

Village of Ludlow  
Ludlow, Illinois

Annual Financial Report

For the Fiscal Year Ended March 31, 2021

Russell Leigh & Associates LLC  
Certified Public Accountants  
228 East Main Street  
Hoopeston, Illinois 60942

Village of Ludlow  
Annual Financial Report  
For the Fiscal Year Ended March 31, 2021  
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Audit / Tax / Consult

**Russell Leigh**

& Associates LLC • Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Village of Ludlow  
Ludlow, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Village of Ludlow, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Ludlow'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 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 from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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 entity'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 entity'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.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of Ludlow, Illinois, as of March 31, 2021, and the respective changes in financial position on a modified cash basis, cash flows on the modified cash basis, where applicable, and the budgetary comparison statements of the General Fund and the Motor Fuel Tax Fund thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

**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 opinion is not modified with respect to this matter.



Russell Leigh & Associates LLC

Hoopeston, Illinois  
August 17, 2021

## **Basic Financial Statements**

Village of Ludlow  
Government-Wide Statement of Net Position  
March 31, 2021  
(Modified Cash Basis)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 71,663	\$ 83,893	\$ 155,556
Investments	17,083	-0-	17,083
Accounts Receivable	-0-	6,586	6,586
Prepaid Expenses	-0-	-0-	-0-
Internal Balances	1,794	(1,794)	-0-
Capital Assets, Net	<u>387,476</u>	<u>261,504</u>	<u>648,980</u>
Total Assets	<u>\$ 478,016</u>	<u>\$ 350,189</u>	<u>\$ 828,205</u>
<b><u>LIABILITIES</u></b>			
Loans Payable	\$ 108,380	\$ 214,000	\$ 322,380
Accrued Expenses	<u>523</u>	<u>-0-</u>	<u>523</u>
Total Liabilities	<u>\$ 108,903</u>	<u>\$ 214,000</u>	<u>\$ 322,903</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, net of related Debt	\$ 279,096	\$ 47,504	\$ 326,600
Restricted for:			
Street Improvement	33,990	-0-	33,990
Water Operations	-0-	88,685	88,685
Unrestricted	<u>56,027</u>	<u>-0-</u>	<u>56,027</u>
Total Net Position	<u>\$ 369,113</u>	<u>\$ 136,189</u>	<u>\$ 505,302</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Government-Wide Statement of Activities  
For the Year Ended March 31, 2021  
(Modified Cash Basis)

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
Primary Government						
Government Activities						
General Government	\$ 111,810	\$ -0-	\$ -0-	\$ (110,940)	\$ -0-	\$ (110,940)
Public Safety	6,826	-0-	-0-	(6,826)	-0-	(6,826)
Highways and Street	17,159	-0-	-0-	(17,159)	-0-	(17,159)
Sanitation	1,378	-0-	-0-	(1,378)	-0-	(1,378)
Culture and Recreation	-0-	-0-	-0-	-0-	-0-	-0-
Interest	2,253	-0-	-0-	(2,253)	-0-	(2,253)
Total Government Activities	<u>\$ 139,426</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (138,556)</u>	<u>\$ -0-</u>	<u>\$ (138,556)</u>
Business-type Activities						
Water	<u>\$ 96,210</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (15,775)</u>	<u>\$ (15,775)</u>
Total Business-type Activities	<u>\$ 96,210</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (15,775)</u>	<u>\$ (15,775)</u>
Total Primary Government	<u>\$ 235,636</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (138,556)</u>	<u>\$ (15,775)</u>	<u>\$ (154,331)</u>
	<b>GENERAL REVENUES:</b>					
Property Taxes	\$ 11,910			\$ 11,910	\$ -0-	\$ 11,910
Intergovernmental	94,313			94,313	-0-	94,313
Utility Taxes	24,042			24,042	-0-	24,042
Unrestricted Investment Earnings	415			415	67	482
Miscellaneous	2,979			2,979	-0-	2,979
Interest				-0-	(7,209)	(7,209)
Transfers				-0-	-0-	-0-
Total General Revenues and Transfers	<u>\$ 133,659</u>			<u>\$ 133,659</u>	<u>\$ (7,142)</u>	<u>\$ 126,517</u>
Change in Net Position	(4,897)			(4,897)	(22,917)	(27,814)
Net Position - Beginning	374,010			374,010	159,106	533,116
Net Position - Ending	<u>\$ 369,113</u>			<u>\$ 369,113</u>	<u>\$ 136,189</u>	<u>\$ 505,302</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Balance Sheet  
Governmental Funds  
March 31, 2021  
(Modified Cash Basis)

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Government Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 54,756	\$ 16,907	\$ 71,663
Investments	-0-	17,083	17,083
Due from Other Funds	1,794	-0-	1,794
Prepaid Expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 56,550</u>	<u>\$ 33,990</u>	<u>\$ 90,540</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 523	\$ -0-	\$ 523
Due to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>\$ 523</u>	<u>\$ -0-</u>	<u>\$ 523</u>
Fund Balances:			
Restricted:			
Street Improvements	\$ -0-	\$ 33,990	\$ 33,990
Assigned To:			
Building Construction	-0-	-0-	-0-
Unassigned	<u>56,027</u>	<u>-0-</u>	<u>56,027</u>
Total Fund Balances	<u>\$ 56,027</u>	<u>\$ 33,990</u>	<u>\$ 90,017</u>
Total Liabilities and Fund Balances	<u>\$ 56,550</u>	<u>\$ 33,990</u>	<u>\$ 90,540</u>
Reconciliation to Statement of Net Position:			
Fund Balance			\$ 90,017
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets are not current financial resources and therefore, are not reported in the governmental funds			387,476
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			<u>(108,380)</u>
Net Assets of Governmental Activities			<u>\$ 369,113</u>

The notes to the financial statements are an integral part of this statement.



**Village of Ludlow**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended March 31, 2021**  
**(Modified Cash Basis)**

	General <u>Fund</u>	Motor Fuel <u>Tax Funds</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 11,910	\$ -0-	\$ 11,910
Intergovernmental	68,795	25,518	94,313
Fines and Forfeitures	-0-	-0-	-0-
Charges for Services	870	-0-	870
Licenses and Permits	-0-	-0-	-0-
Utility Tax	24,042	-0-	24,042
Interest	36	379	415
Miscellaneous	2,979	-0-	2,979
Total Revenues	<u>\$ 108,632</u>	<u>\$ 25,897</u>	<u>\$ 134,529</u>
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 98,415	\$ -0-	\$ 98,415
Highways and Streets	-0-	17,159	17,159
Public Safety	6,826	-0-	6,826
Sanitation	1,378	-0-	1,378
Capital Outlay	-0-	-0-	-0-
Debt Service - Principal	6,147	-0-	6,147
Debt Service - Interest	2,253	-0-	2,253
Total Expenditures	<u>\$ 115,019</u>	<u>\$ 17,159</u>	<u>\$ 132,178</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,387)</u>	<u>8,738</u>	<u>2,351</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ -0-	\$ -0-	\$ -0-
Transfers Out	-0-	-0-	-0-
Loan Proceeds	-0-	-0-	-0-
Total Other Financial Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	(6,387)	8,738	2,351
Fund Balances - Beginning	<u>62,414</u>	<u>25,252</u>	<u>87,666</u>
Fund Balances - Ending	<u>\$ 56,027</u>	<u>\$ 33,990</u>	<u>\$ 90,017</u>
Reconciliation to Statement of Activities:			
Net Change in Fund Balance - Total Governmental Funds			\$ 2,351
Governmental funds report capital outlays as expenditures. In the Statement of Net Assets, the cost of these assets is capitalized.			
Capital Outlays			-0-
Depreciation			(13,395)
Note payable proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.			
Repayment of note principle is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.			
Proceeds from Debt			-0-
Principle Repayments			<u>6,147</u>
Change in Net Assets of Governmental Activities			<u>\$ (4,897)</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended March 31, 2021  
(Modified Cash Basis)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 12,400	\$ 12,400	\$ 11,910	\$ (490)
Intergovernmental	62,100	62,100	68,795	6,695
Charges for Services	-0-	-0-	-0-	-0-
Fines and Forfeitures	500	500	870	370
Licenses and Permits	500	500	-0-	(500)
Utility Tax	23,200	23,200	24,042	842
Interest	-0-	-0-	36	36
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>2,979</u>	<u>2,979</u>
Total Revenues	<u>\$ 98,700</u>	<u>\$ 98,700</u>	<u>\$ 108,632</u>	<u>\$ 9,932</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 69,585	\$ 69,585	\$ 98,415	\$ (28,830)
Public Safety	45,050	45,050	6,826	38,224
Highways and Streets	7,150	7,150	-0-	7,150
Sanitation	-0-	-0-	1,378	(1,378)
Capital Outlay	-0-	-0-	-0-	-0-
Debt Services - Principal	-0-	-0-	6,147	(6,147)
Debt Services - Interest	<u>-0-</u>	<u>-0-</u>	<u>2,253</u>	<u>(2,253)</u>
Total Expenditures	<u>\$ 121,785</u>	<u>\$ 121,785</u>	<u>\$ 115,019</u>	<u>\$ 6,766</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfers Out	-0-	-0-	-0-	-0-
Loan Proceeds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	(23,085)	(23,085)	(6,387)	16,698
Fund Balances - Beginning	<u>62,414</u>	<u>62,414</u>	<u>62,414</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 39,329</u>	<u>\$ 39,329</u>	<u>\$ 56,027</u>	<u>\$ 16,698</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Motor Fuel Tax Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended March 31, 2021  
(Modified Cash Basis)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -0-	\$ -0-	\$ 379	\$ 379
Intergovernmental	9,450	9,450	25,518	16,068
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues	<u>\$ 9,450</u>	<u>\$ 9,450</u>	<u>\$ 25,897</u>	<u>\$ 16,447</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Highways and Streets	<u>16,500</u>	<u>16,500</u>	<u>17,159</u>	<u>(659)</u>
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 17,159</u>	<u>\$ (659)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Other Financing Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	(7,050)	(7,050)	8,738	15,788
Fund Balances - Beginning	<u>25,252</u>	<u>25,252</u>	<u>25,252</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 18,202</u>	<u>\$ 18,202</u>	<u>\$ 33,990</u>	<u>\$ 15,788</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Statement of Net Position  
Major Proprietary Funds  
March 31, 2021  
(Modified Cash Basis)

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalent	\$ 83,893	\$ 83,893
Accounts Receivable	6,586	6,586
Capital Asset, Net	<u>261,504</u>	<u>261,504</u>
Total Assets	<u>\$ 351,983</u>	<u>\$ 351,983</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ -0-	\$ -0-
Due to Other Funds	1,794	1,794
Loans Payable	<u>214,000</u>	<u>214,000</u>
Total Liabilities	<u>\$ 215,794</u>	<u>\$ 215,794</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 47,504	\$ 47,504
Restricted for Water Operations	<u>88,685</u>	<u>99,685</u>
Total Net Position	<u>\$ 136,189</u>	<u>\$ 136,189</u>
Total Liabilities and Net Position	<u>\$ 351,983</u>	<u>\$ 351,983</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Statement of Revenues, Expenses and  
Changes in Net Position  
Major Proprietary Funds  
For the Year Ended March 31, 2021  
(Modified Cash Basis)

	<u>Water</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
<b>OPERATING REVENUES</b>		
Water Revenue	<u>\$ 80,435</u>	<u>\$ 80,435</u>
Total Operating Revenue	<u>\$ 80,435</u>	<u>\$ 80,435</u>
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	\$ 16,296	\$ 16,296
Utilities and Telephone	6,270	6,270
Office Expense	1,325	1,325
Dues & Testing	2,230	2,230
Supplies	2,886	2,886
Repairs and Maintenance	23,642	23,642
Professional Fees	22,877	22,877
Miscellaneous	841	841
Depreciation	<u>19,843</u>	<u>19,843</u>
Total Operating Expenses	<u>\$ 96,210</u>	<u>\$ 96,210</u>
Operating Income (Loss)	<u>\$ (15,775)</u>	<u>\$ (15,775)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Grant Revenue	\$ -0-	\$ -0-
Interest Income	67	67
Interest Expense	(7,209)	(7,209)
Property Taxes	-0-	-0-
Miscellaneous Revenue	<u>-0-</u>	<u>-0-</u>
Non-Operating Revenue (Expenses)	<u>\$ (7,142)</u>	<u>\$ (7,142)</u>
Income before Transfers and Other Items	\$ (22,917)	\$ (22,917)
Transfers In	\$ -0-	\$ -0-
Transfers Out	<u>-0-</u>	<u>-0-</u>
Change in Net Position	(22,917)	(22,917)
Net Position - Beginning	<u>159,106</u>	<u>159,106</u>
Net Position - Ending	<u>\$ 136,189</u>	<u>\$ 136,189</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Statement of Cash Flows  
Major Proprietary Funds  
For the Year Ended March 31, 2021  
(Modified Cash Basis)

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 78,702	\$ 78,702
Payments to Suppliers	(60,071)	(60,071)
Payments to Employees	(16,296)	(16,296)
Payments from Other Funds	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,335</u>	<u>\$ 2,335</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers In	\$ -0-	\$ -0-
Transfers Out	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal Advanced (Paid) on Loans	\$ 23,818	\$ 23,818
Capital Grant	-0-	-0-
Interest Paid on Loans	<u>(7,209)</u>	<u>(7,209)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 16,609</u>	<u>\$ 16,609</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	\$ 67	\$ 67
Purchase of Capital Assets	<u>(39,052)</u>	<u>(39,052)</u>
Net Cash Provided by Investing Activities	<u>\$ (38,985)</u>	<u>\$ (38,985)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (20,041)	\$ (20,041)
Cash and Cash Equivalents - Beginning of Year	<u>103,934</u>	<u>103,934</u>
Cash and Cash Equivalents - End of Year	<u>\$ 83,893</u>	<u>\$ 83,893</u>

The notes to the financial statements are an integral part of this statement.

Village of Ludlow  
Statement of Cash Flows  
Major Proprietary Funds  
For the Year Ended March 31, 2021  
(Modified Cash Basis)  
 Continued

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

	<u>Water Fund</u>	<u>Total Proprietary Fund</u>
Operating Income (Loss)	\$ (15,775)	\$ (15,775)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Miscellaneous Revenue	\$ -0-	\$ -0-
Depreciation Expense	19,843	19,843
Change in Assets and Liabilities:		
Accounts Receivable	(1,733)	(1,733)
Accounts Payable and Accrued Expenses	-0-	-0-
Due to Other Funds	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,335</u>	<u>\$ 2,335</u>

The notes to the financial statements are an integral part of this statement.

## **Notes to the Basic Financial Statements**



Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

The Village of Ludlow is a municipal corporation governed by an elected board. The Village operates under a Trustee-Village form of government and provides the following services: public safety, parks and recreation, public works, water, sewer and refuse collection.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Ludlow and any component units, of which there are none during the year. The criteria used to determine if a legally separate organization's financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board and approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent.

Basis of Presentation

Government-Wide Financial Statements - The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary governmental and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities displays the direct expenses of a given function or segment and the associated program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges by a given function or segment and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The Village segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the financial statement and all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund - This is the primary operating fund of the Village. It accounts for an reports all financial resources of the general government not accounted for in another fund.

Motor Fuel Tax Fund - This fund accounts for allotments to the Village of motor fuel taxes and ezpenditures for maintenance and improvements to streets.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Proprietary funds are used to account for those Village activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The Village has presented the following major proprietary funds:

Water Fund - This fund is used to account for water services to residents of the Village and other commercial users.

Measurement Focus and Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Village receives value without directly giving equal value in exchange, include property tax revenues, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Revenue from grants and other contributions is recognized in the fiscal year after the taxes are levied. Revenue from grants and other contributions is recognized in the fiscal year in which all eligibility, matching and expenditure requirements imposed by the provider have been met.

The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village enterprise funds are charges to customers for water, sewer, and garbage services. Operating expenses for the enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues, except for property taxes, to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year they are intended to finance.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments and compensated absences recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village considers all highly liquid assets (including restricted assets) with maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the Village as assets with an initial individual cost of more than the capitalization threshold as shown below, and an estimated useful life in excess of two years. Purchased capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Minimum capitalization costs are as follows:

Infrastructure	\$ 50,000
Buildings	5,000
Land Improvements	5,000
Equipment	2,500

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The Village depreciates assets on a straight-line basis using the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Equipment, furniture and fixtures	5 to 20 years
Buildings, structures and improvements	20 to 50 years
Improvements other than buildings	20 to 30 years
Water and sewer system	20 to 50 years
Infrastructure assets	20 to 25 years

Long Term Obligations

In the government-wide financial statements and 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 financial statements. The face amount of debt issued is reported as other financing sources in the fund financial statements for governmental activities.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Interfund Transactions

During the normal course of operations, the Village has transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended, and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenses if they involved organizations external to the Village are treated similarly when involving other funds of the Village.

Activity between funds that is referred to as “due to/from other funds” represent transactions when one fund incurs expenses for the benefit of another and expects repayment from it. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government entity-wide financial statements as “internal balances”.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in nonspendable form (such as prepaid expenses) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balances - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Board or by an official or body to which the Village Board delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Village would typically use restricted fund balances first, followed by committed resources, then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The Village prepares its financial statements in accordance with generally accepted accounting principles which require the use of estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Compensated Absences

Village employees are entitled to certain compensated absences based on their length of employment. Compensated absences are earned at the beginning of the employees's annual employment anniversary. Vacation time does not accumulated from year to year. Unused vacation is forfeited.

**NOTE 2 - CASH AND INVESTMENTS**

Certain funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balance attributed to each particular fund. The Village is allowed to invest in securities as authorized by the Illinois Revised Statutes. The following is a summary of cash and investments at March 31, 2021:

A. Deposits

As of March 31, 2021, the carrying amount of the Village's deposits was \$172,639; the bank balance was \$179,174.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of March 31, 2021, \$-0- of the Village's bank balance of \$179,174 was exposed to custodial risk.

Insured	\$ 179,174
Securities Pledged to the Village	<u>-0-</u>
	<u>\$ 179,174</u>

B. Investments

The Village maintains CD's with Bank of Rantoul. The value of these CD's at March 31, 2021 was \$17,083.

The Village's investments are entirely insured or guaranteed by the U.S. Government. The Village has no policy for interest rate risk. The Village has invested in instruments that have fixed rates.

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at March 31, 2021 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 1,794

The outstanding balance resulted from payroll withholdings of the Water Fund that were paid by the General Fund. The balance is expected to be repaid in the following fiscal year.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 4 - INTERFUND TRANSFERS**

There were no interfund transfers for the year ended March 31, 2021.

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2021 was as follows:

A. Capital Assets - Governmental Activities

Capital asset balances and transactions for the year ended March 31, 2021 are summarized as follows:

	<u>Balance</u> <u>4/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/21</u>
Capital Assets:				
Buildings and Land	\$ 478,333	\$ -0-	\$ -0-	\$ 478,333
Equipment	<u>34,408</u>	<u>-0-</u>	<u>-0-</u>	<u>34,408</u>
Total	<u>\$ 512,741</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 512,741</u>
Accumulated Depreciation:				
Buildings and Land	\$ 89,624	\$ 11,802	\$ -0-	\$ 101,426
Equipment	<u>22,246</u>	<u>1,593</u>	<u>-0-</u>	<u>23,839</u>
Total	<u>\$ 111,870</u>	<u>\$ 13,395</u>	<u>\$ -0-</u>	<u>\$ 125,265</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 400,871</u>	<u>\$ (13,395)</u>	<u>\$ -0-</u>	<u>\$ 387,476</u>

Depreciation expense was charged as follows:

Governmental Activities:	
General Government	\$ 13,395
Public Safety	-0-
Highway and Streets	-0-
Parks and Recreation	<u>-0-</u>
Total Governmental Activities	<u>\$ 13,395</u>

Infrastructure assets are being reported on a prospective basis as allowed by GASB 34.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 5 - CAPITAL ASSETS - continued**

B. Capital Assets - Business-Type Activities:

Capital asset balances and transactions for the year ended March 31, 2021 are summarized as follows:

	<u>Balance</u> <u>04/01/20</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>03/31/21</u>
Capital Assets:				
Infrastructure and				
Utility System	\$ 317,613	\$ 39,052	\$ -0-	\$ 356,665
Equipment	<u>87,984</u>	<u>-0-</u>	<u>-0-</u>	<u>87,984</u>
Total	<u>\$ 405,597</u>	<u>\$ 39,052</u>	<u>\$ -0-</u>	<u>\$ 444,649</u>
Accumulated Depreciation:				
Infrastructure and				
Utility System	\$ 89,097	\$ 17,265	\$ -0-	\$ 106,362
Equipment	<u>74,205</u>	<u>2,578</u>	<u>-0-</u>	<u>76,783</u>
Total	<u>\$ 163,302</u>	<u>\$ 19,843</u>	<u>\$ -0-</u>	<u>\$ 183,145</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 242,295</u>	<u>\$ 19,209</u>	<u>\$ -0-</u>	<u>\$ 261,504</u>

Depreciation expense was charged as follows:

Waterworks	<u>\$ 19,843</u>
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**NOTE 6 - PROPERTY TAX**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on the second Tuesday of September and payable in two installments on the following June 1 and September 1. Taxes are levied for the fiscal year in progress although the taxes are not received in time to finance that year. The intention of the Village is to finance the subsequent fiscal year and the Village budgets accordingly. The Village Board adopted the Tax Levy ordinance on December 8, 2020. Collection amounts are given to the taxing body in July, September and November. Taxes recorded are from the 2019 levy.

**NOTE 7 - SEGMENT INFORMATION FOR PROPRIETARY FUNDS**

	<u>Water</u> <u>Fund</u>	<u>Total</u>
Operating Receipts	<u>\$ 80,435</u>	<u>\$ 80,435</u>
Operating Income/ Loss	<u>\$ (15,775)</u>	<u>\$ (15,775)</u>
Net Income (Loss)	<u>\$ (22,917)</u>	<u>\$ (22,917)</u>
Total Equity	<u>\$ 136,189</u>	<u>\$ 136,189</u>

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 8 - NOTES PAYABLE**

- A. The Village has borrowed funds from Champaign County, Illinois for the construction of a new community center. The initial principal borrowed was \$135,000, which is to be repaid in monthly payments of \$682.94. This includes interest at a rate of 2%.

A summary of changes in this note follows:

	<u>Balance</u> <u>04/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/21</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Note Payable	<u>\$ 114,527</u>	<u>\$ -0-</u>	<u>\$ (6,147)</u>	<u>\$ 108,380</u>	<u>\$ 6,083</u>

As of March 31, 2021, the annual cash flow requirements of debt principal and interest were as follows:

<u>Fiscal Year</u> <u>Ending March 31,</u>	<u>Principal</u> <u>Maturity</u>	<u>Interest</u> <u>Requirements</u>	<u>Total</u>
2022	\$ 6,083	\$ 2,112	\$ 8,195
2023	6,206	1,989	8,195
2024	6,331	1,864	8,195
2025	6,459	1,736	8,195
2026	6,589	1,606	8,195
2027 - 2031	34,996	5,980	40,976
2032 - 2036	38,674	2,302	40,976
2037	<u>3,042</u>	<u>12</u>	<u>3,054</u>
	<u>\$ 108,380</u>	<u>\$ 17,601</u>	<u>\$ 125,981</u>

- B. The Village has borrowed funds from Farmers Merchants Bank to help pay for early engineering costs on a water system project. The initial principal borrowed was \$191,000. This is a bridge loan and is expected to be repaid on June 1, 2020 by using funds from a different loan. The Village is required to make interest only payments at a rate of 5.14% until the long-term funding is secured.

A summary of changes in this note follows:

	<u>Balance</u> <u>04/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/21</u>
Business Type Activities:				
Note Payable	<u>\$ 190,182</u>	<u>\$ -0-</u>	<u>\$ 190,182</u>	<u>\$ -0-</u>



Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 8 - NOTES PAYABLE - continued**

C. The Village borrowed funds from the USDA to finance a water system project. The initial principal borrowed was \$200,000, with draws being made periodically when funds are needed. The draws will be made until the loan balance reaches \$940,000. The Village is required to make annual principal payments starting May 1, 2023. The Village is also required to make annual interest payments starting May 1, 2023 at an interest rate of 1.25%. Interest amounts are based on the outstanding principal at the time, which will vary year to year. For this reason, we will not disclose future interest payments as the amounts cannot be reasonably estimated.

A summary of changes in this note follows:

<u>Balance</u> <u>04/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/21</u>	<u>Due Within</u> <u>One Year</u>
\$ -0-	\$ 214,000	\$ -0-	\$ 214,000	\$ -0-

As of March 31, 2021, the annual cash flow requirements of debt principal and interest were as follows:

<u>Fiscal Year</u> <u>Ending March 31,</u>	<u>Principal</u> <u>Maturity</u>
2022	\$ -0-
2023	-0-
2024	20,000
2025	20,000
2026	20,000
2027 - 2031	102,000
2032 - 2036	110,000
2037 - 2041	118,000
2042 - 2046	124,000
2047 - 2051	132,000
2052 - 2056	140,000
2057 - 2061	<u>154,000</u>
	<u>\$ 940,000</u>

**NOTE 9 - ADDITIONAL DISCLOSURES**

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds including:

- a. Segment information for certain individual Proprietary Funds. This requirement is met by Note 7.
- b. Interfund receivable and payable balances. This requirement is met by Note 3.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2021

**NOTE 10 - ACCUMULATED UNPAID VACATION AND SICK PAY**

The liability of the Village for accumulated vacation has not been recorded in the General Long-Term Account Group.

No liability is recorded in governmental funds since the current portion of the liability is not considered significant, nor can it be reasonably estimated.

**NOTE 11 - 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; and natural disasters. The government manages these risks by securing commercial insurance. Management believes that such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 12 - LITIGATION**

As of March 31, 2021, the Village was not involved in any pending litigation.

**NOTE 13 - BUDGETING COMPLIANCE**

The Village operated within budgetary limits in all funds for the year ended March 31, 2021, except for the Motor Fuel Tax which was over-expended by \$659.

**NOTE 14 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 17, 2021, which is the date the financial statements were available to be issued. Nothing has occurred that would require recognition or disclosure.