 279,207	\$ 279,207	\$ -	\$ -	
<i>Uninsured Deposits</i>					
Collateralized	456,808	-	456,808	-	
Uncollateralized	-	-	-	-	
Total Deposits	<u>\$ 736,015</u>	<u>\$ 279,207</u>	<u>\$ 456,808</u>	<u>\$ -</u>	<u>\$ 736,015</u>

Reconciliation to Government-Wide Statement of Net Position - Modified Cash Basis:

Cash and Cash Equivalents	\$ 641,026
Investments	94,949
Outstanding Items	40
Total Bank Balance	<u>\$ 736,015</u>

NOTE 5 – Capital Assets

A summary of capital assets activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2021, was as follows for governmental activities:

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

	<u>Balance at May 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at April 30, 2021</u>
Capital Assets Not Being Depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Other Capital Assets:				
Buildings	211,352	-	-	211,352
Machinery and Equipment	142,356	-	-	142,356
Land Improvements	12,940	-	-	12,940
Total Depreciable Property at Historical Cost	<u>366,648</u>	<u>-</u>	<u>-</u>	<u>366,648</u>
Less Accumulated Depreciation for:				
Buildings	164,386	5,284	-	169,670
Machinery and Equipment	142,356	-	-	142,356
Land Improvements	-	863	-	863
Total Accumulated Depreciation	<u>306,742</u>	<u>6,147</u>	<u>-</u>	<u>312,889</u>
Other Capital Assets, Net	<u>59,906</u>	<u>(6,147)</u>	<u>-</u>	<u>53,759</u>
Capital Assets, Net	<u>\$ 64,906</u>	<u>\$ (6,147)</u>	<u>\$ -</u>	<u>\$ 58,759</u>

Depreciation expense of \$5,284 was charged to the streets and highways function and \$863 was charged to the parks function on the Statement of Activities – Modified Cash Basis.

A summary of capital assets activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2021, was as follows for business-type activities:

	<u>Balance at May 1, 2020</u>	<u>Additions</u>	<u>Transfer</u>	<u>Balance at April 30, 2021</u>
Capital Assets Not Being Depreciated:				
Land	\$ 12,291	\$ -	\$ -	\$ 12,291
Construction in Progress	130,610	66,867	-	197,477
Land and Construction in Progress	<u>142,901</u>	<u>66,867</u>	<u>-</u>	<u>209,768</u>
Other Capital Assets:				
Water Distribution System	591,129	-	-	591,129
Total Depreciable Property at Historical Cost	<u>591,129</u>	<u>-</u>	<u>-</u>	<u>591,129</u>
Less Accumulated Depreciation for:				
Water Distribution System	361,116	14,684	-	375,800
Total Accumulated Depreciation	<u>361,116</u>	<u>14,684</u>	<u>-</u>	<u>375,800</u>
Other Capital Assets, Net	<u>230,013</u>	<u>(14,684)</u>	<u>-</u>	<u>215,329</u>
Capital Assets, Net	<u>\$ 372,914</u>	<u>\$ 52,183</u>	<u>\$ -</u>	<u>\$ 425,097</u>

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

Depreciation expense of \$14,684 was charged to the water function on the Statement of Activities – Modified Cash Basis.

NOTE 6 – Interfund Receivables and Payables

At April 30, 2021, the motor fuel tax fund owed the general fund \$276 due to an expenditure paid out of the wrong fund. This interfund loan is expected to be paid back within one year.

NOTE 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover these risks of loss. During the current fiscal year, there were no significant reductions in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – Restricted Property Tax Activity

The Village had the following restricted property tax activity in the general fund during the year ended April 30, 2021:

	Special Tax Levy			
	Street Lighting	Social Security	Unemployment Compensation	Road and Bridge
Restricted Balance at April 30, 2020	\$ -	\$ -	\$ 26	\$ -
Property Taxes Received	1,273	343	98	5,229
Expenditures Incurred	(1,273)	(343)	(84)	(5,229)
Restricted Balance at April 30, 2021	\$ -	\$ -	\$ 40	\$ -

The Village had the following restricted property tax activity in the insurance fund during the year ended April 30, 2021:

	Special Tax Levy	
	Liability Insurance	Workers Compensation
Restricted Balance at April 30, 2020	\$ -	\$ -
Property Taxes Received	8,712	294
Expenditures Incurred	(8,712)	(294)
Restricted Balance at April 30, 2021	\$ -	\$ -

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 9 – Contractual Commitments

The Village entered into an operating agreement on December 12, 2018 with ERH Enterprises, Inc. to operate the water system. The operating agreement covers the period of April 12, 2019 to April 12, 2024. The Village is to pay ERH Enterprises, Inc. \$4,250 monthly for a total of \$51,000 per year over the length of this operating agreement. As of April 30, 2021, the Village owes ERH Enterprises, Inc. \$51,000 for the years ended April 30, 2022, 2023, and 2024 under this operating agreement.

NOTE 10 – 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.

2020 EAV	\$ 3,448,573
Debt Legal (%)	8.625%
Debt Margin	<u>297,439</u>
Current Debt	-
Remaining Debt Margin	<u><u>\$ 297,439</u></u>

VILLAGE OF LODA
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS, AND COLLECTIONS
FOR THE YEAR ENDED APRIL 30, 2021

Fiscal Year of Receipt <i>Levy Year</i>	2022 <i>2020</i>	2021 <i>2019</i>	2020 <i>2018</i>	2019 <i>2017</i>	2018 <i>2016</i>
Assessed Valuations	<u>\$ 3,448,573</u>	<u>\$ 3,692,465</u>	<u>\$ 3,850,425</u>	<u>\$ 3,561,502</u>	<u>\$ 3,330,234</u>
Tax Levies					
Corporate	\$ 8,900	\$ 8,900	\$ 8,781	\$ 9,300	\$ 11,300
Audit	4,000	4,000	3,946	4,000	4,000
Liability Insurance	10,100	8,900	7,991	6,700	6,700
Street Lighting	1,300	1,300	1,283	1,300	1,300
Social Security	350	350	345	350	350
Unemployment Insurance	-	100	99	100	100
Workers Compensation	300	300	296	300	300
Public Comfort Station	50	50	49	50	50
Total Tax Levies	<u>\$ 25,000</u>	<u>\$ 23,900</u>	<u>\$ 22,790</u>	<u>\$ 22,100</u>	<u>\$ 24,100</u>
Tax Rates					
Corporate	0.25000	0.24104	0.22805	0.25000	0.25000
Audit	0.11599	0.10833	0.10250	0.11232	0.12011
Liability Insurance	0.29288	0.24104	0.20755	0.18813	0.20118
Street Lighting	0.03770	0.03521	0.03331	0.03651	0.03903
Social Security	0.01015	0.00948	0.00897	0.00983	0.01050
Unemployment Insurance	-	0.00271	0.00257	0.00281	0.00300
Workers Compensation	0.00870	0.00813	0.00769	0.00843	0.00900
Public Comfort Station	0.00145	0.00136	0.00129	0.00141	0.00150
Total Tax Rates	<u>0.71687</u>	<u>0.64729</u>	<u>0.59193</u>	<u>0.60944</u>	<u>0.63432</u>
Tax Extensions					
Corporate	\$ 8,621	\$ 8,900	\$ 8,781	\$ 8,904	\$ 8,326
Audit	4,000	4,000	3,947	4,000	4,000
Liability Insurance	10,100	8,900	7,992	6,700	6,700
Street Lighting	1,300	1,300	1,283	1,300	1,300
Social Security	350	350	345	350	350
Unemployment Insurance	-	100	99	100	100
Workers Compensation	300	300	296	300	300
Public Comfort Station	50	50	49	50	50
Total Tax Extensions	<u>\$ 24,721</u>	<u>\$ 23,900</u>	<u>\$ 22,792</u>	<u>\$ 21,704</u>	<u>\$ 21,126</u>
Tax Collections					
Corporate		8,712	8,845	8,382	8,164
Audit		3,915	3,975	3,766	3,922
Liability Insurance		8,712	8,049	6,308	6,569
Street Lighting		1,273	1,291	1,224	1,274
Social Security		343	348	330	343
Unemployment Insurance		98	100	94	98
Workers Compensation		294	298	283	294
Public Comfort Station		49	50	47	49
Extended Tax Collections		23,396	22,956	20,434	20,713
Adjustments:					
Road and Bridge Allocation		5,229	5,389	5,191	4,812
Total Tax Collections		<u>\$ 28,625</u>	<u>\$ 28,345</u>	<u>\$ 25,625</u>	<u>\$ 25,525</u>
Percentage of Extension Collected		<u>97.89%</u>	<u>100.72%</u>	<u>94.15%</u>	<u>98.05%</u>