

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

Annual Financial Report

April 30, 2023



**VILLAGE OF HARTSBURG
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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, 2023, 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, 2023, 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 as a whole. 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

February 10, 2025

Village of Hartsburg
Statement of Net Position – Modified Cash Basis
April 30, 2023

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current assets			
Cash, deposits, and cash equivalents	\$ 97,799	\$ 25,098	\$ 122,897
Investments - certificates of deposit	146,467	-	146,467
Internal balances	34,741	(34,741)	-
Non current assets			
Restricted cash	-	14,556	14,556
Land	12,698	10	12,708
Capital assets, net of depreciation	59,807	327,314	387,121
Total assets	<u>351,512</u>	<u>332,237</u>	<u>683,749</u>
LIABILITIES			
Non current liabilities			
Current portion of notes payable	-	20,346	20,346
Notes payable	<u>-</u>	<u>143,516</u>	<u>143,516</u>
Total liabilities	<u>-</u>	<u>163,862</u>	<u>163,862</u>
NET POSITION			
Net investment in capital assets	72,505	163,462	235,967
Restricted	70,537	14,556	85,093
Unrestricted	208,470	(9,643)	198,827
Total net position	<u>\$ 351,512</u>	<u>\$ 168,375</u>	<u>\$ 519,887</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, 2023

Functions/Program	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position Primary Government		
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 42,184	\$ -	\$ 1,000	\$ -	\$ (41,184)	\$ -	\$ (41,184)
Public safety	400	-	-	-	(400)	-	(400)
Transportation	16,158	-	-	3,449	(12,709)	-	(12,709)
Culture and recreation	6,242	-	-	-	(6,242)	-	(6,242)
Total governmental activities	64,984	-	1,000	3,449	(60,535)	-	(60,535)
Business - type activities:							
Water	106,880	50,430	-	20,889	-	(35,561)	(35,561)
Total business-type activities	106,880	50,430	-	20,889	-	(35,561)	(35,561)
Total primary government	\$ 171,864	\$ 50,430	\$ 1,000	\$ 24,338	(60,535)	(35,561)	(96,096)
General revenues:							
Taxes							
Property tax					6,289	-	6,289
Replacement tax					6,297	-	6,297
State income tax					42,332	-	42,332
Sales tax					12,395	-	12,395
Use tax					11,081	-	11,081
Motor fuel tax					11,521	-	11,521
Interest income					823	63	886
Franchise fees					2,014	-	2,014
Rental Income					1,145	-	1,145
Licenses and permits					5	-	5
Miscellaneous income					5,325	4,065	9,390
Total general revenues					99,227	4,128	103,355
Transfers					(7,058)	7,058	-
Change in net position					31,634	(24,375)	7,259
Net position, beginning of year					319,878	192,750	512,628
Net position, end of year					\$ 351,512	\$ 168,375	\$ 519,887

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, 2023

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
ASSETS			
Cash and deposits	\$ 37,062	\$ 60,737	\$ 97,799
Investments - certificates of deposit	146,467	-	146,467
Due from other funds	34,741	9,800	44,541
Total assets	<u>\$ 218,270</u>	<u>\$ 70,537</u>	<u>\$ 288,807</u>
LIABILITIES			
Due to other funds	9,800	-	9,800
Total liabilities	<u>9,800</u>	<u>-</u>	<u>9,800</u>
FUND BALANCES			
Restricted for:			
Streets	-	70,537	70,537
Unassigned	208,470	-	208,470
Total fund balance	<u>208,470</u>	<u>70,537</u>	<u>279,007</u>
Total liabilities and fund balance	<u>\$ 218,270</u>	<u>\$ 70,537</u>	<u>\$ 288,807</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, 2023

Total Fund Balances - Governmental Funds	\$	279,007
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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	199,772		
Less accumulated depreciation	(127,267)		
			72,505

Net Position of Governmental Activities	\$	351,512
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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, 2023

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
REVENUES			
Taxes			
Property tax	\$ 6,289	\$ -	\$ 6,289
Replacement tax	6,297	-	6,297
State income tax	42,332	-	42,332
Sales tax	12,395	-	12,395
Use tax	11,081	-	11,081
Motor fuel tax	-	11,521	11,521
Interest income	739	84	823
Franchise Fees	2,014	-	2,014
Rental income	1,145	-	1,145
Licenses and permits	5	-	5
Grant income	-	3,449	3,449
Donations	1,000	-	1,000
Other income	325	5,000	5,325
Total revenue	<u>83,622</u>	<u>20,054</u>	<u>103,676</u>
EXPENDITURES			
General			
Administration			
Personnel	8,780	-	8,780
Contractual services	29,639	-	29,639
Commodities	2,740	-	2,740
Other	469	-	469
Culture and recreation			
Contractual services	5,144	-	5,144
Streets			
Personnel	4,956	-	4,956
Contractual services	7,263	-	7,263
Commodities	780	604	1,384
Capital Outlay			
Infrastructure	9,800	-	9,800
Total expenditures	<u>69,571</u>	<u>604</u>	<u>70,175</u>
Excess revenue over (under) expenditures	<u>14,051</u>	<u>19,450</u>	<u>33,501</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(7,058)	-	(7,058)
Total other financing sources (uses)	<u>(7,058)</u>	<u>-</u>	<u>(7,058)</u>
Net change in fund balance	6,993	19,450	26,443
Fund balance - beginning	201,477	51,087	252,564
Fund balance - ending	<u>\$ 208,470</u>	<u>\$ 70,537</u>	<u>\$ 279,007</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, 2023

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

Net change in fund balances - total governmental funds	\$	26,443
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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	9,800		
Depreciation expense	(4,609)		
			5,191
Change in Net Position of Governmental Funds		\$	31,634

See independent auditor's report and accompanying notes.

Village of Hartsburg
Statement of Net Position – Modified Cash Basis
Proprietary Funds
April 30, 2023

	<u>Water Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 25,098
Non current assets	
Restricted cash	14,556
Land and easements	10
Capital assets, net of depreciation	<u>327,314</u>
Total assets	<u>366,978</u>
 LIABILITIES	
Current liabilities	
Due to other funds	34,741
Non current liabilities	
Current portion of note payable	20,346
Notes payable	<u>143,516</u>
Total liabilities	<u>198,603</u>
 NET POSITION	
Net investment in capital assets	163,462
Restricted	14,556
Unrestricted	<u>(9,643)</u>
Total net position	<u>\$ 168,375</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, 2023

	Water Fund
Operating Revenues	
Charges for service	\$ 50,430
Other income	4,065
Total operating revenue	<u>54,495</u>
Operating Expenses	
Salaries	20,790
Payroll tax	2,651
Contractual services	1,435
Repairs and maintenance	42,701
Utilities	9,335
Water testing	2,217
Chemicals	1,333
Office Supplies	517
Postage	1,084
Miscellaneous	1,738
Total expenses	<u>83,801</u>
Operating income (loss) before depreciation	(29,306)
Depreciation	<u>(19,280)</u>
Operating income (loss)	<u>(48,586)</u>
Non-Operating Revenues (Expenses)	
Grant revenue	20,889
Interest revenue	63
Interest expense	(3,799)
Transfers in	7,058
Total non-operating revenues (expenses)	<u>24,211</u>
Change in net position	(24,375)
Net position, beginning	<u>192,750</u>
Net position, ending	<u><u>\$ 168,375</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, 2023

	Water Fund
Cash flows from operating activities:	
Cash received from customers	\$ 50,430
Payments to suppliers for goods and services	(63,011)
Payments to employees	(20,790)
Net cash provided by (used for) operating activities	<u>(33,371)</u>
Cash flows from investing activities:	
Interest revenue	63
Net cash provided by (used for) investing activities	<u>63</u>
Cash flows from non-capital financing activities:	
Increase (decrease) interfund balance	34,741
Operating transfers in	7,058
Net cash provided by (used for) non-capital financing activities	<u>41,799</u>
Cash flows from capital and related financing activities:	
Interest paid	(3,799)
Grant revenue	20,889
Principal payments on long-term debt	(19,632)
Purchase of capital assets	(11,301)
Net cash provided by (used for) capital and related financing activities	<u>(13,843)</u>
Net increase (decrease) in cash and cash equivalents	(5,352)
Cash and cash equivalents at the beginning of the year	45,006
Cash and cash equivalents at the end of the year	<u><u>\$ 39,654</u></u>

**Reconciliation of operating income to net cash provided by
(used for) operating activities**

Operating income (loss)	\$ (48,586)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Depreciation	19,280
Change in assets and liabilities	
Increase (decrease) in security deposits	(4,065)
Total adjustments	<u>(4,065)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (33,371)</u></u>

**Reconciliation of cash and cash equivalents to the
Statement of Net Position:**

Cash and cash equivalents	\$ 25,098
Restricted cash	14,556
Cash and cash equivalents	<u><u>\$ 39,654</u></u>

See independent auditor's report and accompanying notes.

Village of Hartsburg
Notes to the Basic Financial Statements
April 30, 2023

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, 2023

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, 2023

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 good 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, 2023

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, 2023

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. The Village also has restricted cash balances classified as restricted net assets due to funds being restricted by grantors.

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, 2023

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 2022 are allocated and will be recognized as revenue in the fiscal year 2024. The property tax revenues collected and reported for the fiscal year ended April 30, 2023 are from the 2021 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, 2023

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, 2023, 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.

Restricted Cash

The Village's restricted cash consists of cash restricted in the Water Fund required for funds received from the American Rescue Plan Act that were not spent as of April 30, 2023.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Balances

The interfund balances of \$34,741 between the General Fund and the Water Fund are for payroll wages and taxes paid out of the general fund and also for a capital asset purchased in the General Fund for the Water Fund.

The interfund balances of \$9,800 between the General Fund and the Motor Fuel Fund is for Rebuild IL funds recorded in the general fund.

Interfund Transfers

The interfund transfers of \$7,058 between the General Fund and the Water Fund are operating transfers for the payment of repairs to Well # 4 and other general operating expenses.

Village of Hartsburg
Notes to the Basic Financial Statements - Continued
April 30, 2023

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended April 30, 2023.

Governmental Activities	<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	-	-	78,722
Infrastructure	44,532	9,800	-	54,332
Total capital assets, being depreciated	177,274	9,800	-	187,074
Less: accumulated depreciation for:				
Land improvements	(524)	(233)	-	(757)
Building & Improvements	(33,886)	(1,068)	-	(34,954)
Equipment	(74,220)	(754)	-	(74,974)
Infrastructure	(14,028)	(2,554)	-	(16,582)
Total accumulated depreciation	(122,658)	(4,609)	-	(127,267)
Total capital assets being depreciated, net	54,616	5,191	-	59,807
Total capital assets, net	\$ 67,314	\$ 5,191	\$ -	72,505
Net investment in capital assets				<u>\$ 72,505</u>

Depreciation expense for the year ended April 30, 2023 was charged to functions/programs of the governmental activities as follows:

General government	\$ 957
Streets	2,554
Parks	1,098
	<u>\$ 4,609</u>

Business-Type Activities	<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	701,187	11,301	-	712,488
Total capital assets, being depreciated	701,187	11,301	-	712,488
Less: accumulated depreciation for:				
Water system	(365,894)	(19,280)	-	(385,174)
Total accumulated depreciation	(365,894)	(19,280)	-	(385,174)
Total capital assets, net	\$ 335,303	\$ (7,979)	\$ -	327,324
Less: related long-term debt				(163,862)
Net investment in capital assets				<u>\$ 163,462</u>

Village of Hartsburg
Notes to the Basic Financial Statements - Continued
April 30, 2023

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, 2023.

<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	\$ 183,494	\$ -	\$ (19,632)	\$ 163,862	\$ 20,346
Total	\$ 183,494	\$ -	\$ (19,632)	\$ 163,862	\$ 20,346

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 5th, 2021 for a new water well, was payable in one payment of \$146,094.41 including interest at 1.45% due on August 5th, 2022. The loan was amended on September 1st, 2022, extending the due date to September 1st, 2023 with payment to be made in one payment of \$141,021.91, including interest at 1.45%. In a subsequent event to the current fiscal year, 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.

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 a subsequent event to 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, 2023, including interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2024	\$ 20,346	\$ 2,931	\$ 23,277
April 30, 2025	21,028	3,835	24,863
April 30, 2026	15,169	2,831	18,000
April 30, 2027	15,544	2,456	18,000
April 30, 2028	91,775	1,085	92,860
	<u>\$ 163,862</u>	<u>\$ 13,138</u>	<u>\$ 177,000</u>

Village of Hartsburg
Notes to the Basic Financial Statements - Continued
April 30, 2023

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 \$353,769. The debt subject to the debt limitation is based on the type of debt that is issued. As of April 30, 2023, the Village has \$163,862 of debt subject to legal debt margin.

NOTE 9 – SUBSEQUENT EVENTS

The Village extended Water Well Loan #57341 in September 2023, and further extended the loan in October 2024 in which the interest rate was increased to 2.45%. Further information is found in Note 5.

The Village extended Water Well Loan #57324 in June 2023 and paid off the loan in October 2024. Further information is found above in Note 5.

Subsequent events have been evaluated through February 10, 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, 2023

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<u>REVENUES</u>			
Taxes			
Property tax	\$ -	\$ 6,289	\$ 6,289
Replacement tax	-	6,297	6,297
State income tax	-	42,332	42,332
Sales tax	-	12,395	12,395
Use tax	-	11,081	11,081
Interest income	-	739	739
Franchise fees	-	2,014	
Rental income	-	1,145	1,145
Licenses & permits	-	5	5
Donations	-	1,000	1,000
Other income	-	325	325
Total revenues	<u>-</u>	<u>83,622</u>	<u>81,608</u>
<u>EXPENDITURES</u>			
CURRENT			
Administration			
Personnel			
Salaries	8,000	7,495	(505)
Payroll taxes	-	1,285	1,285
Contractual services			
Maintenance - building	6,000	1,095	(4,905)
Accounting service	5,000	5,100	100
Legal service	3,000	-	(3,000)
Other professional service	-	8,843	8,843
Utilities	5,000	3,552	(1,448)
General insurance	15,000	9,535	(5,465)
Dues/licensing fees	200	213	13
Publishing/advertising	800	-	(800)
Trash hauling services	3,000	781	(2,219)
Animal control	-	400	400
Travel	-	120	120
American rescue relief	-	-	-
Commodities			
Office supplies	4,500	2,740	(1,760)
Other expenditures			
Miscellaneous expense	2,000	469	(1,531)
Total administration expenditures	<u>52,500</u>	<u>41,628</u>	<u>(10,872)</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, 2023

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Culture and Recreation			
Contractual services			
Maintenance - tree trimming	-	1,125	1,125
Recreation and civic activities	-	1,378	1,378
Utilities	-	2,641	2,641
Total streets expenditures	-	5,144	5,144
Streets			
Personnel			
Salaries	-	4,956	4,956
Contractual services			
Maintenance - roads	58,000	4,504	(53,496)
Maintenance - equipment	10,000	1,701	(8,299)
Maintenance - vehicle	-	1,058	1,058
Commodities			
Maintenance supplies - equipment	-	759	759
Office supplies	-	21	21
Total streets expenditures	68,000	12,999	(55,001)
CAPITAL OUTLAY			
Infrastructure	20,000	9,800	(10,200)
Total capital outlay	20,000	9,800	(10,200)
Total expenditures	140,500	69,571	(76,073)
Excess revenue over (under) expenditures	(140,500)	14,051	157,681
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	-	(7,058)	(7,058)
Total other financing sources (uses)	-	(7,058)	(7,058)
Net change in fund balance	140,500	6,993	150,623
Fund balance - beginning	201,477	201,477	-
Fund balance - ending	\$ 341,977	\$ 208,470	\$ 150,623

See notes to the supplementary information.

Village of Hartsburg
Supplementary Information
Budgetary Comparison Schedule
Water Fund
For the Fiscal Year Ending April 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Operating Revenues			
Charges for service	\$ -	\$ 50,430	\$ 50,430
Other income	-	4,065	4,065
Total operating revenue	-	54,495	54,495
Operating Expenses			
Salaries	-	20,790	20,790
Payroll tax	-	2,651	2,651
Contractual services	-	1,435	1,435
Repairs and maintenance	200,000	42,701	(157,299)
Utilities	-	9,335	9,335
Water testing fees	-	2,217	2,217
Chemicals	-	1,333	1,333
Office supplies	-	517	517
Postage	-	1,084	1,084
Miscellaneous	-	1,738	1,738
Total expenses	200,000	83,801	(116,199)
Operating income (loss) before depreciation	(200,000)	(29,306)	170,694
Depreciation	-	(19,280)	(19,280)
Operating income (loss)	(200,000)	(48,586)	151,414
Non-Operating Revenue (Expenses)			
Grant revenue	-	20,889	20,889
Interest revenue	-	63	63
Interest expense	-	(3,799)	(3,799)
Transfers in	-	7,058	7,058
Total non-operating revenues (expenses)	-	24,211	24,211
Change in net position	(200,000)	(24,375)	175,625
Net position, beginning	192,750	192,750	-
Net position, ending	\$ (7,250)	\$ 168,375	\$ 175,625

See notes to the supplementary information.

Village of Hartsburg
Notes to the Supplementary Information
April 30, 2023

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, 2023, 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, 2023

	Tax Year		
	2022	2021	2020
Assessed Valuation	<u>\$ 4,101,667</u>	<u>\$ 3,866,672</u>	<u>\$ 3,815,155</u>
<u>Tax Rates (per \$100 assessed valuation):</u>			
General	0.05261	0.05315	0.05141
Audit	0.01041	0.01052	0.01104
Street lighting	0.02362	0.02386	0.02504
	<u>0.08664</u>	<u>0.08753</u>	<u>0.08749</u>
<u>Taxes Extended:</u>			
General	\$ 2,158	\$ 2,055	\$ 1,962
Audit	427	407	421
Street lighting	969	923	955
	<u>\$ 3,554</u>	<u>\$ 3,385</u>	<u>\$ 3,338</u>
<u>Taxes Collected:</u>			
General		\$ 2,050	\$ 1,951
Audit		406	419
Street lighting		920	950
		<u>\$ 3,376</u>	<u>\$ 3,320</u>
Percentage of Taxes Collected		<u>99.73%</u>	<u>99.46%</u>
Road & Bridge Tax Collected		<u>\$ 2,912</u>	<u>\$ 2,441</u>