

Village of Ludlow  
Ludlow, Illinois

Annual Financial Report

For the Fiscal Year Ended March 31, 2022

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, 2022  
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**Russell Leigh**

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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, 2022, 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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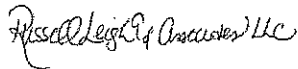
Management has not presented a management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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, 2022, 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.

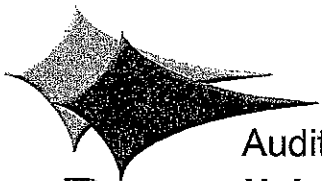
**Basis of Accounting**

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  
September 27, 2022



Audit / Tax / Consult

**Russell Leigh**

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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*

Board of Trustees  
Village of Ludlow  
Ludlow, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Village of Ludlow as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Ludlow's basic financial statements, and have issued our report thereon dated September 27, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Ludlow's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Ludlow'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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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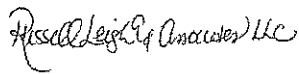
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**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Russell Leigh & Associates

Hoopeston, Illinois  
September 27, 2022

## **Basic Financial Statements**

Village of Ludlow  
Government-Wide Statement of Net Position (Modified Cash Basis)  
March 31, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 154,772	\$ 133,542	\$ 288,314
Investments	-0-	-0-	-0-
Accounts Receivable	-0-	8,656	8,656
Prepaid Expenses	-0-	-0-	-0-
Internal Balances	1,794	(1,794)	-0-
Capital Assets, Net	<u>388,085</u>	<u>1,598,914</u>	<u>1,986,999</u>
Total Assets	<u>\$ 544,651</u>	<u>\$ 1,739,318</u>	<u>\$ 2,283,969</u>
<b><u>LIABILITIES</u></b>			
Loans Payable	\$ 102,090	\$ 940,000	\$ 1,042,090
Accrued Expenses	<u>2,043</u>	<u>-0-</u>	<u>2,043</u>
Total Liabilities	<u>\$ 104,133</u>	<u>\$ 940,000</u>	<u>\$ 1,044,133</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, net of related Debt	\$ 285,995	\$ 658,914	\$ 944,909
Restricted for:			
Street Improvement	52,929	-0-	52,929
Water Operations	-0-	140,404	140,404
Unrestricted	<u>101,594</u>	<u>-0-</u>	<u>101,594</u>
Total Net Position	<u>\$ 440,518</u>	<u>\$ 799,318</u>	<u>\$ 1,239,836</u>

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





Village of Ludlow  
Balance Sheet (Modified Cash Basis)  
Governmental Funds  
March 31, 2022

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Government Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 101,843	\$ 52,929	\$ 154,772
Investments	-0-	-0-	-0-
Due from Other Funds	1,794	-0-	1,794
Prepaid Expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 103,637</u>	<u>\$ 52,929</u>	<u>\$ 156,566</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,043	\$ -0-	\$ 2,043
Due to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>\$ 2,043</u>	<u>\$ -0-</u>	<u>\$ 2,043</u>
Fund Balances:			
Restricted:			
Street Improvements	\$ -0-	\$ 52,929	\$ 52,929
Assigned To:			
Building Construction	-0-	-0-	-0-
Unassigned	<u>101,594</u>	<u>-0-</u>	<u>101,594</u>
Total Fund Balances	<u>\$ 101,594</u>	<u>\$ 52,929</u>	<u>\$ 154,523</u>
Total Liabilities and Fund Balances	<u>\$ 103,637</u>	<u>\$ 52,929</u>	<u>\$ 156,566</u>
Reconciliation to Statement of Net Position:			
Fund Balance			\$ 154,523
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			388,085
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			<u>(102,090)</u>
Net Assets of Governmental Activities			<u>\$ 440,518</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 (Modified Cash Basis)  
Governmental Funds  
For the Year Ended March 31, 2022

	<u>General</u> <u>Fund</u>	<u>Motor Fuel</u> <u>Tax Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 12,247	\$ -0-	\$ 12,247
Intergovernmental	81,976	22,733	104,709
Fines and Forfeitures	1,020	-0-	1,020
Charges for Services	1,700	-0-	1,700
Licenses and Permits	705	-0-	705
Utility Tax	26,269	-0-	26,269
Interest	54	181	235
Donations	11,350	-0-	11,350
Miscellaneous	<u>38,573</u>	<u>-0-</u>	<u>38,573</u>
Total Revenues	<u>\$ 173,894</u>	<u>\$ 22,914</u>	<u>\$ 196,808</u>
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 98,771	\$ -0-	\$ 98,771
Highways and Streets	-0-	3,975	3,975
Public Safety	5,669	-0-	5,669
Sanitation	1,124	-0-	1,124
Capital Outlay	14,363	-0-	14,363
Debt Service - Principal	6,290	-0-	6,290
Debt Service - Interest	<u>2,110</u>	<u>-0-</u>	<u>2,110</u>
Total Expenditures	<u>\$ 128,327</u>	<u>\$ 3,975</u>	<u>\$ 132,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,567</u>	<u>18,939</u>	<u>64,506</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ -0-	\$ -0-	\$ -0-
Transfers (Out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financial Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	45,567	18,939	64,506
Fund Balances - Beginning	<u>56,027</u>	<u>33,990</u>	<u>90,017</u>
Fund Balances - Ending	<u>\$ 101,594</u>	<u>\$ 52,929</u>	<u>\$ 154,523</u>
Reconciliation to Statement of Activities:			
Net Change in Fund Balance - Total Governmental Funds			\$ 64,506
Governmental funds report capital outlays as expenditures. In the Statement of Net Assets, the cost of these assets is capitalized.			
Capital Outlays			14,363
Depreciation			(13,754)
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.			
Principle Repayments			<u>6,290</u>
Change in Net Assets of Governmental Activities			<u>\$ 71,405</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 (Modified Cash Basis)  
For the Year Ended March 31, 2022

	<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	\$ 12,247	\$ (153)
Intergovernmental	82,000	82,000	81,976	(24)
Charges for Services	-0-	-0-	1,700	1,700
Fines and Forfeitures	500	500	1,020	520
Licenses and Permits	500	500	705	205
Utility Tax	26,000	26,000	26,269	269
Interest	-0-	-0-	54	54
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>49,923</u>	<u>49,923</u>
Total Revenues	<u>\$ 121,400</u>	<u>\$ 121,400</u>	<u>\$ 173,894</u>	<u>\$ 52,494</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 81,625	\$ 81,625	\$ 113,134	\$ (31,509)
Public Safety	41,600	41,600	5,669	35,931
Highways and Streets	7,950	7,950	-0-	7,950
Sanitation	-0-	-0-	1,124	(1,124)
Capital Outlay	-0-	-0-	-0-	-0-
Debt Services - Principal	-0-	-0-	6,290	(6,290)
Debt Services - Interest	<u>-0-</u>	<u>-0-</u>	<u>2,110</u>	<u>(2,110)</u>
Total Expenditures	<u>\$ 131,175</u>	<u>\$ 131,175</u>	<u>\$ 128,327</u>	<u>\$ 2,848</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfers (Out)	<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	(9,775)	(9,775)	45,567	55,342
Fund Balances - Beginning	<u>56,027</u>	<u>56,027</u>	<u>56,027</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 46,252</u>	<u>\$ 46,252</u>	<u>\$ 101,594</u>	<u>\$ 55,342</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 (Modified Cash Basis)  
For the Year Ended March 31, 2022

	<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-	\$ 181	\$ 181
Intergovernmental	10,500	10,500	22,733	12,233
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues	<u>\$ 10,500</u>	<u>\$ 10,500</u>	<u>\$ 22,914</u>	<u>\$ 12,414</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Highways and Streets	<u>16,500</u>	<u>16,500</u>	<u>3,975</u>	<u>12,525</u>
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 3,975</u>	<u>\$ 12,525</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfers (Out)	<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	(6,000)	(6,000)	18,939	24,939
Fund Balances - Beginning	<u>33,990</u>	<u>33,990</u>	<u>33,990</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 27,990</u>	<u>\$ 27,990</u>	<u>\$ 52,929</u>	<u>\$ 24,939</u>

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

Village of Ludlow  
Statement of Net Position (Modified Cash Basis)  
Major Proprietary Funds  
March 31, 2022

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalent	\$ 133,542	\$ 133,542
Accounts Receivable	8,656	8,656
Capital Asset, Net	<u>1,598,914</u>	<u>1,598,914</u>
Total Assets	<u>\$ 1,741,112</u>	<u>\$ 1,741,112</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ -0-	\$ -0-
Due to Other Funds	1,794	1,794
Loans Payable	<u>940,000</u>	<u>940,000</u>
Total Liabilities	<u>\$ 941,794</u>	<u>\$ 941,794</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 658,914	\$ 658,914
Restricted for Water Operations	<u>140,404</u>	<u>140,404</u>
Total Net Position	<u>\$ 799,318</u>	<u>\$ 799,318</u>
Total Liabilities and Net Position	<u>\$ 1,741,112</u>	<u>\$ 1,741,112</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 (Modified Cash Basis)  
Major Proprietary Funds  
For the Year Ended March 31, 2022

	<u>Water</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
<b>OPERATING REVENUES</b>		
Water Revenue	\$ 100,504	\$ 100,504
Total Operating Revenue	<u>\$ 100,504</u>	<u>\$ 100,504</u>
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	\$ 16,214	\$ 16,214
Utilities and Telephone	7,742	7,742
Office Expense	1,329	1,329
Dues & Testing	3,345	3,345
Supplies	3,170	3,170
Repairs and Maintenance	11,917	11,917
Professional Fees	-0-	-0-
Miscellaneous	1,314	1,314
Depreciation	<u>54,429</u>	<u>54,429</u>
Total Operating Expenses	<u>\$ 99,460</u>	<u>\$ 99,460</u>
Operating Income (Loss)	<u>\$ 1,044</u>	<u>\$ 1,044</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Grant Revenue	\$ 666,000	\$ 666,000
Interest Income	54	54
Interest Expense	(3,969)	(3,969)
Property Taxes	-0-	-0-
Miscellaneous Revenue	<u>-0-</u>	<u>-0-</u>
Non-Operating Revenue (Expenses)	<u>\$ 662,085</u>	<u>\$ 662,085</u>
Income before Transfers and Other Items	\$ 663,129	\$ 663,129
Transfers In	\$ -0-	\$ -0-
Transfers (Out)	<u>-0-</u>	<u>-0-</u>
Change in Net Position	663,129	663,129
Net Position - Beginning	<u>136,189</u>	<u>136,189</u>
Net Position - Ending	<u>\$ 799,318</u>	<u>\$ 799,318</u>

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

Village of Ludlow  
Statement of Cash Flows (Modified Cash Basis)  
Major Proprietary Funds  
For the Year Ended March 31, 2022

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 98,434	\$ 98,434
Payments to Suppliers	(28,817)	(28,817)
Payments to Employees	(16,214)	(16,214)
Payments from Other Funds	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 53,403</u>	<u>\$ 53,403</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	\$ 726,000	\$ 726,000
Capital Grant	666,000	666,000
Interest Paid on Loans	<u>(3,969)</u>	<u>(3,969)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 1,388,031</u>	<u>\$ 1,388,031</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	\$ 54	\$ 54
Purchase of Capital Assets	<u>(1,391,839)</u>	<u>(1,391,839)</u>
Net Cash Provided by Investing Activities	<u>\$ (1,391,785)</u>	<u>\$ (1,391,785)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 49,649	\$ 49,649
Cash and Cash Equivalents - Beginning of Year	<u>83,893</u>	<u>83,893</u>
Cash and Cash Equivalents - End of Year	<u>\$ 133,542</u>	<u>\$ 133,542</u>

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



Village of Ludlow  
Statement of Cash Flows (Modified Cash Basis)  
Major Proprietary Funds  
For the Year Ended March 31, 2022  
 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)	\$ 1,044	\$ 1,044
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Miscellaneous Revenue	\$ -0-	\$ -0-
Depreciation Expense	54,429	54,429
Change in Assets and Liabilities:		
Accounts Receivable	(2,070)	(2,070)
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>\$ 53,403</u>	<u>\$ 53,403</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, 2022

**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 expenditures for maintenance and improvements to streets.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2022

**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, 2022

**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, 2022

**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, 2022

**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, 2022:

A. Deposits

As of March 31, 2022, the carrying amount of the Village's deposits was \$288,314; the bank balance was \$290,986.

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, 2022, \$40,986 of the Village's bank balance of \$290,986 was exposed to custodial risk.

Insured	\$ 250,000
Securities Pledged to the Village	-0-
Uninsured and Under-Collateralized	<u>40,986</u>
	<u>\$ 290,986</u>

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at March 31, 2022 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 4,676

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, 2022

**NOTE 4 - INTERFUND TRANSFERS**

There were no interfund transfers for the year ended March 31, 2022.

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2022 was as follows:

A. Capital Assets - Governmental Activities

Capital asset balances and transactions for the year ended March 31, 2022 are summarized as follows:

	Balance <u>4/1/21</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>3/31/22</u>
Capital Assets:				
Buildings and Land	\$ 478,333	\$ 14,363	\$ -0-	\$ 492,696
Equipment	<u>34,408</u>	<u>-0-</u>	<u>-0-</u>	<u>34,408</u>
Total	<u>\$ 512,741</u>	<u>\$ 14,363</u>	<u>\$ -0-</u>	<u>\$ 527,104</u>
Accumulated Depreciation:				
Buildings and Land	\$ 101,426	\$ 12,162	\$ -0-	\$ 113,588
Equipment	<u>23,839</u>	<u>1,592</u>	<u>-0-</u>	<u>25,431</u>
Total	<u>\$ 125,265</u>	<u>\$ 13,754</u>	<u>\$ -0-</u>	<u>\$ 139,019</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 387,476</u>	<u>\$ 609</u>	<u>\$ -0-</u>	<u>\$ 388,085</u>

Depreciation expense was charged as follows:

Governmental Activities:	
General Government	\$ 13,754
Public Safety	-0-
Highway and Streets	-0-
Parks and Recreation	<u>-0-</u>
Total Governmental Activities	<u>\$ 13,754</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, 2022

**NOTE 5 - CAPITAL ASSETS - continued**

B. Capital Assets - Business-Type Activities:

Capital asset balances and transactions for the year ended March 31, 2022 are summarized as follows:

	<u>Balance</u> <u>04/01/21</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>03/31/22</u>
Capital Assets:				
Infrastructure and				
Utility System	\$ 356,665	\$ 1,391,839	\$ -0-	\$ 1,748,504
Equipment	<u>87,984</u>	<u>-0-</u>	<u>-0-</u>	<u>87,984</u>
Total	<u>\$ 444,649</u>	<u>\$ 1,391,839</u>	<u>\$ -0-</u>	<u>\$ 1,836,488</u>
Accumulated Depreciation:				
Infrastructure and				
Utility System	\$ 106,362	\$ 52,061	\$ -0-	\$ 158,423
Equipment	<u>76,783</u>	<u>2,368</u>	<u>-0-</u>	<u>79,151</u>
Total	<u>\$ 183,145</u>	<u>\$ 54,429</u>	<u>\$ -0-</u>	<u>\$ 237,574</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 261,504</u>	<u>\$ 1,337,410</u>	<u>\$ -0-</u>	<u>\$ 1,598,914</u>

Depreciation expense was charged as follows:

Waterworks	<u>\$ 54,429</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 14, 2021. Collection amounts are given to the taxing body in July, September and November. Taxes recorded are from the 2020 levy.

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

	<u>Water</u> <u>Fund</u>	<u>Total</u>
Operating Receipts	<u>\$ 100,504</u>	<u>\$ 100,504</u>
Operating Income/ Loss	<u>\$ 1,044</u>	<u>\$ 1,044</u>
Net Income (Loss)	<u>\$ 663,129</u>	<u>\$ 663,129</u>
Total Equity	<u>\$ 799,318</u>	<u>\$ 799,318</u>

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2022

**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>04/01/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/22</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Note Payable	<u>\$ 108,380</u>	<u>\$ -0-</u>	<u>\$ (6,290)</u>	<u>\$ 102,090</u>	<u>\$ 6,417</u>

As of March 31, 2022, 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>
2023	\$ 6,417	\$ 1,983	\$ 8,400
2024	6,546	1,854	8,400
2025	6,678	1,722	8,400
2026	6,813	1,587	8,400
2027	6,951	1,449	8,400
2028 - 2032	36,916	5,084	42,000
2033 - 2036	<u>31,769</u>	<u>1,293</u>	<u>33,062</u>
	<u>\$ 102,090</u>	<u>\$ 14,972</u>	<u>\$ 117,062</u>

- B. 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>04/01/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>3/31/22</u>	<u>Due Within</u> <u>One Year</u>
	<u>\$ 214,000</u>	<u>\$ 726,000</u>	<u>\$ -0-</u>	<u>\$ 940,000</u>	<u>\$ -0-</u>

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2022

**NOTE 8 - NOTES PAYABLE - continued**

As of March 31, 2022, 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>
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.

**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.

Village of Ludlow  
Notes to the Financial Statements  
As of and for the Year Ended March 31, 2022

**NOTE 12 - LITIGATION**

As of March 31, 2022, 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, 2022.

**NOTE 14 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 27, 2022, which is the date the financial statements were available to be issued. Nothing has occurred that would require recognition or disclosure.

**Federal Compliance Section**



Audit / Tax / Consult

**Russell Leigh**

& Associates LLC • Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Village of Ludlow  
Ludlow, Illinois

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Village of Ludlow's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village of Ludlow's major federal programs for the year ended March 31, 2022. Village of Ludlow's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Village of Ludlow complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of Village of Ludlow and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Village of Ludlow's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Village of Ludlow's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Village of Ludlow's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Village of Ludlow's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

*Government Auditing Standards* requires the auditor to perform limited procedures on Village of Ludlow's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Village of Ludlow's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

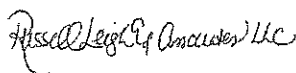
#### **Report on Internal Control over Compliance**

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

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

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

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



Russell Leigh & Associates LLC

Hoopston, Illinois  
September 27, 2022



Audit / Tax / Consult

**Russell Leigh**

& Associates LLC • Certified Public Accountants

OPINION OR DISCLAIMER OF OPINION ON  
SCHEDULE OF FEDERAL AWARDS

To the Board of Trustees  
Village of Ludlow  
Ludlow, Illinois

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Ludlow's, individual fund and account group financial statements. The accompanying Schedule of Expenditures of Federal Awards and the statements and schedules listed as Supplemental Information in the Table of Contents and the Illinois State Board of Education Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

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

*Russell Leigh & Associates LLC*

Russell Leigh & Associates LLC

Hoopeston, Illinois  
September 27, 2022

-24-

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Village of Ludlow  
Ludlow, Illinois  
Schedule of Expenditures of Federal Awards  
March 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	Revenue Received <u>4/1/21-3/31/22</u>	CFDA Number	Program or Contract Number	Passed Through to Subrecipients <u>4/1/21-3/31/22</u>	Federal Expenditures Year <u>4/1/21-3/31/22</u>	<u>Balance</u>	<u>Budget</u>	<u>Major Program</u>
<b>U.S. Department of Agriculture:</b>								
Passed through the United States Rural Development								
* Water and Waste Water Disposal System	\$ 666,000	10.760		\$ -0-	\$ 1,179,733	\$ -0-	N/A	
Total U.S. Department of Agriculture	<u>\$ 666,000</u>			<u>\$ -0-</u>	<u>\$ 1,179,733</u>	<u>\$ -0-</u>		
<b>Total Federal Financial Assistance</b>	<u>\$ 666,000</u>			<u>\$ -0-</u>	<u>\$ 1,179,733</u>	<u>\$ -0-</u>		

\* (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

Village of Ludlow  
Ludlow, Illinois  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended March 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - the accompanying statement of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2 - FEDERAL NON-CASH ASSISTANCE

Village of Ludlow did not receive any federal non-cash assistance, federally provided insurance, or federal loan or loan guarantees.

Note 3 - INDIRECT FACILITIES AND ADMINISTRATION COSTS

Auditee elected to use 10% de minimis cost rate.

Village of Ludlow  
Ludlow, Illinois  
Statement of Findings and Questioned Costs  
Year Ended March 31, 2022

Section I - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued was unqualified.

Internal control over financial reporting:

Material weakness(es) identified	_____ Yes	_____ <u>X</u> No
Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported

Type of auditor's report issued on compliance for major programs was unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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**Identification of Major Programs:**

<u>CFDA Number(s)</u> 10.760	<u>Name of Federal Program or Cluster</u> Water and Waste Water Disposal System
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Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>
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Auditee qualified as low risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - FINANCIAL STATEMENT FINDINGS

There are no financial statement findings for the fiscal year ended March 31, 2022.

Section III - FEDERAL AWARD FINDINGS & QUESTIONED COSTS

There are no federal award findings and questioned costs for the fiscal year ended March 31, 2022.

Village of Ludlow  
Ludlow, Illinois  
Statement of Prior Year Findings and Questioned Costs  
Year Ended March 31, 2022

There were no federal award findings and questioned costs for the fiscal year ended March 31, 2022.