

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2019

CITY OF HARVARD, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 13
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14 - 15
Statement of Activities	16 - 17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18 - 19
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21 - 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities	23
Statement of Net Position – Proprietary Funds	24 - 25
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary	27
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to Financial Statements	30 - 72
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	73
Police Pension Fund	74
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	75 - 76
Police Pension Fund	77 - 78
Schedule of Investment Returns	
Police Pension Fund	79
Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Benefit Plan	80

CITY OF HARVARD, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

REQUIRED SUPPLEMENTARY INFORMATION - Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	81
Harvard Diggins Library – Special Revenue Fund	82
Park – Special Revenue Fund	83
TIF #1 Downtown Redevelopment – Special Revenue Fund	84
TIF #2 Industrial Park – Special Revenue Fund	85
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Liability Insurance – Special Revenue Fund	86

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule of Revenues – Budget and Actual – General Fund	87	-	88
Schedule of Expenditures – Budget and Actual – General Fund	89	-	91
Schedule of Expenditures – Budget and Actual – Harvard Diggins Library Fund	92	-	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Debt Service Fund			94
Combining Balance Sheet – Nonmajor Governmental – Special Revenue Funds	95	-	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances			
Nonmajor Governmental – Special Revenue Funds	97	-	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Road and Bridge – Special Revenue Fund			99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Social Security – Special Revenue Fund			100
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Motor Fuel Tax – Special Revenue Fund			101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Special Recreation – Special Revenue Fund			102
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual			
Water and Sewer – Enterprise Fund			103
Schedule of Expenses – Budget and Actual – Water and Sewer – Enterprise Fund	104	-	105
Combining Statement of Fiduciary Net Position – Trust Funds			106
Combining Statement of Changes in Fiduciary Net Position – Trust Funds			107
Statement of Changes in Fiduciary Net Position – Police Pension Fund			108
Combining Statement of Changes in Assets and Liabilities – Agency Funds	109	-	110
Consolidated Year-End Financial Report			111

CITY OF HARVARD, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements	
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A	112
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B	113
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2014	114
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A	115
Note Payable of 2017	116
Note Payable of 2017	117
Note Payable of 2018	118

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

July 16, 2019

The Honorable Mayor
Members of the City Council
City of Harvard, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harvard, Illinois' basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

Our discussion and analysis of the City of Harvard's financial performance provides an overview of the City of Harvard's financial activities for the fiscal year ended April 30, 2019. Please read it in conjunction with the City of Harvard's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The City of Harvard's net position increased as a result of this year's operations. Net position of business-type activities increased by \$505,233, or 8.5 percent and net position of the governmental activities increased by \$146,861 or 1.8 percent.
- During the year, government-wide revenues for the primary government totaled \$10,691,868, while expenses totaled \$10,039,774, resulting in an increase to net position of \$652,094.
- The City of Harvard's net position totaled \$14,590,058 on April 30, 2019, which includes \$21,341,854 net investment in capital assets, \$1,980,270 subject to external restrictions, and \$8,732,066 deficit unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$661,540, resulting in ending fund balance of \$4,273,951, an increase of 18.3 percent.
- Beginning net position and fund balance was restated due to an error in investment income recognition and the City implementing GASB Statement No. 75.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14-17) provide information about the activities of the City of Harvard as a whole and present a longer-term view of the City of Harvard's finances. Fund financial statements begin on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City of Harvard's operations in more detail than the government-wide statements by providing information about the City of Harvard's most significant funds. The remaining statements provide financial information about activities for which the City of Harvard acts solely as a trustee or agent for the benefit of those outside of the government.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Harvard's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 14-17 of this report.

The Statement of Net Position reports information on all of the City of Harvard's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Harvard is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City of Harvard's property tax base and the condition of the City of Harvard's infrastructure, is needed to assess the overall health of the City of Harvard.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Harvard that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Harvard include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Harvard include water and sewer and pool operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Harvard, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Harvard can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City of Harvard's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Harvard maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Harvard Diggins Library Fund, Park Fund, TIF #1 Downtown Redevelopment Fund, TIF #2 Industrial Park Fund, Police Protection Fund, Liability Insurance Fund, and Debt Service Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary Funds

The City of Harvard maintains only enterprise proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Harvard utilizes enterprise funds to account for its water and sewer operations.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and Pool Fund, which are both considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Harvard's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-72 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Harvard's I.M.R.F. and police and fire employee pension obligations, retiree benefits plan and budgetary comparison schedule for the General Fund, Harvard Diggins Library Fund, Park Fund, TIF #1 Downtown Fund, TIF #2 Industrial Park Fund, and Liability Insurance Fund. Required supplementary information can be found on pages 73-86 of this report. Combining and individual fund statements and schedules can be found on pages 87-111 of this report.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the City of Harvard, assets/deferred outflows exceeded liabilities/deferred inflows by \$14,590,058.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current/Other Assets	\$ 6,728,817	6,777,120	1,421,568	1,285,077	8,150,385	8,062,197
Capital Assets	22,479,474	22,803,250	7,499,872	7,469,094	29,979,346	30,272,344
Total Assets	29,208,291	29,580,370	8,921,440	8,754,171	38,129,731	38,334,541
Deferred Outflows of Resources	3,260,402	2,647,720	218,773	71,721	3,479,175	2,719,441
Total Assets/ Deferred Outflows	32,468,693	32,228,090	9,140,213	8,825,892	41,608,906	41,053,982
Long-Term Debt	20,190,486	17,682,616	2,284,668	1,634,703	22,475,154	19,317,319
Other Liabilities	1,394,647	1,572,584	327,105	523,364	1,721,752	2,095,948
Total Liabilities	21,585,133	19,255,200	2,611,773	2,158,067	24,196,906	21,413,267
Deferred Inflows of Resources	2,767,341	3,116,554	54,601	262,131	2,821,942	3,378,685
Total Liabilities/ Deferred Inflows	24,352,474	22,371,754	2,666,374	2,420,198	27,018,848	24,791,952
Net Position						
Net Investment in Capital Assets	15,313,555	14,316,456	6,028,299	5,612,164	21,341,854	19,928,620
Restricted	1,980,270	2,830,216	-	-	1,980,270	2,830,216
Unrestricted (Deficit)	(9,177,606)	(7,290,336)	445,540	793,530	(8,732,066)	(6,496,806)
Total Net Position	8,116,219	9,856,336	6,473,839	6,405,694	14,590,058	16,262,030

A large portion of the City of Harvard’s net position, \$21,341,854, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Harvard uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Harvard’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,980,270, of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$8,732,066 deficit represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities		
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 794,467	720,575	2,617,543	2,374,543	3,412,010	3,095,118
Operating Grants/Contrib.	278,281	1,241,151	-	-	278,281	1,241,151
Capital Grants/Contrib.	-	-	146,134	-	146,134	-
General Revenues						
Property Taxes	3,105,990	2,950,527	-	-	3,105,990	2,950,527
State Taxes	2,613,644	2,456,207	-	-	2,613,644	2,456,207
Miscellaneous Taxes	852,955	718,385	-	-	852,955	718,385
Other General Revenues	263,331	575,730	19,523	13,569	282,854	589,299
Total Revenues	7,908,668	8,662,575	2,783,200	2,388,112	10,691,868	11,050,687
Expenses						
General Government	1,699,469	2,148,800	-	-	1,699,469	2,148,800
Public Safety	4,007,766	3,963,185	-	-	4,007,766	3,963,185
Public Works	958,510	812,495	-	-	958,510	812,495
Culture and Recreation	844,419	705,469	-	-	844,419	705,469
Interest on Long-Term Debt	251,643	289,525	-	-	251,643	289,525
Water and Sewer	-	-	2,277,967	2,077,667	2,277,967	2,077,667
Pool	-	-	-	-	-	-
Total Expenses	7,761,807	7,919,474	2,277,967	2,077,667	10,039,774	9,997,141
Change in Net Position						
Before Transfers	146,861	743,101	505,233	310,445	652,094	1,053,546
Transfers	-	104,011	-	(104,011)	-	-
Change in Net Position	146,861	847,112	505,233	206,434	652,094	1,053,546
Net Position - Beginning as Restated	7,969,358	9,009,224	5,968,606	6,199,260	13,937,964	15,208,484
Net Position - Ending	8,116,219	9,856,336	6,473,839	6,405,694	14,590,058	16,262,030

The net position of the City of Harvard’s governmental activities increased by 1.8 percent (\$7,969,358 restated in 2018 compared to a \$8,116,219 in 2019). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$9,177,606 at April 30, 2019 for the governmental activities.

The net position of business-type activities increased by 8.5 percent (\$5,968,606 restated in 2018 compared to \$6,473,839 in 2019).

CITY OF HARVARD, ILLINOIS

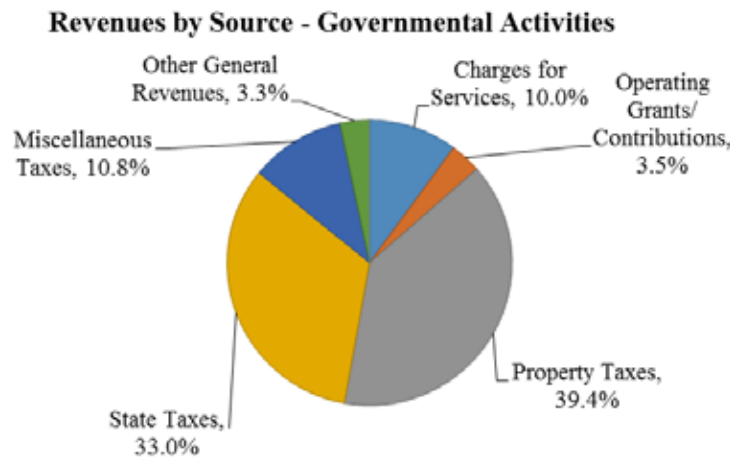
**Management’s Discussion and Analysis
April 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

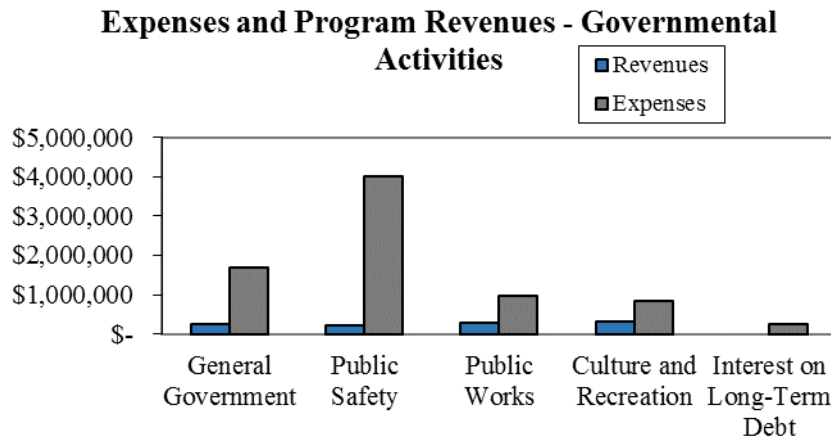
Governmental Activities

Revenues for governmental activities totaled \$7,908,668, while the cost of all governmental functions totaled \$7,761,807. This results in a surplus of \$146,861. In 2018, revenues of \$8,662,575 exceeded expenses of \$7,919,474 resulting in a surplus of \$743,101 prior to transfers in of \$104,011. During 2019, the City decreased expenses for the general government function and public safety function increased due to the pension expenses related to the net pension liability and deferred outflows/inflows. Revenues came in \$753,907 lower than 2018, primarily due to an increase of operating grants.

The following table graphically depicts the major revenue sources of the City of Harvard. It depicts very clearly the reliance of property taxes to fund governmental activities. It also clearly identifies the less significant percentage the City receives from income and sales taxes.



The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues.



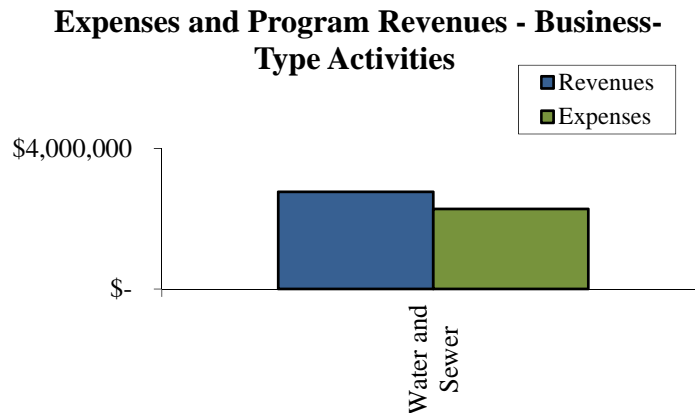
CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$2,783,200, while the cost of all business-type activities totaled \$2,277,967. This results in a surplus of \$505,233. In 2018, revenues of \$2,388,112 exceeded expenses of \$2,077,667, resulting in a surplus of \$310,445 prior to transfers out of \$104,011.



The above graph compares program revenues to expenses for utility operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Harvard uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Harvard's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City of Harvard's governmental funds reported combining ending fund balances of \$4,565,930, which is \$301,216 lower than last year's total of \$4,867,146. Of the \$4,565,930 total, \$2,442,660 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$661,540, an increase of 18.3 percent. This was due in large part to revenues for taxes, licenses and permits, intergovernmental, and interest revenues being significantly higher than budgeted. Specifically, the budgeted amount for these three revenue sources totaled \$4,967,500 and the actual amount totaled \$5,656,699. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the City. At April 30, 2019, unassigned fund balance in the General Fund was \$3,818,304.

The Harvard Diggins Library Fund reported a surplus in the current year of \$56,573, primarily due to revenues in the current year.

The Park Fund reported a deficit in the current year of \$30,629, due primarily to revenues coming in less than actual expenditures during the fiscal year.

The TIF #1 Downtown Redevelopment Fund reported a surplus in the current year of \$9,244 due to property tax and transfers from the General Fund meeting needs of debt service fund.

The TIF #2 Industrial Park Fund reported a deficit for the year of \$405,377. This decrease was due to property tax not meeting needs of debt service fund.

The Police Protection Fund had a deficit of \$650,313, due to the City's closing this fund into the General Fund at the end of the fiscal year.

The Liability Insurance Fund had a surplus of \$5,340, due primarily to revenues and transfers coming in slightly more than actual expenditures during the fiscal year.

The Debt Service Fund had a deficit of \$154,925 and this was due to the expenditures exceeding the revenues received in the fiscal year.

Proprietary Funds

The City of Harvard's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City reports the Water and Sewer Fund as a major proprietary fund. The Water Fund accounts for all of the operations of the water and sewer system. The City purchases water from three wells. The spread between purchase and sale rates is intended to finance the operations of the utility system, including labor costs, supplies, and infrastructure maintenance.

The City of Harvard intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water and Sewer Fund during the current fiscal year was \$505,233, while the previous fiscal year reported a surplus of \$206,434. Unrestricted net position in the Water and Sewer Fund totaled \$445,540 at April 30, 2019.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Harvard Council made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$5,816,295, compared to budgeted revenues of \$5,149,000. As stated earlier, revenues for taxes, licenses and permits, intergovernmental, and interest revenues were significantly higher than budgeted.

The General Fund actual expenditures for the year were \$442,550 higher than budgeted (\$4,881,350 actual compared to \$4,438,800 budgeted). This is due mainly to the general government, public safety, and debt service over budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Harvard’s investment in capital assets for its governmental and business type activities as of April 30, 2019 was \$29,979,346 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, vehicles, Harvard Diggins Library and swimming pool.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 8,824,157	8,824,157	828,000	828,000	9,652,157	9,652,157
Construction in Progress	69,841	21,444	-	-	69,841	21,444
Infrastructure	10,058,926	10,396,543	1,995,129	1,783,584	12,054,055	12,180,127
Buildings and Improvements	3,247,776	3,294,069	4,563,988	4,761,040	7,811,764	8,055,109
Machinery and Equipment	95,723	114,682	112,755	96,470	208,478	211,152
Vehicles	182,557	150,675	-	-	182,557	150,675
Harvard Diggins Library	494	1,680	-	-	494	1,680
Totals	22,479,474	22,803,250	7,499,872	7,469,094	29,979,346	30,272,344

This year’s major additions included:

Construction in Progress	\$ 69,841
Buildings and Improvements	37,440
Infrastructure	272,265
Machinery and Equipment	55,960
Vehicles	109,381
	<u>544,887</u>

Additional information on the City of Harvard’s capital assets can be found in note 3 of this report.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$8,538,274 as compared to \$10,234,584 the previous year, due to annual repayments on outstanding long-term debt during the current year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Notes Payable	\$ 1,381,701	1,732,654	666,573	696,930	2,048,274	2,429,584
General Obligation Bonds	5,685,000	6,645,000	805,000	1,160,000	6,490,000	7,805,000
Totals	7,066,701	8,377,654	1,471,573	1,856,930	8,538,274	10,234,584

Additional information on the City of Harvard's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The City is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation and unemployment rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Harvard's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to City of Harvard, 201 West Diggins, P.O. Box 310, Harvard, Illinois 60033 or at www.cityofharvard.org.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF HARVARD, ILLINOIS

Statement of Net Position

April 30, 2019

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2019**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Investments	\$ 2,560,467	936,075	3,496,542
Receivables - Net of Allowances	3,544,723	485,493	4,030,216
Due from Other Governments	480,627	-	480,627
Land Held for Resale	143,000	-	143,000
Total Current Assets	6,728,817	1,421,568	8,150,385
Noncurrent Assets			
Capital Assets			
Nondepreciable	8,893,998	828,000	9,721,998
Depreciable	20,269,152	14,081,974	34,351,126
Accumulated Depreciation	(6,683,676)	(7,410,102)	(14,093,778)
Total Noncurrent Assets	22,479,474	7,499,872	29,979,346
Total Assets	29,208,291	8,921,440	38,129,731
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	797,695	210,505	1,008,200
Deferred Items - Police Pension	2,427,012	-	2,427,012
Deferred Items - RBP	35,695	8,268	43,963
Total Deferred Outflows of Resources	3,260,402	218,773	3,479,175
Total Assets and Deferred Outflows of Resources	32,468,693	9,140,213	41,608,906

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

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 383,360	132,442	515,802
Accrued Payroll	131,416	37,018	168,434
Accrued Interest Payable	54,485	1,700	56,185
Current Portion of Long-Term Debt	825,386	155,945	981,331
Total Current Liabilities	<u>1,394,647</u>	<u>327,105</u>	<u>1,721,752</u>
Noncurrent Liabilities			
Compensated Absences Payable	225,520	62,353	287,873
Net Pension Liability - IMRF	1,592,655	420,289	2,012,944
Net Pension Liability - Police Pension	9,942,835	-	9,942,835
Total OPEB Liability - RBP	2,032,563	470,810	2,503,373
General Obligation Bonds Payable - Net	5,084,218	695,000	5,779,218
Notes Payable	1,312,695	636,216	1,948,911
Total Noncurrent Liabilities	<u>20,190,486</u>	<u>2,284,668</u>	<u>22,475,154</u>
Total Liabilities	<u>21,585,133</u>	<u>2,611,773</u>	<u>24,196,906</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	206,907	54,601	261,508
Deferred Items - Police Pension	912,323	-	912,323
Property Taxes	1,648,111	-	1,648,111
Total Deferred Inflows of Resources	<u>2,767,341</u>	<u>54,601</u>	<u>2,821,942</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,352,474</u>	<u>2,666,374</u>	<u>27,018,848</u>
NET POSITION			
Net Investment in Capital Assets	15,313,555	6,028,299	21,341,854
Restricted			
Property Taxes			
Public Library	210,653	-	210,653
TIF Districts	603,867	-	603,867
IMRF	109,834	-	109,834
Special Recreation	168,822	-	168,822
Motor Fuel Taxes	341,619	-	341,619
Welfare Services	9,432	-	9,432
Revolving Loans	223,396	-	223,396
Capital Projects	88,894	-	88,894
Off Street Parking	223,753	-	223,753
Unrestricted (Deficit)	<u>(9,177,606)</u>	<u>445,540</u>	<u>(8,732,066)</u>
Total Net Position	<u>8,116,219</u>	<u>6,473,839</u>	<u>14,590,058</u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2019**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,699,469	237,831	7,086	-
Public Safety	4,007,766	225,507	-	-
Public Works	958,510	42,592	249,461	-
Culture and Recreation	844,419	288,537	21,734	-
Interest on Long-Term Debt	251,643	-	-	-
Total Governmental Activities	7,761,807	794,467	278,281	-
Business-Type Activities				
Water and Sewer	2,277,967	2,617,543	-	146,134
Total Primary Government	10,039,774	3,412,010	278,281	146,134

General Revenues
Taxes
 Property Taxes
 Other Taxes
Intergovernmental - Unrestricted
 State Income Tax
 Use Tax
 Sales Tax
 Replacement Tax
Interest Income
Miscellaneous
Transfers - Internal Activity

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(1,454,552)	-	(1,454,552)
(3,782,259)	-	(3,782,259)
(666,457)	-	(666,457)
(534,148)	-	(534,148)
(251,643)	-	(251,643)
(6,689,059)	-	(6,689,059)
-	485,710	485,710
(6,689,059)	485,710	(6,203,349)
3,105,990	-	3,105,990
852,955	-	852,955
977,342	-	977,342
283,629	-	283,629
1,239,308	-	1,239,308
113,365	-	113,365
77,307	19,523	96,830
186,024	-	186,024
-	-	-
6,835,920	19,523	6,855,443
146,861	505,233	652,094
7,969,358	5,968,606	13,937,964
8,116,219	6,473,839	14,590,058

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2019**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
ASSETS				
Cash and Investments	\$ 1,667,262	24,880	-	1,259
Receivables - Net of Allowances				
Taxes	1,694,216	391,000	225,000	119,227
Accounts	59,919	-	-	-
Other	-	-	-	-
Due from Other Governments	425,057	-	-	-
Due from Other Funds	1,631,258	-	-	-
Land Held for Resale	143,000	-	-	-
Total Assets	5,620,712	415,880	225,000	120,486
LIABILITIES				
Accounts Payable	73,722	1,322	-	-
Accrued Payroll	118,431	8,405	4,580	-
Due to Other Funds	307,500	-	1,015,079	-
Total Liabilities	499,653	9,727	1,019,659	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	847,108	195,500	112,500	59,614
Total Liabilities and Deferred Inflows of Resources	1,346,761	205,227	1,132,159	59,614
FUND BALANCES				
Nonspendable	143,000	-	-	-
Restricted	312,647	210,653	-	60,872
Unassigned	3,818,304	-	(907,159)	-
Total Fund Balances	4,273,951	210,653	(907,159)	60,872
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,620,712	415,880	225,000	120,486

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

Revenue Funds					
TIF #2					
Industrial Park	Police Protection	Liability Insurance	Debt Service	Nonmajor	Totals
270,785	-	-	-	596,281	2,560,467
544,421	-	70,000	-	252,356	3,296,220
-	-	-	-	-	59,919
-	-	-	-	188,584	188,584
-	-	55,570	-	-	480,627
-	-	-	-	-	1,631,258
-	-	-	-	-	143,000
815,206	-	125,570	-	1,037,221	8,360,075
-	-	-	-	816	75,860
-	-	-	-	-	131,416
-	-	406,001	109,624	100,554	1,938,758
-	-	406,001	109,624	101,370	2,146,034
272,211	-	35,000	-	126,178	1,648,111
272,211	-	441,001	109,624	227,548	3,794,145
-	-	-	-	-	143,000
542,995	-	-	-	853,103	1,980,270
-	-	(315,431)	(109,624)	(43,430)	2,442,660
542,995	-	(315,431)	(109,624)	809,673	4,565,930
815,206	-	125,570	-	1,037,221	8,360,075

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

CITY OF HARVARD, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities**

April 30, 2019

Total Governmental Fund Balances	\$ 4,565,930
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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 financial resources and therefore, are not reported in the funds.	22,479,474
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	590,788
Deferred Items - Police Pension	1,514,689
Deferred Items - RBP	35,695

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(54,485)
Compensated Absences Payable	(281,900)
Net Pension Liability - IMRF	(1,592,655)
Net Pension Liability - Police Pension	(9,942,835)
Net Total OPEB Liability - RBP	(2,032,563)
Notes Payable	(1,381,701)
General Obligation Bonds Payable - Net	<u>(5,784,218)</u>

Net Position of Governmental Activities	<u><u>8,116,219</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2019**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2019**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
Revenues				
Taxes	\$ 2,512,353	312,723	156,558	105,535
Licenses and Fees	505,930	-	-	-
Intergovernmental	2,586,955	27,309	-	-
Charges for Services	-	98,520	190,017	-
Interest	51,461	321	2,005	-
Miscellaneous	159,596	3,692	133	1,929
Total Revenues	5,816,295	442,565	348,713	107,464
Expenditures				
Current				
General Government	844,494	-	-	475
Public Safety	3,166,374	-	-	-
Public Works	646,300	-	-	-
Culture and Recreation		385,992	404,888	-
Capital Outlay	176,630	-	26,954	-
Debt Service				
Principal Retirement	22,007	-	-	350,000
Interest and Fiscal Charges	25,545	-	-	67,745
Total Expenditures	4,881,350	385,992	431,842	418,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	934,945	56,573	(83,129)	(310,756)
Other Financing Sources (Uses)				
Disposal of Capital Assets	10,734	-	-	-
Transfers In	874,065	-	52,500	320,000
Transfers Out	(1,158,204)	-	-	-
	(273,405)	-	52,500	320,000
Net Change in Fund Balances	661,540	56,573	(30,629)	9,244
Fund Balances - Beginning	3,612,411	154,080	(876,530)	51,628
Fund Balances - Ending	4,273,951	210,653	(907,159)	60,872

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

Revenue Funds					
TIF #2					
Industrial Park	Police Protection	Liability Insurance	Debt Service	Nonmajor	Totals
404,073	-	70,021	141,395	256,287	3,958,945
-	-	-	-	-	505,930
-	-	-	-	277,661	2,891,925
-	-	-	-	-	288,537
13,068	-	20	80	10,352	77,307
-	-	20,075	-	599	186,024
417,141	-	90,116	141,475	544,899	7,908,668
950	-	231,776	-	495,565	1,573,260
-	-	-	-	230,008	3,396,382
-	-	-	-	26,947	673,247
-	-	-	-	-	790,880
-	-	-	-	-	203,584
653,946	-	-	285,000	-	1,310,953
167,622	-	-	11,400	-	272,312
822,518	-	231,776	296,400	752,520	8,220,618
(405,377)	-	(141,660)	(154,925)	(207,621)	(311,950)
-	-	-	-	-	10,734
-	-	147,000	-	646,204	2,039,769
-	(650,313)	-	-	(231,252)	(2,039,769)
-	(650,313)	147,000	-	414,952	10,734
(405,377)	(650,313)	5,340	(154,925)	207,331	(301,216)
948,372	650,313	(320,771)	45,301	602,342	4,867,146
542,995	-	(315,431)	(109,624)	809,673	4,565,930

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

CITY OF HARVARD, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

For the Fiscal Year Ended April 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (301,216)

Amounts reported for governmental activities in the Statement of Activities
are different because:

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 Outlays	243,037
Depreciation Expense	(562,532)
Disposals - Cost	(19,758)
Disposals - Accumulated Depreciation	15,477

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	1,312,806
Change in Deferred Items - Police Pension	(215,912)
Change in Deferred Items - RBP	35,695

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(38,801)
Additions to Net Pension Liability - IMRF	(1,185,718)
Additions to Net Pension Liability - Police Pension	(322,254)
Additions to Total OPEB Liability - RBP	(145,585)
Retirement of Debt	1,310,953
Amortization of Debt Related Items	9,922

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

10,747

Changes in Net Position of Governmental Activities

146,861

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2019**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Fund
April 30, 2019**

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 936,075
Receivables - Net of Allowances	<u>485,493</u>
Total Current Assets	<u>1,421,568</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	828,000
Depreciable	14,081,974
Accumulated Depreciation	<u>(7,410,102)</u>
Total Noncurrent Assets	<u>7,499,872</u>
Total Assets	8,921,440
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	210,505
Deferred Items - RBP	<u>8,268</u>
Total Deferred Outflows of Resources	218,773
Total Assets and Deferred Outflows of Resources	<u>9,140,213</u>

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

	<u>Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 132,442
Accrued Payroll	37,018
Due to Other Funds	1,700
Current Portion of Long-Term Debt	<u>155,945</u>
Total Current Liabilities	<u>327,105</u>
Noncurrent Liabilities	
Compensated Absences Payable	62,353
Net Pension Liability - IMRF	420,289
Total OPEB Liability - RBP	470,810
General Obligation Bonds Payable - Net	695,000
Notes Payable	<u>636,216</u>
Total Noncurrent Liabilities	<u>2,284,668</u>
Total Liabilities	<u>2,611,773</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>54,601</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,666,374</u>
NET POSITION	
Net Investment in Capital Assets	6,028,299
Unrestricted	<u>445,540</u>
Total Net Position	<u><u>6,473,839</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Fiscal Year Ended April 30, 2019**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	\$ <u>2,617,543</u>
Operating Expenses	
Operations	1,959,383
Depreciation	<u>271,072</u>
Total Operating Expenses	<u>2,230,455</u>
Operating Income	<u>387,088</u>
Nonoperating Revenues (Expenses)	
Interest Income	19,523
Interest Expense	<u>(47,512)</u>
	<u>(27,989)</u>
Income Before Capital Grants	359,099
Capital Grants	<u>146,134</u>
Change in Net Position	505,233
Net Position - Beginning as Restated	<u>5,968,606</u>
Net Position - Ending	<u><u>6,473,839</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended April 30, 2019**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,559,353
Payments to Employees	(757,024)
Payments to Suppliers	(1,165,788)
	<u>636,541</u>
Cash Flows from Capital and Related Financing Activities	
Capital Grants	146,134
Purchase of Capital Assets	(301,850)
Principal Retirement	(382,803)
Interest Payments	(47,512)
	<u>(586,031)</u>
Cash Flows from Investing Activities	
Interest Received	19,523
	<u>19,523</u>
Net Change in Cash and Cash Equivalents	70,033
Cash and Cash Equivalents - Beginning	<u>866,042</u>
Cash and Cash Equivalents - Ending	<u><u>936,075</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	387,088
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	271,072
Other Expenses	(35,897)
(Increase) Decrease in Current Assets	(58,190)
Increase (Decrease) in Current Liabilities	72,468
	<u>72,468</u>
Net Cash Provided by Operating Activities	<u><u>636,541</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Fiduciary Net Position
April 30, 2019**

	<u>Trusts</u>	<u>Agency</u>
ASSETS		
Cash and Cash Equivalents	\$ 213,002	28,045
Investments		
U.S. Treasuries	651,110	-
U.S. Agencies	3,396,010	-
Corporate Bonds	589,445	-
Common Stock	654,545	-
Mutual Funds	5,800,040	-
Receivables		
Accrued Interest	44,717	-
Due from Other Funds	307,500	-
Other	80,450	-
Prepays	<u>3,704</u>	<u>-</u>
Total Assets	<u>11,740,523</u>	<u>28,045</u>
LIABILITIES		
Accounts Payable	3,182	-
Due to Bondholders	<u>-</u>	<u>28,045</u>
Total Liabilities	<u>3,182</u>	<u>28,045</u>
NET POSITION		
Net Position Restricted for Pensions	<u>11,737,341</u>	

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

CITY OF HARVARD, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2019**

	<u>Trusts</u>
Additions	
Contributions - Employer	\$ 592,237
Contributions - Plan Members	148,922
Total Contributions	<u>741,159</u>
Investment Income	
Interest Earned	459,433
Net Change in Fair Value	261,941
	<u>721,374</u>
Less Investment Expenses	(27,177)
Net Investment Income	<u>694,197</u>
Total Additions	<u>1,435,356</u>
Deductions	
Administration	26,756
Benefits and Refunds	714,224
Other Charges and Services	3,676
Total Deductions	<u>744,656</u>
Change in Fiduciary Net Position	690,700
Net Position Restricted for Pensions	
Beginning	<u>11,046,641</u>
Ending	<u>11,737,341</u>

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Harvard (the City), Illinois was incorporated under the provisions of the constitution and general statutes of the State of Illinois. The City operates under a Mayor/Council form of government. The City provides services to the public such as health services, public safety, water and sewer system, streets and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Harvard
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In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary City because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The City's water and pool services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity/net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains seventeen special revenue funds. The Harvard Diggins Library, a major fund, is used to account for the financial resources and costs related to the operations of the Library. Financing is provided by restricted property taxes and charges for services. The Park Fund, a major fund, is used to account for the financial resources and costs related to the City's parks. Financing is sourced primarily from property taxes. The TIF #1 Downtown Redevelopment Fund is used to account for the financial resources and debt service payments related to the TIF #1 district. Financing is provided by restricted property taxes. The TIF #2 Industrial Park Fund is used to account for the financial resources and debt service payments related to the TIF #2 district. Financing is provided by restricted property taxes. The Police Protection Fund, a major fund, is used to account for real estate taxes collected for the police force. The Liability Insurance Fund, a major fund, is used to account for insurance.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund, reported as major fund, is used to account for the accumulation of financial resources for the payment of principal and interest on the City's long-term debt.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains one enterprise fund. The Water and Sewer Fund, a major fund, is used to account for the provision of water and sewer services to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity by the City for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the government through an annual property tax levy.

Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The City's pension trust funds and private purpose trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows 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.

All proprietary and trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70.

A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Income tax will exceed the sixty day recognition period due to the State of Illinois and the long delay with releasing these funds. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds, pension trust funds, and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. 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 City's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise 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.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and grants. Business-type activities report charges for services as their major receivables.

Prepays – Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 for equipment and vehicles, \$10,000 for building and improvements and \$50,000 for infrastructure are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets – Continued

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	50 Years
Equipment and Vehicles	5 - 20 Years
Infrastructure	40 Years

Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund types Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Net Position

In the government-wide financial statements, equity is classified as net position 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 balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- At least 15 days prior to the enactment of the budget, the committee on Finance Procurement submits to the City Council a proposed means of financing expenditure appropriations for the fiscal year commencing the following May 1.
- Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.
- Budgeted amounts are as originally reported or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Unexpected budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at the budgetary line item level.
- The budget amounts shown in the financial statements are the final authorized amounts as no supplementary appropriations were necessary during the year.
- The City does not budget for the Welfare Fund, Off Street Parking Fund and Revolving Loan Fund.

DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of the date of this report:

Fund	Deficit
Park	\$ 907,159
Liability Insurance	315,431
Debt Service	109,624
Social Security	43,430

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
General	\$ 442,550
Harvard Diggins Library	78,775
TIF #1 Downtown Redevelopment	20,720
TIF #2 Industrial Park	422,808
Liability Insurance	12,776
Social Security	19,053
Police Pension	740,980

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as a security company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$3,486,637 and the bank balances totaled \$3,640,601. In addition, the City has \$9,905 invested in Illinois Funds at year-end, which are measured by net asset value per share determined by the pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy states the City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities. The City's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy states the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualify the financial institutions, broker/dealers, intermediaries and advisors, and diversify the investment portfolio so that potential losses on individual securities will be minimized. At year-end, the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states investments should remain sufficiently liquid to meet all operating requirements that may be reasonable anticipated. At year-end, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not mitigate custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not mitigate custodial credit risk for investments and the City's investment in the Illinois Funds is not subject to custodial credit risk.

Interest in Delos F. Diggins Trust – Designated Fund

As of April 30, 2019, the Library has a balance of \$1,107,750 invested with the Delos F Diggins Trust. These funds are not available to the Library until eligible expenditures are submitted for reimbursement. The City has elected not to include the investment held within the trust as an asset on their books.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$131,214 and the bank balances totaled \$131,214.

Investments. At year-end, the Fund has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 651,110	154,384	471,476	25,250	-
U.S. Agencies	3,396,010	144,622	429,323	2,442,957	379,108
Corporate Bonds	589,445	29,981	229,098	330,366	-
Municipal Bonds	654,545	70,430	247,520	320,821	15,774
	5,291,110	399,417	1,377,417	3,119,394	394,882

The Fund had the following recurring investments at year-end:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 651,110	651,110	-	-
U.S. Agencies	3,396,010	-	3,396,010	-
Corporate Bonds	589,445	-	589,445	-
Municipal Bonds	654,545	-	654,545	-
Equity Securities				
Mutual Funds	5,800,040	5,800,040	-	-
Total Investments by Fair Value Level	11,091,150	6,451,150	4,640,000	-

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Interest Rate Risk. The investment portfolio shall remain sufficiently liquid to enable the Fund to meet all operating requirements which may be reasonably anticipated.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard & Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three ratings agencies. The investments in the securities of U.S. government agencies ratings were all unavailable and the investments in the corporate bonds were rated A3 to Aaa by Moody's and the municipal bonds were rated A3 to AA+ by Standard and Poor's and Moody's or not rated.

Custodial Credit Risk. The Fund's investment policy states that assets may be invested in savings accounts or certificates of deposit of a national or bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. At April 30, 2019, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

Concentration Risk. The Fund's investment policy states the Fund shall diversity investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. In addition to the securities and fair values listed above, the Fund also has \$5,800,040 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk – Continued. The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	50.00%	1.20%
Domestic Equities	45.00%	6.40% - 8.30%
International Equities	5.00%	6.20%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2019 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2018 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 8,824,157	-	-	8,824,157
Construction in Progress	21,444	69,841	21,444	69,841
	<u>8,845,601</u>	<u>69,841</u>	<u>21,444</u>	<u>8,893,998</u>
Depreciable Capital Assets				
Infrastructure	12,928,642	-	-	12,928,642
Buildings and Improvements	4,741,799	58,884	-	4,800,683
Machinery and Equipment	1,001,242	26,375	-	1,027,617
Vehicles	1,230,996	109,381	19,758	1,320,619
Harvard Diggins Library	191,591	-	-	191,591
	<u>20,094,270</u>	<u>194,640</u>	<u>19,758</u>	<u>20,269,152</u>
Less Accumulated Depreciation				
Infrastructure	2,532,099	337,617	-	2,869,716
Buildings and Improvements	1,447,730	105,177	-	1,552,907
Machinery and Equipment	886,560	45,334	-	931,894
Vehicles	1,080,321	73,218	15,477	1,138,062
Harvard Diggins Library	189,911	1,186	-	191,097
	<u>6,136,621</u>	<u>562,532</u>	<u>15,477</u>	<u>6,683,676</u>
Total Net Depreciable Capital Assets	<u>13,957,649</u>	<u>(367,892)</u>	<u>4,281</u>	<u>13,585,476</u>
Total Net Capital Assets	<u><u>22,803,250</u></u>	<u><u>(298,051)</u></u>	<u><u>25,725</u></u>	<u><u>22,479,474</u></u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 150,512
Public Safety	73,218
Public Works	285,263
Culture and Recreation	<u>53,539</u>
	<u><u>562,532</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 828,000	-	-	828,000
Depreciable Capital Assets				
Infrastructure	2,219,057	272,265	-	2,491,322
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,567,721	29,585	-	1,597,306
Vehicles	140,750	-	-	140,750
	<u>13,780,124</u>	<u>301,850</u>	<u>-</u>	<u>14,081,974</u>
Less Accumulated Depreciation				
Infrastructure	435,473	60,720	-	496,193
Buildings and Improvements	5,091,556	197,052	-	5,288,608
Machinery and Equipment	1,471,251	13,300	-	1,484,551
Vehicles	140,750	-	-	140,750
	<u>7,139,030</u>	<u>271,072</u>	<u>-</u>	<u>7,410,102</u>
Total Net Depreciable Capital Assets	<u>6,641,094</u>	<u>30,778</u>	<u>-</u>	<u>6,671,872</u>
Total Net Capital Assets	<u>7,469,094</u>	<u>30,778</u>	<u>-</u>	<u>7,499,872</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer	<u>\$ 271,072</u>
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CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages and timing of cash receipts. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Park	\$ 1,015,079
General	Liability Insurance	406,001
General	Debt Service	109,624
General	Nonmajor Governmental	100,554
Police Pension	General	<u>307,500</u>
		<u><u>1,938,758</u></u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Police Protection	\$ 650,313
General	Nonmajor Governmental	223,752
Park	Nonmajor Governmental	7,500
Park	General	45,000
TIF #1 Downtown Redevelopment	General	320,000
Liability Insurance	General	147,000
Nonmajor Governmental	General	<u>646,204</u>
		<u><u>2,039,769</u></u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for operations. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds issued for business-type activities are reported in the proprietary funds as they are expected to be repaid from proprietary revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2011A, due in annual installments of \$145,000 to \$180,000 plus interest at 1.70% to 3.85% through December 1, 2018.	Water and Sewer	\$ 90,000	-	90,000	-
General Obligation Refunding Bonds of 2011B, due in annual installments of \$255,000 to \$285,000 plus interest at 2.00% to 4.00% through December 1, 2018.	Debt Service	285,000	-	285,000	-
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A, due in annual installments of \$95,000 to \$405,000 plus interest at 2.00% to 3.20% through January 15, 2024.	TIF #1	2,270,000	-	350,000	1,920,000

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B, due in annual installments of \$165,000 to \$185,000 plus interest at 2.00% to 5.00% through January 15, 2027.	TIF #2	\$ 1,460,000	-	145,000	1,315,000
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2014, due in annual installments of \$140,000 to \$155,000 plus interest at 2.00% to 2.50% through May 1, 2019.	Water and Sewer	155,000	-	155,000	-
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A, due in annual installments of \$105,000 to \$125,000 plus interest at 1.50% to 2.30% through May 1, 2026.	Water and Sewer	915,000	-	110,000	805,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B, due in annual installments of \$180,000 to \$425,000 plus interest at 2.00% to 4.00% through January 15, 2029.	TIF #2	2,630,000	-	180,000	2,450,000
		<u>7,805,000</u>	<u>-</u>	<u>1,315,000</u>	<u>6,490,000</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Notes Payable

The City enters into notes payable to provide funds for acquisition of capital assets. Notes payable have been issued for the governmental activities and business-type activities. Notes payable are direct obligations and pledge the full faith and credit of the City. Notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Note Payable of 2017, due in monthly installments of \$4,550, plus a balloon payment of \$576,218, including interest at 3.50% through March 28, 2022.	Water and Sewer	696,930	-	30,357	666,573
Note Payable of 2017, due in monthly installments of \$23,957, plus a balloon payment of \$1,080,699 including interest at 4.125% through July 6, 2022.	TIF #2	1,268,792	-	328,947	939,845
Note Payable of 2018, due in quarterly installments of \$10,758, plus a balloon payment of \$353,825 including interest at 4.55% through April 17, 2023.	General	463,862	-	22,006	441,856
		<u>2,429,584</u>	<u>-</u>	<u>381,310</u>	<u>2,048,274</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 243,099	77,602	38,801	281,900	56,380
Net Pension Liability - IMRF	406,937	1,185,718	-	1,592,655	-
Net Pension Liability - Police Pension	9,620,581	322,254	-	9,942,835	-
Total OPEB Liability - RBP	2,324,066	179,307	-	2,503,373	-
Notes Payable	1,732,654	-	350,953	1,381,701	80,836
General Obligation Bonds	6,645,000	-	960,000	5,685,000	700,000
Plus/Less Unamortized Items:					
Premium	109,140	-	9,922	99,218	-
	<u>21,081,477</u>	<u>1,764,881</u>	<u>1,359,676</u>	<u>21,486,682</u>	<u>837,216</u>
Business-Type Activities					
Compensated Absences	69,765	16,352	8,176	77,941	15,588
Net Pension Liability - IMRF	107,318	312,971	-	420,289	-
General Obligation Bonds	1,160,000	-	355,000	805,000	110,000
Notes Payable	696,930	-	30,357	666,573	31,389
	<u>2,034,013</u>	<u>329,323</u>	<u>393,533</u>	<u>1,969,803</u>	<u>156,977</u>

For the governmental activities, the compensated absences and the net pension liabilities, are liquidated by the General Fund. The notes payable are being liquidated by the General Fund and the TIF #2 Industrial Park Fund. The general obligation bonds are being paid by the Debt Service Fund, the TIF #1 Downtown Redevelopment Fund and the TIF #2 Industrial Park Fund.

For the business-type activities, the Water and Sewer Fund is liquidating the compensated absences, net pension liability, general obligation bonds and notes payable.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds		Notes Payable		General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 700,000	176,441	80,836	58,029	110,000	15,722	31,389	23,211
2021	715,000	157,290	84,510	54,372	115,000	14,074	32,584	22,016
2022	735,000	137,690	88,188	50,710	110,000	12,060	602,600	19,118
2023	750,000	117,380	1,128,167	24,397	110,000	10,134	-	-
2024	780,000	92,945	-	-	115,000	7,936	-	-
2025	385,000	69,860	-	-	120,000	5,634	-	-
2026	390,000	59,460	-	-	125,000	2,876	-	-
2027	410,000	48,475	-	-	-	-	-	-
2028	395,000	32,800	-	-	-	-	-	-
2029	425,000	17,000	-	-	-	-	-	-
Totals	5,685,000	909,341	1,381,701	187,508	805,000	68,436	666,573	64,345

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Non-Commitment Debt – Special Service Area Bonds

Special service area bonds outstanding as of the date of this report totaled \$724,447. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2018	<u>\$ 122,211,974</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>10,540,783</u>
Amount of Debt Applicable to Limit Note Payable of 2018	<u>441,856</u>
Legal Debt Margin	<u>10,098,927</u>

NET POSITION/FUND BALANCES

Fund Balance/Net Position Restatements

Scholarship Fund's beginning fund balance was restated due to an error in investment income recognition. Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 9,856,336	7,969,358	(1,886,978)
Business-Type Activities	6,405,694	5,968,606	(437,088)
Water and Sewer	6,405,694	5,968,606	(437,088)
Scholarship	206,025	12,920	(193,105)

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2019:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 22,479,474
Less Capital Related Debt:	
General Obligation Bonds	(5,685,000)
Unamortized Premium	(99,218)
Notes Payable	<u>(1,381,701)</u>
Net Investment in Capital Assets	<u>15,313,555</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	7,499,872
Less Capital Related Debt:	
General Obligation Bonds	(805,000)
Notes Payable	<u>(666,573)</u>
Net Investment in Capital Assets	<u>6,028,299</u>

Fund Balance Classifications

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the City Council’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City’s highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

	Special Revenue Funds									Totals
	General	Harvard Diggins Library	Park	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Police Protection	Liability Insurance	Debt Service	Nonmajor	
Fund Balances										
Nonspendable										
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	-	-	143,000
Restricted										
Property Taxes										
Public Library	-	210,653	-	-	-	-	-	-	-	210,653
TIF Districts	-	-	-	60,872	542,995	-	-	-	-	603,867
Police Protection	-	-	-	-	-	-	-	-	-	-
IMRF	-	-	-	-	-	-	-	-	109,834	109,834
Special Recreation	-	-	-	-	-	-	-	-	168,822	168,822
Motor Fuel Taxes	-	-	-	-	-	-	-	-	341,619	341,619
Welfare Services	-	-	-	-	-	-	-	-	9,432	9,432
Revolving Loan	-	-	-	-	-	-	-	-	223,396	223,396
Off Street Parking	223,753	-	-	-	-	-	-	-	-	223,753
Capital Projects	88,894	-	-	-	-	-	-	-	-	88,894
	<u>312,647</u>	<u>210,653</u>	<u>-</u>	<u>60,872</u>	<u>542,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,103</u>	<u>1,980,270</u>
Unassigned	3,818,304	-	(907,159)	-	-	-	(315,431)	(109,624)	(43,430)	2,442,660
Total Fund Balances	<u>4,273,951</u>	<u>210,653</u>	<u>(907,159)</u>	<u>60,872</u>	<u>542,995</u>	<u>-</u>	<u>(315,431)</u>	<u>(109,624)</u>	<u>809,673</u>	<u>4,565,930</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance and participates in the Illinois Municipal League Risk Management Association to manage these risks.

The Illinois Municipal League Risk Management Association (IMLRMA) is a joint risk management pool comprised of 739 Illinois municipalities. The member agreement provides that IMLRMA's other members, has a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits. There were no supplemental contributions paid in the previous three years. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED ORGANIZATIONS

The City, along with twelve other area park districts and municipalities, has entered into a joint agreement to provide cooperative recreational programs and other activities for handicapped and impaired individuals. Each member agency shares equally in the Northern Illinois Special Recreation Association (NISRA), and generally provides funding based on up to 4.0 cents per \$100 of its equalized assessed valuation. The City contributed \$22,221 to NISRA during the current fiscal year. The City does not have a direct financial interest in NISRA and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of NISRA, the assets, if any, shall be divided among the members in accordance with an equitable formula, as determined by a unanimous vote of the Board of Directors of NISRA.

A complete separate financial statement for NISRA can be obtained from NISRA's administrative offices at 285 Memorial Drive, Crystal Lake, Il 60014.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The City contributes to two defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. Separate reports are issued for the Pension Plan may be obtained by writing to the City at 201 W. Diggins, P.O. Box 310, Harvard, Illinois 60333. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	54
Inactive Plan Members Entitled to but not yet Receiving Benefits	14
Active Plan Members	<u>27</u>
Total	<u><u>95</u></u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2019, the City’s contribution was 13.39% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, a decrease of 0.25% from the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 3,532,154	2,012,944	751,127

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	<u>\$ 11,123,355</u>	<u>10,609,100</u>	<u>514,255</u>
Changes for the Year:			
Service Cost	164,305	-	164,305
Interest on the Total Pension Liability	821,311	-	821,311
Difference Between Expected and Actual Experience of the Total Pension Liability	140,993	-	140,993
Changes of Assumptions	337,137	-	337,137
Contributions - Employer	-	228,610	(228,610)
Contributions - Employees	-	74,659	(74,659)
Net Investment Income	-	(541,421)	541,421
Benefit Payments, including Refunds of Employee Contributions	(509,378)	(509,378)	-
Other (Net Transfer)	-	203,209	(203,209)
Net Changes	<u>954,368</u>	<u>(544,321)</u>	<u>1,498,689</u>
Balances at December 31, 2018	<u>12,077,723</u>	<u>10,064,779</u>	<u>2,012,944</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of \$65,899. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 87,123	(131,141)	(44,018)
Change in Assumptions	208,326	(130,367)	77,959
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	652,642	-	652,642
Total Pension Expense to be Recognized in Future Periods	948,091	(261,508)	686,583
Pension Contributions Made Subsequent to the Measurement Date	60,109	-	60,109
Total Deferred Amounts Related to IMRF	<u>1,008,200</u>	<u>(261,508)</u>	<u>746,692</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 163,984
2021	173,319
2022	81,881
2023	267,399
2024	-
Thereafter	-
Total	<u>686,583</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2019, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>15</u>
Total	<u><u>27</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2019, the City's contribution was 40.09% of covered payroll.

Concentrations. At year-end, the Fund does not have any investments over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	2.50% - 24.58%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Retiree Mortality follows an Independent Assumption Study for Police 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Discount Rate

A Single Discount Rate of 5.74% was used to measure the total pension liability and the prior valuation used a rate of 5.94%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.79%, and the resulting single discount rate is 5.78%.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.78%)	Current Discount Rate (5.78%)	1% Increase (6.78%)
Net Pension Liability	\$ 13,682,385	9,942,835	6,977,059

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2018	\$ 20,502,833	10,882,252	9,620,581
Changes for the Year:			
Service Cost	446,096	-	446,096
Interest on the Total Pension Liability	1,196,658	-	1,196,658
Difference Between Expected and Actual Experience of the Total Pension Liability	(434,271)	-	(434,271)
Changes of Assumptions	520,846	-	520,846
Contributions - Employer	-	592,237	(592,237)
Contributions - Employees	-	148,922	(148,922)
Net Investment Income	-	692,672	(692,672)
Benefit Payments, including Refunds of Employee Contributions	(714,224)	(714,224)	-
Administrative Expense	-	(26,756)	26,756
Net Changes	1,015,105	692,851	322,254
Balances at April 30, 2019	21,517,938	11,575,103	9,942,835

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of \$1,181,053. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 280,690	(532,956)	(252,266)
Change in Assumptions	1,903,274	(337,953)	1,565,321
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	243,048	(41,414)	201,634
Total Deferred Amounts Related to Police Pension	<u>2,427,012</u>	<u>(912,323)</u>	<u>1,514,689</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 371,582
2021	247,612
2022	268,317
2023	247,051
2024	197,933
Thereafter	<u>182,194</u>
Total	<u>1,514,689</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City’s defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides healthcare and life insurance benefits for retirees and their dependents. Police retirees aged 55 or older are eligible to have a portion of their single health premium covered by the City, until age 65, depending on years of service. Retirees may not continue employer sponsored insurance in retirement past Medicare eligibility.

Plan Membership. As of April 30, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>43</u>
Total	<u><u>45</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of April 30, 2019 and was determined by an actuarial valuation as of that date.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	2.75%
Discount Rate	3.79%
Healthcare Cost Trend Rates	7.10% for 2019, decreasing 0.2% per year to an ultimate rate of 5.0% for 2028 and later years
Retirees' Share of Benefit-Related Costs	45% of projected health insurance premiums for retirees

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. The actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial experience study for the period May 1, 2018 – April 30, 2019.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2018	\$ 2,324,066
Changes for the Year:	
Service Cost	89,197
Interest on the Total Pension Liability	91,304
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	47,166
Benefit Payments	(48,360)
Net Changes	<u>179,307</u>
Balance at April 30, 2019	<u>2,503,373</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.79%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB Liability	\$ 2,789,393	2,503,373	2,255,757

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 2,183,144	2,503,373	2,882,565

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the City recognized OPEB expense of \$183,704. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	43,963	-	43,963
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	<u>43,963</u>	-	<u>43,963</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 3,203
2021	3,203
2022	3,203
2023	3,203
2024	3,203
Thereafter	<u>27,948</u>
Total	<u>43,963</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund

- Schedule of Investment Returns
 - Police Pension Fund

- Budgetary Comparison Schedules
 - General Fund
 - Harvard Diggins Library – Special Revenue Fund
 - Park – Special Revenue Fund
 - TIF #1 Downtown Redevelopment – Special Revenue Fund
 - TIF #2 Industrial Park – Special Revenue Fund
 - TIF #3 South – Special Revenue Fund
 - Police Protection – Special Revenue Fund
 - Liability Insurance – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2019**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 241,709	\$ 241,709	\$ -	\$ 1,732,680	13.95%
2017	257,162	257,162	-	1,850,083	13.90%
2018	217,397	217,397	-	1,599,863	13.59%
2019	226,330	226,330	-	1,690,152	13.39%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2019**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 515,553	\$ 461,768	\$ (53,785)	\$ 1,374,078	33.61%
2016	615,778	494,853	(120,925)	1,597,630	30.97%
2017	633,995	523,007	(110,988)	1,459,732	35.83%
2018	677,838	547,123	(130,715)	1,503,524	36.39%
2019	743,195	592,237	(150,958)	1,395,004	42.45%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	2.50% - 24.58%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2019**

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 201,265
Interest	755,651
Differences Between Expected and Actual Experience	(23,363)
Change of Assumptions	26,182
Benefit Payments, Including Refunds of Member Contributions	<u>(424,013)</u>
Net Change in Total Pension Liability	535,722
Total Pension Liability - Beginning	<u>10,213,660</u>
Total Pension Liability - Ending	<u><u>10,749,382</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 241,709
Contributions - Members	78,111
Net Investment Income	44,243
Benefit Payments, Including Refunds of Member Contributions	(424,013)
Other (Net Transfer)	<u>25,503</u>
Net Change in Plan Fiduciary Net Position	(34,447)
Plan Net Position - Beginning	<u>8,900,737</u>
Plan Net Position - Ending	<u><u>8,866,290</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,883,092</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.48%
Covered Payroll	\$ 1,732,680
Employer's Net Pension Liability as a Percentage of Covered Payroll	108.68%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18
200,405	210,042	164,305
793,814	833,165	821,311
(39,424)	(351,359)	140,993
(55,229)	(344,523)	337,137
(417,296)	(455,622)	(509,378)
482,270	(108,297)	954,368
10,749,382	11,231,652	11,123,355
11,231,652	11,123,355	12,077,723
257,162	215,082	228,610
83,672	77,145	74,659
619,251	1,613,714	(541,421)
(417,296)	(455,622)	(509,378)
(107,730)	(142,568)	203,209
435,059	1,307,751	(544,321)
8,866,290	9,301,349	10,609,100
9,301,349	10,609,100	10,064,779
1,930,303	514,255	2,012,944
82.81%	95.38%	83.33%
1,850,083	1,593,192	1,655,338
104.34%	32.28%	121.60%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2019**

	<u>4/30/15</u>
Total Pension Liability	
Service Cost	\$ 434,997
Interest	958,677
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(476,689)</u>
Net Change in Total Pension Liability	916,985
Total Pension Liability - Beginning	<u>15,009,943</u>
Total Pension Liability - Ending	<u><u>15,926,928</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 461,768
Contributions - Members	135,471
Net Investment Income	565,091
Benefit Payments, Including Refunds of Member Contributions	(476,689)
Administrative Expense	<u>113,257</u>
Net Change in Plan Fiduciary Net Position	798,898
Plan Net Position - Beginning as Restated	<u>8,626,994</u>
Plan Net Position - Ending	<u><u>9,425,892</u></u>
Employer's Net Pension Liability	<u><u>\$ 6,501,036</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.18%
Covered Payroll	\$ 1,374,078
Employer's Net Pension Liability as a Percentage of Covered Payroll	473.12%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

4/30/16	4/30/17	4/30/18	4/30/19
408,451	438,140	465,305	446,096
964,580	1,097,394	1,137,819	1,196,658
(282,415)	302,591	107,438	(434,271)
1,517,844	(516,450)	810,792	520,846
(536,337)	(598,285)	(740,962)	(714,224)
2,072,123	723,390	1,780,392	1,015,105
15,926,928	17,999,051	18,722,441	20,502,833
17,999,051	18,722,441	20,502,833	21,517,938
494,853	523,007	547,123	592,237
140,321	142,810	141,362	148,922
42,641	773,420	614,903	692,672
(536,337)	(598,285)	(740,962)	(714,224)
(21,733)	(22,135)	(21,027)	(26,756)
119,745	818,817	541,399	692,851
9,425,892	9,522,036	10,340,853	10,882,252
9,545,637	10,340,853	10,882,252	11,575,103
8,453,414	8,381,588	9,620,581	9,942,835
53.03%	55.23%	53.08%	53.79%
1,597,630	1,459,732	1,503,524	1,395,004
529.12%	574.19%	639.87%	712.75%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2019**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.05%
2016	(1.63%)
2017	7.94%
2018	5.89%
2019	6.29%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF HARVARD, ILLINOIS

Retiree Benefits Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2019**

	4/30/19
Total OPEB Liability	
Service Cost	\$ 89,197
Interest	91,304
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	47,166
Benefit Payments	(48,360)
Net Change in Total OPEB Liability	179,307
Total OPEB Liability - Beginning	2,324,066
Total OPEB Liability - Ending	2,503,373
Covered Payroll	\$ N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Benefit Terms . There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	Medical
2020	6.87%
2021	6.63%
2022	6.40%
2023	6.17%
2024	5.93%
2025	5.70%
2026	5.47%
2027	5.23%
2028	5.00%
Ultimate	5.00%

In 2019, there was no change in the healthcare trend rates from the prior year.

N/A - Not available

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,930,500	1,930,500	2,512,353
Licenses and Permits	464,500	464,500	505,930
Intergovernmental	2,547,500	2,547,500	2,586,955
Interest	25,000	25,000	51,461
Miscellaneous	181,500	181,500	159,596
Total Revenues	<u>5,149,000</u>	<u>5,149,000</u>	<u>5,816,295</u>
Expenditures			
General Government	787,500	814,300	844,494
Public Safety	2,705,850	2,705,850	3,166,374
Public Works	694,150	694,150	646,300
Capital Outlay	182,500	182,500	176,630
Debt Service			
Principal Retirement	21,000	21,000	22,007
Interest and Fiscal Charges	21,000	21,000	25,545
Total Expenditures	<u>4,412,000</u>	<u>4,438,800</u>	<u>4,881,350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>737,000</u>	<u>710,200</u>	<u>934,945</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	8,000	8,000	10,734
Transfers In	-	-	874,065
Transfers Out	(755,000)	(755,000)	(1,158,204)
	<u>(747,000)</u>	<u>(747,000)</u>	<u>(273,405)</u>
Net Change in Fund Balance	<u>(10,000)</u>	<u>(36,800)</u>	661,540
Fund Balance - Beginning			<u>3,612,411</u>
Fund Balance - Ending			<u><u>4,273,951</u></u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 274,217	274,217	312,723
Intergovernmental			
Replacement Tax	13,000	13,000	10,090
Grants and Donations	-	-	17,219
Charges for Services	-	-	98,520
Interest	-	-	321
Miscellaneous	20,000	20,000	3,692
Total Revenues	<u>307,217</u>	<u>307,217</u>	442,565
Expenditures			
Culture and Recreation	<u>307,217</u>	<u>307,217</u>	385,992
Net Change in Fund Balance	<u>-</u>	<u>-</u>	56,573
Fund Balance - Beginning			<u>154,080</u>
Fund Balance - Ending			<u><u>210,653</u></u>

CITY OF HARVARD, ILLINOIS

Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 75,056	75,056	150,439
Amusement Taxes	7,500	7,500	6,119
Charges for Services	475,497	475,497	190,017
Interest	500	500	2,005
Miscellaneous	1,500	1,500	133
Total Revenues	<u>560,053</u>	<u>560,053</u>	<u>348,713</u>
Expenditures			
Culture and Recreation			
Salaries	157,274	157,274	142,740
Insurance	13,100	13,100	17,859
Contractual Services	50,280	50,280	51,361
Commodities	168,625	193,225	154,002
Other	71,511	71,511	38,926
Capital Outlay	58,000	33,400	26,954
Total Expenditures	<u>518,790</u>	<u>518,790</u>	<u>431,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,263	41,263	(83,129)
Other Financing Sources			
Transfers In	60,000	60,000	52,500
Transfers Out	(101,263)	(101,263)	-
	<u>(41,263)</u>	<u>(41,263)</u>	<u>52,500</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(30,629)
Fund Balance - Beginning			<u>(876,530)</u>
Fund Balance - Ending			<u><u>(907,159)</u></u>

CITY OF HARVARD, ILLINOIS

TIF #1 Downtown Redevelopment - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 82,000	82,000	105,535
Interest	500	500	1,929
Total Revenues	<u>82,500</u>	<u>82,500</u>	<u>107,464</u>
Expenditures			
General Government			
Contractual Services	-	-	475
Debt Service			
Principal	350,000	350,000	350,000
Interest	47,500	47,500	67,745
Total Expenditures	<u>397,500</u>	<u>397,500</u>	<u>418,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(315,000)	(315,000)	(310,756)
Other Financing Sources			
Transfers In	<u>315,000</u>	<u>315,000</u>	<u>320,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	9,244
Fund Balance - Beginning			<u>51,628</u>
Fund Balance - Ending			<u><u>60,872</u></u>

CITY OF HARVARD, ILLINOIS

TIF #2 Industrial Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 245,000	245,000	404,073
Interest	5,000	5,000	13,068
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>417,141</u>
Expenditures			
General Government			
Contractual Services	-	-	950
Debt Service			
Principal	350,000	350,000	653,946
Interest	49,710	49,710	167,622
Total Expenditures	<u>399,710</u>	<u>399,710</u>	<u>822,518</u>
Net Change in Fund Balance	<u>(149,710)</u>	<u>(149,710)</u>	(405,377)
Fund Balance - Beginning			<u>948,372</u>
Fund Balance - Ending			<u><u>542,995</u></u>

CITY OF HARVARD, ILLINOIS

Liability Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 72,000	72,000	70,021
Interest	-	-	20
Miscellaneous	-	-	20,075
Total Revenues	<u>72,000</u>	<u>72,000</u>	90,116
Expenditures			
General Government			
Contractual Services	<u>219,000</u>	<u>219,000</u>	231,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(147,000)	(147,000)	(141,660)
Other Financing Sources			
Transfers In	<u>147,000</u>	<u>147,000</u>	147,000
Net Change in Fund Balance	<u>-</u>	<u>-</u>	5,340
Fund Balance - Beginning			<u>(320,771)</u>
Fund Balance - Ending			<u><u>(315,431)</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Major Enterprise Fund
- Combining Statements – Trust Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Harvard Diggins Library Fund

The Harvard Diggins Library Fund is used to account for the operations of the public library.

Park Fund

The Park Fund is used to account for Real estate taxes collected for the park and recreation system.

TIF #1 Downtown Fund

The TIF #1 Downtown Fund is used to account for the incremental property taxes of the Downtown Tax Incremental Financing District and the use of those funds.

TIF #2 Industrial Park Fund

The TIF #2 Industrial Park Fund is used to account for the incremental property taxes of the Industrial Park Tax Incremental Financing District and the use of those funds.

Police Protection Fund

The Police Protection Fund is used to account for real estate taxes collected for the police force.

Liability Insurance Fund

The Liability Insurance Fund is used to account for insurance.

Road and Bridge Fund

The Road and Bridge Fund is used to account for real estate taxes collected for the road and bridge maintenance.

Social Security Fund

The Social Security Fund is used to account for payments to the federal government for social security.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS - Continued

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund is used to account for payments for municipal pension plan.

Regional Transportation Authority Fund

The Regional Transportation Authority Fund is used to account for the public transportation.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for gas taxes for the maintenance of roads.

Audit Fund

The Audit Fund is used to account for payments to conduct the annual audit.

Special Recreation Fund

The Special Recreation Fund is used to account for the Northern Illinois special recreation.

Welfare Fund

The Welfare Fund is used to account for donations for food pantry and senior citizen center.

Off Street Parking Fund

The Off Street Parking Fund is used to account for parking lots around the train station.

Revolving Loan Fund

The Revolving Loan Fund is used to account for small business loans.

DEBT SERVICE FUND

The Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's long-term debt.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUND

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been 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 purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

AGENCY FUNDS

Apartment Fund

The Apartment Fund is used to account for the operations of the Mary D. Ayer Board.

Scholarship Fund

The Scholarship Fund is used to account for donations made for high school students that are college bound.

AGENCY FUNDS

SSA #1 Park Pointe

The SSA #1 Park Pointe Fund is used to account for public improvements and repaid via a separate property tax.

SSA #2 Pointe 3A

The SSA #2 Pointe 3A Fund is used to account for public improvements and repaid via a separate property tax.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS - Continued

AGENCY FUNDS - Continued

SSA #3 Shadow Creek

The SSA #3 Shadow Creek Fund is used to account for public improvements and repaid via a separate property tax.

SSA #4 Pointe 3B

The SSA #4 Pointe 3B Fund is used to account for public improvements and repaid via a separate property tax.

SSA #5 Shadow Creek

The SSA #5 Shadow Creek Fund is used to account for public improvements and repaid via a separate property tax.

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Taxes			
Property	\$ 1,109,500	1,109,500	1,665,517
Video Gaming Tax	120,000	120,000	131,413
Water Utility Tax	110,000	110,000	132,773
Electric Tax	300,000	300,000	318,974
Hotel/Motel Tax	21,000	21,000	29,520
Nicor Utility Tax	100,000	100,000	111,067
Telephone Tax	170,000	170,000	123,089
	<u>1,930,500</u>	<u>1,930,500</u>	<u>2,512,353</u>
Licenses and Fees			
Liquor License	58,000	58,000	90,925
Contractors License	10,000	10,000	12,894
Building Permits	20,000	20,000	23,720
Police DUI Fines	6,000	6,000	5,750
Police Fines/Tickets	200,000	200,000	219,757
Zoning/Platting Fees	3,000	3,000	3,300
Cable Franchise Fees	64,000	64,000	61,224
Highway Stickers	3,500	3,500	2,678
Parking Permits	100,000	100,000	85,682
	<u>464,500</u>	<u>464,500</u>	<u>505,930</u>
Intergovernmental			
State Income Tax	950,000	950,000	977,342
Use Tax	236,500	236,500	283,629
Sales Tax	1,250,000	1,250,000	1,239,308
Replacement Tax	102,000	102,000	79,590
Grants	9,000	9,000	7,086
	<u>2,547,500</u>	<u>2,547,500</u>	<u>2,586,955</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Interest			
Investment Income	\$ 25,000	25,000	51,461
Miscellaneous			
Health Insurance Reimbursements	38,500	38,500	35,538
Police Reimbursements	65,000	65,000	77,894
Escrow from Developers	1,000	1,000	-
Donations/Events	-	-	1,700
Miscellaneous	77,000	77,000	44,464
	<u>181,500</u>	<u>181,500</u>	<u>159,596</u>
Total Revenues	<u>5,149,000</u>	<u>5,149,000</u>	<u>5,816,295</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 119,500	119,500	116,442
Salaries - Clerical	87,750	87,750	91,763
Overtime	500	500	-
Health Insurance	77,160	77,160	69,188
Training Seminars	500	500	-
Expense Mayors	1,800	1,800	1,650
Travel Expense	4,000	4,000	-
Attorney Fees	45,000	45,000	36,833
Professional Fees	50,000	76,800	97,671
Engineering Fees	20,000	20,000	42,593
Printing	1,500	1,500	1,267
Building/Grounds Maintenance	45,000	45,000	49,251
Service Agreements	8,500	8,500	12,020
Equipment Maintenance	8,000	8,000	4,857
Office Supplies	10,000	10,000	10,725
Postage	6,500	6,500	5,734
Dues & Subscriptions	7,500	7,500	7,441
Public Notices	4,000	4,000	2,197
Publications	2,500	2,500	387
Telephone	6,500	6,500	6,879
Garbage Stickers	3,500	3,500	2,258
Miscellaneous	5,000	5,000	19,194
Economic Development	61,000	61,000	61,000
	<u>575,710</u>	<u>602,510</u>	<u>639,350</u>
Building Services			
Salaries	144,000	144,000	142,820
Health Insurance	54,000	54,000	49,235
Training	2,000	2,000	2,076
Uniforms	790	790	790
Vehicle Maintenance	1,500	1,500	446
Nuisance/Investigations	7,500	7,500	8,970
Gas, Oil, Grease	2,000	2,000	807
	<u>211,790</u>	<u>211,790</u>	<u>205,144</u>
Total General Government	<u>787,500</u>	<u>814,300</u>	<u>844,494</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,540,000	1,540,000	1,550,596
Salaries - Clerical	116,000	116,000	112,853
Pension Contribution	-	-	592,237
Crossing Guards	13,000	13,000	8,385
Overtime	240,000	240,000	229,126
Health Insurance	387,000	387,000	300,103
Health Exams	1,000	1,000	-
Training & Seminars	6,500	6,500	7,376
Uniforms	21,500	21,500	18,662
Attorney Fees	56,000	56,000	42,931
Professional Fees	222,000	222,000	212,803
Vehicle Maintenance	15,000	15,000	15,525
Equipment Maintenance	9,000	9,000	6,737
Radio Maintenance	9,500	9,500	7,493
Advertising	-	-	-
Ammunition	4,000	4,000	1,755
Supplies	3,000	3,000	1,896
Office Supplies	5,000	5,000	4,684
Investigation/Film/Etc.	3,500	3,500	3,187
Dues, Subscriptions	2,350	2,350	1,845
Telephones	11,000	11,000	9,500
Gas, Oil, Grease	30,000	30,000	30,938
Police Commission Expense	1,000	1,000	1,000
Miscellaneous	2,000	2,000	3,295
Special Programs	7,500	7,500	3,447
Total Public Safety	2,705,850	2,705,850	3,166,374
Public Works			
Highways and Streets			
Salaries	308,000	308,000	298,656
Overtime Street	15,000	15,000	13,457
Health Insurance	99,000	99,000	91,280
Training & Seminars	2,000	2,000	1,828
Travel Expense	150	150	129
Uniforms	3,000	3,000	2,305

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 5,000	5,000	2,358
Parking Lot Maintenance	30,000	30,000	13,735
Vehicle/Equipment Maintenance	30,000	30,000	30,020
Building/Grounds Maintenance	5,000	5,000	4,506
Radio Maintenance	500	500	-
Tree Planting/Removal	35,000	35,000	33,645
Tools	2,500	2,500	1,773
Barricades	2,000	2,000	1,529
Supplies & Materials	2,500	2,500	1,217
Telephone	3,500	3,500	1,949
Electricity	100,000	100,000	108,934
Gas, Oil, Grease	20,000	20,000	19,450
Street Signs	4,000	4,000	2,969
Street Decorations	2,000	2,000	1,532
Transportation Services	10,000	10,000	8,778
Miscellaneous	15,000	15,000	6,250
Total Public Works	694,150	694,150	646,300
Capital Outlay			
General Government	45,000	45,000	45,788
Public Safety	93,000	93,000	86,841
Public Works	44,500	44,500	44,001
Total Capital Outlay	182,500	182,500	176,630
Debt Service			
Principal	21,000	21,000	22,007
Interest	21,000	21,000	25,545
Total Debt Service	42,000	42,000	47,552
Total Expenditures	4,412,000	4,438,800	4,881,350

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 168,000	168,000	161,847
Benefits	33,890	33,890	-
Unemployment Taxes	750	750	2,847
Health Insurance	58,000	58,000	62,110
Auto Mileage	-	-	5
Automation/Consortium	-	-	16,033
Contract Services	-	-	4,168
D&O Insurance	-	-	1,468
Dues/Fees/Charges	-	-	515
MCCF Grant	-	-	750
Postage	-	-	510
Programming/Adult	-	-	3,260
Programming/Youth:Kids Programming	-	-	1,192
Programming/Youth:Summer Reading Club	-	-	1,653
Programming/Youth:Teen Programming	-	-	590
Public Information	-	-	884
Scholarships	-	-	500
Technology Charges	-	-	5,160
Technology Charges:Other Technology	-	-	3,064
Administration:Technology Upgrades	-	-	8,089
Administration:Technology Upgrades	-	-	9,445
Administration: Used Book Sales	-	-	1,070
	260,640	260,640	285,160
Materials			
Audio Books	-	-	3,702
Books/Periodicals:Adult Books	-	-	10,676
Books/Periodicals:Childrens Books	-	-	7,722
Books/Periodicals:Newspapers/Magazines	-	-	1,512
Books/Periodicals:Young Adult Books	-	-	778
E-Media:Oneclick Digital	-	-	2,055
E-Media:Overdrive Subscription	-	-	1,500
E-Media:Zinio Digital Magazines	-	-	2,396
Electronic Resources	-	-	4,570

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Materials - Continued			
Music Recordings	\$ -	-	397
Videos:Adult Movies	-	-	3,752
Videos:Childrens Movies	-	-	24
	-	-	39,084
Operating			
Contractual Services	22,127	22,127	25,858
Telephone	14,000	14,000	15,977
Utilities	450	450	497
Equipment	-	-	1,648
Maintenance/Building/Grnd	-	-	2,359
Maintenance/Equipment	-	-	2,201
Miscellaneous	10,000	10,000	1,952
Supplies - Library	-	-	2,915
Supplies - Office/Staff	-	-	2,947
Withdrawals For Sec/E. Jones	-	-	5,394
	46,577	46,577	61,748
Total Cutlure and Recreation Expenditures	307,217	307,217	385,992

CITY OF HARVARD, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 302,100	302,100	141,395
Interest	-	-	80
Total Revenues	<u>302,100</u>	<u>302,100</u>	<u>141,475</u>
Expenditures			
Debt Service			
Principal Retirement	285,000	285,000	285,000
Interest and Fiscal Charges	17,100	17,100	11,400
Total Expenditures	<u>302,100</u>	<u>302,100</u>	<u>296,400</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(154,925)
Fund Balance - Beginning			<u>45,301</u>
Fund Balance - Ending			<u>(109,624)</u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2019

	Road and Bridge	Social Security	Illinois Municipal Retirement	Regional Transportation Authority
ASSETS				
Cash and Investments	\$ -	-	64,891	-
Receivables				
Property Taxes	-	105,000	100,765	-
Other	-	-	-	-
Total Assets	-	105,000	165,656	-
LIABILITIES				
Liabilities				
Accounts Payable	-	816	-	-
Due to Other Funds	-	95,114	5,440	-
Total Liabilities	-	95,930	5,440	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	52,500	50,382	-
Total Liabilities and Deferred Inflows of Resources	-	148,430	55,822	-
FUND BALANCES				
Fund Balances				
Restricted	-	-	109,834	-
Unassigned	-	(43,430)	-	-
Total Fund Balances	-	(43,430)	109,834	-
Total Liabilities and Fund Balances	-	105,000	165,656	-

Motor Fuel Tax	Audit	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
320,708	-	145,527	9,432	-	55,723	596,281
-	-	46,591	-	-	-	252,356
20,911	-	-	-	-	167,673	188,584
<u>341,619</u>	-	<u>192,118</u>	<u>9,432</u>	-	<u>223,396</u>	<u>1,037,221</u>
-	-	-	-	-	-	816
-	-	-	-	-	-	100,554
-	-	-	-	-	-	101,370
-	-	23,296	-	-	-	126,178
-	-	23,296	-	-	-	227,548
341,619	-	168,822	9,432	-	223,396	853,103
-	-	-	-	-	-	(43,430)
<u>341,619</u>	-	<u>168,822</u>	<u>9,432</u>	-	<u>223,396</u>	<u>809,673</u>
<u>341,619</u>	-	<u>192,118</u>	<u>9,432</u>	-	<u>223,396</u>	<u>1,037,221</u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2019**

	Road and Bridge	Social Security	Illinois Municipal Retirement	Regional Transportation Authority
Revenues				
Taxes	\$ -	110,867	102,669	-
Intergovernmental	-	-	23,685	-
Interest	-	33	117	-
Miscellaneous	-	-	-	-
Total Revenues	-	110,900	126,471	-
Expenditures				
General Government	-	269,053	226,330	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	-	269,053	226,330	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(158,153)	(99,859)	-
Other Financing Sources (Uses)				
Transfers In	128,430	130,000	108,000	231,614
Transfers Out	-	-	-	-
	128,430	130,000	108,000	231,614
Net Change in Fund Balances	128,430	(28,153)	8,141	231,614
Fund Balances - Beginning	(128,430)	(15,277)	101,693	(231,614)
Fund Balances - Ending	-	(43,430)	109,834	-

Motor Fuel Tax	Audit	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
-	-	42,751	-	-	-	256,287
249,461	-	-	4,515	-	-	277,661
6,601	-	11	198	-	3,392	10,352
-	-	-	294	-	305	599
256,062	-	42,762	5,007	-	3,697	544,899
-	-	-	-	-	182	495,565
230,008	-	-	-	-	-	230,008
-	-	22,221	4,726	-	-	26,947
230,008	-	22,221	4,726	-	182	752,520
26,054	-	20,541	281	-	3,515	(207,621)
-	48,160	-	-	-	-	646,204
-	-	(7,500)	-	(223,752)	-	(231,252)
-	48,160	(7,500)	-	(223,752)	-	414,952
26,054	48,160	13,041	281	(223,752)	3,515	207,331
315,565	(48,160)	155,781	9,151	223,752	219,881	602,342
341,619	-	168,822	9,432	-	223,396	809,673

CITY OF HARVARD, ILLINOIS

Road and Bridge - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ -	-	-
Intergovernmental			
Replacement Taxes	-	-	-
Total Revenues	-	-	-
Expenditures			
General Government			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing (Uses)			
Transfers In	-	-	128,430
Net Change in Fund Balance	-	-	128,430
Fund Balance - Beginning			(128,430)
Fund Balance - Ending			-

CITY OF HARVARD, ILLINOIS

Social Security - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 120,000	120,000	110,867
Interest	-	-	33
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>110,900</u>
Expenditures			
General Government			
Contractual Services	<u>250,000</u>	<u>250,000</u>	<u>269,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,000)	(130,000)	(158,153)
Other Financing Sources			
Transfers In	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(28,153)
Fund Balance - Beginning			<u>(15,277)</u>
Fund Balance - Ending			<u>(43,430)</u>

CITY OF HARVARD, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 242,000	242,000	249,461
Interest	2,000	2,000	6,601
Total Revenues	<u>244,000</u>	<u>244,000</u>	256,062
Expenditures			
Public Works			
Contractual Services	<u>244,000</u>	<u>244,000</u>	230,008
Net Change in Fund Balance	<u>-</u>	<u>-</u>	26,054
Fund Balance - Beginning			<u>315,565</u>
Fund Balance - Ending			<u><u>341,619</u></u>

CITY OF HARVARD, ILLINOIS

Special Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 39,000	39,000	42,751
Interest	-	-	11
Total Revenues	39,000	39,000	42,762
Expenditures			
Culture and Recreation			
Contractual Services	24,000	24,000	22,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	20,541
Other Financing (Uses)			
Transfers Out	(15,000)	(15,000)	(7,500)
Net Change in Fund Balance	-	-	13,041
Fund Balance - Beginning			155,781
Fund Balance - Ending			168,822

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,130,000	2,130,000	1,947,751
Tap On Fees	3,500	3,500	10,716
Sale Of Material	3,000	3,000	4,612
Penalties	50,000	50,000	48,276
Plumbing Fees	2,500	2,500	2,341
Maintenance	310,000	310,000	427,803
Moving Charge	2,500	2,500	1,880
Utility Tax	115,000	115,000	116,822
EPA License Fee	17,500	17,500	17,862
Miscellaneous	1,000	1,000	4,241
Water Tower Lease	36,000	36,000	35,239
Water Tower Lease	168,000	168,000	-
Total Operating Revenues	<u>2,839,000</u>	<u>2,839,000</u>	<u>2,617,543</u>
Operating Expenses			
Water	1,083,450	1,083,450	1,132,638
Sewer Treatment	1,088,050	1,228,050	826,745
Depreciation	-	-	271,072
Total Operating Expenses	<u>2,171,500</u>	<u>2,311,500</u>	<u>2,230,455</u>
Operating Income	<u>667,500</u>	<u>527,500</u>	<u>387,088</u>
Nonoperating Revenues (Expenses)			
Grants	4,000	4,000	-
Interest Income	10,000	10,000	19,523
Interest Expense	(30,000)	(30,000)	(47,512)
	<u>(16,000)</u>	<u>(16,000)</u>	<u>(27,989)</u>
Income Before Capital Grants and Transfers	651,500	511,500	359,099
Capital Grants	-	140,000	146,134
Transfers Out	(326,500)	(326,500)	-
Change in Net Position	<u>325,000</u>	<u>325,000</u>	505,233
Net Position - Beginning as Restated			<u>5,968,606</u>
Net Position - Ending			<u>6,473,839</u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 381,000	381,000	378,823
O.T. Salaries	13,000	13,000	8,389
Compensated Absences	-	-	8,176
IMRF Pension Expense	-	-	(33,343)
OPEB Expense	-	-	25,454
Health Insurance	78,000	78,000	69,485
Training	500	500	525
Uniforms	2,800	2,800	2,395
Professional Fees	85,000	85,000	56,451
Engineering Fees	30,000	30,000	151,392
Vehicle Maintenance	4,500	4,500	4,620
Building Maintenance	16,000	16,000	22,418
Maintenance of Tower	35,000	35,000	24,634
Lift Station Maintenance	50,000	50,000	41,561
Equipment Maintenance	25,000	25,000	13,425
Lab Supplies	13,000	13,000	9,461
Material Purchases	4,000	4,000	1,269
Dues/Subscriptions	650	650	560
Telephone	5,000	5,000	3,472
Electricity	185,000	185,000	195,700
Fuel for Building, Gas	10,000	10,000	12,502
Gasoline, Oil, Grease	10,000	10,000	6,698
Chemicals	90,000	90,000	104,285
Miscellaneous	2,500	2,500	1,006
Payment To State	17,500	17,500	17,500
New Equipment	25,000	25,000	5,780
	<u>1,083,450</u>	<u>1,083,450</u>	<u>1,132,638</u>
Sewer Treatment			
Salaries	230,000	230,000	276,221
Salaries - Clerical	119,500	119,500	77,233
O.T. Salaries	15,000	15,000	16,357
Health Insurance	99,000	99,000	66,594
Uniforms	3,000	3,000	2,488

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Professional Fees	100,000	100,000	-
Utility Tax	115,000	115,000	132,773
Rent	25,000	25,000	25,000
Vehicle Maintenance	\$ 25,000	25,000	24,766
Storm Sewer Maintenance	30,000	30,000	32,581
Sanitary Sewer Maintenance	35,000	35,000	28,992
Water Main Maintenance	58,000	58,000	60,991
Material Purchase	2,000	2,000	1,405
Office Supplies	2,500	2,500	1,560
Postage	8,000	8,000	7,623
Telephone	3,000	3,000	1,099
Gasoline, Oil, Grease	15,000	15,000	8,596
Miscellaneous	2,000	2,000	9,883
New Equipment	86,000	86,000	15,607
Infrastructure Expend	100,000	240,000	36,976
Contingency	15,050	15,050	-
	<u>1,088,050</u>	<u>1,228,050</u>	<u>826,745</u>
Depreciation	-	-	271,072
Total Operating Expenses	<u>2,171,500</u>	<u>2,311,500</u>	<u>2,230,455</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

Combining Statement of Fiduciary Net Position

April 30, 2019

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
ASSETS				
Cash and Cash Equivalents	\$ 131,214	69,233	12,555	213,002
Investments				
U.S. Treasuries	651,110	-	-	651,110
U.S. Agencies	3,396,010	-	-	3,396,010
Corporate Bonds	589,445	-	-	589,445
Municipal Bonds	654,545	-	-	654,545
Mutual Funds	5,800,040	-	-	5,800,040
Receivables				
Accrued Interest	44,717	-	-	44,717
Due from Other Funds	307,500	-	-	307,500
Other	-	80,450	-	80,450
Prepays	3,704	-	-	3,704
Total Assets	11,578,285	149,683	12,555	11,740,523
LIABILITIES				
Accounts Payable	3,182	-	-	3,182
NET POSITION				
Net Position Restricted for Trusts	11,575,103	149,683	12,555	11,737,341

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2019**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
Additions				
Contributions - Employer	\$ 592,237	-	-	592,237
Contributions - Plan Members	148,922	-	-	148,922
Total Contributions	741,159	-	-	741,159
Investment Income				
Interest Income	457,908	1,502	23	459,433
Net Change in Fair Value	261,941	-	-	261,941
	719,849	1,502	23	721,374
Less Investment Expenses	(27,177)	-	-	(27,177)
Net Investment Income	692,672	1,502	23	694,197
Total Additions	1,433,831	1,502	23	1,435,356
Deductions				
Administration	26,756	-	-	26,756
Benefits and Refunds	714,224	-	-	714,224
Othe Charges and Services	-	3,288	388	3,676
Total Deductions	740,980	3,288	388	744,656
Change in Fiduciary Net Position	692,851	(1,786)	(365)	690,700
Net Position Restricted for Trusts				
Beginning as Restated	10,882,252	151,469	12,920	11,046,641
Ending	11,575,103	149,683	12,555	11,737,341

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 575,000	575,000	592,237
Contributions - Plan Members	-	-	148,922
Total Contributions	<u>575,000</u>	<u>575,000</u>	<u>741,159</u>
Investment Income			
Interest Income	-	-	457,908
Net Change in Fair Value	-	-	261,941
	-	-	<u>719,849</u>
Less Investment Expenses	-	-	(27,177)
Net Investment Income	-	-	<u>692,672</u>
Total Additions	<u>575,000</u>	<u>575,000</u>	<u>1,433,831</u>
Deductions			
Administration	-	-	26,756
Benefits and Refunds	-	-	714,224
Total Deductions	<u>-</u>	<u>-</u>	<u>740,980</u>
Change in Fiduciary Net Position	<u>575,000</u>	<u>575,000</u>	692,851
Net Position Restricted for Pensions			
Beginning			<u>10,882,252</u>
Ending			<u><u>11,575,103</u></u>

CITY OF HARVARD, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2019**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 30,624	310,702	313,281	28,045
LIABILITIES				
Due to Bondholders	30,624	310,702	313,281	28,045
SSA #1 Park Pointe				
ASSETS				
Cash and Investments	20,240	41,224	46,163	15,301
LIABILITIES				
Due to Bondholders	20,240	41,224	46,163	15,301
SSA #2 Pointe 3A				
ASSETS				
Cash and Investments	8,417	37,229	37,559	8,087
LIABILITIES				
Due to Bondholders	8,417	37,229	37,559	8,087

	Beginning Balances	Additions	Deductions	Ending Balances
SSA #3 Shadow Creek				
ASSETS				
Cash and Investments	\$ 995	72,472	71,747	1,720
LIABILITIES				
Due to Bondholders	995	72,472	71,747	1,720
SSA #4 Pointe 3B				
ASSETS				
Cash and Investments	285	38,840	38,950	175
LIABILITIES				
Due to Bondholders	285	38,840	38,950	175
SSA #5 Shadow Creek				
ASSETS				
Cash and Investments	687	120,937	118,862	2,762
LIABILITIES				
Due to Bondholders	687	120,937	118,862	2,762

CITY OF HARVARD, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2019**

CSFA #	Program Name	State	Federal	Other	Totals
494-00-1488	Motor Fuel Tax Program	\$ 220,249	-	-	220,249
494-00-0967	High-Growth Cities Program	9,759	-	-	9,759
	Other Grant Programs and Activities	-	-	155,943	155,943
	All Other Costs Not Allocated	-	-	9,653,823	9,653,823
	Totals	230,008	-	9,809,766	10,039,774

SUPPLEMENTAL SCHEDULES

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A
April 30, 2019**

Date of Issue	April 27, 2012
Date of Maturity	January 15, 2024
Authorized Issue	\$3,105,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 3.20%
Interest Dates	July 15 and January 15
Principal Maturity Date	January 15
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2020	\$ 365,000	58,995	423,995	2019	29,497	2020	29,498
2021	375,000	48,045	423,045	2020	24,022	2021	24,023
2022	385,000	36,795	421,795	2021	18,397	2022	18,398
2023	390,000	25,245	415,245	2022	12,622	2023	12,623
2024	405,000	12,960	417,960	2023	6,480	2024	6,480
	<u>1,920,000</u>	<u>182,040</u>	<u>2,102,040</u>		<u>91,018</u>		<u>91,022</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B
April 30, 2019**

Date of Issue	April 10, 2012
Date of Maturity	January 15, 2027
Authorized Issue	\$2,290,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 5.00%
Interest Dates	July 15 and January 15
Principal Maturity Date	January 15
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2020	\$ 150,000	46,336	196,336	2019	23,168	2020	23,168
2021	155,000	41,835	196,835	2020	20,917	2021	20,918
2022	160,000	37,185	197,185	2021	18,592	2022	18,593
2023	165,000	32,225	197,225	2022	16,112	2023	16,113
2024	175,000	23,975	198,975	2023	11,987	2024	11,988
2025	180,000	17,850	197,850	2024	8,925	2025	8,925
2026	185,000	11,550	196,550	2025	5,775	2026	5,775
2027	145,000	5,075	150,075	2026	2,537	2027	2,538
	<u>1,315,000</u>	<u>216,031</u>	<u>1,531,031</u>		<u>108,013</u>		<u>108,018</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A
April 30, 2019**

Date of Issue	June 2, 2016
Date of Maturity	May 1, 2026
Authorized Issue	\$1,125,000
Denomination of Bonds	\$5,000
Interest Rate	1.50% to 2.30%
Interest Dates	November 1 and May 1
Principal Maturity Date	May 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Nov. 1	Amount	May 1	Amount
2020	\$ 110,000	15,722	125,722	2019	7,861	2020	7,861
2021	115,000	14,074	129,074	2020	7,037	2021	7,037
2022	110,000	12,060	122,060	2021	6,030	2022	6,030
2023	110,000	10,134	120,134	2022	5,067	2023	5,067
2024	115,000	7,936	122,936	2023	3,968	2024	3,968
2025	120,000	5,634	125,634	2024	2,817	2025	2,817
2026	125,000	2,876	127,876	2025	1,438	2026	1,438
	<u>805,000</u>	<u>68,436</u>	<u>873,436</u>		<u>34,218</u>		<u>34,218</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B
April 30, 2019**

Date of Issue	September 13, 2016
Date of Maturity	January 15, 2029
Authorized Issue	\$2,630,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 4.00%
Interest Dates	July 15 and January 15
Principal Maturity Date	January 15
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2020	\$ 185,000	71,110	256,110	2019	35,555	2020	35,555
2021	185,000	67,410	252,410	2020	33,705	2021	33,705
2022	190,000	63,710	253,710	2021	31,855	2022	31,855
2023	195,000	59,910	254,910	2022	29,955	2023	29,955
2024	200,000	56,010	256,010	2023	28,005	2024	28,005
2025	205,000	52,010	257,010	2024	26,005	2025	26,005
2026	205,000	47,910	252,910	2025	23,955	2026	23,955
2027	265,000	43,400	308,400	2026	21,700	2027	21,700
2028	395,000	32,800	427,800	2027	16,400	2028	16,400
2029	425,000	17,000	442,000	2028	8,500	2029	8,500
	<u>2,450,000</u>	<u>511,270</u>	<u>2,961,270</u>		<u>255,635</u>		<u>255,635</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2017
April 30, 2019**

Date of Issue	March 28, 2017
Date of Maturity	March 28, 2022
Authorized Issue	\$730,000
Interest Rate	3.50%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable at	The Harvard State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 31,389	23,211	54,600
2021	32,584	22,016	54,600
2022	602,600	19,118	621,718
	666,573	64,345	730,918

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

Notes Payable of 2017 April 30, 2019

Date of Issue	July 6, 2017
Date of Maturity	July 6, 2022
Authorized Issue	\$1,300,750
Interest Rate	4.125%
Interest Dates	January 6, April 6, July 6, and October 6
Principal Maturity Dates	January 6, April 6, July 6, and October 6
Payable at	The Harvard State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 57,850	37,985	95,835
2021	60,392	35,460	95,852
2022	62,938	32,930	95,868
2023	758,665	7,802	766,467
	939,845	114,177	1,054,022

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Note Payable of 2018
April 30, 2019**

Date of Issue	April 17, 2018
Date of Maturity	April 17, 2023
Authorized Issue	\$463,862
Interest Rate	4.55%
Interest Dates	January 17, April 17, July 17, and October 17
Principal Maturity Dates	January 17, April 17, July 17, and October 17
Payable at	First National Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 22,986	20,044	43,030
2021	24,118	18,912	43,030
2022	25,250	17,780	43,030
2023	369,502	16,595	386,097
	441,856	73,331	515,187