

***Village of Hartsburg  
Hartsburg, IL***

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***Annual Financial Report  
April 30, 2024***



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**Sarah Sutton, CPA, Jr. Partner**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Village of Hartsburg, IL

### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hartsburg, IL, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the Village of Hartsburg, IL's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Village of Hartsburg, IL, as of April 30, 2024, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Hartsburg, IL, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter—Basis of Accounting**

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

### **Responsibilities of Management for the Financial Statements**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hartsburg, IL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Hartsburg, IL's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Matters**

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hartsburg, IL's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

##### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the schedule of assessed valuations, rates, extensions, and collections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Hjerpe & Tennison CPAs, LLC*

Pekin, Illinois

May 15, 2025

**Village of Hartsburg**  
**Statement of Net Position – Modified Cash Basis**  
**April 30, 2024**

	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash, deposits, and cash equivalents	\$ 104,759	\$ 32,799	\$ 137,558
Investments - certificates of deposit	146,849	-	146,849
Internal balances	47,098	(47,098)	-
Non current assets			
Land	12,698	10	12,708
Capital assets, net of depreciation	69,373	307,308	376,681
Total assets	<u>380,777</u>	<u>293,019</u>	<u>673,796</u>
<b>LIABILITIES</b>			
Current liabilities			
Accrued payroll liabilities	1,046	-	1,046
Non current liabilities			
Current portion of notes payable	-	21,028	21,028
Notes payable	-	122,487	122,487
Total liabilities	<u>1,046</u>	<u>143,515</u>	<u>144,561</u>
<b>NET POSITION</b>			
Net investment in capital assets	82,071	163,803	245,874
Restricted	70,010	13,743	83,753
Unrestricted	227,650	(28,042)	199,608
Total net position	<u>\$ 379,731</u>	<u>\$ 149,504</u>	<u>\$ 529,235</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Activities – Modified Cash Basis**  
**For the Fiscal Year Ending April 30, 2024**

Functions/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position Primary Government		
		Charges for Services	Operating Grants and Contribution	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 37,767	\$ -	\$ 3,010	\$ (34,757)	\$ -	\$ (34,757)
Transportation	25,818	-	-	(25,818)	-	(25,818)
Culture and recreation	5,655	-	-	(5,655)	-	(5,655)
Total governmental activities	69,240	-	3,010	(66,230)	-	(66,230)
Business - type activities:						
Water	76,233	57,210	-	-	(19,023)	(19,023)
Total business-type activities	76,233	57,210	-	-	(19,023)	(19,023)
Total primary government	<u>\$ 145,473</u>	<u>\$ 57,210</u>	<u>\$ 3,010</u>	<u>(66,230)</u>	<u>(19,023)</u>	<u>(85,253)</u>
General revenues:						
Taxes						
Property tax				6,672	-	6,672
Replacement tax				4,553	-	4,553
State income tax				42,894	-	42,894
Sales tax				13,130	-	13,130
Use tax				10,415	-	10,415
Motor fuel tax				11,496	-	11,496
Interest income				587	52	639
Franchise fees				2,215	-	2,215
Rental Income				1,055	-	1,055
Gain (loss) on sale of asset				500	-	500
Miscellaneous income				932	100	1,032
Total general revenues				94,449	152	94,601
Change in net position				28,219	(18,871)	9,348
Net position, beginning of year				351,512	168,375	519,887
Net position, end of year				<u>\$ 379,731</u>	<u>\$ 149,504</u>	<u>\$ 529,235</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis**  
**Governmental Funds**  
**April 30, 2024**

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and deposits	\$ 34,749	\$ 70,010	\$ 104,759
Investments - certificates of deposit	146,849	-	146,849
Due from other funds	47,098	-	47,098
Total assets	<u>\$ 228,696</u>	<u>\$ 70,010</u>	<u>\$ 298,706</u>
<b>LIABILITIES</b>			
Payroll withholding	\$ 1,046	\$ -	\$ 1,046
Total liabilities	<u>1,046</u>	<u>-</u>	<u>1,046</u>
<b>FUND BALANCES</b>			
Restricted for:			
Streets	-	70,010	70,010
Unassigned	227,650	-	227,650
Total fund balance	<u>227,650</u>	<u>70,010</u>	<u>297,660</u>
Total liabilities and fund balance	<u>\$ 228,696</u>	<u>\$ 70,010</u>	<u>\$ 298,706</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Reconciliation of the Statement of Assets, Liabilities and Fund Balance –**  
**Modified Cash Basis - Governmental Funds to the**  
**Statement of Net Position - Modified Cash Basis**  
**April 30, 2024**

Total Fund Balances - Governmental Funds	\$	297,660
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the governmental funds balance sheet

Capital Assets	210,772		
Less accumulated depreciation	(128,701)		
			82,071
Net Position of Governmental Activities		\$	379,731

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Revenues Received, Expenditures Disbursed, and Changes in**  
**Fund Balance - Modified Cash Basis**  
**Governmental Funds**  
**For the Fiscal Year Ending April 30, 2024**

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes			
Property tax	\$ 6,672	\$ -	\$ 6,672
Replacement tax	4,553	-	4,553
State income tax	42,894	-	42,894
Sales tax	13,130	-	13,130
Use tax	10,415	-	10,415
Motor fuel tax	-	11,496	11,496
Interest income	455	132	587
Franchise Fees	2,215	-	2,215
Rental income	1,055	-	1,055
Donations	3,010	-	3,010
Other income	932	-	932
Total revenue	<u>85,331</u>	<u>11,628</u>	<u>96,959</u>
<b>EXPENDITURES</b>			
General			
Administration			
Personnel	9,088	-	9,088
Contractual services	25,284	-	25,284
Commodities	1,711	-	1,711
Other	310	-	310
Culture and recreation			
Contractual services	4,744	-	4,744
Streets			
Personnel	7,631	-	7,631
Contractual services	11,321	3,010	14,331
Commodities	207	-	207
Capital Outlay			
Equipment	15,000	-	15,000
Total expenditures	<u>75,296</u>	<u>3,010</u>	<u>78,306</u>
Excess revenue over (under) expenditures	<u>10,035</u>	<u>8,618</u>	<u>18,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9,145	-	9,145
Transfers out	-	(9,145)	(9,145)
Total other financing sources (uses)	<u>9,145</u>	<u>(9,145)</u>	<u>-</u>
Net change in fund balance	19,180	(527)	18,653
Fund balance - beginning	208,470	70,537	279,007
Fund balance - ending	<u>\$ 227,650</u>	<u>\$ 70,010</u>	<u>\$ 297,660</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Reconciliation of the Statement of Revenues Received, Expenditures Disbursed, and**  
**Changes in Fund Balances - Modified Cash Basis - Governmental Funds to the**  
**Statement of Activities - Modified Cash Basis**  
**For the Fiscal Year Ending April 30, 2024**

Amounts reported for governmental activities in the Statement of Activities differ as follows:

Net change in fund balances - total governmental funds	\$	18,653
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	15,000		
Depreciation expense	(5,934)		
			9,066

The statement of activities reports gains and losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on the trade-in of capital assets

Trade-in allowance received	500		
			500

Change in Net Position of Governmental Funds	\$	28,219
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See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Net Position – Modified Cash Basis**  
**Proprietary Funds**  
**April 30, 2024**

	<u>Water Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 32,799
Non current assets	
Land and easements	10
Capital assets, net of depreciation	<u>307,308</u>
Total assets	<u>340,117</u>
 <b>LIABILITIES</b>	
Current liabilities	
Due to other funds	47,098
Non current liabilities	
Current portion of note payable	21,028
Notes payable	<u>122,487</u>
Total liabilities	<u>190,613</u>
 <b>NET POSITION</b>	
Net investment in capital assets	163,803
Restricted	13,743
Unrestricted	<u>(28,042)</u>
Total net position	<u>\$ 149,504</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Revenues, Expenses, and Changes in Fund**  
**Net Position – Modified Cash Basis**  
**Proprietary Funds**  
**For the Fiscal Year Ending April 30, 2024**

	Water Fund
<b>Operating Revenues</b>	
Charges for service	\$ 57,210
Other income	100
Total operating revenue	<u>57,310</u>
<b>Operating Expenses</b>	
Salaries	23,180
Payroll tax	2,920
Contractual services	4,373
Repairs and maintenance	7,145
Utilities	10,095
Chemicals	4,795
Office Supplies	67
Postage	660
Miscellaneous	61
Total expenses	<u>53,296</u>
Operating income (loss) before depreciation	4,014
Depreciation	<u>(20,006)</u>
Operating income (loss)	<u>(15,992)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Grant revenue	-
Interest revenue	52
Interest expense	(2,931)
Total non-operating revenues (expenses)	<u>(2,879)</u>
Change in net position	(18,871)
Net position, beginning	<u>168,375</u>
Net position, ending	<u><u>\$ 149,504</u></u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Statement of Cash Flows – Modified Cash Basis**  
**Proprietary Funds**  
**For the Fiscal Year Ending April 30, 2024**

	Water Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 57,210
Other cash receipts	100
Payments to suppliers for goods and services	(30,116)
Payments to employees	(23,180)
Net cash provided by (used for) operating activities	<u>4,014</u>
<b>Cash flows from investing activities:</b>	
Interest revenue	52
Net cash provided by (used for) investing activities	<u>52</u>
<b>Cash flows from non-capital financing activities:</b>	
Increase (decrease) interfund balance	12,357
Net cash provided by (used for) non-capital financing activities	<u>12,357</u>
<b>Cash flows from capital and related financing activities:</b>	
Interest paid	(2,931)
Principal payments on long-term debt	(20,347)
Net cash provided by (used for) capital and related financing activities	<u>(23,278)</u>
Net increase (decrease) in cash and cash equivalents	(6,855)
Cash and cash equivalents at the beginning of the year	39,654
Cash and cash equivalents at the end of the year	<u>\$ 32,799</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ (15,992)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Depreciation	20,006
Net cash provided by (used for) operating activities	<u>\$ 4,014</u>

See independent auditor's report and accompanying notes.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements**  
**April 30, 2024**

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

The following is a summary of the more significant accounting policies affecting the financial statement presentation.

**A. THE FINANCIAL REPORTING ENTITY**

For financial reporting purposes, the Village of Hartsburg has included all funds, organizations, agencies, boards, commissions, and authorities for which the Village is financially accountable. The Village has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Village. The Village of Hartsburg has no component units.

**B. BASIS OF PRESENTATION**

Government-Wide Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Village does not have any fiduciary activities.

The Statement of Activities – Modified Cash Basis demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund equity, cash receipts and disbursements. The Village's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of the fund financial statements is on major funds. All major individual funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or if total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and the same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. BASIS OF PRESENTATION - Continued**

Governmental Fund Types

The following are major governmental funds of the Village:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources and expenditures, not required by law or contractual agreement to be accounted for in another fund.

Motor Fuel Tax Fund - The Motor Fuel Tax Fund is used for the maintenance and repair of Village roads.

Proprietary Fund Types

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The proprietary financial statements are also reported using the modified cash basis of accounting. Their revenues are recorded when received and expenses are recorded when paid. The Village complies with all Financial Accounting Standards Board statements currently in effect for proprietary fund activities.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b). In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting as defined in (a) below:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued**

- b. The proprietary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid or other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

**D. CASH, DEPOSITS, AND CASH EQUIVALENTS**

Governmental Funds

Governmental funds record cash and certificates of deposits that have a maturity term of three months or less together and use the title "cash and deposits". Deposits are carried at cost. Certificates of deposits with terms longer than three months are recorded as investments.

Proprietary Funds

Proprietary funds use the title "cash and cash equivalents". Cash equivalents consist of short-term, highly liquid investments which have a maturity term of three months or less, including savings accounts and short-term certificates of deposit. Certificates of deposit with terms longer than three months are recorded as investments.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. INVENTORIES**

The cost of inventory items such as gravel, salt, culverts, and road signs, is recorded as expenditures when purchased rather than when consumed.

**F. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances and transfers are loans and transfers of money between the separate funds of the Village. In the process of aggregating the financial information for the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, the internal balances and activity in the fund statements has been combined and eliminated or reclassified.

**G. CAPITAL ASSETS**

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

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position – Modified Cash Basis. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. A capitalization threshold of \$1,000 is used to report capital assets.

Depreciation of exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets that are capitalized are depreciated over the estimated useful lives as follows:

<u>Category of Asset</u>	<u>Estimated Life</u>
Buildings	20-40
Building Improvements	20-40
Equipment	10
Water Plant & Improvements	10-40
Water Plant Equipment	7-10

Fund Financial Statements

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

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**H. NET POSITION AND FUND BALANCE CLASSIFICATIONS**

Government-Wide Statements

Net Position is classified and displayed in three components

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The Village has classified property taxes as restricted because their use is restricted by state laws and regulations.

Unrestricted - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Village has no set policy for this allocation of expenditures. The Village currently uses the method suggested by GASB which is to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

*Governmental Funds*

In the governmental fund financial statements, fund balances are classified as:

Nonspendable - amounts that cannot be spent either because they are either (a) in a nonspendable form or (b) they are legally or contractually required to be maintained intact.

Restricted - amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (which as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village has classified property taxes as restricted because their use is restricted by state laws and regulations. The restricted purposes for these balances are as presented on the face of the governmental fund financial statements.

Committed - amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Village Board. These amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**H. NET POSITION AND FUND BALANCE CLASSIFICATIONS – Continued**

Assigned - amounts that are constrained by the Village's intent to be used for specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Village Board delegating this responsibility to a Board member through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

Unassigned – the residual funds balance of the General Fund and any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

As of the end of the fiscal year, the Village had no policy for the allocation of expenditures when all the above fund balances are available. Currently the method suggested by GASB 54 has been applied in which the amounts will first be spent out of the committed funds, and then the assigned funds, and finally the unassigned funds unless the Village Board has provided otherwise in its commitment or assignment actions.

*Proprietary Funds*

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements as previously described.

**I. PROPERTY TAXES**

Property taxes are levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The Board adopts the levy in December. Taxes attached as an enforceable lien on property on January 1 and are payable in two installments (on or about June 1 and September 1) subsequent to the year of the tax levy. The Village receives significant distributions of tax receipts in each of these months. Pursuant to the Village Board resolution, property tax levies passed in December 2023 are allocated and will be recognized as revenue in the fiscal year 2025. The property tax revenues collected and reported for the fiscal year ended April 30, 2024 are from the 2022 tax levy.

**J. USE OF ESTIMATES**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH, DEPOSITS, AND CASH EQUIVALENTS**

Authorized Investments

Illinois state statutes authorize the Village to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool. The Village does not have a policy to limit allowable deposits or investments.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 2 – CASH, DEPOSITS, AND CASH EQUIVALENTS – Continued**

Custodial Credit Risk

Custodial credit risk is defined as the risk that in the event of a bank failure, the Village's deposits may not be returned to it. Financial institutions holding deposits and investments of the Village hold pledged securities to provide collateralization for deposit in excess of the FDIC limit. As of April 30, 2024, none of the Village's bank balance was over the FDIC limit and therefore there are no pledged securities held in the Village's name.

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund Balances

The interfund balances of \$47,098 between the General Fund and the Water Fund are for payroll wages and taxes paid out of the general fund and for a capital asset purchased in the General Fund for the Water Fund.

Interfund Transfers

The interfund transfer of \$9,145 between the General Fund and the Motor Fuel Fund was a transfer for Rebuild Illinois expenditures paid out of the General Fund.

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended April 30, 2024.

<b>Governmental Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Capital assets, not being depreciated				
Land	\$ 12,698	\$ -	\$ -	\$ 12,698
Capital assets, being depreciated				
Land improvements	7,000	-	-	7,000
Building & improvements	47,020	-	-	47,020
Equipment	78,722	15,500	(4,500)	89,722
Infrastructure	54,332	-	-	54,332
Total capital assets, being depreciated	<u>187,074</u>	<u>15,500</u>	<u>(4,500)</u>	<u>198,074</u>
Less: accumulated depreciation for:				
Land improvements	(757)	(233)	-	(990)
Building & Improvements	(34,954)	(931)	-	(35,885)
Equipment	(74,974)	(2,052)	4,500	(72,526)
Infrastructure	(16,582)	(2,718)	-	(19,300)
Total accumulated depreciation	<u>(127,267)</u>	<u>(5,934)</u>	<u>4,500</u>	<u>(128,701)</u>
Total capital assets being depreciated, net	<u>59,807</u>	<u>9,566</u>	<u>-</u>	<u>69,373</u>
Total capital assets, net	<u>\$ 72,505</u>	<u>\$ 9,566</u>	<u>\$ -</u>	<u>82,071</u>
Net investment in capital assets				<u>\$ 82,071</u>

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 4 – CAPITAL ASSETS – Continued**

Depreciation expense for the year ended April 30, 2024 was charged to functions/programs of the governmental activities as follows:

General government	\$ 1,374
Streets	3,649
Parks	911
	<u>\$ 5,934</u>

<b>Business-Type Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Capital assets, not being depreciated				
Land	\$ 10	\$ -	\$ -	\$ 10
Capital assets, being depreciated				
Water system	712,488	-	-	712,488
Total capital assets, being depreciated	712,488	-	-	712,488
Less: accumulated depreciation for:				
Water system	(385,174)	(20,006)	-	(405,180)
Total accumulated depreciation	(385,174)	(20,006)	-	(405,180)
Total capital assets, net	<u>\$ 327,324</u>	<u>\$ (20,006)</u>	<u>\$ -</u>	307,318
Less: related long-term debt				(143,515)
Net investment in capital assets				<u>\$ 163,803</u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term liabilities reported on the government wide financial statements for the year ended April 30, 2024.

<u>Business-type activities</u>	<u>Beginning Balances</u>	<u>Additions/ Proceeds</u>	<u>Reductions/ Payments</u>	<u>Ending Balances</u>	<u>Principal Due Within One Year</u>
Notes Payable	\$ 163,862	\$ -	\$ (20,347)	\$ 143,515	\$ 21,028
Total	<u>\$ 163,862</u>	<u>\$ -</u>	<u>\$ (20,347)</u>	<u>\$ 143,515</u>	<u>\$ 21,028</u>

Notes Payable – The Village's Water Fund has outstanding notes payable for the acquisition of equipment as follows:

Water Well Loan # 57341 – The loan, originally dated August 5<sup>th</sup>, 2021 for a new water well, was payable in one payment of \$146,094.41 including interest at 1.45% due on August 5<sup>th</sup>, 2022. The loan was amended on September 1<sup>st</sup>, 2022, extending the due date to September 1<sup>st</sup>, 2023 with payment to be made in one payment of \$141,021.91, including interest at 1.45%. The loan was amended again on October 21, 2024 with the loan amount of \$130,000, with payment in thirty-five monthly installments of \$1,500, including interest at 2.45%. The loan is collateralized by all of the deposit and investment accounts of the Village.

**Village of Hartsburg**  
**Notes to the Basic Financial Statements - Continued**  
**April 30, 2024**

**NOTE 5 – LONG-TERM OBLIGATIONS – Continued**

Water Well Loan # 57324 – The loan dated May 9, 2018 for a new water well, has payment in nine semi-annual installments of \$5,000, including interest at 4.75%, with a final payment due in May 2023. In the current fiscal year, the Village amended the loan on June 29, 2023, with the loan amount of \$22,341, with payment in 18 monthly payments of \$1,289, including interest of 4.75%. The loan is collateralized by all the deposit and investment accounts of the village.

Future debt service requirements for all notes payable outstanding at April 30, 2024, including interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 21,028	\$ 3,836	\$ 24,864
April 30, 2026	15,169	2,831	18,000
April 30, 2027	15,544	2,456	18,000
April 30, 2028	91,774	1,085	92,859
	<u>\$ 143,515</u>	<u>\$ 10,208</u>	<u>\$ 153,723</u>

**NOTE 6 – INTERGOVERNMENTAL AGREEMENT**

On April 25, 2016, the Village of Hartsburg entered into an intergovernmental agreement with the Hartsburg-Emden Community Unit School District No.21 for the purchase of certain land for the construction of a new water well to provide water for the Village water operations. Under the terms of the agreement, the Village paid \$10 along with a provision for free water service to the School District for 13 years up to a maximum of 33,500 gallons per month. The School District is obligated to pay the Village for any water usage in excess of the maximum. The agreement for abatement of water service charges is not transferable to any successor of the School District without prior written consent of the Village.

**NOTE 7 – RISK OF LOSS**

The Village of Hartsburg is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Illinois Municipal League Risk Management Association covers risks of this nature. The Village is responsible for deductibles and losses exceeding policy limits. There have been no settlements in excess of insurance coverage for the past three years.

**NOTE 8 – LEGAL DEBT MARGIN**

The Village's legal debt margin as set forth by State Statute is limited to 8.625% of total taxable assessed value which approximates \$380,649. The debt subject to the debt limitation is based on the type of debt that is issued. As of April 30, 2024, the Village has \$143,515 of debt subject to legal debt margin.

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 15, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

## **SUPPLEMENTARY INFORMATION**

**Village of Hartsburg  
Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ending April 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<b><u>REVENUES</u></b>			
Taxes			
Property tax	\$ -	\$ 6,672	\$ 6,672
Replacement tax	-	4,553	4,553
State income tax	-	42,894	42,894
Sales tax	-	13,130	13,130
Use tax	-	10,415	10,415
Interest income	-	455	455
Franchise fees	-	2,215	2,215
Rental income	-	1,055	1,055
Donations	-	3,010	3,010
Other income	-	932	932
Total revenues	<u>-</u>	<u>85,331</u>	<u>85,331</u>
<b><u>EXPENDITURES</u></b>			
<b>CURRENT</b>			
<b>Administration</b>			
Personnel			
Salaries	8,000	7,398	(602)
Payroll taxes	-	1,690	1,690
Contractual services			
Maintenance - building	6,000	2,389	(3,611)
Accounting service	5,000	7,332	2,332
Legal service	3,000	-	(3,000)
Other professional service	-	224	224
Utilities	5,000	2,576	(2,424)
General insurance	15,000	10,646	(4,354)
Dues/licensing fees	200	442	242
Publishing/advertising	800	762	(38)
Trash hauling services	3,000	872	(2,128)
Travel	-	41	41
Commodities			
Office supplies	4,500	1,711	(2,789)
Other expenditures			
Miscellaneous expense	2,000	310	(1,690)
Total administration expenditures	<u>52,500</u>	<u>36,393</u>	<u>(16,107)</u>

See notes to the supplementary information.

**Village of Hartsburg  
Supplementary Information  
Budgetary Comparison Schedule  
General Fund - Continued  
For the Fiscal Year Ending April 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Culture and Recreation</b>			
Contractual services			
Maintenance - tree trimming	-	40	40
Utilities	-	4,704	4,704
Total streets expenditures	-	4,744	4,744
<b>Streets</b>			
Personnel			
Salaries	-	7,631	7,631
Contractual services			
Maintenance - roads	58,000	10,666	(47,334)
Maintenance - equipment	-	655	655
Commodities			
Maintenance supplies - equipment	-	207	207
Total streets expenditures	58,000	19,159	(38,841)
<b>CAPITAL OUTLAY</b>			
Equipment	10,000	15,000	5,000
Infrastructure	20,000	-	(20,000)
Total capital outlay	30,000	15,000	(15,000)
Total expenditures	140,500	75,296	(69,948)
Excess revenue over (under) expenditures	(140,500)	10,035	155,279
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	-	9,145	9,145
Total other financing sources (uses)	-	9,145	9,145
Net change in fund balance	140,500	19,180	164,424
Fund balance - beginning	208,470	208,470	-
Fund balance - ending	\$ 348,970	\$ 227,650	\$ 164,424

See notes to the supplementary information.

**Village of Hartsburg  
Supplementary Information  
Budgetary Comparison Schedule  
Water Fund  
For the Fiscal Year Ending April 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Operating Revenues</b>			
Charges for service	\$ -	\$ 57,210	\$ 57,210
Other income	-	100	100
Total operating revenue	-	57,310	57,310
<b>Operating Expenses</b>			
Salaries	-	23,180	23,180
Payroll tax	-	2,920	2,920
Contractual services	-	4,373	4,373
Repairs and maintenance	200,000	7,145	(192,855)
Utilities	-	10,095	10,095
Chemicals	-	4,795	4,795
Office supplies	-	67	67
Postage	-	660	660
Miscellaneous	-	61	61
Total expenses	200,000	53,296	(146,704)
Operating income (loss) before depreciation	(200,000)	4,014	204,014
Depreciation	-	(20,006)	(20,006)
Operating income (loss)	(200,000)	(15,992)	184,008
<b>Non-Operating Revenue (Expenses)</b>			
Interest revenue	-	52	52
Interest expense	-	(2,931)	(2,931)
Total non-operating revenues (expenses)	-	(2,879)	(2,879)
Change in net position	(200,000)	(18,871)	181,129
Net position, beginning	168,375	168,375	-
Net position, ending	\$ (31,625)	\$ 149,504	\$ 181,129

See notes to the supplementary information.

**Village of Hartsburg**  
**Notes to the Supplementary Information**  
**April 30, 2024**

**BUDGETARY INFORMATION**

The Village adopts an annual appropriation ordinance in accordance with Chapter 65, Section 5/8-2-9, of the Illinois Compiled Statutes. The ordinance covers the fiscal year ending April 30. During any fiscal year the Village Board may adopt a supplemental appropriation ordinance in an amount not in excess of the aggregate of any additional revenue available to the Village or estimated to be received by the Village subsequent to the adoption of the annual appropriation ordinance for that fiscal year.

Such supplemental appropriation ordinance shall only affect revenue that was not available for appropriation when that annual appropriation ordinance was adopted. However, the Village Board at any time after the first half of each fiscal year by a two-thirds vote of all the members, may make transfers within any department or other separate agency of the Village, of sums of money appropriated for one corporate object or purpose to another corporate object or purpose, but no appropriation for any object or purpose shall thereby be reduced below an amount sufficient to cover all obligations incurred or to be incurred against such appropriation. The legal level of control is at the fund level. The appropriations lapse at the end of each fiscal year.

This legal requirement relates only to expenditures and is prepared on the cash basis of accounting. The budget, as reflected in the financial statements on the cash basis, represents the original budget. There were no supplemental appropriations.

The Village Board, at least ten days prior to the adoption of the annual appropriation ordinance, shall make the proposed appropriation ordinance conveniently available to public inspection and shall hold at least one public hearing thereon. Notice of this hearing shall be given publication in one or more newspapers published locally, at least 10 days prior to the time of the public hearing.

Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase, or decrease the items contained therein.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended April 30, 2024, the Village had no expenditures exceeding appropriations.

## OTHER INFORMATION

**Village of Hartsburg**  
**Other Information (Unaudited)**  
**Assessed Valuations, Rates, Extensions, and Collections**  
**For the Fiscal Year Ending April 30, 2024**

	Tax Year		
	2023	2022	2021
Assessed Valuation	<u>\$ 4,413,317</u>	<u>\$ 4,101,667</u>	<u>\$ 3,866,672</u>
<u>Tax Rates (per \$100 assessed valuation):</u>			
General	0.05142	0.05261	0.05315
Audit	0.01018	0.01041	0.01052
Street lighting	0.02309	0.02362	0.02386
	<u>0.08469</u>	<u>0.08664</u>	<u>0.08753</u>
<u>Taxes Extended:</u>			
General	\$ 2,269	\$ 2,158	\$ 2,055
Audit	449	427	407
Street lighting	1,019	969	923
	<u>\$ 3,738</u>	<u>\$ 3,554</u>	<u>\$ 3,385</u>
<u>Taxes Collected:</u>			
General		\$ 2,151	\$ 2,050
Audit		426	406
Street lighting		966	920
		<u>\$ 3,543</u>	<u>\$ 3,376</u>
Percentage of Taxes Collected		<u>99.70%</u>	<u>99.73%</u>
Road & Bridge Tax Collected		<u>\$ 3,129</u>	<u>\$ 2,912</u>