

VILLAGE OF LODA

Loda, Illinois

Annual Financial Report

For the Year Ended April 30, 2023

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

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 – 3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	7
Statement of Net Position – Modified Cash Basis – Proprietary Fund	8
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund	9
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund	10
Notes to Basic Financial Statements	11 – 23
SUPPLEMENTARY INFORMATION:	
Schedule of Property Tax Levies, Rates, Extensions, and Collections	24
Consolidated Year-End Financial Report	25
GOVERNMENT AUDITING STANDARDS INTERNAL CONTROL AND COMPLIANCE SECTION:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>	26 – 27
Schedule of Findings and Responses	28 – 29

Feller & Kuester CPAs PLLC

Tax - Audit - Bookkeeping

806 Parkland Court - Champaign, Illinois 61821

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Loda
Loda, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of Loda Village (the Village), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Village as of April 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village 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.

Emphasis of Matter-Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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 schedule of property tax levies, rates, extensions, and collections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The consolidated year-end financial report is

presented for purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act and is not a required part of the basic financial statements.

The schedule of property tax levies, rates, extensions, and collections and consolidated year-end financial report are presented on page 24 to 25 are the responsibility of management and were 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 schedule of property tax levies, rates, extensions, and collections and consolidated year-end financial report are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Feller & Kuester CPAs PLLC

Feller & Kuester CPAs PLLC
Champaign, Illinois

November 8, 2023

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 715,560	\$ 360,841	\$ 1,076,401
Investments	95,389	-	95,389
Capital Assets:			
Nondepreciable:			
Land	5,000	12,291	17,291
Depreciable, Net of Accumulated Depreciation	41,465	1,469,156	1,510,621
 Total Assets	 857,414	 1,842,288	 2,699,702
Liabilities			
Payroll Liabilities	8	-	8
Long-Term Liabilities:			
Due Within One Year	-	4,219	4,219
Due in More than One Year	-	236,269	236,269
 Total Liabilities	 8	 240,488	 240,496
Net Position			
Net Investment in Capital Assets	46,465	1,240,959	1,287,424
Restricted for:			
Unspent Motor Fuel Tax	24,634	-	24,634
Unspent Levy Allocations	111	-	111
Unspent Grant Revenue	-	54,162	54,162
Unrestricted	786,196	306,679	1,092,875
 Total Net Position	 \$ 857,406	 \$ 1,601,800	 \$ 2,459,206

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2023

<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</u>	<u>Capital</u>	<u>Primary Government</u>		
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
<i>Governmental Activities:</i>							
General Government	\$ 77,617	\$ 5,529	\$ -		\$ (72,088)	\$ -	\$ (72,088)
Streets and Highways	103,481	-	-	-	(103,481)	-	(103,481)
Parks	5,028	-	-		(5,028)	-	(5,028)
Total Governmental Activities	<u>186,126</u>	<u>5,529</u>	<u>-</u>	<u>-</u>	<u>(180,597)</u>	<u>-</u>	<u>(180,597)</u>
<i>Business-Type Activities:</i>							
Water	<u>79,270</u>	<u>114,711</u>	<u>-</u>	<u>977,081</u>	<u>-</u>	<u>1,012,522</u>	<u>1,012,522</u>
Total Primary Government	<u>\$ 265,396</u>	<u>\$ 120,240</u>	<u>\$ -</u>	<u>\$ 977,081</u>	<u>(180,597)</u>	<u>1,012,522</u>	<u>831,925</u>
General Revenues:							
Taxes:							
Property Tax					30,398	-	30,398
Municipal Electric Utilities Tax					6,933	-	6,933
Municipal Communications Utilities Tax					1,530	-	1,530
Municipal Gas Utilities Tax					5,805	-	5,805
State Income Tax					57,521	-	57,521
State Sales Tax					46,099	-	46,099
State Use Tax					14,496	-	14,496
State Cannabis Use Tax					561	-	561
State Motor Fuel Tax					19,793	-	19,793
State Replacement Tax					8,950	-	8,950
State Gaming Tax					27,574	-	27,574
Gain on Sale of Capital Assets					11,610	-	11,610
Interest Income					2,709	1,028	3,737
Total General Revenue					<u>233,979</u>	<u>1,028</u>	<u>235,007</u>
Change in Net Position					53,382	1,013,550	1,066,932
Net Position - Beginning of Year					804,024	588,250	1,392,274
Net Position - End of Year					<u>\$ 857,406</u>	<u>\$ 1,601,800</u>	<u>\$ 2,459,206</u>

See Accompanying Notes.

VILLAGE OF LODA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2023

	General Fund	Motor Fuel Tax Fund	Audit Fund	Total
Assets				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 690,815	\$ 24,634	\$ 111	\$ 715,560
Investments	95,389	-	-	95,389
Due From Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 786,204</u>	<u>\$ 24,634</u>	<u>\$ 111</u>	<u>\$ 810,949</u>
Liabilities				
Payroll Liabilities	\$ 8	\$ -	\$ -	\$ 8
	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
Fund Balances				
Restricted for:				
Streets and Highways	-	24,634	-	24,634
Audit	-	-	111	111
Unassigned	786,196	-	-	786,196
Fund Balances	<u>786,196</u>	<u>24,634</u>	<u>111</u>	<u>810,941</u>
Total Liabilities and Fund Balances	<u>\$ 786,204</u>	<u>\$ 24,634</u>	<u>\$ 111</u>	<u>\$ 810,949</u>

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds \$ 810,941

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.

46,465

Net Position of Governmental Activities

\$ 857,406

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, 2023

	General Fund	Motor Fuel Tax Fund	Audit Fund	Total
Revenues				
<i>Local Taxes</i>				
Property Tax	\$ 26,475	\$ -	\$ 3,923	\$ 30,398
Municipal Electric Utilities Tax	6,933	-	-	6,933
Municipal Communications Utilities Tax	1,530	-	-	1,530
Municipal Gas Utilities Tax	5,805	-	-	5,805
<i>Intergovernmental Receipts and Grants</i>				
State Income Tax	57,521	-	-	57,521
State Sales Tax	46,099	-	-	46,099
State Use Tax	14,496			14,496
State Cannabis Use Tax	561	-	-	561
State Motor Fuel Tax	-	19,793	-	19,793
State Replacement Tax	8,950	-	-	8,950
State Gaming Tax	27,574	-	-	27,574
<i>Other Sources</i>				
Licenses and Permits	2,540	-	-	2,540
Fines and Forfeitures	950	-	-	950
Franchise Fees	2,039	-	-	2,039
Interest Income	2,611	51	47	2,709
Total Revenues	<u>204,084</u>	<u>19,844</u>	<u>3,970</u>	<u>227,898</u>
Expenditures				
<i>Current</i>				
General Government	66,783	-	5,550	72,333
Streets and Highways	41,112	62,369	-	103,481
Parks	4,165	-	-	4,165
Total Expenditures	<u>112,060</u>	<u>62,369</u>	<u>5,550</u>	<u>179,979</u>
Excess (Deficiency) of Revenues Over Expenditures	92,024	(42,525)	(1,580)	47,919
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	<u>11,610</u>	<u>-</u>	<u>-</u>	<u>11,610</u>
Net Changes in Fund Balances	103,634	(42,525)	(1,580)	59,529
Fund Balances - Beginning of Year	682,562	67,159	1,691	751,412
Fund Balances - End of Year	<u>\$ 786,196</u>	<u>\$ 24,634</u>	<u>\$ 111</u>	<u>\$ 810,941</u>
Reconciliation to the Statement of Activities - Modified Cash Basis:				
Net Change in Fund Balances of Governmental Funds				\$ 59,529
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				<u>(6,147)</u>
Change in Net Position of Governmental Activities				<u>\$ 53,382</u>

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
APRIL 30, 2023

	<u>Water Fund</u>
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 360,841
Total Current Assets	<u>360,841</u>
<i>Noncurrent Assets</i>	
Capital Assets:	
Nondepreciable:	
Land	12,291
Depreciable, Net of Accumulated Depreciation	<u>1,469,156</u>
Total Noncurrent Assets	<u>1,481,447</u>
 Total Assets	 <u>1,842,288</u>
 Liabilities	
<i>Current Liabilities</i>	
Notes Payable, Current Portion	4,219
<i>Noncurrent Liabilities</i>	
Notes Payable, Net of Current	<u>236,269</u>
 Total Liabilities	 <u>240,488</u>
 Net Position	
Net Investment in Capital Assets	1,240,959
Restricted	54,162
Unrestricted	<u>306,679</u>
 Total Net Position	 <u><u>\$ 1,601,800</u></u>

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, 2023

	Water Fund
Operating Revenue	
User Fees	\$ 114,711
Total Operating Revenue	<u>114,711</u>
Operating Expenses	
Contractual Services	48,585
Materials and Supplies	4,679
Utilities	10,318
Depreciation	14,684
Total Operating Expenses	<u>78,266</u>
Operating Income (Loss)	<u>36,445</u>
Non-Operating Revenue (Expenses)	
Interest Income	1,028
Interest Expense	(1,004)
Total Non-Operating Revenue (Expenses)	<u>24</u>
Income (Loss) Before Contributions and Transfers	<u>36,469</u>
Contributions and Transfers	
Notes Payable Loan Forgiveness	400,000
Community Development Assistance Grant Program	550,000
American Rescue Plan Act Funds	27,081
Total Contributions and Transfers	<u>977,081</u>
Change in Net Position	1,013,550
Net Position - Beginning of Year	<u>588,250</u>
Net Position - End of Year	<u><u>\$ 1,601,800</u></u>

See Accompanying Notes.

VILLAGE OF LODA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2023

	Water Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 114,711
Payments to Suppliers of Goods and Services	(63,582)
Net Cash Provided by (Used in) Operating Activities	<u>51,129</u>
Cash Flows from Non-Capital Financing Activities	
Advances (Repayments) to Other Funds	<u>(5,454)</u>
Cash Flows from Capital and Related Financing Activities	
Notes Payable Proceeds	477,275
Principal Paid on Notes Payable	(2,435)
Interest Paid on Notes Payable	(1,004)
Capital Grants Received for Construction of Capital Assets	577,081
Purchase of Capital Assets	(998,621)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>52,296</u>
Cash Flows from Investing Activities	
Interest Receipts	<u>1,028</u>
Net Increase in Cash and Cash Equivalents	98,999
Cash and Cash Equivalents - Beginning of Year	261,842
Cash and Cash Equivalents - End of Year	<u><u>\$ 360,841</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 36,445
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	<u><u>\$ 51,129</u></u>

See Accompanying Notes.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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, 2023

- 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 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.

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 does not meet the requirements of a major fund; however, management has elected to include this fund as a major fund of the Village.

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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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.

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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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:

	<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

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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, 2023 reported the total amount of \$78,907 as restricted in the following components:
 - \$24,634 restricted for unspent motor fuel tax. This amount can only be spent on highway and street improvements under state laws and procedures.
 - \$111 restricted for unspent special tax levies. This amount can only be spent for purposes as described in the special tax levy.
 - \$54,162 restricted for unspent American Rescue Plan Act (ARPA) grant revenue. This amount can only be spent for purposes outlined by the grant.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

- 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, 2023, 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, 2023 reported the total amount of \$24,745 as restricted in the following components:
 - Motor Fuel Tax Fund - \$24,634 restricted for unspent motor fuel tax. This amount can only be spent on highway and street improvements under state laws and procedures.
 - Audit Fund - \$111 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, 2023, 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, 2023, 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, 2023, the Village reported the amount of \$786,196 as unassigned in the general fund.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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.

Business-Type Activities

Charges for Services:

User Fees	Fees paid by the public for water usage.
-----------	--

Capital Grants and Contributions:

Notes Payable Loan Forgiveness	Forgiveness of notes payable related to funding watermain improvements.
Community Development Assistance Grant Program	Federal funding from Illinois Department of Commerce & Economic Opportunity for a variety of community-based projects .
American Rescue Plan Act Funds	Amounts received for the ARPA grant.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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.

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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Subsequent Events

The Village has evaluated subsequent events through November 8, 2023, 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 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.

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 2021 tax levy on October 13, 2021. The Board of Village Trustees passed the 2022 tax levy on October 12, 2022. Property taxes attach as an enforceable lien on property as of January 1st 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 2021 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.

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, 2023, the Village had a bank balance of \$1,171,680, which reconciled to a book balance of \$1,171,790, 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, 2023. 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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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	Custody Credit Risk Category			
	Bank Balance	1	2	3	
<i>Insured Deposits</i>	\$ 275,515	\$ 275,515	\$ -	\$ -	
<i>Uninsured Deposits</i>					
Collateralized	896,165	-	896,165	-	Total Bank Balance
Uncollateralized	-	-	-	-	
Total Deposits	<u>\$ 1,171,680</u>	<u>\$ 275,515</u>	<u>\$ 896,165</u>	<u>\$ -</u>	<u>\$ 1,171,680</u>

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

Cash and Cash Equivalents	\$ 1,076,401
Investments	95,389
Outstanding Items	(110)
Total Bank Balance	<u>\$ 1,171,680</u>

NOTE 5 – Capital Assets

A summary of capital assets activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2023, was as follows for governmental activities:

	Balance at May 1, 2022	Additions	Deductions	Balance at April 30, 2023
Capital Assets Not Being Depreciated:				
Land	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Other Capital Assets:				
Buildings	211,352	-	-	211,352
Machinery and Equipment	142,356	-	3,100	139,256
Land Improvements	12,940	-	-	12,940
Total Depreciable Property at Historical Cost	<u>366,648</u>	<u>-</u>	<u>3,100</u>	<u>363,548</u>
Less Accumulated Depreciation for:				
Buildings	174,954	5,284	-	180,238
Machinery and Equipment	142,356	-	3,100	139,256
Land Improvements	1,726	863	-	2,589
Total Accumulated Depreciation	<u>319,036</u>	<u>6,147</u>	<u>3,100</u>	<u>322,083</u>
Other Capital Assets, Net	<u>47,612</u>	<u>(6,147)</u>	<u>-</u>	<u>41,465</u>
Capital Assets, Net	<u>\$ 52,612</u>	<u>\$ (6,147)</u>	<u>\$ -</u>	<u>\$ 46,465</u>

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Depreciation expense of \$5,284 was charged to the general government 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, 2023, was as follows for business-type activities:

	Balance at <u>May 1, 2022</u>	<u>Additions</u>	<u>Transfers</u>	Balance at <u>April 30, 2023</u>
Capital Assets Not Being Depreciated:				
Land	\$ 12,291	\$ -	\$ -	\$ 12,291
Construction in Progress	284,574	998,621	(1,283,195)	-
Land and Construction in Progress	<u>296,865</u>	<u>998,621</u>	<u>(1,283,195)</u>	<u>12,291</u>
Other Capital Assets:				
Water Distribution System	591,129	-	1,283,195	1,874,324
Total Depreciable Property at Historical Cost	<u>591,129</u>	<u>-</u>	<u>1,283,195</u>	<u>1,874,324</u>
Less Accumulated Depreciation for:				
Water Distribution System	390,484	14,684	-	405,168
Total Accumulated Depreciation	<u>390,484</u>	<u>14,684</u>	<u>-</u>	<u>405,168</u>
Other Capital Assets, Net	<u>200,645</u>	<u>(14,684)</u>	<u>1,283,195</u>	<u>1,469,156</u>
Capital Assets, Net	<u>\$ 497,510</u>	<u>\$ 983,937</u>	<u>\$ -</u>	<u>\$ 1,481,447</u>

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

NOTE 6 – Long-Term Debt

On October 13, 2021, the Village entered into a note payable totaling \$1,000,000 with the Illinois Environmental Protection Agency (IEPA) to construct a new 70,000-gallon ground water storage tank with associated water mains to replace the existing 25,000-gallon elevated water storage tank. In addition, \$400,000 of the loan amount was forgiven by IEPA during the year ended April 30, 2023. The note has an interest rate of 0.83% and is due in semi-annual payments on May 30th and November 30th. The Village had a draw on the loan of \$40,896 on May 25, 2023 and \$63,515 on September 7, 2023. After these two draws, the Village semiannual payment was fixed at \$6,621.17. The note payable has a 30-year term. The final payment is scheduled for November 30, 2052. Interest paid of \$1,004 during the year ended April 30, 2023 was charged to the water function on the Statement of Activities – Modified Cash Basis. The balance on the note at April 30, 2023 was \$240,488.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Debt Service Requirements to Maturity

The Village had a draw on the loan of \$40,896 on May 25, 2023 and \$63,515 on September 7, 2023. After these two draws, the annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,219	\$ 1,168
2025	10,436	3,046
2026	10,523	2,719
2027	10,611	2,631
2028	10,699	2,543
2029 - 2033	54,844	11,368
2034 - 2038	57,163	9,049
2039 - 2043	59,580	6,632
2044 - 2048	62,099	4,113
2049 - 2053	64,725	1,487
Total	<u><u>\$ 344,899</u></u>	<u><u>\$ 44,756</u></u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2023:

Balance at May 1, 2022	\$ 165,648
Plus: Notes Payable Proceeds	477,275
Less: Principal Paid	(2,435)
Less: Principal Forgiveness	<u>(400,000)</u>
Balance at April 30, 2023	<u><u>\$ 240,488</u></u>
 Amount Due Within One Year	 <u><u>\$ 4,219</u></u>

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.

VILLAGE OF LODA
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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, 2023:

	Special Tax Levy			
	Liability Insurance	Street Lighting	Social Security	Workers Compensation
Restricted Balance at April 30, 2022	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	10,786	1,275	344	294
Expenditures Incurred	(10,786)	(1,275)	(344)	(294)
Restricted Balance at April 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Special Tax Levy	
	Public Comfort Station	Road and Bridge
Restricted Balance at April 30, 2022	\$ -	\$ -
Property Taxes Received	49	5,000
Expenditures Incurred	(49)	(5,000)
Restricted Balance at April 30, 2023	<u>\$ -</u>	<u>\$ -</u>

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, 2023, the Village owes ERH Enterprises, Inc. \$51,000 for the year ended April 30, 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.

2022 EAV	\$ 3,855,050
Debt Legal (%)	8.625%
Debt Margin	<u>332,498</u>
Current Debt	-
Remaining Debt Margin	<u>\$ 332,498</u>

IEPA note payable is not applicable to debt margin.

VILLAGE OF LODA
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS, AND COLLECTIONS
FOR THE YEAR ENDED APRIL 30, 2023

Fiscal Year of Receipt <i>Levy Year</i>	2024 <i>2022</i>	2023 <i>2021</i>	2022 <i>2020</i>	2021 <i>2019</i>	2020 <i>2018</i>
Assessed Valuations	<u>\$ 3,855,050</u>	<u>\$ 3,735,032</u>	<u>\$ 3,448,573</u>	<u>\$ 3,692,465</u>	<u>\$ 3,850,425</u>
Tax Levies					
Corporate	\$ 10,000	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,781
Audit	4,000	4,000	4,000	4,000	3,946
Liability Insurance	11,000	11,000	10,100	8,900	7,991
Street Lighting	1,300	1,300	1,300	1,300	1,283
Social Security	350	350	350	350	345
Unemployment Insurance	-	-	-	100	99
Workers Compensation	300	300	300	300	296
Public Comfort Station	50	50	50	50	49
Total Tax Levies	<u>\$ 27,000</u>	<u>\$ 25,900</u>	<u>\$ 25,000</u>	<u>\$ 23,900</u>	<u>\$ 22,790</u>
Tax Rates					
Corporate	0.25000	0.23829	0.25000	0.24104	0.22805
Audit	0.10376	0.10710	0.11599	0.10833	0.10250
Liability Insurance	0.28534	0.29451	0.29288	0.24104	0.20755
Street Lighting	0.03373	0.03481	0.03770	0.03521	0.03331
Social Security	0.00908	0.00938	0.01015	0.00948	0.00897
Unemployment Insurance	-	-	-	0.00271	0.00257
Workers Compensation	0.00779	0.00804	0.00870	0.00813	0.00769
Public Comfort Station	0.00130	0.00134	0.00145	0.00136	0.00129
Total Tax Rates	<u>0.69100</u>	<u>0.69347</u>	<u>0.71687</u>	<u>0.64729</u>	<u>0.59193</u>
Tax Extensions					
Corporate	\$ 9,638	\$ 8,900	\$ 8,621	\$ 8,900	\$ 8,781
Audit	4,000	4,000	4,000	4,000	3,947
Liability Insurance	11,000	11,000	10,100	8,900	7,992
Street Lighting	1,300	1,300	1,300	1,300	1,283
Social Security	350	350	350	350	345
Unemployment Insurance	-	-	-	100	99
Workers Compensation	300	300	300	300	296
Public Comfort Station	50	50	50	50	49
Total Tax Extensions	<u>\$ 26,638</u>	<u>\$ 25,900</u>	<u>\$ 24,721</u>	<u>\$ 23,900</u>	<u>\$ 22,792</u>
Tax Collections					
Corporate		8,727	8,730	8,712	8,845
Audit		3,923	4,051	3,915	3,975
Liability Insurance		10,786	10,229	8,712	8,049
Street Lighting		1,275	1,317	1,273	1,291
Social Security		344	355	343	348
Unemployment Insurance		-	-	98	100
Workers Compensation		294	304	294	298
Public Comfort Station		49	51	49	50
Extended Tax Collections		25,398	25,037	23,396	22,956
Adjustments:					
Road and Bridge Allocation		5,000	4,632	5,229	5,389
Total Tax Collections		<u>\$ 30,398</u>	<u>\$ 29,669</u>	<u>\$ 28,625</u>	<u>\$ 28,345</u>
Percentage of Extension Collected		<u>98.06%</u>	<u>101.28%</u>	<u>97.89%</u>	<u>100.72%</u>

**VILLAGE OF LODA
CONSOLIDATED YEAR-END FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2023**

<u>CSFA Number</u>	<u>Program Name</u>	<u>State Funding</u>	<u>Federal Funding</u>	<u>Other Funding</u>	<u>Total</u>
420-75-1632	Community Development Block Grant Public Infrastructure Program	\$ -	\$ 449,666	\$ -	\$ 449,666
494-00-2356	Local Rebuild Illinois Bond Program	-	-	-	-
532-60-0379	USEPA Capitalization Grants for Drinking Water State Revolving Funds	548,911	-	-	548,911
	Other Grants Programs and Activities	-	-	-	-
	All Other Costs Not Allocated	-	-	(733,181)	(733,181)
		<u>\$ 548,911</u>	<u>\$ 449,666</u>	<u>\$ (733,181)</u>	<u>\$ 265,396</u>

Feller & Kuester CPAs PLLC

Tax - Audit - Bookkeeping

806 Parkland Court - Champaign, Illinois 61821

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Village of Loda
Loda, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Loda (the Village), which comprise the financial statements of the governmental activities, the business-type activities, and each major fund of the Village as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses to be material weaknesses: 2023-01 and 2023-02.

Report on Compliance and Other Matters

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

The Village's Response to Findings

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

Purpose of this Report

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

Feller & Kuester CPAs PLLC

Feller & Kuester CPAs PLLC
Champaign, Illinois

November 8, 2023

**VILLAGE OF LODA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2023**

Findings – Financial Statement Audit

2023-01: Segregation of Duties – Material Weakness

Condition

The Village's accounting function is controlled by a limited number of individuals resulting in the inadequate segregation of duties.

Criteria

The accounting function should be controlled by a sufficient number of individuals in order to have adequate segregation of duties.

Cause

The Village does not have sufficient staff to obtain optimal segregation of duties.

Effect

The limited number of personnel limits the overall effectiveness of internal control.

Recommendation

The Village should segregate duties where possible. The Trustees should be aware of this problem and closely review and approve all financial related information. The cost feasibility of hiring additional personnel to obtain optimal segregation of duties should be considered.

Views of Responsible Officials and Planned Corrective Actions

The Village agrees with this finding but accepts the related risk since the Village does not have the resources to hire additional staff. However, the Village will review its financial policies and procedures to better segregate duties where possible. The Village President will make the Trustees aware of their responsibility in regards to reviewing and approving financial related information.

**VILLAGE OF LODA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2023**

Findings – Financial Statement Audit

2023-02: Financial Statement Preparation – Material Weakness

Condition

Management has chosen to rely on the accounting skills, knowledge, and experience of its auditors to apply adequate procedures to the financial statements and footnotes to ensure that the Village's financial statements and related footnotes are in compliance with the modified cash basis of accounting.

Criteria

Management is responsible for the design and oversight of internal control. The overall goal of internal control is to prevent or detect material misstatements of the Village's financial statements and footnotes. The quality of the Village's financial statements and related notes should be a result of the Village's internal controls.

Cause

The Village's staff does not have the skills necessary to draft the financial statements and related footnotes in accordance with the modified cash basis of accounting without the assistance of the auditors. However, the Village's staff did have the expertise necessary to thoroughly review the financial statements to ensure that they are free of material misstatements and include all required disclosures.

Effect

Internally generated financial statements may not be in accordance with the modified cash basis of accounting and may not be free from material misstatements.

Recommendation

When this situation exists, is it important to note that the fair presentation of the financial statements remains management's responsibility; however, we note this situation is not unusual for a village of your size. Therefore, management review of the financial statements is an important part of the internal control process and we are required by our professional responsibilities to call this to your attention.

Views of Responsible Officials and Planned Corrective Actions

The Village agrees with this finding but accepts the related risk since the Village does not have the resources to hire additional staff. The Village will continue to rely on the accounting skills, knowledge, and experience of its auditors.