

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

CITY OF HARVARD, ILLINOIS

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

August 3, 2020

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, 2020, 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, 2020, 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 other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information 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, 2020

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, 2020. 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 decreased as a result of this year's operations. Net position of business-type activities increased by \$569,475, or 8.8 percent and net position of the governmental activities decreased by \$627,511 or 7.7 percent.
- During the year, government-wide revenues for the primary government totaled \$11,171,729, while expenses totaled \$11,229,765, resulting in a decrease to net position of \$58,036.
- The City of Harvard's net position totaled \$14,532,022 on April 30, 2020, which includes \$22,734,548 net investment in capital assets, \$6,684,528 subject to external restrictions, and \$14,887,054 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 \$3,922,540, resulting in ending fund balance of \$8,196,491, an increase of 91.8 percent.

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, 2020

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, 2020

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, 2020

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 – 71 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 72 – 85 of this report. Combining and individual fund statements and schedules can be found on pages 86 – 113 of this report.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

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 \$14,532,022.

	Governmental		Net Position		Totals	
	Activities		Business-Type			
	2020	2019	2020	2019	2020	2019
Current/Other Assets	\$ 11,429,180	6,728,817	1,345,779	1,421,568	12,774,959	8,150,385
Capital Assets	22,579,649	22,479,474	8,324,945	7,499,872	30,904,594	29,979,346
Total Assets	34,008,829	29,208,291	9,670,724	8,921,440	43,679,553	38,129,731
Deferred Outflows of Resources	3,482,447	3,260,402	42,490	218,773	3,524,937	3,479,175
Total Assets/ Deferred Outflows	37,491,276	32,468,693	9,713,214	9,140,213	47,204,490	41,608,906
Long-Term Debt	25,538,093	20,190,486	2,140,759	2,284,668	27,678,852	22,475,154
Other Liabilities	1,642,956	1,394,647	423,830	327,105	2,066,786	1,721,752
Total Liabilities	27,181,049	21,585,133	2,564,589	2,611,773	29,745,638	24,196,906
Deferred Inflows of Resources	2,821,519	2,767,341	105,311	54,601	2,926,830	2,821,942
Total Liabilities/ Deferred Inflows	30,002,568	24,352,474	2,669,900	2,666,374	32,672,468	27,018,848
Net Position						
Net Investment in Capital Assets	15,739,787	15,313,555	6,994,761	6,028,299	22,734,548	21,341,854
Restricted	6,684,528	1,980,270	-	-	6,684,528	1,980,270
Unrestricted (Deficit)	(14,935,607)	(9,177,606)	48,553	445,540	(14,887,054)	(8,732,066)
Total Net Position	7,488,708	8,116,219	7,043,314	6,473,839	14,532,022	14,590,058

A large portion of the City of Harvard’s net position, \$22,734,548, 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, \$6,684,528, of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$14,887,054 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, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 650,601	794,467	2,923,459	2,617,543	3,574,060	3,412,010
Operating Grants/Contrib.	450,205	278,281	-	-	450,205	278,281
Capital Grants/Contrib.	-	-	-	146,134	-	146,134
General Revenues						
Property Taxes	3,417,716	3,105,990	-	-	3,417,716	3,105,990
State Taxes	2,724,964	2,613,644	-	-	2,724,964	2,613,644
Miscellaneous Taxes	794,293	852,955	-	-	794,293	852,955
Other General Revenues	197,831	263,331	12,660	19,523	210,491	282,854
Total Revenues	8,235,610	7,908,668	2,936,119	2,783,200	11,171,729	10,691,868
Expenses						
General Government	2,211,484	1,699,469	-	-	2,211,484	1,699,469
Public Safety	4,833,700	4,007,766	-	-	4,833,700	4,007,766
Public Works	807,013	958,510	-	-	807,013	958,510
Culture and Recreation	715,012	844,419	-	-	715,012	844,419
Interest on Long-Term Debt	295,912	251,643	-	-	295,912	251,643
Water and Sewer	-	-	2,366,644	2,277,967	2,366,644	2,277,967
Pool	-	-	-	-	-	-
Total Expenses	8,863,121	7,761,807	2,366,644	2,277,967	11,229,765	10,039,774
Change in Net Position	(627,511)	146,861	569,475	505,233	(58,036)	652,094
Net Position - Beginning	8,116,219	7,969,358	6,473,839	5,968,606	14,590,058	13,937,964
Net Position - Ending	7,488,708	8,116,219	7,043,314	6,473,839	14,532,022	14,590,058

The net position of the City’s governmental activities decreased by 7.7 percent (\$8,116,219 in 2019 compared to a \$7,488,708 in 2020). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$14,935,607 at April 30, 2020 for the governmental activities.

The net position of business-type activities increased by 8.8 percent (\$6,473,839 in 2019 compared to \$7,043,314 in 2020).

CITY OF HARVARD, ILLINOIS

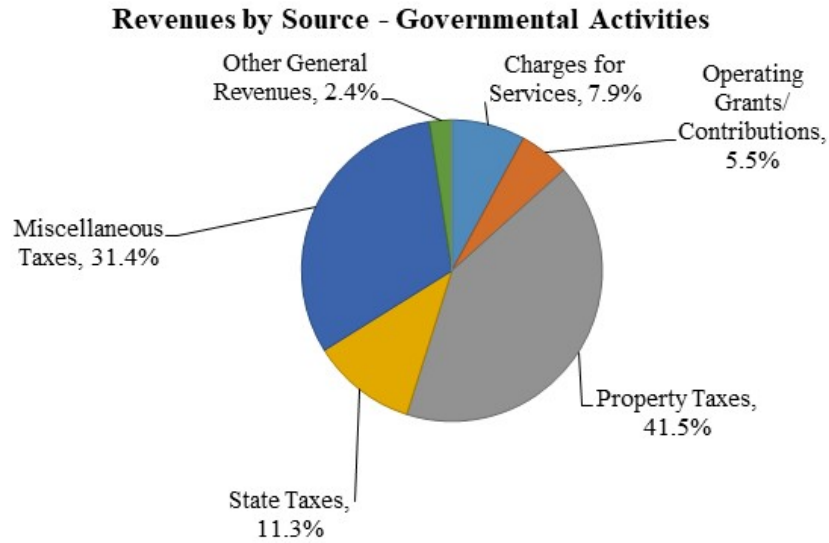
**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

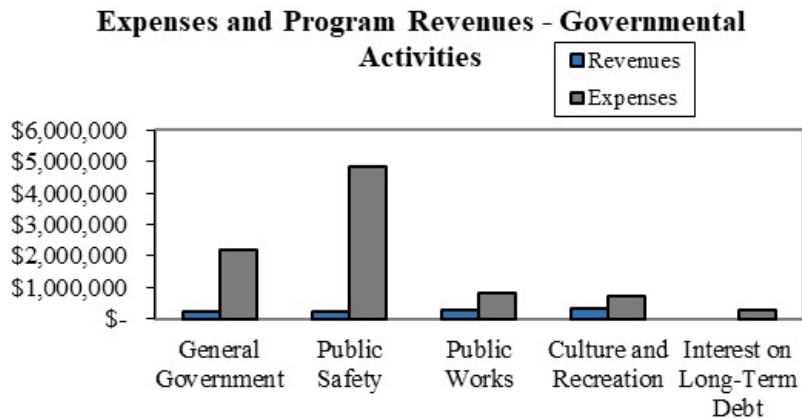
Governmental Activities

Revenues for governmental activities totaled \$8,235,610, while the cost of all governmental functions totaled \$8,863,121. This results in a deficit of \$627,511. In 2019, revenues of \$7,908,668 exceeded expenses of \$7,761,807 resulting in a surplus of \$146,861. During 2020, the City increased 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 \$326,972 higher than 2019, primarily due to an increase of operating grants and taxes.

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.



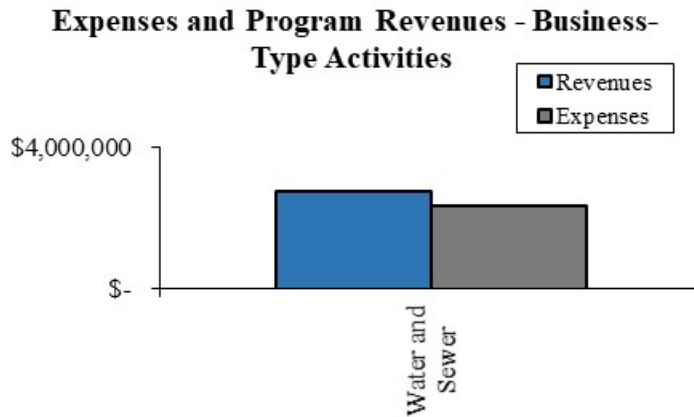
CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$2,936,119, while the cost of all business-type activities totaled \$2,366,644. This results in a surplus of \$569,475. In 2019, revenues of \$2,783,200 exceeded expenses of \$2,277,967, resulting in a surplus of \$505,233.



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 \$9,183,016, which is \$4,617,086 higher than last year’s total of \$4,565,930. Of the \$9,183,016 total, \$2,355,488 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$3,922,540, an increase of 91.8 percent. This was due in large part to the debt issuance of \$5,000,000 in debt certificates. Also, the budgeted amounts for taxes and interest totaled \$1,946,000 and the actual amount totaled \$2,645,654. 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, 2020

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, 2020, unassigned fund balance in the General Fund was \$3,211,699.

The Harvard Diggins Library Fund reported a surplus in the current year of \$113,688, primarily due to revenues in the current year.

The Park Fund reported a surplus in the current year of \$50,948, due primarily to revenues coming in more than actual expenditures during the fiscal year.

The TIF #1 Downtown Redevelopment Fund reported a surplus in the current year of \$38,000 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 \$10,955. This decrease was due to property tax not meeting needs of debt service fund.

The Liability Insurance Fund had a surplus of \$315,431, due primarily to transfers coming in slightly more than actual expenditures during the fiscal year.

The Debt Service Fund had a surplus of \$109,624 and this was due to a transfer from the General Fund 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 \$569,475, while the previous fiscal year reported a surplus of \$505,233. Unrestricted net position in the Water and Sewer Fund totaled \$48,553 at April 30, 2020.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Harvard Council made several budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$5,939,773, compared to budgeted revenues of \$5,344,400. As stated earlier, revenues for taxes and interest were significantly higher than budgeted.

The General Fund actual expenditures for the year were \$3,791,141 lower than budgeted (\$5,800,749 actual compared to \$9,591,890 budgeted). This is due mainly to capital outlay expenditures being under 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, 2020 was \$30,904,594 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 8,824,157	8,824,157	828,000	828,000	9,652,157	9,652,157
Construction in Progress	632,528	69,841	1,047,158	-	1,679,686	69,841
Infrastructure	9,721,309	10,058,926	1,934,409	1,995,129	11,655,718	12,054,055
Buildings and Improvements	3,167,546	3,247,776	4,366,936	4,563,988	7,534,482	7,811,764
Machinery and Equipment	56,165	95,723	148,442	112,755	204,607	208,478
Vehicles	177,944	182,557	-	-	177,944	182,557
Harvard Diggins Library	-	494	-	-	-	494
Totals	22,579,649	22,479,474	8,324,945	7,499,872	30,904,594	29,979,346

This year’s major additions included:

Construction in Progress	\$ 1,622,574
Buildings and Improvements	12,728
Machinery and Equipment	58,316
Vehicles	76,496
	<u>1,770,114</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, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$12,505,334 as compared to \$8,538,274 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		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 4,985,000	5,685,000	695,000	805,000	5,680,000	6,490,000
Notes Payable	1,275,608	1,381,701	635,184	666,573	1,910,792	2,048,274
Debt Certificates	4,914,542	-	-	-	4,914,542	-
Totals	11,175,150	7,066,701	1,330,184	1,471,573	12,505,334	8,538,274

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, unemployment rates and the financial impact of COVID-19.

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, 2020**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 7,257,727	775,446	8,033,173
Receivables - Net of Allowances	3,636,775	570,333	4,207,108
Due from Other Governments	391,678	-	391,678
Land Held for Resale	143,000	-	143,000
Total Current Assets	11,429,180	1,345,779	12,774,959
Noncurrent Assets			
Capital Assets			
Nondepreciable	9,456,685	1,875,158	11,331,843
Depreciable	20,334,047	14,140,290	34,474,337
Accumulated Depreciation	(7,211,083)	(7,690,503)	(14,901,586)
Total Noncurrent Assets	22,579,649	8,324,945	30,904,594
Total Assets	34,008,829	9,670,724	43,679,553
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	160,238	42,490	202,728
Deferred Items - Police Pension	3,322,209	-	3,322,209
Total Deferred Outflows of Resources	3,482,447	42,490	3,524,937
Total Assets and Deferred Outflows of Resources	37,491,276	9,713,214	47,204,490

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

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 405,814	218,820	624,634
Accrued Payroll	140,491	39,212	179,703
Accrued Interest Payable	48,813	-	48,813
Current Portion of Long-Term Debt	1,047,838	165,798	1,213,636
Total Current Liabilities	1,642,956	423,830	2,066,786
Noncurrent Liabilities			
Compensated Absences Payable	211,450	72,856	284,306
Net Pension Liability - IMRF	701,807	186,094	887,901
Net Pension Liability - Police Pension	11,960,689	-	11,960,689
Total OPEB Liability - RBP	2,394,676	699,209	3,093,885
General Obligation Bonds Payable - Net	4,359,296	580,000	4,939,296
Notes Payable	1,190,040	602,600	1,792,640
Debt Certificates	4,720,135	-	4,720,135
Total Noncurrent Liabilities	25,538,093	2,140,759	27,678,852
Total Liabilities	27,181,049	2,564,589	29,745,638
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	397,152	105,311	502,463
Deferred Items - Police Pension	724,508	-	724,508
Property Taxes	1,699,859	-	1,699,859
Total Deferred Inflows of Resources	2,821,519	105,311	2,926,830
Total Liabilities and Deferred Inflows of Resources	30,002,568	2,669,900	32,672,468
NET POSITION			
Net Investment in Capital Assets	15,739,787	6,994,761	22,734,548
Restricted			
Property Taxes			
Public Library	324,341	-	324,341
TIF Districts	630,912	-	630,912
IMRF	127,992	-	127,992
Special Recreation	176,398	-	176,398
Motor Fuel Taxes	349,441	-	349,441
Welfare Services	9,546	-	9,546
Revolving Loans	224,106	-	224,106
Capital Projects	4,618,039	-	4,618,039
Off Street Parking	223,753	-	223,753
Unrestricted (Deficit)	(14,935,607)	48,553	(14,887,054)
Total Net Position	7,488,708	7,043,314	14,532,022

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, 2020**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 2,211,484	205,833	81,080	-
Public Safety	4,833,700	210,709	-	-
Public Works	807,013	41,028	351,013	-
Culture and Recreation	715,012	193,031	18,112	-
Interest on Long-Term Debt	295,912	-	-	-
Total Governmental Activities	8,863,121	650,601	450,205	-
Business-Type Activities				
Water and Sewer	2,366,644	2,923,459	-	-
Total Primary Government	11,229,765	3,574,060	450,205	-

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

Change in Net Position

Net Position - Beginning

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
(1,924,571)	-	(1,924,571)
(4,622,991)	-	(4,622,991)
(414,972)	-	(414,972)
(503,869)	-	(503,869)
(295,912)	-	(295,912)
(7,762,315)	-	(7,762,315)
-	556,815	556,815
(7,762,315)	556,815	(7,205,500)
3,417,716	-	3,417,716
794,293	-	794,293
929,442	-	929,442
328,189	-	328,189
1,274,522	-	1,274,522
192,811	-	192,811
96,028	12,660	108,688
101,803	-	101,803
7,134,804	12,660	7,147,464
(627,511)	569,475	(58,036)
8,116,219	6,473,839	14,590,058
7,488,708	7,043,314	14,532,022

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2020**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
ASSETS				
Cash and Investments	\$ 6,232,055	128,238	-	26,024
Receivables - Net of Allowances				
Taxes	1,752,864	398,961	231,978	145,707
Accounts	61,674	-	-	-
Other	-	-	-	-
Due from Other Governments	306,452	-	-	-
Due from Other Funds	1,110,029	-	-	-
Land Held for Resale	143,000	-	-	-
Total Assets	9,606,074	527,199	231,978	171,731
LIABILITIES				
Accounts Payable	54,924	(5,302)	-	-
Accrued Payroll	128,289	8,660	3,542	-
Due to Other Funds	349,938	-	968,647	-
Total Liabilities	533,151	3,358	972,189	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	876,432	199,500	116,000	72,859
Total Liabilities and Deferred Inflows of Resources	1,409,583	202,858	1,088,189	72,859
FUND BALANCES				
Nonspendable	143,000	-	-	-
Restricted	4,841,792	324,341	-	98,872
Unassigned	3,211,699	-	(856,211)	-
Total Fund Balances	8,196,491	324,341	(856,211)	98,872
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,606,074	527,199	231,978	171,731

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

Revenue Funds				
TIF #2				
Industrial Park	Liability Insurance	Debt Service	Nonmajor	Totals
247,476	-	-	623,934	7,257,727
569,181	70,000	-	230,877	3,399,568
-	-	-	-	61,674
-	-	-	175,533	175,533
-	57,207	-	28,019	391,678
-	-	-	-	1,110,029
-	-	-	-	143,000
816,657	127,207	-	1,058,363	12,539,209
-	-	-	6,254	55,876
-	-	-	-	140,491
-	92,207	-	49,175	1,459,967
-	92,207	-	55,429	1,656,334
284,617	35,000	-	115,451	1,699,859
284,617	127,207	-	170,880	3,356,193
-	-	-	-	143,000
532,040	-	-	887,483	6,684,528
-	-	-	-	2,355,488
532,040	-	-	887,483	9,183,016
816,657	127,207	-	1,058,363	12,539,209

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

CITY OF HARVARD, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the Statement of
Net Position - Governmental Activities**

April 30, 2020

Total Governmental Fund Balances	\$ 9,183,016
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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.	22,579,649
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(236,914)
Deferred Items - Police Pension	2,597,701

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(48,813)
Compensated Absences Payable	(264,313)
Net Pension Liability - IMRF	(701,807)
Net Pension Liability - Police Pension	(11,960,689)
Net Total OPEB Liability - RBP	(2,394,676)
General Obligation Bonds Payable - Net	(5,074,296)
Notes Payable	(1,275,608)
Debt Certificates	<u>(4,914,542)</u>

Net Position of Governmental Activities	<u>7,488,708</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, 2020**

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, 2020**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
Revenues				
Taxes	\$ 2,562,242	403,757	239,241	131,084
Licenses and Permits	457,570	-	-	-
Intergovernmental	2,749,685	28,061	3,048	-
Charges for Services	-	111,189	81,842	-
Interest	83,412	215	979	-
Miscellaneous	86,864	468	8,520	1,386
Total Revenues	5,939,773	543,690	333,630	132,470
Expenditures				
Current				
General Government	1,209,396	-	-	475
Public Safety	3,443,701	-	-	-
Public Works	642,917	-	-	-
Culture and Recreation	-	430,002	262,431	-
Capital Outlay	298,955	-	35,251	-
Debt Service				
Principal Retirement	108,444	-	-	365,000
Interest and Fiscal Charges	97,336	-	-	58,995
Total Expenditures	5,800,749	430,002	297,682	424,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	139,024	113,688	35,948	(292,000)
Other Financing Sources (Uses)				
Disposal of Capital Assets	12,171	-	-	-
Debt Issuance	5,000,000	-	-	-
Transfers In	-	-	15,000	330,000
Transfers Out	(1,228,655)	-	-	-
	3,783,516	-	15,000	330,000
Net Change in Fund Balances	3,922,540	113,688	50,948	38,000
Fund Balances - Beginning	4,273,951	210,653	(907,159)	60,872
Fund Balances - Ending	8,196,491	324,341	(856,211)	98,872

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

Revenue Funds				
TIF #2				
Industrial Park	Liability Insurance	Debt Service	Nonmajor	Totals
556,828	71,575	-	247,282	4,212,009
-	-	-	-	457,570
-	-	-	394,375	3,175,169
-	-	-	-	193,031
6,449	-	-	4,973	96,028
-	3,565	-	1,000	101,803
563,277	75,140	-	647,630	8,235,610
950	242,291	-	487,265	1,940,377
-	-	-	347,317	3,791,018
-	-	-	26,687	669,604
-	-	-	-	692,433
-	-	-	-	334,206
418,107	-	-	-	891,551
155,175	-	-	-	311,506
574,232	242,291	-	861,269	8,630,695
(10,955)	(167,151)	-	(213,639)	(395,085)
-	-	-	-	12,171
-	-	-	-	5,000,000
-	482,582	109,624	306,449	1,243,655
-	-	-	(15,000)	(1,243,655)
-	482,582	109,624	291,449	5,012,171
(10,955)	315,431	109,624	77,810	4,617,086
542,995	(315,431)	(109,624)	809,673	4,565,930
532,040	-	-	887,483	9,183,016

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 to
the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended April 30, 2020

Net Change in Fund Balances - Total Governmental Funds **\$ 4,617,086**

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	664,640
Depreciation Expense	(564,465)
Disposals - Cost	(37,058)
Disposals - Accumulated Depreciation	37,058

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

Change in Deferred Items - IMRF	(827,702)
Change in Deferred Items - Police Pension	1,083,012
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.

Change in Compensated Absences Payable	17,587
Change in Net Pension Liability - IMRF	890,848
Change in Net Pension Liability - Police Pension	(2,017,854)
Change in Total OPEB Liability - RBP	(362,113)
Retirement of Debt	891,551
Amortization of Debt Related Items	9,922
Debt Issuance	(5,000,000)

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.

5,672

Changes in Net Position of Governmental Activities

(627,511)

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

CITY OF HARVARD, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2020

See Following Page

CITY OF HARVARD, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2020

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 775,446
Receivables - Net of Allowances	<u>570,333</u>
Total Current Assets	<u>1,345,779</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,875,158
Depreciable	14,140,290
Accumulated Depreciation	<u>(7,690,503)</u>
Total Noncurrent Assets	<u>8,324,945</u>
Total Assets	9,670,724
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>42,490</u>
Total Assets and Deferred Outflows of Resources	<u>9,713,214</u>

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

	<u>Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 218,820
Accrued Payroll	39,212
Current Portion of Long-Term Debt	<u>165,798</u>
Total Current Liabilities	<u>423,830</u>
Noncurrent Liabilities	
Compensated Absences Payable	72,856
Net Pension Liability - IMRF	186,094
Total OPEB Liability - RBP	699,209
General Obligation Bonds Payable - Net	580,000
Notes Payable	<u>602,600</u>
Total Noncurrent Liabilities	<u>2,140,759</u>
Total Liabilities	2,564,589
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>105,311</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,669,900</u>
NET POSITION	
Net Investment in Capital Assets	6,994,761
Unrestricted	<u>48,553</u>
Total Net Position	<u><u>7,043,314</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, 2020**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	\$ 2,923,459
Operating Expenses	
Operations	2,047,309
Depreciation	280,401
Total Operating Expenses	<u>2,327,710</u>
Operating Income	<u>595,749</u>
Nonoperating Revenues (Expenses)	
Interest Income	12,660
Interest Expense	(38,934)
	<u>(26,274)</u>
Change in Net Position	569,475
Net Position - Beginning	<u>6,473,839</u>
Net Position - Ending	<u><u>7,043,314</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, 2020**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 3,014,902
Payments to Employees	(795,416)
Payments to Suppliers	(1,106,978)
	<u>1,112,508</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,105,474)
Principal Retirement	(141,389)
Interest Payments	(38,934)
	<u>(1,285,797)</u>
Cash Flows from Investing Activities	
Interest Received	12,660
	<u>12,660</u>
Net Change in Cash and Cash Equivalents	(160,629)
Cash and Cash Equivalents - Beginning	<u>936,075</u>
Cash and Cash Equivalents - Ending	<u><u>775,446</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	595,749
Adjustments to Reconcile Operating Income to Net Income	
to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	280,401
(Increase) Decrease in Current Assets	91,443
Increase (Decrease) in Current Liabilities	144,915
	<u>1,112,508</u>
Net Cash Provided by Operating Activities	<u><u>1,112,508</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, 2020

	Trusts Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 213,066	27,714
Investments		
U.S. Treasuries	572,428	-
U.S. Agencies	3,284,466	-
Corporate Bonds	791,816	-
Municipal Bonds	551,988	-
Mutual Funds	6,241,903	-
Receivables		
Accrued Interest	42,091	-
Due from Other Funds	349,938	-
Other	86,393	-
Prepays	3,766	-
Total Assets	12,137,855	27,714
LIABILITIES		
Accounts Payable	4,070	-
NET POSITION		
Net Position Restricted for		
Trusts	12,133,785	-
Individuals, Organizations and Other Governemtns	-	27,714

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, 2020**

	Trusts Funds	Custodial Funds
Additions		
Contributions - Employer	\$ 711,186	-
Contributions - Plan Members	159,083	-
Special Assessments - Property Tax	-	277,217
Other Income	16,007	2,296
Total Contributions	<u>886,276</u>	<u>279,513</u>
Investment Income		
Interest Earned	349,189	1,741
Net Change in Fair Value	(20,803)	-
	<u>328,386</u>	<u>1,741</u>
Less Investment Expenses	(29,056)	-
Net Investment Income	<u>299,330</u>	<u>1,741</u>
Total Additions	<u>1,185,606</u>	<u>281,254</u>
Deductions		
Administration	27,868	1,850
Benefits and Refunds	756,383	-
Other Charges and Services	4,911	-
Debt Service		
Principal Retirement	-	230,553
Interest and Fiscal Charges	-	49,182
Total Deductions	<u>789,162</u>	<u>281,585</u>
Change in Fiduciary Net Position	396,444	(331)
Net Position Restricted for Trusts, Individuals, Organizations and Other Governments		
Beginning	<u>11,737,341</u>	<u>28,045</u>
Ending	<u>12,133,785</u>	<u>27,714</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, 2020

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, 2020

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, 2020

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – 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 eleven 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 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, 2020

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.

Custodial Funds are used to account for assets held by the City in a purely custodial capacity. The Special Service Area Funds account for the public improvements and are repaid via a separate property tax.

The City's pension trust fund, private purpose trust funds and custodial 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, 2020

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.

Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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, 2020

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, trust funds, and custodial 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

For the purpose of the Statement of Net Position, cash and cash equivalents 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, 2020

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, 2020**

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:

Infrastructure	40 Years
Buildings and Improvements	7 – 50 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 7 Years
Harvard Diggins Library	5 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, 2020

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, 2020**

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 Debt Service Fund, Welfare Fund, Revolving Loan Fund, Apartment Fund, Scholarship Fund and SSA #1 Park Pointe Fund.

DEFICIT FUND BALANCES

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

Fund	Deficit
Park	\$ 856,211

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
Harvard Diggins Library	\$ 127,002
TIF #1 Downtown Redevelopment	470
TIF #2 Industrial Park	29,232
Liability Insurance	18,291
Social Security	27,371
Motor Tax Fuel	39,317
Police Pension	168,307
SSA #2 Pointe 3A	356
SSA #4 Pointe 3B	550
SSA #5 Shadow Creek	1,431

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, 2020

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.

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, 2020

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 \$8,025,768 and the bank balances totaled \$8,368,577. In addition, the City has \$7,405 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, 2020, the Library has a balance of \$990,000 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, 2020**

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 \$124,880 and the bank balances totaled \$124,880.

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	\$ 572,428	177,348	341,682	53,398	-
U.S. Agencies	3,284,466	48,119	639,666	2,212,263	384,418
Corporate Bonds	791,816	49,431	310,565	431,820	-
Municipal Bonds	551,988	5,151	267,984	263,387	15,466
	5,200,698	280,049	1,559,897	2,960,868	399,884

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	\$ 572,428	572,428	-	-
U.S. Agencies	3,284,466	-	3,284,466	-
Corporate Bonds	791,816	-	791,816	-
Municipal Bonds	551,988	-	551,988	-
Equity Securities				
Mutual Funds	6,241,903	6,241,903	-	-
Total Investments by Fair Value Level	11,442,601	6,814,331	4,628,270	-

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, 2020

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 unavailable or AA+ by Standard and Poor's and the investments in the corporate bonds were rated BBB+ to AA+ by Standard and Poor's and the municipal bonds were rated 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, 2020, 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 \$6,241,903 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, 2020

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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	1.30%
Domestic Equities	49.50%	6.30% - 8.1%
International Equities	5.50%	6.80%
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 2020 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, 2020 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.49%. 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, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2019 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	69,841	575,416	12,729	632,528
	<u>8,893,998</u>	<u>575,416</u>	<u>12,729</u>	<u>9,456,685</u>
Depreciable Capital Assets				
Infrastructure	12,928,642	-	-	12,928,642
Buildings and Improvements	4,800,683	25,457	-	4,826,140
Machinery and Equipment	1,027,617	-	-	1,027,617
Vehicles	1,320,619	76,496	37,058	1,360,057
Harvard Diggins Library	191,591	-	-	191,591
	<u>20,269,152</u>	<u>101,953</u>	<u>37,058</u>	<u>20,334,047</u>
Less Accumulated Depreciation				
Infrastructure	2,869,716	337,617	-	3,207,333
Buildings and Improvements	1,552,907	105,687	-	1,658,594
Machinery and Equipment	931,894	39,558	-	971,452
Vehicles	1,138,062	81,109	37,058	1,182,113
Harvard Diggins Library	191,097	494	-	191,591
	<u>6,683,676</u>	<u>564,465</u>	<u>37,058</u>	<u>7,211,083</u>
Total Net Depreciable Capital Assets	<u>13,585,476</u>	<u>(462,512)</u>	<u>-</u>	<u>13,122,964</u>
Total Net Capital Assets	<u>22,479,474</u>	<u>112,904</u>	<u>12,729</u>	<u>22,579,649</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 220,141
Public Safety	152,405
Public Works	169,340
Culture and Recreation	<u>22,579</u>
	<u>564,465</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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
Construction in Progress	-	1,047,158	-	1,047,158
	<u>828,000</u>	<u>1,047,158</u>	<u>-</u>	<u>1,875,158</u>
Depreciable Capital Assets				
Infrastructure	2,491,322	-	-	2,491,322
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,597,306	58,316	-	1,655,622
Vehicles	140,750	-	-	140,750
	<u>14,081,974</u>	<u>58,316</u>	<u>-</u>	<u>14,140,290</u>
Less Accumulated Depreciation				
Infrastructure	496,193	60,720	-	556,913
Buildings and Improvements	5,288,608	197,052	-	5,485,660
Machinery and Equipment	1,484,551	22,629	-	1,507,180
Vehicles	140,750	-	-	140,750
	<u>7,410,102</u>	<u>280,401</u>	<u>-</u>	<u>7,690,503</u>
Total Net Depreciable Capital Assets	<u>6,671,872</u>	<u>(222,085)</u>	<u>-</u>	<u>6,449,787</u>
Total Net Capital Assets	<u><u>7,499,872</u></u>	<u><u>825,073</u></u>	<u><u>-</u></u>	<u><u>8,324,945</u></u>

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

Water and Sewer	<u><u>\$ 280,401</u></u>
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CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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	\$ 968,647
General	Liability Insurance	92,207
General	Nonmajor Governmental	49,175
Police Pension	General	<u>349,938</u>
		<u><u>1,459,967</u></u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Park	Nonmajor Governmental	\$ 15,000
TIF #1 Downtown Redevelopment	General	330,000
Liability Insurance	General	482,582
Debt Service	General	109,624
Nonmajor Governmental	General	<u>306,449</u>
		<u><u>1,243,655</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) 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, 2020**

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 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	\$ 1,920,000	-	365,000	1,555,000
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	1,315,000	-	150,000	1,165,000
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	805,000	-	110,000	695,000
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	2,450,000	-	185,000	2,265,000
		<u>6,490,000</u>	<u>-</u>	<u>810,000</u>	<u>5,680,000</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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	\$ 666,573	-	31,389	635,184
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	939,845	-	83,107	856,738
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	441,856	-	22,986	418,870
		<u>2,048,274</u>	<u>-</u>	<u>137,482</u>	<u>1,910,792</u>

Debt Certificates

The City issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates have been issued for governmental activities. Debt certificates currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Debt Certificates of 2019, due in semi-annual installments of \$162,750, plus a balloon payment of \$4,158,640, including interest at 2.65% through July 1, 2024.	General	\$ -	5,000,000	85,458	4,914,542

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 281,900	17,587	35,174	264,313	52,863
Net Pension Liability - IMRF	1,592,655	-	890,848	701,807	-
Net Pension Liability - Police Pension	9,942,835	2,017,854	-	11,960,689	-
Total OPEB Liability - RBP	2,032,563	362,113	-	2,394,676	-
General Obligation Bonds	5,685,000	-	700,000	4,985,000	715,000
Plus/Less Unamortized Items:					
Premium	99,218	-	9,922	89,296	-
Notes Payable	1,381,701	-	106,093	1,275,608	85,568
Debt Certificates	-	5,000,000	85,458	4,914,542	194,407
	<u>21,015,872</u>	<u>7,397,554</u>	<u>1,827,495</u>	<u>26,585,931</u>	<u>1,047,838</u>
Business-Type Activities					
Compensated Absences	77,941	26,258	13,129	91,070	18,214
Net Pension Liability - IMRF	420,289	-	234,195	186,094	-
Total OPEB Liability - RBP	470,810	228,399	-	699,209	-
General Obligation Bonds	805,000	-	110,000	695,000	115,000
Notes Payable	666,573	-	31,389	635,184	32,584
	<u>2,440,613</u>	<u>254,657</u>	<u>388,713</u>	<u>2,306,557</u>	<u>165,798</u>

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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					
	General Obligation Bonds		Notes Payable		Debt Certificates	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 715,000	157,290	85,568	53,314	194,407	131,093
2022	735,000	137,690	89,290	49,608	200,032	125,468
2023	750,000	117,380	1,100,750	24,115	205,442	120,058
2024	780,000	92,945	-	-	210,999	114,501
2025	385,000	69,860	-	-	4,103,662	54,978
2026	390,000	59,460	-	-	-	-
2027	410,000	48,475	-	-	-	-
2028	395,000	32,800	-	-	-	-
2029	425,000	17,000	-	-	-	-
Totals	4,985,000	732,900	1,275,608	127,037	4,914,542	546,098

Fiscal Year	Business-Type Activities			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2021	\$ 115,000	14,074	32,584	22,016
2022	110,000	12,060	602,600	19,118
2023	110,000	10,134	-	-
2024	115,000	7,936	-	-
2025	120,000	5,634	-	-
2026	125,000	2,876	-	-
Totals	695,000	52,714	635,184	41,134

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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 \$493,894. 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 - 2019	<u>\$ 134,436,705</u>
Legal Debt Limit - 8.625% of Assessed Value	11,595,166
Amount of Debt Applicable to Limit	
Note Payable of 2018	(418,870)
Debt Certificates of 2019	<u>(4,914,542)</u>
Legal Debt Margin	<u>6,261,754</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 22,579,649
Plus Unspent Bond Proceeds	4,424,584
Less Capital Related Debt:	
General Obligation Bonds	(4,985,000)
Unamortized Premium	(89,296)
Notes Payable	(1,275,608)
Debt Certificates	<u>(4,914,542)</u>
Net Investment in Capital Assets	<u>15,739,787</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	8,324,945
Less Capital Related Debt:	
General Obligation Bonds	(695,000)
Notes Payable	<u>(635,184)</u>
Net Investment in Capital Assets	<u>6,994,761</u>

Fund Balance Classifications

In the governmental fund 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, 2020**

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	Liability Insurance	Debt Service	
Fund Balances								
Nonspendable								
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	143,000
Restricted								
Property Taxes								
Public Library	-	324,341	-	-	-	-	-	324,341
TIF Districts	-	-	-	98,872	532,040	-	-	630,912
IMRF	-	-	-	-	-	-	-	127,992
Special Recreation	-	-	-	-	-	-	-	176,398
Motor Fuel Taxes	-	-	-	-	-	-	-	349,441
Welfare Services	-	-	-	-	-	-	-	9,546
Revolving Loan	-	-	-	-	-	-	-	224,106
Off Street Parking	223,753	-	-	-	-	-	-	223,753
Capital Projects	4,618,039	-	-	-	-	-	-	4,618,039
	<u>4,841,792</u>	<u>324,341</u>	<u>-</u>	<u>98,872</u>	<u>532,040</u>	<u>-</u>	<u>-</u>	<u>887,483</u>
Unassigned	3,211,699	-	(856,211)	-	-	-	-	2,355,488
Total Fund Balances	<u>8,196,491</u>	<u>324,341</u>	<u>(856,211)</u>	<u>98,872</u>	<u>532,040</u>	<u>-</u>	<u>-</u>	<u>9,183,016</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2020

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.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the City of Harvard's operations and financial position cannot be determined.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

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.

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.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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.

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, 2019, 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>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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, 2020, the City’s contribution was 11.66% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, 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	3.35% - 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.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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. 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:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as 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:

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity – Continued

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 2,457,268	887,901	(417,576)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 12,077,723	10,064,779	2,012,944
Changes for the Year:			
Service Cost	181,423	-	181,423
Interest on the Total Pension Liability	863,491	-	863,491
Difference Between Expected and Actual Experience of the Total Pension Liability	29,410	-	29,410
Changes of Assumptions	-	-	-
Contributions - Employer	-	193,842	(193,842)
Contributions - Employees	-	99,163	(99,163)
Net Investment Income	-	1,863,519	(1,863,519)
Benefit Payments, including Refunds of Employee Contributions	(516,417)	(516,417)	-
Other (Net Transfer)	-	42,843	(42,843)
Net Changes	557,907	1,682,950	(1,125,043)
Balances at December 31, 2019	12,635,630	11,747,729	887,901

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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

For the year ended April 30, 2020, the City recognized pension expense of \$126,278. At April 30, 2020, 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	\$ 52,051	(14,690)	37,361
Change in Assumptions	79,515	(14,403)	65,112
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(473,370)	(473,370)
Total Pension Expense to be Recognized in Future Periods	131,566	(502,463)	(370,897)
Pension Contributions Made Subsequent to the Measurement Date	71,162	-	71,162
Total Deferred Amounts Related to IMRF	<u>202,728</u>	<u>(502,463)</u>	<u>(299,735)</u>

\$71,162 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021.

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/ (Inflows) of Resources
2021	\$ (44,143)
2022	(138,007)
2023	39,325
2024	(228,072)
2025	-
Thereafter	-
Total	<u>(370,897)</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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, 2020, 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>17</u>
Total	<u><u>29</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, 2020

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, 2020, the City's contribution was 11.66% 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, 2020**

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, 2020, 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	2.25% - 24.33%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Discount Rate

A Single Discount Rate of 5.55% was used to measure the total pension liability and the prior valuation used a rate of 5.78%. 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 2.56%, and the resulting single discount rate is 5.55%.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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 (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Net Pension Liability	\$ 16,268,421	11,960,689	8,569,882

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 21,517,938	11,575,103	9,942,835
Changes for the Year:			
Service Cost	511,824	-	511,824
Interest on the Total Pension Liability	1,221,877	-	1,221,877
Changes of Benefit Terms	254,439	-	254,439
Difference Between Expected and Actual			
Experience of the Total Pension Liability	162,625	-	162,625
Changes of Assumptions	1,007,568	-	1,007,568
Contributions - Employer	-	711,186	(711,186)
Contributions - Employees	-	159,083	(159,083)
Net Investment Income	-	298,078	(298,078)
Benefit Payments, including Refunds			-
of Employee Contributions	(756,383)	(756,383)	-
Administrative Expense	-	(27,868)	27,868
Net Changes	2,401,950	384,096	2,017,854
Balances at April 30, 2020	23,919,888	11,959,199	11,960,689

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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, 2020, the City recognized pension expense of \$1,646,028. At April 30, 2020, 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	\$ 378,322	(446,054)	(67,732)
Change in Assumptions	2,468,451	(278,454)	2,189,997
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	475,436	-	475,436
Total Deferred Amounts Related to Police Pension	<u>3,322,209</u>	<u>(724,508)</u>	<u>2,597,701</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
2021	\$ 478,401
2022	499,106
2023	477,840
2024	428,722
2025	227,674
Thereafter	<u>485,958</u>
Total	<u>2,597,701</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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, 2020, 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, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	2.56%
Healthcare Cost Trend Rates	6.87% 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	Percentage of projected health insurance premiums for retirees: Pre-65 100%; PSEBA 0%; 55 or older depending on years of service 20% - 50%

The discount rate was based on the Bond Buyer 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, 2020 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, 2019	<u>\$ 2,503,373</u>
Changes for the Year:	
Service Cost	95,283
Interest	93,692
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	463,737
Benefit Payments	<u>(62,200)</u>
Net Changes	<u>590,512</u>
Balance at April 30, 2020	<u>3,093,885</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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 2.56%, 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 (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB Liability	\$ 3,451,557	3,093,885	2,784,780

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	\$ 2,661,387	3,093,885	3,612,035

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2020**

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

Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

For the year ended April 30, 2020, the City recognized OPEB expense of \$696,675. At April 30, 2020, 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	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	-	-

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
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total	-

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

- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefits Plan

- 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
 - 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, 2020**

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%
2020	204,894	204,894	-	1,757,502	11.66%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
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-2017 (base year 2015)

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, 2020**

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%
2020	734,363	711,186	(23,177)	1,645,414	43.22%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	15 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, 2020**

	<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	12/31/19
200,405	210,042	164,305	181,423
793,814	833,165	821,311	863,491
(39,424)	(351,359)	140,993	29,410
(55,229)	(344,523)	337,137	-
(417,296)	(455,622)	(509,378)	(516,417)
482,270	(108,297)	954,368	557,907
10,749,382	11,231,652	11,123,355	12,077,723
11,231,652	11,123,355	12,077,723	12,635,630
257,162	215,082	228,610	193,842
83,672	77,145	74,659	99,163
619,251	1,613,714	(541,421)	1,863,519
(417,296)	(455,622)	(509,378)	(516,417)
(107,730)	(142,568)	203,209	42,843
435,059	1,307,751	(544,321)	1,682,950
8,866,290	9,301,349	10,609,100	10,064,779
9,301,349	10,609,100	10,064,779	11,747,729
1,930,303	514,255	2,012,944	887,901
82.81%	95.38%	83.33%	92.97%
1,850,083	1,593,192	1,655,338	1,747,894
104.34%	32.28%	121.60%	50.80%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2020**

	<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	4/30/20
408,451	438,140	465,305	446,096	511,824
964,580	1,097,394	1,137,819	1,196,658	1,221,877
-	-	-	-	254,439
(282,415)	302,591	107,438	(434,271)	162,625
1,517,844	(516,450)	810,792	520,846	1,007,568
(536,337)	(598,285)	(740,962)	(714,224)	(756,383)
2,072,123	723,390	1,780,392	1,015,105	2,401,950
15,926,928	17,999,051	18,722,441	20,502,833	21,517,938
17,999,051	18,722,441	20,502,833	21,517,938	23,919,888
494,853	523,007	547,123	592,237	711,186
140,321	142,810	141,362	148,922	159,083
42,641	773,420	614,903	692,672	298,078
(536,337)	(598,285)	(740,962)	(714,224)	(756,383)
(21,733)	(22,135)	(21,027)	(26,756)	(27,868)
119,745	818,817	541,399	692,851	384,096
9,425,892	9,522,036	10,340,853	10,882,252	11,575,103
9,545,637	10,340,853	10,882,252	11,575,103	11,959,199
8,453,414	8,381,588	9,620,581	9,942,835	11,960,689
53.03%	55.23%	53.08%	53.79%	50.00%
1,597,630	1,459,732	1,503,524	1,395,004	1,645,414
529.12%	574.19%	639.87%	712.75%	726.91%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2020**

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%
2020	2.49%

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 Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2020**

	4/30/19	4/30/2020
Total OPEB Liability		
Service Cost	\$ 89,197	95,283
Interest	91,304	93,692
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Change of Assumptions or Other Inputs	47,166	463,737
Benefit Payments	(48,360)	(62,200)
Net Change in Total OPEB Liability	179,307	590,512
Total OPEB Liability - Beginning	2,324,066	2,503,373
Total OPEB Liability - Ending	2,503,373	3,093,885
Covered Payroll	\$ N/A	3,406,217
Total OPEB Liability as a Percentage of Covered Payroll	N/A	90.83%

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
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 2020, 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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,931,000	1,931,000	2,562,242
Licenses and Permits	490,800	490,800	457,570
Intergovernmental	2,742,000	2,742,000	2,749,685
Interest	15,000	15,000	83,412
Miscellaneous	165,600	165,600	86,864
Total Revenues	<u>5,344,400</u>	<u>5,344,400</u>	<u>5,939,773</u>
Expenditures			
General Government	847,590	1,347,590	1,209,396
Public Safety	2,850,550	2,850,550	3,443,701
Public Works	705,750	705,750	642,917
Capital Outlay	145,000	4,645,000	298,955
Debt Service			
Principal Retirement	22,000	22,000	108,444
Interest and Fiscal Charges	21,000	21,000	97,336
Total Expenditures	<u>4,591,890</u>	<u>9,591,890</u>	<u>5,800,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>752,510</u>	<u>(4,247,490)</u>	<u>139,024</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	10,000	10,000	12,171
Debt Issuance	-	-	5,000,000
Transfers Out	(701,000)	(701,000)	(1,228,655)
	<u>(691,000)</u>	<u>(691,000)</u>	<u>3,783,516</u>
Net Change in Fund Balance	<u>61,510</u>	<u>(4,938,490)</u>	3,922,540
Fund Balance - Beginning			<u>4,273,951</u>
Fund Balance - Ending			<u>8,196,491</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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 391,000	391,000	403,757
Intergovernmental			
Replacement Tax	13,000	13,000	16,447
Grants and Donations	-	-	11,614
Charges for Services	-	-	111,189
Interest	-	-	215
Miscellaneous	-	-	468
Total Revenues	404,000	404,000	543,690
Expenditures			
Culture and Recreation	303,000	303,000	430,002
Net Change in Fund Balance	101,000	101,000	113,688
Fund Balance - Beginning			210,653
Fund Balance - Ending			324,341

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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 230,000	230,000	233,539
Amusement Taxes	5,300	5,300	5,702
Intergovernmental			
Grants and Donations	-	-	3,048
Charges for Services	95,500	95,500	81,842
Interest	1,500	1,500	979
Miscellaneous	-	-	8,520
Total Revenues	<u>332,300</u>	<u>332,300</u>	<u>333,630</u>
Expenditures			
Culture and Recreation			
Salaries	170,000	170,000	151,463
Insurance	8,600	8,600	8,567
Contractual Services	37,900	37,900	31,273
Commodities	55,525	55,754	41,009
Other	36,200	36,200	30,119
Capital Outlay	39,000	39,000	35,251
Total Expenditures	<u>347,225</u>	<u>347,454</u>	<u>297,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,925)</u>	<u>(15,154)</u>	<u>35,948</u>
Other Financing Sources (Uses)			
Transfers In	15,000	15,000	15,000
Transfers Out	(75)	(75)	-
	<u>14,925</u>	<u>14,925</u>	<u>15,000</u>
Net Change in Fund Balance	<u>-</u>	<u>(229)</u>	<u>50,948</u>
Fund Balance - Beginning			<u>(907,159)</u>
Fund Balance - Ending			<u>(856,211)</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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 94,000	94,000	131,084
Interest	-	-	1,386
Total Revenues	<u>94,000</u>	<u>94,000</u>	<u>132,470</u>
Expenditures			
General Government			
Contractual Services	-	-	475
Debt Service			
Principal	365,000	365,000	365,000
Interest	59,000	59,000	58,995
Total Expenditures	<u>424,000</u>	<u>424,000</u>	<u>424,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(330,000)	(330,000)	(292,000)
Other Financing Sources			
Transfers In	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>38,000</u>
Fund Balance - Beginning			<u>60,872</u>
Fund Balance - Ending			<u><u>98,872</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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 538,500	538,500	556,828
Interest	6,500	6,500	6,449
Total Revenues	<u>545,000</u>	<u>545,000</u>	<u>563,277</u>
Expenditures			
General Government			
Contractual Services	-	-	950
Debt Service			
Principal	380,000	380,000	418,107
Interest	165,000	165,000	155,175
Total Expenditures	<u>545,000</u>	<u>545,000</u>	<u>574,232</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(10,955)
Fund Balance - Beginning			<u>542,995</u>
Fund Balance - Ending			<u><u>532,040</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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 73,500	73,500	71,575
Miscellaneous	-	-	3,565
Total Revenues	73,500	73,500	75,140
Expenditures			
General Government			
Contractual Services	224,000	224,000	242,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,500)	(150,500)	(167,151)
Other Financing Sources			
Transfers In	150,500	150,500	482,582
Net Change in Fund Balance	-	-	315,431
Fund Balance - Beginning			(315,431)
Fund Balance - Ending			-

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
- Budgetary Comparison Schedule – Pension Trust Fund
- Combining Statements – Custodial Funds
- Budgetary Comparison Schedule – Custodial Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

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.

Liability Insurance Fund

The Liability Insurance Fund is used to account for insurance.

Social Security Fund

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

Illinois Municipal Retirement Fund

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

Motor Fuel Tax Fund

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

INDIVIDUAL FUND DESCRIPTIONS – Continued

SPECIAL REVENUE FUNDS – Continued

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.

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.

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.

INDIVIDUAL FUND DESCRIPTIONS – Continued

TRUST AND CUSTODIAL 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.

PRIVATE PURPOSE 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.

CUSTODIAL FUNDS

SSA #1 Park Pointe

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

SSA #2 Pointe 3A

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

SSA #3 Shadow Creek

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

SSA #4 Pointe 3B

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

SSA #5 Shadow Creek

The SSA #5 Shadow Creek Fund is used to account for public improvements and are 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, 2020**

	Budget		Actual
	Original	Final	
Taxes			
Property	\$ 1,119,000	1,119,000	1,773,651
Video Gaming Tax	131,000	131,000	116,093
Water Utility Tax	112,000	112,000	127,861
Electric Tax	320,000	320,000	310,581
Hotel/Motel Tax	19,000	19,000	21,708
Nicor Utility Tax	100,000	100,000	105,552
Telephone Tax	130,000	130,000	106,796
	<u>1,931,000</u>	<u>1,931,000</u>	<u>2,562,242</u>
Licenses and Permits			
Liquor License	58,000	58,000	67,758
Contractors License	12,000	12,000	11,175
Building Permits	20,000	20,000	24,240
Police DUI Fines	5,000	5,000	7,044
Police Fines/Tickets	230,000	230,000	203,665
Zoning/Platting Fees	2,500	2,500	3,150
Cable Franchise Fees	66,000	66,000	62,987
Yard Waste Stickers	2,300	2,300	2,463
Parking Permits	95,000	95,000	75,088
	<u>490,800</u>	<u>490,800</u>	<u>457,570</u>
Intergovernmental			
State Income Tax	950,000	950,000	929,442
Use Tax	282,000	282,000	328,189
Sales Tax	1,300,000	1,300,000	1,274,522
Replacement Tax	103,000	103,000	136,452
Grants	107,000	107,000	81,080
	<u>2,742,000</u>	<u>2,742,000</u>	<u>2,749,685</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Interest			
Investment Income	\$ 15,000	15,000	83,412
Miscellaneous			
Health Insurance Reimbursements	31,000	31,000	-
Police Reimbursements	65,000	65,000	70,380
Escrow from Developers	-	-	1,360
Donations/Events	1,600	1,600	2,200
Miscellaneous	68,000	68,000	12,924
	165,600	165,600	86,864
Total Revenues	5,344,400	5,344,400	5,939,773

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 121,500	121,500	121,197
Salaries - Clerical	90,000	90,000	91,951
Health Insurance	65,000	65,000	67,151
Training Seminars	300	300	400
Expense Mayors	1,800	1,800	1,800
Travel Expense	350	350	79
Attorney Fees	50,000	50,000	55,197
Professional Fees	-	500,000	371,759
Engineering Fees	30,000	30,000	66,534
Building/Grounds Maintenance	45,000	45,000	34,650
Service Agreements	10,500	10,500	17,357
Printing	1,500	1,500	744
Equipment Maintenance	8,000	8,000	3,361
Office Supplies	10,000	10,000	11,017
Postage	6,500	6,500	5,307
Dues & Subscriptions	7,500	7,500	6,240
Public Notices	4,000	4,000	2,452
Publications	2,500	2,500	182
Telephone	6,600	6,600	6,963
Garbage Stickers	2,300	2,300	2,656
Miscellaneous	10,000	10,000	13,383
Economic Development	61,000	61,000	61,000
	534,350	1,034,350	941,380
Building Services			
Salaries	144,840	144,840	144,779
Health Insurance	53,400	53,400	50,195
Training	1,600	1,600	1,063
Uniforms	600	600	80
Vehicle Maintenance	1,800	1,800	2,844
Nuisance/Investigations	110,000	110,000	68,254
Gas, Oil, Grease	1,000	1,000	801
	313,240	313,240	268,016
Total General Government	847,590	1,347,590	1,209,396

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,690,000	1,690,000	1,677,537
Salaries - Clerical	118,000	118,000	117,945
Pension Contribution	-	-	711,186
Crossing Guards	8,200	8,200	4,764
Overtime	255,000	255,000	212,003
Health Insurance	350,000	350,000	311,440
Health Exams	1,000	1,000	-
Training & Seminars	6,000	6,000	5,921
Uniforms	23,000	23,000	17,416
Attorney Fees	56,000	56,000	53,486
Professional Fees	235,000	235,000	230,435
Vehicle Maintenance	15,000	15,000	13,205
Radio Maintenance	11,000	11,000	10,855
Equipment Maintenance	8,500	8,500	10,026
Ammunition	5,800	5,800	3,335
Supplies	3,000	3,000	2,832
Office Supplies	5,000	5,000	3,625
Investigation/Film/Etc.	3,500	3,500	3,136
Dues, Subscriptions	1,850	1,850	1,965
Telephones	11,000	11,000	9,782
Gas, Oil, Grease	30,000	30,000	30,145
Police Commission Expense	3,700	3,700	1,890
Miscellaneous	2,000	2,000	2,942
Special Programs	8,000	8,000	7,830
Total Public Safety	2,850,550	2,850,550	3,443,701
Public Works			
Highways and Streets			
Salaries	322,000	322,000	288,919
Overtime Street	15,000	15,000	6,535
Health Insurance	99,000	99,000	95,061
Training & Seminars	2,000	2,000	1,820
Travel Expense	200	200	-
Uniforms	3,250	3,250	2,565

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 4,000	4,000	3,103
Vehicle/Equipment Maintenance	30,000	30,000	23,026
Building/Grounds Maintenance	5,000	5,000	12,981
Radio Maintenance	200	200	-
Parking Lot Maintenance	30,000	30,000	13,735
Tree Planting/Removal	30,000	30,000	24,123
Tools	5,000	5,000	4,174
Barricades	2,000	2,000	953
Supplies & Materials	2,500	2,500	1,663
Telephone	3,600	3,600	1,844
Electricity	100,000	100,000	112,619
Fuel for Building/Propane	-	-	139
Gas, Oil, Grease	20,000	20,000	21,019
Street Signs	5,000	5,000	4,948
Street Decorations	2,000	2,000	2,763
Transportation Services	10,000	10,000	10,706
Miscellaneous	15,000	15,000	10,221
Total Public Works	705,750	705,750	642,917
Capital Outlay			
General Government	61,000	4,561,000	216,432
Public Safety	52,000	52,000	50,592
Public Works	32,000	32,000	31,931
Total Capital Outlay	145,000	4,645,000	298,955
Debt Service			
Principal	22,000	22,000	108,444
Interest	21,000	21,000	97,336
Total Debt Service	43,000	43,000	205,780
Total Expenditures	4,591,890	9,591,890	5,800,749

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 173,000	173,000	165,193
Unemployment Taxes	750	750	1,388
Health Insurance	75,000	75,000	74,458
Auto Mileage	-	-	50
Automation/Consortium	-	-	13,388
Contract Services	-	-	4,123
D&O Insurance	-	-	1,468
Dues/Fees/Charges	-	-	558
Postage	-	-	320
Programming/Adult	-	-	3,851
Programming/Youth:Kids Programming	-	-	1,169
Programming/Youth:Summer Reading Club	-	-	2,048
Programming/Youth:Teen Programming	-	-	491
Public Information	-	-	1,253
Scholarships	-	-	500
Technology Charges	-	-	612
Administration:Staff Development	-	-	80
Administration: Used Book Sales	-	-	601
	<u>248,750</u>	<u>248,750</u>	<u>271,551</u>
Materials			
Audio Books	-	-	3,858
Books/Periodicals:Adult Books	-	-	8,341
Books/Periodicals:Childrens Books	-	-	7,682
Books/Periodicals:Newspapers/Magazines	-	-	4,502
Books/Periodicals:Young Adult Books	-	-	396
E-Media:Oneclick Digital	-	-	1,507
E-Media:Overdrive Subscription	-	-	1,513
E-Media:Zinio Digital Magazines	-	-	1,420
Electronic Resources	-	-	2,552
Music Recordings	-	-	82
Videos:Adult Movies	-	-	2,986
Videos:Childrens Movies	-	-	74
	<u>-</u>	<u>-</u>	<u>34,913</u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Operating			
Contractual Services	\$ 20,000	20,000	29,683
Technology	20,000	20,000	16,877
Telephone	13,750	13,750	18,836
Utilities	500	500	649
Equipment	-	-	1,477
Maintenance/Building/Ground	-	-	1,676
Maintenance/Equipment	-	-	1,246
Miscellaneous	-	-	34,627
Supplies - Library	-	-	2,966
Supplies - Office/Staff	-	-	3,447
Withdrawals For Sec/E. Jones	-	-	1,732
Capital Reserves	-	-	9,220
Copier Leases	-	-	1,102
	<u>54,250</u>	<u>54,250</u>	<u>123,538</u>
 Total Culture and Recreation	 <u>303,000</u>	 <u>303,000</u>	 <u>430,002</u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2020

	<u>Social Security</u>
ASSETS	
Cash and Investments	\$ -
Receivables	
Property Taxes	99,990
Other	-
Due from Other Governments	<u>-</u>
 Total Assets	 <u><u>99,990</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	815
Due to Other Funds	<u>49,175</u>
Total Liabilities	49,990
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>50,000</u>
 Total Liabilities and Deferred Inflows of Resources	 99,990
FUND BALANCES	
Fund Balances	
Restricted	<u>-</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>99,990</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
88,440	321,422	155,953	9,546	48,573	623,934
89,991	-	40,896	-	-	230,877
-	-	-	-	175,533	175,533
-	28,019	-	-	-	28,019
178,431	349,441	196,849	9,546	224,106	1,058,363
5,439	-	-	-	-	6,254
-	-	-	-	-	49,175
5,439	-	-	-	-	55,429
45,000	-	20,451	-	-	115,451
50,439	-	20,451	-	-	170,880
127,992	349,441	176,398	9,546	224,106	887,483
178,431	349,441	196,849	9,546	224,106	1,058,363

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, 2020**

	<u>Social Security</u>
Revenues	
Taxes	\$ 104,852
Intergovernmental	-
Interest	-
Miscellaneous	-
Total Revenues	<u>104,852</u>
Expenditures	
General Government	282,371
Public Works	-
Culture and Recreation	-
Total Expenditures	<u>282,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(177,519)</u>
Other Financing Sources (Uses)	
Transfers In	220,949
Transfers Out	-
	<u>220,949</u>
Net Change in Fund Balances	43,430
Fund Balances - Beginning	<u>(43,430)</u>
Fund Balances - Ending	<u><u>-</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
97,640	-	44,790	-	-	247,282
39,912	351,013	-	3,450	-	394,375
-	4,126	7	130	710	4,973
-	-	-	1,000	-	1,000
137,552	355,139	44,797	4,580	710	647,630
204,894	-	-	-	-	487,265
-	347,317	-	-	-	347,317
-	-	22,221	4,466	-	26,687
204,894	347,317	22,221	4,466	-	861,269
(67,342)	7,822	22,576	114	710	(213,639)
85,500	-	-	-	-	306,449
-	-	(15,000)	-	-	(15,000)
85,500	-	(15,000)	-	-	291,449
18,158	7,822	7,576	114	710	77,810
109,834	341,619	168,822	9,432	223,396	809,673
127,992	349,441	176,398	9,546	224,106	887,483

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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 120,000	120,000	104,852
Expenditures			
General Government			
Contractual Services	255,000	255,000	282,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,000)	(135,000)	(177,519)
Other Financing Sources			
Transfers In	135,000	135,000	220,949
Net Change in Fund Balance	-	-	43,430
Fund Balance - Beginning			(43,430)
Fund Balance - Ending			-

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 110,000	110,000	97,640
Intergovernmental			
Replacement Taxes	36,500	36,500	39,912
Total Revenues	<u>146,500</u>	<u>146,500</u>	<u>137,552</u>
Expenditures			
General Government			
Contractual Services	<u>232,000</u>	<u>232,000</u>	<u>204,894</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,500)	(85,500)	(67,342)
Other Financing Sources			
Transfers In	<u>85,500</u>	<u>85,500</u>	<u>85,500</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	18,158
Fund Balance - Beginning			<u>109,834</u>
Fund Balance - Ending			<u><u>127,992</u></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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 245,000	245,000	351,013
Interest	3,000	3,000	4,126
Miscellaneous	60,000	60,000	-
Total Revenues	<u>308,000</u>	<u>308,000</u>	355,139
Expenditures			
Public Works			
Contractual Services	<u>308,000</u>	<u>308,000</u>	347,317
Net Change in Fund Balance	<u>-</u>	<u>-</u>	7,822
Fund Balance - Beginning			<u>341,619</u>
Fund Balance - Ending			<u><u>349,441</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, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 40,000	40,000	44,790
Interest	-	-	7
Total Revenues	40,000	40,000	44,797
Expenditures			
Culture and Recreation			
Contractual Services	25,000	25,000	22,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	22,576
Other Financing (Uses)			
Transfers Out	(15,000)	(15,000)	(15,000)
Net Change in Fund Balance	-	-	7,576
Fund Balance - Beginning			168,822
Fund Balance - Ending			176,398

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, 2020**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,230,000	2,230,000	2,063,750
Tap On Fees	5,000	5,000	6,144
Sale Of Material	5,000	5,000	2,720
Penalties	50,000	50,000	43,111
Plumbing Fees	3,500	3,500	3,289
Maintenance	604,000	604,000	591,096
Moving Charge	2,300	2,300	1,835
Utility Tax	112,000	112,000	129,336
EPA License Fee	17,500	17,500	17,774
Water Tower Lease	36,300	36,300	36,296
Waste Water Plant Fee	-	-	3,300
Miscellaneous	3,000	3,000	24,808
Total Operating Revenues	<u>3,068,600</u>	<u>3,068,600</u>	<u>2,923,459</u>
Operating Expenses			
Water	1,373,800	2,123,800	1,179,620
Sewer Treatment	856,445	856,445	867,689
Depreciation	-	-	280,401
Total Operating Expenses	<u>2,230,245</u>	<u>2,980,245</u>	<u>2,327,710</u>
Operating Income	<u>838,355</u>	<u>88,355</u>	<u>595,749</u>
Nonoperating Revenues (Expenses)			
Grants	4,450	4,450	-
Interest Income	15,000	15,000	12,660
Interest Expense	(51,000)	(51,000)	(38,934)
	<u>(31,550)</u>	<u>(31,550)</u>	<u>(26,274)</u>
Income Before Transfers	806,805	56,805	569,475
Transfers Out	<u>(683,805)</u>	<u>(683,805)</u>	-
Change in Net Position	<u>123,000</u>	<u>(627,000)</u>	569,475
Net Position - Beginning			<u>6,473,839</u>
Net Position - Ending			<u>7,043,314</u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 388,000	388,000	393,742
O.T. Salaries	11,000	11,000	12,932
Compensated Absences	-	-	13,129
IMRF Pension Expense	-	-	(15,470)
OPEB Expense	-	-	236,667
Health Insurance	82,000	82,000	73,368
Training	750	750	846
Uniforms	2,800	2,800	2,107
Professional Fees	105,000	105,000	46,448
Permit Fees	17,500	17,500	17,500
Engineering Fees	150,000	900,000	-
Vehicle Maintenance	5,000	5,000	2,601
Building Maintenance	20,000	20,000	15,796
Maintenance of Tower	25,000	25,000	15,995
Lift Station Maintenance	30,000	30,000	31,178
Equipment Maintenance	145,000	145,000	17,725
Lab Supplies	12,000	12,000	8,713
Material Purchases	3,000	3,000	2,111
Office Supplies	-	-	145
Dues/Subscriptions	750	750	-
Telephone	5,000	5,000	3,648
Electricity	185,000	185,000	200,658
Fuel for Building, Gas	9,500	9,500	10,815
Gasoline, Oil, Grease	9,500	9,500	9,253
Chemicals	100,000	100,000	75,575
Miscellaneous	2,500	2,500	3,093
Payment To State	17,500	17,500	-
New Equipment	47,000	47,000	1,045
	<u>1,373,800</u>	<u>2,123,800</u>	<u>1,179,620</u>
Sewer Treatment			
Salaries	257,000	257,000	297,582
Salaries - Clerical	120,500	120,500	78,491
O.T. Salaries	15,000	15,000	12,669
Health Insurance	82,195	82,195	82,494
Uniforms	3,250	3,250	3,007

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Professional Fees	\$ -	-	383
Utility Tax	112,000	112,000	127,861
Rent	25,000	25,000	-
Vehicle Maintenance	25,000	25,000	16,930
Building/Grounds/General Maintenance	-	-	4
Storm Sewer Maintenance	30,000	30,000	29,935
Sanitary Sewer Maintenance	35,000	35,000	101,192
Water Main Maintenance	50,000	50,000	39,200
Material Purchase	2,500	2,500	2,532
Office Supplies	2,500	2,500	700
Postage	8,000	8,000	8,597
Telephone	3,000	3,000	1,057
Electricity	10,000	10,000	37
Gasoline, Oil, Grease	15,000	15,000	7,936
Miscellaneous	18,000	18,000	15,761
New Equipment	42,500	42,500	41,321
	<u>856,445</u>	<u>856,445</u>	<u>867,689</u>
Depreciation	-	-	280,401
Total Operating Expenses	<u>2,230,245</u>	<u>2,980,245</u>	<u>2,327,710</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2020**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
ASSETS				
Cash and Cash Equivalents	\$ 124,880	76,960	11,226	213,066
Investments				
U.S. Treasuries	572,428	-	-	572,428
U.S. Agencies	3,284,466	-	-	3,284,466
Corporate Bonds	791,816	-	-	791,816
Municipal Bonds	551,988	-	-	551,988
Mutual Funds	6,241,903	-	-	6,241,903
Receivables				
Accrued Interest	42,091	-	-	42,091
Due from Other Funds	349,938	-	-	349,938
Other	-	86,393	-	86,393
Prepays	3,766	-	-	3,766
Total Assets	11,963,276	163,353	11,226	12,137,855
LIABILITIES				
Accounts Payable	4,077	-	(7)	4,070
NET POSITION				
Net Position Restricted for Trusts	11,959,199	163,353	11,233	12,133,785

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2020**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
Additions				
Contributions - Employer	\$ 711,186	-	-	711,186
Contributions - Plan Members	159,083	-	-	159,083
Other Income	-	16,007	-	16,007
Total Contributions	870,269	16,007	-	886,276
Investment Income				
Interest Income	347,937	1,062	190	349,189
Net Change in Fair Value	(20,803)	-	-	(20,803)
	327,134	1,062	190	328,386
Less Investment Expenses	(29,056)	-	-	(29,056)
Net Investment Income	298,078	1,062	190	299,330
Total Additions	1,168,347	17,069	190	1,185,606
Deductions				
Administration	27,868	-	-	27,868
Benefits and Refunds	756,383	-	-	756,383
Other Charges and Services	-	3,399	1,512	4,911
Total Deductions	784,251	3,399	1,512	789,162
Change in Fiduciary Net Position	384,096	13,670	(1,322)	396,444
Net Position Restricted for Trusts				
Beginning	11,575,103	149,683	12,555	11,737,341
Ending	11,959,199	163,353	11,233	12,133,785

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 645,000	645,000	711,186
Contributions - Plan Members	-	-	159,083
Total Contributions	645,000	645,000	870,269
Investment Income			
Interest Income	-	-	347,937
Net Change in Fair Value	-	-	(20,803)
	-	-	327,134
Less Investment Expenses	-	-	(29,056)
Net Investment Income	-	-	298,078
Total Additions	645,000	645,000	1,168,347
Deductions			
Administration	-	-	27,868
Benefits and Refunds	645,000	645,000	756,383
Total Deductions	645,000	645,000	784,251
Change in Fiduciary Net Position	-	-	384,096
Net Position Restricted for Pensions			
Beginning			11,575,103
Ending			11,959,199

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended April 30, 2020**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
ASSETS						
Cash and Investments	\$ 15,519	7,975	431	10	3,779	27,714
LIABILITIES						
Accounts Payable	-	-	-	-	-	-
NET POSITION						
Net Position Restricted for Individuals, Organizations and other Governments	15,519	7,975	431	10	3,779	27,714

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2020**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
Additions						
Special Assessments - Property Tax	\$ -	36,857	72,060	41,604	126,696	277,217
Other Income	-	-	-	93	2,203	2,296
Total Contributions	-	36,857	72,060	41,697	128,899	279,513
Investment Income						
Interest Income	218	240	446	288	549	1,741
Total Additions	218	37,097	72,506	41,985	129,448	281,254
Deductions						
Administration	-	-	400	550	900	1,850
Debt Service						
Principal Retirement	-	35,394	70,000	35,000	90,159	230,553
Interest and Fiscal Charges	-	1,815	3,395	6,600	37,372	49,182
Total Deductions	-	37,209	73,795	42,150	128,431	281,585
Change in Fiduciary Net Position	218	(112)	(1,289)	(165)	1,017	(331)
Net Position Restricted for Individuals, Organizations and Governments						
Beginning	15,301	8,087	1,720	175	2,762	28,045
Ending	15,519	7,975	431	10	3,779	27,714

CITY OF HARVARD, ILLINOIS

SSA #2 Pointe 3A Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 36,853	36,853	36,857
Investment Income			
Interest Income	-	-	240
Total Additions	36,853	36,853	37,097
Deductions			
Debt Service			
Principal Retirement	32,000	32,000	35,394
Interest and Fiscal Charges	4,853	4,853	1,815
Total Deductions	36,853	36,853	37,209
Change in Fiduciary Net Position	-	-	(112)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			8,087
Ending			7,975

CITY OF HARVARD, ILLINOIS

SSA #3 Shadow Creek Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 74,000	74,000	72,060
Investment Income			
Interest Income	-	-	446
Total Additions	74,000	74,000	72,506
Deductions			
Administration	-	-	400
Debt Service			
Principal Retirement	68,500	68,500	70,000
Interest and Fiscal Charges	5,500	5,500	3,395
Total Deductions	74,000	74,000	73,795
Change in Fiduciary Net Position	-	-	(1,289)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			1,720
Ending			431

CITY OF HARVARD, ILLINOIS

SSA #4 Pointe 3B Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 41,600	41,600	41,604
Other Income	-	-	93
Total Contributions	41,600	41,600	41,697
Investment Income			
Interest Income	-	-	288
Total Additions	41,600	41,600	41,985
Deductions			
Administration	-	-	550
Debt Service			
Principal Retirement	35,000	35,000	35,000
Interest and Fiscal Charges	6,600	6,600	6,600
Total Deductions	41,600	41,600	42,150
Change in Fiduciary Net Position	-	-	(165)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			175
Ending			10

CITY OF HARVARD, ILLINOIS

SSA #5 Shadow Creek Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 127,000	127,000	126,696
Other Income	-	-	2,203
Total Contributions	127,000	127,000	128,899
Investment Income			
Interest Income	-	-	549
Total Additions	127,000	127,000	129,448
Deductions			
Administration	-	-	900
Debt Service			
Principal Retirement	85,000	85,000	90,159
Interest and Fiscal Charges	42,000	42,000	37,372
Total Deductions	127,000	127,000	128,431
Change in Fiduciary Net Position	-	-	1,017
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			2,762
Ending			3,779

CITY OF HARVARD, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2020**

CSFA #	Program Name	State	Federal	Other	Totals
494-00-1488	Motor Fuel Tax Program	\$ 344,914	-	-	344,914
494-00-0967	High-Growth Cities Program	2,403	-	-	2,403
	Other Grant Programs and Activities	-	-	76,424	76,424
	All Other Costs Not Allocated	-	-	10,806,024	10,806,024
	Totals	<u>347,317</u>	<u>-</u>	<u>10,882,448</u>	<u>11,229,765</u>

SUPPLEMENTAL SCHEDULES

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A
April 30, 2020**

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
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>1,555,000</u>	<u>123,045</u>	<u>1,678,045</u>		<u>61,521</u>		<u>61,524</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B
April 30, 2020**

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
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>1,165,000</u>	<u>169,695</u>	<u>1,334,695</u>		<u>84,845</u>		<u>84,850</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A
April 30, 2020**

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
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>695,000</u>	<u>52,714</u>	<u>747,714</u>		<u>26,357</u>		<u>26,357</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B
April 30, 2020**

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
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>2,265,000</u>	<u>440,160</u>	<u>2,705,160</u>		<u>220,080</u>		<u>220,080</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2017
April 30, 2020**

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
2021	\$ 32,584	22,016	54,600
2022	602,600	19,118	621,718
	635,184	41,134	676,318

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2017
April 30, 2020**

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
2021	\$ 61,450	34,402	95,852
2022	64,040	31,828	95,868
2023	731,248	7,520	738,768
	856,738	73,750	930,488

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Note Payable of 2018
April 30, 2020**

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
2021	\$ 24,118	18,912	43,030
2022	25,250	17,780	43,030
2023	369,502	16,595	386,097
	418,870	53,287	472,157

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2019

April 30, 2020

Date of Issue	June 5, 2019
Date of Maturity	July 1, 2024
Authorized Issue	\$5,000,000
Denomination of Bonds	\$5,000
Interest Rate	2.65%
Interest Dates	July 1 and January 1
Principal Maturity Date	July 1
Payable at	Sauk Valley Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ 194,407	131,093	325,500	2020	65,841	2021	65,252
2022	200,032	125,468	325,500	2021	62,889	2022	62,579
2023	205,442	120,058	325,500	2022	60,224	2023	59,834
2024	210,999	114,501	325,500	2023	57,487	2024	57,014
2025	4,103,662	54,978	4,158,640	2024	54,978	2025	-
	<u>4,914,542</u>	<u>546,098</u>	<u>5,460,640</u>		<u>301,419</u>		<u>244,679</u>