

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT

April 30, 2009

CITY OF HARVARD, ILLINOIS

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CITY OF HARVARD, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Harvard, Illinois' management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

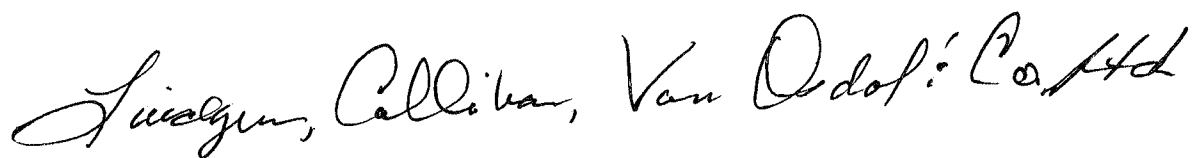
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not included a management's discussion and analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with Government Auditing Standards, we have also issued a report dated October 13, 2009 on our consideration of City of Harvard, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Schedule of Funding Progress for the Illinois Municipal Retirement Fund, Actuarial Valuations for Police Pension System, and the Schedule of Revenues and Expenditures/Expenses Compared with Budget, all of which are listed in the table of contents as required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of City of Harvard, Illinois taken as a whole. The schedules listed in the table of contents as "Other Supplementary Information" are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Steven Callahan, CPA". The signature is written in black ink and is positioned in the lower right quadrant of the page.

Rockford, Illinois
November 5, 2009



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the City of Harvard as of and for the year ended April 30, 2009, which collectively comprise the City of Harvard's basic financial statements and have issued our report thereon dated November 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harvard's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harvard's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Harvard's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Harvard's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Harvard's financial

statements that are more than inconsequential will not be prevented or detected by the City of Harvard's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Harvard's internal control.

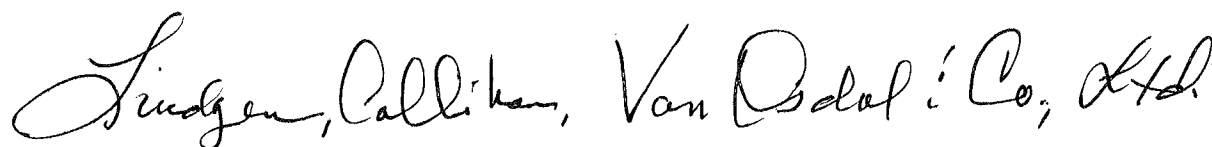
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

The City of Harvard's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Harvard's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, members of the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Rockford, Illinois
November 5, 2009

BASIC FINANCIAL STATEMENTS

CITY OF HARVARD, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,222,169	\$ 36,338	\$ 1,258,507
Investments	783,847	-	783,847
Receivables:			
Taxes	3,020,493	-	3,020,493
Accounts	98,972	297,534	396,506
Due from other governments	376,959	-	376,959
Internal balances	(1,237)	1,237	-
Total current assets	<u>5,501,203</u>	<u>335,109</u>	<u>5,836,312</u>
Bond issuance costs	10,000	45,597	55,597
Capital Assets (net of accumulated depreciation):			
Land (non-depreciable)	8,119,072	128,000	8,247,072
Infrastructure	4,630,200	1,012,803	5,643,003
Buildings and improvements	4,351,297	8,225,775	12,577,072
Machinery and equipment	247,571	385,678	633,249
Furniture and office equipment	5,730	10,226	15,956
Vehicles	<u>149,881</u>	<u>7,357</u>	<u>157,238</u>
Total noncurrent assets	<u>17,513,751</u>	<u>9,815,436</u>	<u>27,329,187</u>
Total assets	<u>23,014,954</u>	<u>10,150,545</u>	<u>33,165,499</u>

LIABILITIES

Current liabilities:			
Accounts payable	99,746	79,423	179,169
Accrued payroll	155,077	29,257	184,334
Due to fiduciary fund	26,337	-	26,337
Deferred revenues	1,501,161	-	1,501,161
Net pension obligation	538,672	-	538,672
Notes payable	751,858	-	751,858
Current portion long term debt	473,476	230,000	703,476
Total current liabilities	<u>3,546,327</u>	<u>338,680</u>	<u>3,885,007</u>
Noncurrent liabilities:			
Compensated absences	170,058	12,310	182,368
Notes payable	640,999	-	640,999
Bonds payable	8,536,141	3,545,000	12,081,141
Total noncurrent liabilities	<u>9,347,198</u>	<u>3,557,310</u>	<u>12,904,508</u>
Total liabilities	<u>12,893,525</u>	<u>3,895,990</u>	<u>16,789,515</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,494,134	5,994,839	14,488,973
Restricted for highways and streets	18,953	-	18,953
Restricted for debt service	504,795	604,520	1,109,315
Restricted for capital projects	122,269	-	122,269
Unrestricted	981,278	(344,804)	636,474
Total net assets	<u>\$ 10,121,429</u>	<u>\$ 6,254,555</u>	<u>\$ 16,375,984</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF ACTIVITIES
Year ended April 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General Government	\$ 2,747,487	\$ 3,393,049	\$ -	\$ -
Public Safety	2,889,731	217,694	-	-
Public Works	1,037,293	118,640	236,190	-
Culture and Recreation	559,299	46,389	-	-
Interest expense	<u>2,882,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 10,115,935</u>	<u>\$ 3,775,772</u>	<u>\$ 236,190</u>	<u>\$ -</u>
Business-type activities:				
Swimming Pool	\$ 197,577	\$ 61,075	\$ -	\$ -
Waterworks and Sewerage	<u>2,072,775</u>	<u>1,782,374</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 2,270,352</u>	<u>\$ 1,843,449</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

State taxes

Miscellaneous taxes

Interest and investment income (losses)

Miscellaneous

Total general revenues

Transfers

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ 645,562	\$ -	\$ 645,562
(2,672,037)	-	(2,672,037)
(682,463)	-	(682,463)
(512,910)	-	(512,910)
<u>(2,882,125)</u>	<u>-</u>	<u>(2,882,125)</u>
<u>(6,103,973)</u>	<u>-</u>	<u>(6,103,973)</u>
-	(136,502)	(136,502)
<u>-</u>	<u>(290,401)</u>	<u>(290,401)</u>
<u>-</u>	<u>(426,903)</u>	<u>(426,903)</u>
2,917,964	-	2,917,964
1,795,856	-	1,795,856
802,310	-	802,310
(288,395)	11,110	(277,285)
<u>139,139</u>	<u>80,190</u>	<u>219,329</u>
<u>5,366,874</u>	<u>91,300</u>	<u>5,458,174</u>
<u>-</u>	<u>-</u>	<u>-</u>
(737,099)	(335,603)	(1,072,702)
<u>10,858,528</u>	<u>6,590,158</u>	<u>17,448,686</u>
<u>\$ 10,121,429</u>	<u>\$ 6,254,555</u>	<u>\$ 16,375,984</u>

CITY OF HARVARD, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
April 30, 2009

	General Fund	Harvard Diggins Library	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 173,138	\$ 1,049,031	\$ 1,222,169
Investments	-	726,898	56,949	783,847
Receivables, net of allowances				
Property tax	940,630	234,113	1,845,750	3,020,493
Accounts	466,430	-	9,501	475,931
Due from other funds	862,345	-	69,850	932,195
Total assets	\$ 2,269,405	\$ 1,134,149	\$ 3,031,081	\$ 6,434,635
 LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 88,473	\$ -	\$ 11,273	\$ 99,746
Accrued payroll	140,082	9,213	5,782	155,077
Due to other funds	23,717	-	936,052	959,769
Notes payable	751,858	-	-	751,858
Deferred revenue	462,550	115,731	922,880	1,501,161
Total liabilities	1,466,680	124,944	1,875,987	3,467,611
Fund balances:				
Unreserved, reported in:				
General funds	802,725	19,260	-	821,985
Special revenue funds	-	989,945	528,030	1,517,975
Debt service funds	-	-	504,795	504,795
Capital projects funds	-	-	122,269	122,269
Total fund balances	802,725	1,009,205	1,155,094	2,967,024
Total liabilities and fund balances	\$ 2,269,405	\$ 1,134,149	\$ 3,031,081	\$ 6,434,635

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
April 30, 2009

Total fund balances - governmental funds \$ 2,967,024

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$19,358,187 and the accumulated depreciation is \$1,854,436. 17,503,751

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. The net pension obligation is also not accrued in the fund financial statements. (10,349,346)

Total net assets - governmental activities \$ 10,121,429

CITY OF HARVARD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2009

	General Fund	Harvard Diggins Library	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,206,078	\$ 242,415	\$ 1,836,886	\$ 5,285,379
Licenses and fees	685,902	21,913	120,196	828,011
Intergovernmental	-	-	18,394	18,394
Investment income (loss)	-	(338,880)	-	(338,880)
Interest	5,184	-	15,090	20,274
Other	270,304	14,323	320,725	605,352
Total revenues	<u>4,167,468</u>	<u>(60,229)</u>	<u>2,311,291</u>	<u>6,418,530</u>
EXPENDITURES				
General government	1,654,138	58,874	2,552,675	4,265,687
Public safety	2,594,424	-	84,041	2,678,465
Public works	614,637	-	411,157	1,025,794
Culture and recreation	-	294,981	2,630,101	2,925,082
Debt service	14,861	-	1,050,786	1,065,647
Total expenditures	<u>4,878,060</u>	<u>353,855</u>	<u>6,728,760</u>	<u>11,960,675</u>
Excess (deficiency) of revenues over expenditures	(710,592)	(414,084)	(4,417,469)	(5,542,145)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	-	-	100,000
Proceeds from long term debt	650,000	-	4,326,055	4,976,055
Refunding bonds issued	-	-	2,173,945	2,173,945
Payment to refund bond	-	-	(2,163,945)	(2,163,945)
Transfers out	-	-	(100,000)	(100,000)
Total other financing sources and uses	<u>750,000</u>	<u>-</u>	<u>4,236,055</u>	<u>4,986,055</u>
Net change in fund balances	39,408	(414,084)	(181,414)	(556,090)
Fund balances - beginning	763,317	1,423,289	1,336,508	3,523,114
Fund balances - ending	<u>\$ 802,725</u>	<u>\$ 1,009,205</u>	<u>\$ 1,155,094</u>	<u>\$ 2,967,024</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended April 30, 2009

Excess (deficiency) of revenues received and other sources over (under) expenditures disbursed and other uses - Governmental funds	\$ (556,090)
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences are reported in the government wide statement. This is the amount of change in the liability from the prior year	
	24,815
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets \$4,989,040 exceeds depreciation expense of \$273,078 in the period.	
	4,715,962
The increase in the net pension obligation recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the increase in the net pension obligation in the period.	
	(145,160)
Debt payments are reported in governmental funds as expenditures. However, the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	<u>(4,776,626)</u>
Change in net assets of governmental activities	<u>\$ (737,099)</u>

CITY OF HARVARD, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2009

<u>ASSETS</u>	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Current assets:			
Cash	\$ 36,338	\$ -	\$ 36,338
Receivables, net of allowance for uncollectible:			
Accounts	297,534	-	297,534
Due from other funds	556,893	-	556,893
Total current assets	890,765	-	890,765
Bond issuance costs	45,597	-	45,597
Land	128,000	-	128,000
Property, plant and equipment (net of accumulated depreciation)	7,929,847	1,711,992	9,641,839
Total noncurrent assets	8,103,444	1,711,992	9,815,436
Total assets	8,994,209	1,711,992	10,706,201
 LIABILITIES			
Current liabilities:			
Due to other funds	-	555,656	555,656
Accounts payable	79,423	-	79,423
Accrued payroll	29,247	10	29,257
Current portion long term debt	230,000	-	230,000
Total current liabilities	338,670	555,666	894,336
Noncurrent liabilities:			
Compensated absences payable	12,310	-	12,310
General obligation bonds payable	3,545,000	-	3,545,000
Total noncurrent liabilities	3,557,310	-	3,557,310
Total liabilities	3,895,980	555,666	4,451,646
 NET ASSETS			
Invested in capital assets, net of related debt	4,282,847	1,711,992	5,994,839
Restricted for debt service	604,520	-	604,520
Unrestricted	210,862	(555,666)	(344,804)
Total net assets	\$ 5,098,229	\$ 1,156,326	\$ 6,254,555

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2009

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Waterworks and Sewerage Fund</u>	<u>Swimming Pool Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 1,782,374	\$ 61,075	\$ 1,843,449
Operating expenses:			
Operating	1,468,333	140,545	1,608,878
Depreciation	427,433	57,032	484,465
Total operating expenses	1,895,766	197,577	2,093,343
Operating income (loss)	(113,392)	(136,502)	(249,894)
Nonoperating revenues (expenses):			
Motor fuel tax	3,695	-	3,695
Grant for capital improvement	-	-	-
Rent receipts	22,737	-	22,737
Miscellaneous income	51,858	1,900	53,758
Interest income	11,107	3	11,110
Interest expense	(177,009)	-	(177,009)
Total nonoperating revenues	(87,612)	1,903	(85,709)
Other financing sources (uses)			
Operating transfers in (out)	-	-	-
Net income (loss)	(201,004)	(134,599)	(335,603)
Net assets - May 1, 2008	5,299,233	1,290,925	6,590,158
Net assets - April 30, 2009	<u>\$ 5,098,229</u>	<u>\$ 1,156,326</u>	<u>\$ 6,254,555</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2009

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Waterworks and Sewerage Fund</u>	<u>Swimming Pool Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,763,847	\$ 61,075	\$ 1,824,922
Payments to suppliers	(1,191,627)	(98,572)	(1,290,199)
Payments to employees	(211,324)	(42,737)	(254,061)
Net cash used in operations	<u>360,896</u>	<u>(80,234)</u>	<u>280,662</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>11,107</u>	<u>3</u>	<u>11,110</u>
Net cash provided by investing activities	<u>11,107</u>	<u>3</u>	<u>11,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(177,009)	-	(177,009)
Miscellaneous receipts	78,292	1,900	80,192
Transfers in (out)	(78,328)	78,331	3
Principal payments on general obligation bonds	(212,384)	-	(212,384)
Proceeds from sale of general obligation bonds	-	-	-
Purchase of property and equipment	(319,565)	-	(319,565)
Net cash provided by (used in) capital and related financing activities	<u>(708,994)</u>	<u>80,231</u>	<u>(628,763)</u>
Net increase (decrease) in cash and cash equivalents	(336,991)	-	(336,991)
Beginning cash and cash equivalents	<u>373,329</u>	<u>-</u>	<u>373,329</u>
Ending cash and cash equivalents	<u>\$ 36,338</u>	<u>\$ -</u>	<u>\$ 36,338</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year ended April 30, 2009

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (113,392)	\$ (136,502)	\$ (249,894)
Adjustments to reconcile operating income to net cash provided by (used in) operations			
Depreciation	427,433	57,032	484,465
Changes in assets and liabilities:			
Accounts receivable	(18,527)	-	(18,527)
Due from other funds	-	-	-
Accounts payable	41,376	-	41,376
Accrued payroll	27,312	(45)	27,267
Compensated absences	(3,306)	(719)	(4,025)
	<u>\$ 360,896</u>	<u>\$ (80,234)</u>	<u>\$ 280,662</u>
Net cash provided by (used in) operations	<u>\$ 360,896</u>	<u>\$ (80,234)</u>	<u>\$ 280,662</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
April 30, 2009

<u>ASSETS</u>	<u>Police Pension Trust Fund</u>	<u>Non-expendable Trust Fund Apartment Fund</u>	<u>Expendable Trust Fund Scholarship Fund</u>
Cash	\$ 362,445	\$ 15,844	\$ 50
Investments	4,366,581	-	21,177
Receivables, net of allowance for uncollectible:			
Note receivable	-	106,027	-
Accrued interest	2,454	-	-
Receivable from City	<u>32,803</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,764,283</u>	<u>121,871</u>	<u>21,227</u>
<u>LIABILITIES</u>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>			
Held in trust for pension benefits and other purposes	<u>\$ 4,764,283</u>	<u>\$ 121,871</u>	<u>\$ 21,227</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended April 30, 2009

	Police Pension Trust Fund	Non-expendable Trust Fund Apartment Fund	Expendable Trust Fund Scholarship Fund
Additions:			
Contributions-employer taxes	\$ 137,477	\$ -	\$ -
Contributions-employee	243,080	-	-
Investment income:			
Gain on sale of property	-	-	-
Net appreciation (depreciation) in fair value of investments	-	-	-
Interest, dividends and investment income (loss)	(221,822)	8,091	1,535
Total additions	158,735	8,091	1,535
Deductions:			
Benefits and refunds	142,567	-	-
Other charges and services	8,602	7,265	1,000
Total deductions	151,169	7,265	1,000
Net increase	7,566	826	535
Net assets - beginning	4,756,717	121,045	20,692
Net assets - ending	\$ 4,764,283	\$ 121,871	\$ 21,227

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2009

A. Summary of Significant Accounting Policies:

REPORTING ENTITY

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

The accounting policies of the City conform to accounting principles generally accepted in the United State of America as applicable to governmental units. City of Harvard's basic financial statements include the accounts of all City operations that are controlled by or dependent on the City. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The City is considered to be a primary government pursuant to GASB Statement 14 as amended by GASB Statement 39 since it is legally separate and financially independent. This report includes all of the funds and account groups of the City. It includes all activities considered to be part of (controlled by or dependent on) the City as set forth under the GAAP criteria. Blended component units, although legally separate entities, are part of the government's operations and so data from these units are combined with data of the primary government.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

REPORTING ENTITY (CONTINUED)

Blended Component Unit. The Library serves all the citizens of the City and is governed by the Library Board of Trustees. The budget and appropriation ordinance is approved by the Library Board and City Council, and the legal liability for any Library debt remains with the City. The Library is reported as a Special Revenue Fund. The individual financial statements of the Library may be obtained by contacting the Harvard Diggins Library located in Harvard, Illinois.

GOVERNMENT WIDE, FUND FINANCIAL STATEMENTS AND BASIS OF ACCOUNTING

The government wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments, not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the City maintains a Fiduciary or Agency responsibility are not presented in the government wide financial statements.

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

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 comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

GOVERNMENT WIDE, FUND FINANCIAL STATEMENTS AND BASIS OF ACCOUNTING (CONTINUED)

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. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental funds of the City:

1. **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.
2. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a particular purpose.
3. **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.
4. **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business type/proprietary funds).

Proprietary Fund

The focus of the proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Standards Board Statement No. 20.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

GOVERNMENT WIDE, FUND FINANCIAL STATEMENTS AND BASIS OF ACCOUNTING (CONTINUED)

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is 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 pricing policy designed to recover similar costs.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major funds:

Governmental Funds:

General Fund

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

Harvard Diggins Library

The Harvard Diggins Library fund is a blended component unit of the City. It is used to account for all the financial resources and costs related to the operations of the Library.

Enterprise Funds:

Waterworks and Sewerage Fund To account for the costs related to the operation of the City's water and sewer system. Funding is provided by user fees.

Swimming Pool Fund To account for the costs related to the operation of the City's swimming pool. Funding is provided by user fees.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

BUDGETS

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the City's annual appropriation ordinance adopted for the fiscal year ended April 30, 2009. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

- a. 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.
- b. Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.
- d. Unexpended 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 budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

CASH AND INVESTMENTS

Cash consists of demand deposits and savings accounts, both being easily accessible and with short-term duration. Investments as of April 30, 2009 consist of treasury bills, certificates of deposit, and money market accounts in various financial institutions. Investments are stated at fair market value.

Statutes authorize the City to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

CASH AND INVESTMENTS (CONTINUED)

associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts. For purposes of the statement of cash flows, cash equivalents include money market accounts and any highly liquid instruments purchased with a maturity of less than three months.

PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1st 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). Such taxes are payable by taxpayers in two installments on approximately June 1 and September 1 subsequent to the year of levy. The property tax levy passed in December 2008 was allocated fifty percent for each of the two years after the levy year.

Property taxes levied in the current year and collected in the subsequent year are not considered available and are accordingly recorded as revenues in the year following the levy.

FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation time. All vacation pay time is due in the event of termination and is accrued when incurred in the government-wide and proprietary fund financial statements, in accordance with the City's policies. Sick time accrues at the rate of one day for each 30 calendar days of employment. Upon termination, accumulated sick pay will convert into severance pay with the amounts depending on length of service. No liability for sick pay has been accrued in the government-wide and proprietary fund financial statements.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

A. Summary of Significant Accounting Policies (Continued):

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. Legal Compliance and Accountability:

BUDGETS

All departments of the City submit requests for appropriation to the City's administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The budget may be amended by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2009, expenditures exceed appropriations in the General fund by \$546,249. These over expenditures were funded by greater than anticipated revenues in that fund.

DEFICIT FUND BALANCES/RETAINED EARNINGS OF INDIVIDUALS FUNDS

The following funds had a deficit in fund balance/retained earnings as of the date of this report:

<u>Fund</u>	<u>Deficit Balance</u>
Park	\$(208,313)
Road & Bridge	(159,427)
Regional Transportation Authority	(261,445)
Audit	(13,620)
Liability Insurance	(40,052)
Capital Improvement	(610)

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

C. Deposits and Investments:

The City maintains a cash and investment pool that is mainly used by the Water and Sewer Fund. The deposits and investments of the pension trust funds are held separately from those of other funds.

Occasionally, certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the City Council. A deficit in one fund restricts the cash available for use by other funds in the same common account. The cash overdrafts have been classified as due to/from on the financial statements. As of April 30, 2009, the following funds had overdrafts:

Park Fund	\$307,059
Road & Bridge	195,150
Social Security	19,629
RTA	261,918
Audit	18,621
Liability Insurance	50,052
Debt Service	77,846

Deposits. At year-end, the carrying amount of the City's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$1,844,840 and the bank balance was \$2,042,276. Of the bank balance, \$2,042,276 was covered by Federal Depository Insurance or by collateral held by pledging bank's trust department or by its agent in the City's name.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. As of April 30, 2009, \$-0- of the City's balance was exposed to custodial credit risk and was uninsured and uncollateralized. The City has no foreign currency risk for deposits at year end.

For financial statement purposes, the City shows long-term certificates of deposits, U.S. Govt. obligations, corporate bonds, common stock, equity mutual funds, and insurance contracts as investments.

Investments. As of April 30, 2009, the City's investments were as follows:

	<u>Fair Value</u>
Investment in State Investment Pool	\$ 2,853
Long-term Certificates of Deposit	418,735
U.S. Government Obligations	2,358,442
Corporate Bonds	200,209
Common Stock	371,044
Equity Mutual Funds	806,198
Insurance contracts	325,356
Total	<u>\$4,482,837</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

C. Deposits and Investments (Continued):

Pension Funds own all the investments in U.S. Government Obligations, Equity Mutual Funds and Insurance Contracts.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the City investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	
External investment pool	\$ 2,853	\$ -	\$ -	\$ 2,853
Long-term Certificates of Deposit	-	418,735	-	418,735
U.S. Government obligations	-	-	2,358,442	2,358,442
Corporate Bonds	-	154,924	45,285	200,209
Insurance contracts	<u>325,356</u>	<u>-</u>	<u>-</u>	<u>325,356</u>
Total	<u>\$328,209</u>	<u>\$573,659</u>	<u>\$2,403,727</u>	<u>\$3,305,595</u>

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

	<u>Total as of April 30, 2009</u>	<u>AAAm</u>	<u>Unrated</u>
External investment pool	<u>\$2,853</u>	<u>\$2,853</u>	<u>\$ -</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

C. Deposits and Investments (Continued):

Credit Risk (Continued):

	<u>Total as of April 30, 2009</u>	<u>BBB+</u>	<u>A+</u>
Corporate bonds	<u>\$200,209</u>	<u>\$34,044</u>	<u>\$45,772</u>
	<u>AA-</u>	<u>AA</u>	<u>AAA</u>
	<u>\$36,871</u>	<u>\$40,649</u>	<u>\$42,873</u>

Concentration of Credit Risk:

The City has no investments, other than mutual funds that are exempted from this requirement, in any one issuer that represent 5% or more of total City's investments.

Custodial Credit Risk:

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of April 30, 2009 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk:

The City has no foreign currency risk for investments at year end.

D. Reserved Fund Balances/Retained Earnings:

The following reservations of fund balances/retained earnings existed as of April 30, 2009:

Enterprise:

Water & Sewer Fund:
 Reserved due to bond ordinance \$604,520

Fiduciary:

Non Expendable Trust Fund:
 Apartment Fund \$121,871

Pension Trust Funds:

Police Pension Fund:
 Reserved for employees retirement system \$4,764,283

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

E. Property, Plant and Equipment:

Capital assets, which include buildings and improvements, equipment and vehicles are reported in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 for equipment and vehicles, \$10,000 for building and improvements, and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. For those assets for which historical cost is not available, the City has estimated historical cost by using current costs and adjusting for inflation. Donated assets are stated at estimated fair market value as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives:

Buildings & Improvements	50 years
Infrastructure	40 years
Equipment & Vehicles	8 - 20 years

The City has elected to record infrastructure assets on a prospective basis.

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

The governmental activities capital asset activity for the year ended April 30, 2009 is as follows:

	<u>Balance</u> <u>May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Cost:				
Land (not depr.)	\$ 8,092,500	\$ 26,572	\$ -	\$ 8,119,072
Infrastructure	284,304	4,390,031	-	4,674,335
Buildings & improvements	4,401,725	521,137	-	4,922,862
Machinery & equipment	622,398	-	-	622,398
Office equipment	50,956	-	-	50,956
Vehicles	787,948	37,058	-	825,006
Harvard Diggins				
Library Fixed Assets	<u>129,316</u>	<u>14,242</u>	<u>-</u>	<u>143,558</u>
	<u>\$14,369,147</u>	<u>\$4,989,040</u>	<u>\$ -</u>	<u>\$19,358,187</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

E. Property, Plant and Equipment (Continued):

	<u>Balance</u> <u>May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Accumulated Depreciation:				
Infrastructure	\$ 9,614	\$ 34,521	\$ -	\$ 44,135
Buildings & improvements	484,869	86,696	-	571,565
Machinery & equipment	312,420	88,914	-	401,334
Office equipment	42,415	2,811	-	45,226
Vehicles	623,447	51,678	-	675,125
Harvard Diggins				
Library Fixed Assets	<u>108,592</u>	<u>8,459</u>	<u>-</u>	<u>117,051</u>
	<u>\$1,581,357</u>	<u>\$273,078</u>	<u>\$ -</u>	<u>\$1,854,436</u>
Total Capital Assets, Net:				
Land	\$ 8,092,500	\$ 26,572	\$ -	\$ 8,119,072
Infrastructure	274,690	4,355,510	-	4,630,200
Buildings & improvements	3,916,856	434,441	-	4,351,297
Machinery & equipment	309,978	(88,914)	-	221,064
Office equipment	8,541	(2,811)	-	5,730
Vehicles	164,501	(14,620)	-	149,881
Harvard Diggins				
Library Fixed Assets	<u>20,724</u>	<u>5,783</u>	<u>-</u>	<u>26,507</u>
	<u>\$12,787,790</u>	<u>\$4,715,961</u>	<u>\$ -</u>	<u>\$17,503,751</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

E. Property, Plant and Equipment (Continued):

The business-type activities capital asset activity for the year ended April 30, 2009 is as follows:

	<u>Balance</u> <u>May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Cost:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	740,073	312,636	-	1,052,709
Buildings & improvements	9,852,596	-	-	9,852,596
Swimming pool	2,094,816	-	-	2,094,816
Machinery & equipment	1,249,978	6,929	-	1,256,907
Furniture & office equipment	44,106	-	-	44,106
Vehicles	<u>140,750</u>	<u>-</u>	<u>-</u>	<u>140,750</u>
	<u>\$14,250,319</u>	<u>\$319,565</u>	<u>\$ -</u>	<u>\$14,569,884</u>
 Accumulated Depreciation:				
Infrastructure	\$ 17,758	\$ 22,149	\$ -	\$ 39,907
Buildings & improvements	3,121,036	197,052	-	3,318,088
Swimming pool	325,792	57,032	-	382,824
Machinery & equipment	709,077	182,879	-	891,956
Furniture & office equipment	29,335	4,545	-	33,880
Vehicles	<u>112,582</u>	<u>20,808</u>	<u>-</u>	<u>133,390</u>
	<u>\$4,315,580</u>	<u>\$484,465</u>	<u>\$ -</u>	<u>\$4,800,045</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

E. Property, Plant and Equipment (Continued):

	<u>Balance</u> <u>May 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Total Capital Assets, Net:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	722,315	290,487	-	1,012,802
Buildings & improvements	6,731,560	(197,052)	-	6,534,508
Swimming pool	1,769,024	(57,032)	-	1,711,992
Machinery & equipment	540,901	(175,950)	-	364,951
Furniture & office Equipment	14,771	(4,545)	-	10,226
Vehicles	<u>28,168</u>	<u>(20,808)</u>	<u>-</u>	<u>7,360</u>
	<u>\$9,934,739</u>	<u>\$(164,900)</u>	<u>\$ -</u>	<u>\$9,769,839</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$104,756
Public safety	108,317
Public works	52,047
Culture and recreation	<u>7,958</u>
 Total depreciation expense, governmental activities	 <u>\$273,078</u>

Business-type activities:

Waterworks and Sewerage Department	\$427,433
Swimming Pool	<u>57,032</u>
 Total depreciation expense, business-type activities	 <u>\$484,465</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

F. Risk Management:

The City participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is a proprietary agency whose members are Illinois municipalities. IMLRMA manages and funds first party property losses, third party liability claims, Worker's compensation claims, and Public Officials Liability claims of its members. Each member assumes the first \$1,000 of each occurrence, and has self-insurance retention at various amounts. IMLRMA is financed, owned and operated by its participants.

Initial contributions are determined based on the municipality's exposures in areas defined by IMLRMA. Second year and future contributions are determined by utilizing a formula in conjunction with individual municipalities' risk exposure. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year.

Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member.

Settled claims have not exceeded insurance coverage for the past three fiscal years.

G. Short-Term Debt:

The City has a revolving loan with a local bank. The following is the activity for the year ended April 30, 2009:

Short-term Debt <u>Issue</u>	<u>Balances</u> <u>Retired By</u>	<u>May 1</u>	<u>Balances</u> <u>Additions</u>	<u>Reductions</u>	<u>April 30</u>
\$800,000 Line of Credit with a local bank with a variable interest rate at 1% below prime. Principal and interest due March 17, 2010. Prime rate at 3.25% on April 30, 2009.	General	\$741,974	\$1,010,000	\$1,000,116	\$751,858

H. Long-Term Debt:

GENERAL OBLIGATION BONDS

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

H. Long-Term Debt (Continued):

GENERAL OBLIGATION BONDS (CONTINUED)

<u>Issue</u>	<u>Fund Debt Retired By</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances April 30</u>
<u>Governmental Activities</u>					
\$1,300,000 Debt Certificates Series 2005, interest at 4.75%. These bonds have been fully refunded as of April 30, 2009.	General	\$1,254,828	\$ -	\$1,254,828	\$ -
\$2,000,000 General Obligation Bond Library Bonds, dated March 1, 1999 due in annual installments of \$80,000 to \$150,000 plus interest at 4.375% to 5.750% through March 1, 2019.	Debt Service	1,335,000	-	100,000	1,235,000
\$1,900,000 General Obligation Bond Recreation Bonds, dated July 15, 1999 due in annual installments of \$85,000 to \$150,000 plus interest at 5.00% through March 15, 2019.	Debt Service	1,300,000	-	90,000	1,210,000
\$1,000,000 Debt Certificates Series 2002, interest at 5.75%. These bonds have been fully refunded as of April 30, 2009.	TIF	918,586	-	918,586	-
\$3,400,000 Debt Certificates Series 2008, interest at 4.25% principal and interest paid semi- annually in January and July through January 15, 2019.	TIF	-	3,400,000	-	3,400,000
\$2,500,000 Debt Certificates Series 2008A, interest at 5.00% principal and interest paid semi- annually in January and July through January 15, 2019.	TIF	-	2,500,000	-	2,500,000

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

H. Long-Term Debt (Continued):

GENERAL OBLIGATION BONDS (CONTINUED)

<u>Issue</u>	<u>Fund Debt Retired By</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances April 30</u>
<u>Governmental Activities (Continued)</u>					
\$600,000 Debt Certificates Series 2008B, interest at 5.00% principal and interest paid semi- annually in January and July through January 15, 2019.	TIF	-	600,000	-	600,000
\$650,000 Bank loan dated December, 2008, interest at 6.65%. Principal and interest paid quarterly through December 30, 2013.	General	-	650,000	4,055	645,945
\$300,000 Bank loan dated May, 2003, interest at 3.99%. Principal and interest paid quarterly through May 10, 2010.	MFT	<u>105,533</u>	-	<u>45,862</u>	<u>59,671</u>
		<u>\$4,913,947</u>	<u>\$7,150,000</u>	<u>\$2,413,331</u>	<u>\$9,650,616</u>

Business-Type Activities

\$3,000,000 W&S Revenue Bonds Series 2000, due in annual installments of \$55,000 to \$135,000 plus interest at 5.50% to 6.00% through May 1, 2019	W&S	\$ 930,000	\$ -	\$55,000	\$ 875,000
\$1,475,000 W&S Revenue Bonds Series 2004, due in annual installments of \$15,000 to \$160,000 plus interest at at 3.00% to 4.40% through May 1, 2019	W&S	1,420,000	-	100,000	1,320,000
\$1,700,000 W&S Alternate Source Series 2006, dated September 12, 2006 due in annual installments of \$60,000 to \$130,000 plus interest at 3.90% to 4.50% through May 1, 2026.	W&S	<u>1,640,000</u>	-	<u>60,000</u>	<u>1,580,000</u>
		<u>\$3,990,000</u>	<u>\$ -</u>	<u>\$215,000</u>	<u>\$3,775,000</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

H. Long-Term Debt (Continued):

GENERAL OBLIGATION BONDS (CONTINUED)

Annual debt service requirements to maturity for the City's long-term debt are as follows:

<u>Year Ending</u> <u>April 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 463,476	\$ 486,551	\$ 230,000	\$ 162,773
2011	448,077	439,792	245,000	152,973
2012	457,532	417,611	250,000	142,240
2013	479,225	358,417	260,000	131,100
2014	1,050,576	362,727	275,000	119,395
2015 - 2018	2,179,490	1,099,422	1,235,000	393,320
2019 - 2022	4,572,240	208,820	800,000	140,563
2023 - 2026	-	-	480,000	55,575
Total	<u>\$9,650,616</u>	<u>\$3,373,340</u>	<u>\$3,775,000</u>	<u>\$1,297,939</u>

CHANGES IN LONG-TERM LIABILITIES

During the fiscal year the following changes occurred in long-term debt:

	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>April 30</u>
Capitalized leases	\$ 3,914	\$ -	\$ 3,914	\$ -
Bonds payable	8,903,947	6,500,000	2,624,276	12,779,671
Notes payable	-	650,000	4,055	645,945
Compensated absences	157,553	24,815	-	182,368
Total	<u>\$9,065,414</u>	<u>\$7,174,815</u>	<u>\$2,632,245</u>	<u>\$13,607,984</u>

I. Noncommitment Debt

Special service area bonds outstanding 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.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

J. Interfund Assets/Liabilities:

DUE FROM/TO OTHER FUNDS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental:		
General		\$ 862,345
	Debt service	(77,846)
	RTA	(262,661)
	Motor Fuel Tax	(5,167)
Welfare		1,920
	Capital improvement	(610)
Police Pension	General	(23,717)
	Park	(307,059)
	Road & Bridge	(195,150)
	Social Security	(19,629)
Fiduciary:		
Police Pension	General and other	26,337
Proprietary:		
Water		1,237

The purpose of the interfund loan is to fund temporary cash deficits in each of the borrowing funds. The loans will be paid back when sufficient cash amounts exist in those funds.

TRANSFERS

Below are the interfund transfers as of April 30, 2009:

	<u>Operating Transfers in</u>	<u>Operating Transfers out</u>
General Fund:		
Non Major Governmental Funds	<u>\$100,000</u>	<u>\$ -</u>
Total General Fund	<u>100,000</u>	<u>-</u>
TIF Fund:		
General Fund	<u>-</u>	<u>(100,000)</u>
Total all funds	<u>\$100,000</u>	<u>\$(100,000)</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

J. Interfund Assets/Liabilities (Continued):

TRANSFERS (CONTINUED)

The purpose of these transfers was to pay for engineering fees incurred by the TIF fund that was paid out of the general fund.

K. Pension Plan:

PLAN DESCRIPTION

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

FUNDING POLICY

As set by statute, the City's Regular plan members are required to contribute 4.5 percent 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. The City's contribution rate for calendar year 2008 was 11.05 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

ANNUAL PENSION COST

For 2008, the City's annual pension cost of \$179,554 for the Regular plan was equal to the City's required and actual contributions.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

K. Pension Plan (Continued):

ANNUAL PENSION COST (CONTINUED)

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC (Contributed)	Net Pension Obligation
12/31/08	\$179,554	100%	\$-0-
12/31/07	176,200	100%	-0-
12/31/06	178,013	100%	-0-

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 24 years.

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 64.65 percent funded. The actuarial accrued liability for benefits was \$4,258,690 and the actuarial value of assets was \$2,753,448, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,505,242. The covered payroll (annual payroll of active employees covered by the plan) was \$1,624,924 and the ratio of the UAAL to the covered payroll was 92.63 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

K. Pension Plan (Continued):

Police Pension

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	4
Current employees	<u>19</u>
Total	<u>23</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half 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 pension 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 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension 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 of the amount of pension payable at the time of the increase annually thereafter.

Covered employees are required to contribute 9.91 percent 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 as actuarially determined by an enrolled actuary. The City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2034.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

K. Pension Plan (Continued):

Police Pension (Continued)

The Statutes also contain a Portability Ruling that may impact the police pension fund. If a police officer transfers to another fund, that officer's former fund may be required to transfer monies to the officer's current fund if one of two requirements are met. The police officer must have either actively served in the police department for two years or the officer was involuntarily terminated for reasons other than fault of the officer. In these cases, the former fund will be required to transfer to the current fund amounts equal to twice the amounts of employee contributions to the plan plus interest at the rate of 6% per year, compounded annually.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments - Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed-income securities are recognized on the trade date.

Significant Investments - There are no investments (other than U.S. government and U.S. government – guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits.

Related Party Transactions - There were no securities of the employer or any other related parties included in plan assets, including any loans.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2009

K. Pension Plan (Continued):

Police Pension (Continued)

FUNDING STATUS AND ANNUAL PENSION COST

The City's net pension obligation to the Police Pension Plan for the current year were as follows:

Annual required contribution	\$354,955
Adjustments to annual required contribution	<u> -</u>
Annual pension cost	354,955
Contributions made	<u>(209,795)</u>
Increase (decrease) in net pension obligation	145,160
Net pension obligation, beginning	<u>393,512</u>
Net pension obligation, ending	<u>\$538,672</u>

The annual required contribution for the current year was determined as part of the April 30, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 5.5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll in accordance with section 3-127 of the Illinois Pension Code. The remaining amortization period at April 30, 2008, was 25.1699 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/08	\$354,955	59.10%	\$538,672
4/30/07	307,376	68.25%	393,512
4/30/06	230,930	77.92%	295,931

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2009

K. Pension Plan (Continued):

FUNDED STATUS

The funded status of the two plans as of December 31, 2008 for IMRF and as of April 30, 2009 for the Police Pension Plan based on actuarial valuations performed as of the same date is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as noted earlier above.

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$4,258,690	\$8,060,376
Actuarial value of plan assets	2,753,448	4,756,716
Unfunded actuarial accrued liability (UAAL)	1,505,242	3,303,660
Funded ratio (actuarial value of plan assets/AAL)	64.65%	59.01%
Covered payroll (active plan Members)	1,624,924	1,317,072
UAAL as a percentage of Covered payroll	92.63%	250.83%

See the schedules of funding progress in the RSI immediately following the notes to the financial statements for additional information related to the funded status of the plans.

L. Pending GASB Statements:

Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" will be effective for the fiscal year ending April 30, 2012. Statement 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Management has not yet completed their assessment of this statement and its impact on the financial statements.

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions will be effective for the fiscal year ending April 30, 2010. The pronouncement establishes accounting, reporting and disclosure requirements for post-employment benefit plans other than pension or retirement plans.

CITY OF HARVARD, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 April 30, 2009

**Illinois Municipal Retirement Fund
 Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/08	\$2,753,448	\$4,258,690	\$1,505,242	64.65%	\$1,624,924	92.63%
12/31/07	3,192,393	4,109,251	916,858	77.69%	1,629,971	56.25%
12/31/06	3,174,741	3,855,595	680,854	82.34%	1,479,966	46.00%
12/31/05	2,947,801	3,636,315	688,514	81.07%	1,387,398	49.63%
12/31/04	2,564,933	3,210,757	645,824	79.89%	1,254,630	51.48%
12/31/03	2,623,817	3,092,405	468,588	84.85%	1,236,936	37.88%

CITY OF HARVARD, ILLINOIS
 Required Supplementary Information
 April 30, 2009

ACTUARIAL VALUATIONS FOR POLICE PENSION SYSTEMS

The required supplementary information does not include required disclosures relating to the Employee Retirement Systems for 1997 – 1998 since this information, which would have been provided by actuarial valuations, wasn't provided to the Government from the State of Illinois Department of Insurance. This information was expected, but the State has been unable to produce the actuarial valuations due to computer reporting problems.

Police Pension Fund

Analysis of funding progress for the year ended April 30, 2008.

Actuarial Valuation Date <u>April 30</u>	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Funded Ratio <u>(1)/(2)</u>	(4) Unfunded Actuarial Accrued Liability <u>(2)-(1)</u>	(5) Annual Covered Payroll	(6) Unfunded Accrued Liability as a Percentage of Covered Payroll <u>(4)/(5)</u>
4/30/08	\$4,756,716	\$8,060,376	59.01%	\$3,303,660	\$1,317,072	250.83%
4/30/07	4,335,514	7,224,106	60.01%	2,888,592	1,166,441	247.64%
4/30/06	3,982,442	6,094,796	65.34%	2,112,354	916,999	230.36%
4/30/05	3,593,823	5,674,158	63.34%	2,080,335	872,922	238.31%
4/30/04	3,351,143	5,057,717	66.26%	1,706,574	836,808	203.94%
4/30/03	3,082,561	4,584,532	67.24%	1,501,971	838,512	179.12%
4/30/02	2,931,194	4,182,029	70.09%	1,250,835	818,290	152.86%
4/30/01	2,808,747	3,693,049	76.05%	884,302	813,456	108.71%
4/30/00	2,687,119	3,193,766	84.14%	506,641	667,959	75.85%
4/30/99	2,510,356	2,821,304	88.98%	310,948	683,856	45.47%

CITY OF HARVARD, ILLINOIS
Required Supplementary Information
April 30, 2009

ACTUARIAL VALUATIONS FOR POLICE PENSION SYSTEM

**Police Pension Fund
Employer Contributions**

<u>Year Ending April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
4/30/08	\$354,955	\$209,705	59.1%
4/30/07	307,376	209,795	68.3
4/30/06	230,930	179,940	77.9
4/30/05	198,334	171,160	86.3
4/30/04	186,526	120,033	64.4
4/30/03	171,898	118,447	68.9
4/30/02	157,244	109,512	69.6
4/30/01	123,132	105,557	85.7
4/30/00	106,735	103,986	97.4

CITY OF HARVARD, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$ 467,000	\$ 467,000	\$ 882,969	\$ 415,969
State income tax	831,000	831,000	716,766	(114,234)
Hotel/motel tax	27,500	27,500	8,621	(18,879)
State replacement tax	86,000	86,000	86,206	206
Sales tax	1,133,500	1,133,500	948,578	(184,922)
Utility tax	550,000	550,000	562,938	12,938
Total taxes	<u>3,095,000</u>	<u>3,095,000</u>	<u>3,206,078</u>	<u>111,078</u>
Licenses and fees:				
Liquor licenses	46,000	46,000	58,041	12,041
Contractors license	15,000	15,000	12,895	(2,105)
Building fees and permits	200,000	200,000	159,555	(40,445)
Parking permits	-	-	-	-
Police fines	172,000	172,000	163,576	(8,424)
Telephone franchise	215,000	215,000	230,751	15,751
Cable franchise	46,500	46,500	52,230	5,730
Mining fees	30,000	30,000	6,635	(23,365)
DUI fines	2,200	2,200	2,219	19
Total licenses and fees	<u>726,700</u>	<u>726,700</u>	<u>685,902</u>	<u>(40,798)</u>
Interest	<u>15,000</u>	<u>15,000</u>	<u>5,184</u>	<u>(9,816)</u>
Other revenues:				
Donations	-	-	67,100	67,100
Miscellaneous	189,000	189,000	59,360	(129,640)
Police reimbursement	30,000	30,000	48,899	18,899
Zoning hearings and platting fees	100,000	100,000	9,919	(90,081)
Escrow from developers	138,500	138,500	73,686	(64,814)
Rent	10,000	10,000	-	(10,000)
Health insurance reimbursement	18,000	18,000	11,340	(6,660)
Total other revenues	<u>485,500</u>	<u>485,500</u>	<u>270,304</u>	<u>(215,196)</u>
Total revenues	<u>\$ 4,322,200</u>	<u>\$ 4,322,200</u>	<u>\$ 4,167,468</u>	<u>\$ (154,732)</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures:				
General government:				
Administration:				
Salaries - officials	\$ 102,000	\$ 102,000	\$ 225,612	\$ 123,612
Salaries - clerical	71,000	71,000	67,684	(3,316)
Overtime - clerical	4,500	4,500	3,624	(876)
Health insurance	65,000	65,000	63,672	(1,328)
Mayoral expense	1,800	1,800	1,800	-
Attorney fees	100,000	100,000	68,853	(31,147)
Engineering fees	100,000	100,000	173,333	73,333
Service agreements	8,500	8,500	8,737	237
Equipment maintenance	20,000	20,000	7,482	(12,518)
Building maintenance	15,000	15,000	206,247	191,247
Office supplies	15,000	15,000	10,701	(4,299)
Postage	19,000	19,000	3,645	(15,355)
Dues and subscriptions	10,000	10,000	6,367	(3,633)
Public notices	9,000	9,000	4,197	(4,803)
ZBA notices	10,000	10,000	1,345	(8,655)
Printing	6,500	6,500	3,414	(3,086)
Telephone	25,000	25,000	30,898	5,898
Miscellaneous	9,750	9,750	11,730	1,980
Economic development	53,000	53,000	38,874	(14,126)
Professional fees	10,000	10,000	1,509	(8,491)
Interest expense	7,500	7,500	18,640	11,140
Contingencies	97,459	97,459	517,258	419,799
Total administration	<u>760,009</u>	<u>760,009</u>	<u>1,475,622</u>	<u>715,613</u>
Building services:				
Salaries	175,020	175,020	139,809	(35,211)
Health insurance	33,000	33,000	35,819	2,819
Training	5,000	5,000	2,019	(2,981)
Uniforms	900	900	112	(788)
Contingencies	2,500	2,500	757	(1,743)
Total building services	<u>216,420</u>	<u>216,420</u>	<u>178,516</u>	<u>(37,904)</u>
Total general government	<u>976,429</u>	<u>976,429</u>	<u>1,654,138</u>	<u>677,709</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (Continued):				
Public safety (Continued):				
Police department:				
Salaries - officers	1,385,551	1,385,551	1,405,164	19,613
Salaries - clerical	256,338	256,338	262,029	5,691
Crossing guards	49,384	49,384	45,118	(4,266)
Overtime	254,191	254,191	192,726	(61,465)
Pension expense	-	-	204,757	204,757
Health insurance	250,145	250,145	289,201	39,056
Health examinations	4,000	4,000	949	(3,051)
Uniforms	25,000	25,000	24,756	(244)
Attorney fees	43,719	43,719	35,282	(8,437)
Vehicle maintenance	17,500	17,500	8,850	(8,650)
Equipment maintenance	15,000	15,000	9,851	(5,149)
Radio maintenance	5,000	5,000	2,844	(2,156)
Advertising	2,000	2,000	2,220	220
Ammunition	3,914	3,914	3,817	(97)
Material purchases	8,000	8,000	1,360	(6,640)
Office supplies	8,000	8,000	7,626	(374)
Investigation supplies	14,000	14,000	10,802	(3,198)
Dues and subscriptions	2,000	2,000	1,877	(123)
Telephone	12,000	12,000	7,135	(4,865)
Gas, oil, and grease	53,052	53,052	47,684	(5,368)
Police commission expense	5,000	5,000	856	(4,144)
Miscellaneous	2,000	2,000	1,196	(804)
Special programs	127,500	127,500	176	(127,324)
Data base user fees	3,400	3,400	2,660	(740)
New equipment	63,000	63,000	25,488	(37,512)
Contingencies	-	-	-	-
Total public safety	<u>2,609,694</u>	<u>2,609,694</u>	<u>2,594,424</u>	<u>(15,270)</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued):				
Public works:				
Highways and streets:				
Salaries	321,127	321,127	279,536	(41,591)
Overtime	23,000	23,000	22,947	(53)
Health insurance	88,000	88,000	58,354	(29,646)
Uniforms	5,200	5,200	3,433	(1,767)
Vehicle maintenance	40,000	40,000	45,090	5,090
Building maintenance	5,000	5,000	22,596	17,596
Radio maintenance	1,000	1,000	179	(821)
Tools	5,000	5,000	2,480	(2,520)
Material purchases	10,000	10,000	5,330	(4,670)
Telephone	5,500	5,500	7,267	1,767
Electricity	125,000	125,000	93,705	(31,295)
Gas, oil and grease	40,000	40,000	53,528	13,528
New equipment	35,000	35,000	18,236	(16,764)
Miscellaneous	23,000	23,000	1,492	(21,508)
Fuel for building	4,000	4,000	464	(3,536)
Debt payment	-	-	14,861	14,861
Contingencies	-	-	-	-
Total public works	<u>730,827</u>	<u>730,827</u>	<u>629,498</u>	<u>(101,329)</u>
Total expenditures	<u>\$ 4,316,950</u>	<u>\$ 4,316,950</u>	<u>\$4,878,060</u>	<u>\$ 561,110</u>
Other financing sources (uses):				
Operating transfers in	\$ 109,250	\$ 109,250	\$ 100,000	\$ (9,250)
Proceeds from long term debt	-	-	650,000	650,000
Operating transfers out	<u>(114,500)</u>	<u>(114,500)</u>	<u>-</u>	<u>114,500</u>
Total other financing sources (uses)	<u>\$ (5,250)</u>	<u>\$ (5,250)</u>	<u>\$ 750,000</u>	<u>\$ 755,250</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARVARD, ILLINOIS
WATER AND SEWERAGE FUND
SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
OTHER SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues:				
Charges for water and sewer services				
Water billings	\$ 1,400,000	\$ 1,400,000	\$ 1,433,406	\$ 33,406
Tap on permits	96,810	96,810	44,927	(51,883)
Penalties	37,000	37,000	38,268	1,268
Plumbing permits	30,000	30,000	37,123	7,123
Maintenance charges	210,000	210,000	202,990	(7,010)
Moving charges	10,000	10,000	24,926	14,926
Sale of material	2,000	2,000	734	(1,266)
Total operating revenues	<u>\$ 1,785,810</u>	<u>\$ 1,785,810</u>	<u>\$ 1,782,374</u>	<u>\$ (3,436)</u>
Operating expenses:				
Utilities department:				
Salaries	\$ 283,000	\$ 283,000	\$ 308,464	\$ 25,464
Overtime	16,000	16,000	26,177	10,177
Compensated absences expense	-	-	-	-
Health insurance	52,500	52,500	50,469	(2,031)
Training	2,300	2,300	932	(1,368)
Travel expense	800	800	-	(800)
Uniforms	1,800	1,800	2,750	950
Professional fees	13,592	13,592	9,539	(4,053)
Engineering fees	35,000	35,000	5,424	(29,576)
Building maintenance	13,000	13,000	3,959	(9,041)
Maintenance of tower/plant	20,000	20,000	28,352	8,352
Equipment/water main maintenance	5,500	5,500	25,941	20,441
Lift station maintenance	5,500	5,500	29,014	23,514
Lab supplies	3,200	3,200	4,700	1,500
Material purchases	4,500	4,500	5,492	992
Dues and subscriptions	1,000	1,000	585	(415)
Electricity	185,300	185,300	191,108	5,808
Fuel for building	19,500	19,500	12,086	(7,414)
Gas, oil and grease	3,300	3,300	2,922	(378)
Chemicals	49,525	49,525	114,242	64,717
Miscellaneous	3,000	3,000	1,996	(1,004)
New equipment	30,500	30,500	4,993	(25,507)
Permit fees	-	-	17,500	17,500
Contingencies	-	-	-	-
Total utilities department	<u>748,817</u>	<u>748,817</u>	<u>846,645</u>	<u>97,828</u>

CITY OF HARVARD, ILLINOIS
WATER AND SEWERAGE FUND (CONTINUED)
SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
OTHER SUPPLEMENTARY INFORMATION
Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses:				
Maintenance and administration department:				
Salaries	\$ 121,000	\$ 121,000	\$ 118,123	\$ (2,877)
Salaries, clerical	94,000	94,000	93,969	(31)
Overtime	18,000	18,000	23,238	5,238
Health insurance	56,000	56,000	46,223	(9,777)
Attorney fees	-	-	-	-
Uniforms	2,000	2,000	1,959	(41)
Vehicle maintenance	2,500	2,500	18,038	15,538
Storm sewer maintenance	15,000	15,000	21,505	6,505
Sanitary sewer maintenance	40,000	40,000	15,433	(24,567)
Water main maintenance	50,000	50,000	54,424	4,424
Office supplies	4,500	4,500	1,793	(2,707)
Material purchases	10,000	10,000	2,317	(7,683)
Gas, oil and grease	10,000	10,000	4,497	(5,503)
Postage	13,640	13,640	7,992	(5,648)
Miscellaneous	1,500	1,500	1,701	201
Telephone	18,000	18,000	39,818	21,818
Infrastructure	1,280,000	1,280,000	137,865	(1,142,135)
Equipment/meters sweeper	51,903	51,903	32,793	(19,110)
Plant expansion	-	-	-	-
Rent	10,000	10,000	-	(10,000)
Engineering fees	-	-	-	-
Contingencies	-	-	-	-
Total maintenance and administration department	<u>1,798,043</u>	<u>1,798,043</u>	<u>621,688</u>	<u>(1,176,355)</u>
Total operating expenses	<u>\$ 2,546,860</u>	<u>\$ 2,546,860</u>	<u>\$ 1,468,333</u>	<u>\$ (1,078,527)</u>
Nonoperating revenues (expenses):				
Motor fuel tax	\$ -	\$ -	\$ 3,695	\$ 3,695
Grant for capital improvement	210,000	210,000	-	(210,000)
Rent receipts	-	-	22,737	22,737
Miscellaneous income	102,200	102,200	51,858	(50,342)
Interest income	40,000	40,000	11,107	(28,893)
Interest expense	(395,250)	(395,250)	(177,009)	218,241
Total nonoperating revenues (expenses)	<u>\$ (43,050)</u>	<u>\$ (43,050)</u>	<u>\$ (87,612)</u>	<u>\$ (44,562)</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>\$ (101,200)</u>	<u>\$ (101,200)</u>	<u>\$ -</u>	<u>\$ 101,200</u>

CITY OF HARVARD, ILLINOIS
 POOL FUND
 SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
 OTHER SUPPLEMENTARY INFORMATION
 Year ended April 30, 2009

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues:				
Charges for pool services:				
Daily tickets	\$ 21,000	\$ 21,000	\$ 18,746	\$ (2,254)
Pool passes	20,000	20,000	20,731	731
Lessons	6,500	6,500	7,280	780
Pool parties	3,500	3,500	5,230	1,730
Total pool services revenue	51,000	51,000	51,987	987
Concession sales	15,000	15,000	9,088	(5,912)
Total operating revenues	\$ 66,000	\$ 66,000	\$ 61,075	\$ (4,925)
Operating expenses:				
Salaries	\$ 42,000	\$ 42,000	\$ 41,973	\$ (27)
Maintenance and repairs	19,500	19,500	24,547	5,047
Concession stand	7,500	7,500	7,025	(475)
Pool supplies	-	-	-	-
Utilities	33,000	33,000	45,349	12,349
Miscellaneous	1,000	1,000	2,681	1,681
Chemicals	6,500	6,500	7,898	1,398
Water	6,500	6,500	3,184	(3,316)
New equipment	6,000	6,000	7,888	1,888
Contingencies	-	-	-	-
Total operating expenses	\$ 122,000	\$ 122,000	\$ 140,545	\$ 18,545
Nonoperating revenues (expenses):				
Donations	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	1,000	1,000	1,900	900
Interest income	-	-	3	3
Total nonoperating revenues (expenses)	\$ 1,000	\$ 1,000	\$ 1,903	\$ 903
Other financing sources (uses):				
Operating transfers out	\$ -	\$ -	\$ (14,800)	\$ (14,800)
Operating transfers in	55,000	55,000	14,800	(40,200)
Total other financing sources (uses)	\$ 55,000	\$ 55,000	\$ -	\$ (55,000)

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2009

	<u>Total</u>	<u>Special</u>	
	Nonmajor Governmental Funds	Park	Road and Bridge
<u>ASSETS</u>			
Cash	\$ 1,049,031	\$ -	\$ -
Investments, at cost	56,949	56,949	-
Receivables:			
Property tax	1,845,750	115,731	71,447
Accounts	9,501	-	-
Due from other funds	69,850	-	-
 Total assets	 \$ 3,031,081	 \$ 172,680	 \$ 71,447
<u>LIABILITIES</u>			
Accounts payable	\$ 11,273	\$ 11,273	\$ -
Accrued payroll	5,782	4,795	-
Due to other funds	936,052	307,059	195,150
Deferred revenues	922,880	57,866	35,724
 Total liabilities	 1,875,987	 380,993	 230,874
<u>FUND EQUITY</u>			
Fund equity:			
Fund balances, reserved	-	-	-
Fund balances, unreserved	1,155,094	(208,313)	(159,427)
 Total fund balances	 1,155,094	 (208,313)	 (159,427)
 Total liabilities and fund equity	 \$ 3,031,081	 \$ 172,680	 \$ 71,447

Revenue				
<u>Social Security</u>	<u>Police Protection</u>	<u>Illinois Municipal Retirement</u>	<u>Off Street Parking</u>	<u>Regional Transportation Authority</u>
\$ -	\$ 239,473	\$ 91,749	\$ 223,753	\$ -
-	-	-	-	-
99,999	450,875	37,201	-	-
-	-	7,298	-	2,203
-	67,930	-	-	-
<u>\$ 99,999</u>	<u>\$ 758,278</u>	<u>\$ 136,248</u>	<u>\$ 223,753</u>	<u>\$ 2,203</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	987
19,629	-	-	-	261,918
50,000	225,438	18,601	-	-
<u>69,629</u>	<u>225,438</u>	<u>18,601</u>	<u>-</u>	<u>262,905</u>
-	-	-	-	-
30,370	532,840	117,647	223,753	(260,702)
<u>30,370</u>	<u>532,840</u>	<u>117,647</u>	<u>223,753</u>	<u>(260,702)</u>
<u>\$ 99,999</u>	<u>\$ 758,278</u>	<u>\$ 136,248</u>	<u>\$ 223,753</u>	<u>\$ 2,203</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
April 30, 2009

	Special			
	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation
<u>ASSETS</u>				
Cash	\$ 24,120	\$ -	\$ -	\$ 98,224
Investments, at cost	-	-	-	-
Receivables:				
Property tax	-	10,001	20,000	26,479
Accounts	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total assets	\$ 24,120	\$ 10,001	\$ 20,000	\$ 124,703
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	5,167	18,621	50,052	-
Deferred revenues	-	5,000	10,000	13,240
	-	5,000	10,000	13,240
Total liabilities	5,167	23,621	60,052	13,240
<u>FUND EQUITY</u>				
Fund equity:				
Fund balances, reserved	-	-	-	-
Fund balances, unreserved	18,953	(13,620)	(40,052)	111,463
	18,953	(13,620)	(40,052)	111,463
Total fund balances	18,953	(13,620)	(40,052)	111,463
Total liabilities and fund equity	\$ 24,120	\$ 10,001	\$ 20,000	\$ 124,703

Revenue			Debt Service
Welfare	Economic Development	Revolving Loan	Debt Service
\$ 20,715	\$ 9,300	\$ 143,183	\$ -
-	-	-	-
-	-	-	316,189
-	-	-	-
<u>1,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 22,635</u>	<u>\$ 9,300</u>	<u>\$ 143,183</u>	<u>\$ 316,189</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	77,846
<u>-</u>	<u>-</u>	<u>-</u>	<u>158,095</u>
-	-	-	235,941
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,635</u>	<u>9,300</u>	<u>143,183</u>	<u>80,248</u>
<u>22,635</u>	<u>9,300</u>	<u>143,183</u>	<u>80,248</u>
<u>\$ 22,635</u>	<u>\$ 9,300</u>	<u>\$ 143,183</u>	<u>\$ 316,189</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
April 30, 2009

	Debt			
	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park Fund	TIF #3 South	SSA #1 Park Pointe
<u>ASSETS</u>				
Cash	\$ 117,846	\$ 17,978	\$ 272	\$ 21,797
Investments, at cost	-	-	-	-
Receivables:				
Property tax	182,566	192,066	8,958	40,565
Accounts	-	-	-	-
Due from other funds	-	-	-	-
 Total assets	 <u>\$ 300,412</u>	 <u>\$ 210,044</u>	 <u>\$ 9,230</u>	 <u>\$ 62,362</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	91,283	96,033	4,479	20,283
 Total liabilities	 <u>91,283</u>	 <u>96,033</u>	 <u>4,479</u>	 <u>20,283</u>
<u>FUND EQUITY</u>				
Fund equity:				
Fund balances, reserved	-	-	-	-
Fund balances, unreserved	209,129	114,011	4,751	42,079
 Total fund balances	 <u>209,129</u>	 <u>114,011</u>	 <u>4,751</u>	 <u>42,079</u>
 Total liabilities and fund equity	 <u>\$ 300,412</u>	 <u>\$ 210,044</u>	 <u>\$ 9,230</u>	 <u>\$ 62,362</u>

Service		Capital Projects		
SSA #2 Park Pointe 3A	SSA #4 Park Pointe 3B	Capital Improvement Fund	SSA #3 Shadowcreek	SSA #5 Shadowcreek
\$ 14,162	\$ 1,602	\$ -	\$ 3,048	\$ 21,809
-	-	-	-	-
36,853	40,775	-	66,549	129,496
-	-	-	-	-
-	-	-	-	-
<u>\$ 51,015</u>	<u>\$ 42,377</u>	<u>\$ -</u>	<u>\$ 69,597</u>	<u>\$ 151,305</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	610	-	-
18,427	20,388	-	33,275	64,748
<u>18,427</u>	<u>20,388</u>	<u>610</u>	<u>33,275</u>	<u>64,748</u>
-	-	-	-	-
32,588	21,989	(610)	36,322	86,557
<u>32,588</u>	<u>21,989</u>	<u>(610)</u>	<u>36,322</u>	<u>86,557</u>
<u>\$ 51,015</u>	<u>\$ 42,377</u>	<u>\$ -</u>	<u>\$ 69,597</u>	<u>\$ 151,305</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year ended April 30, 2009

	Total	Special	
	Nonmajor Governmental Funds	Park	Road and Bridge
Revenues:			
Taxes	\$ 1,836,886	\$ 114,242	\$ 79,502
Fees	120,196	24,089	-
Intergovernmental	18,394	-	1,664
Interest	15,090	707	-
Other	320,725	9,044	-
Total revenues	<u>2,311,291</u>	<u>148,082</u>	<u>81,166</u>
Expenditures:			
General government	2,552,675	-	-
Public safety	84,041	-	-
Public works	411,157	-	61,461
Culture and recreation	2,630,101	169,376	-
Debt service	1,050,786	-	-
Total expenditures	<u>6,728,760</u>	<u>169,376</u>	<u>61,461</u>
Excess of revenues over (under) expenditures	<u>(4,417,469)</u>	<u>(21,294)</u>	<u>19,705</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Proceeds on bonds issued	4,326,055	-	-
Refunding bonds issued	2,173,945	-	-
Payment to refund bond	(2,163,945)	-	-
Operating transfers out	(100,000)	-	-
Total other financing sources (uses)	<u>4,236,055</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(181,414)</u>	<u>(21,294)</u>	<u>19,705</u>
Fund balance - May 1, 2008	<u>1,336,508</u>	<u>(187,019)</u>	<u>(179,132)</u>
Fund balance - April 30, 2009	<u>\$ 1,155,094</u>	<u>\$ (208,313)</u>	<u>\$ (159,427)</u>

Revenue				
<u>Social Security</u>	<u>Police Protection</u>	<u>Illinois Municipal Retirement</u>	<u>Off Street Parking</u>	<u>Regional Transportation Authority</u>
\$ 137,873	\$ 341,799	\$ 79,413	\$ -	\$ -
-	-	-	87,596	5,731
-	3,000	-	-	13,730
-	-	-	-	-
-	-	-	-	26
<u>137,873</u>	<u>344,799</u>	<u>79,413</u>	<u>87,596</u>	<u>19,487</u>
246,240	-	176,736	-	-
-	84,041	-	-	-
-	-	-	38,515	39,901
-	-	-	-	-
-	-	-	-	-
<u>246,240</u>	<u>84,041</u>	<u>176,736</u>	<u>38,515</u>	<u>39,901</u>
<u>(108,367)</u>	<u>260,758</u>	<u>(97,323)</u>	<u>49,081</u>	<u>(20,414)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(108,367)	260,758	(97,323)	49,081	(20,414)
<u>138,737</u>	<u>272,082</u>	<u>214,970</u>	<u>174,672</u>	<u>(240,288)</u>
<u>\$ 30,370</u>	<u>\$ 532,840</u>	<u>\$ 117,647</u>	<u>\$ 223,753</u>	<u>\$ (260,702)</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
Year ended April 30, 2009

	Special			
	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation
Revenues:				
Taxes	\$ -	\$ 12,519	\$ 67,054	\$ 26,469
Fees	-	-	-	-
Intergovernmental	-	-	-	-
Interest	666	-	-	-
Other	244,275	-	4,833	-
Total revenues	<u>244,941</u>	<u>12,519</u>	<u>71,887</u>	<u>26,469</u>
Expenditures:				
General government	-	87,796	176,886	-
Public safety	-	-	-	-
Public works	254,780	-	-	-
Culture and recreation	-	-	-	23,374
Debt service	-	-	-	-
Total expenditures	<u>254,780</u>	<u>87,796</u>	<u>176,886</u>	<u>23,374</u>
Excess of revenues over (under) expenditures	<u>(9,839)</u>	<u>(75,277)</u>	<u>(104,999)</u>	<u>3,095</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Proceeds on long term debt	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refund bond	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(9,839)</u>	<u>(75,277)</u>	<u>(104,999)</u>	<u>3,095</u>
Fund balance - May 1, 2008	<u>28,792</u>	<u>61,657</u>	<u>64,947</u>	<u>108,368</u>
Fund balance - April 30, 2009	<u>\$ 18,953</u>	<u>\$ (13,620)</u>	<u>\$ (40,052)</u>	<u>\$ 111,463</u>

<u>Revenue</u>			<u>Debt Service</u>
<u>Welfare</u>	<u>Economic Development</u>	<u>Revolving Loan</u>	<u>Debt Service</u>
\$ -	\$ -	\$ -	\$ 318,130
-	-	-	-
-	-	-	-
314	146	2,989	-
4,230	-	23,717	-
<u>4,544</u>	<u>146</u>	<u>26,706</u>	<u>318,130</u>
-	-	-	301
-	-	-	-
-	-	-	-
3,590	-	-	-
-	-	164,378	320,990
<u>3,590</u>	<u>-</u>	<u>164,378</u>	<u>321,291</u>
<u>954</u>	<u>146</u>	<u>(137,672)</u>	<u>(3,161)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
954	146	(137,672)	(3,161)
<u>21,681</u>	<u>9,154</u>	<u>280,855</u>	<u>83,409</u>
<u>\$ 22,635</u>	<u>\$ 9,300</u>	<u>\$ 143,183</u>	<u>\$ 80,248</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
Year ended April 30, 2009

	Debt Service			
	TIF #1	TIF #2	TIF #3	SSA #1
	Downtown Redevelopment	Industrial Park Fund	South	Park Pointe
Revenues:				
Taxes	\$ 179,947	\$ 159,965	\$ 5,910	\$ 40,565
Fees	2,780	-	-	-
Intergovernmental	-	-	-	-
Interest	3,144	911	2,585	464
Other	23,838	-	10,009	-
Total revenues	<u>209,709</u>	<u>160,876</u>	<u>18,504</u>	<u>41,029</u>
Expenditures:				
General government	-	1,264,716	600,000	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,397,917	35,844	-	-
Debt service	90,815	75,825	18,661	40,564
Total expenditures	<u>2,488,732</u>	<u>1,376,385</u>	<u>618,661</u>	<u>40,564</u>
Excess of revenues over (under) expenditures	<u>(2,279,023)</u>	<u>(1,215,509)</u>	<u>(600,157)</u>	<u>465</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Proceeds on long term debt	2,481,413	1,244,642	600,000	-
Refunding bonds issued	918,587	1,255,358	-	-
Payment to refund bond	(908,587)	(1,255,358)	-	-
Operating transfers out	(100,000)	-	-	-
Total other financing sources (uses)	<u>2,391,413</u>	<u>1,244,642</u>	<u>600,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	112,390	29,133	(157)	465
Fund balance - May 1, 2008	<u>96,739</u>	<u>84,878</u>	<u>4,908</u>	<u>41,614</u>
Fund balance - April 30, 2009	<u>\$ 209,129</u>	<u>\$ 114,011</u>	<u>\$ 4,751</u>	<u>\$ 42,079</u>

Debt Service		Capital Projects		
SSA #2 Park Pointe 3A	SSA #4 Park Pointe 3B	Capital Improvement Fund	SSA #3 Shadowcreek	SSA #5 Shadowcreek
\$ 37,601	\$ 40,577	\$ -	\$ 67,279	\$ 128,041
-	-	-	-	-
-	-	-	-	-
382	251	-	1,407	1,124
-	753	-	-	-
<u>37,983</u>	<u>41,581</u>	<u>-</u>	<u>68,686</u>	<u>129,165</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	15,865	635
-	-	-	-	-
<u>37,662</u>	<u>42,225</u>	<u>-</u>	<u>132,376</u>	<u>127,290</u>
<u>37,662</u>	<u>42,225</u>	<u>-</u>	<u>148,241</u>	<u>127,925</u>
<u>321</u>	<u>(644)</u>	<u>-</u>	<u>(79,555)</u>	<u>1,240</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
321	(644)	-	(79,555)	1,240
<u>32,267</u>	<u>22,633</u>	<u>(610)</u>	<u>115,877</u>	<u>85,317</u>
<u>\$ 32,588</u>	<u>\$ 21,989</u>	<u>\$ (610)</u>	<u>\$ 36,322</u>	<u>\$ 86,557</u>

CITY OF HARVARD, ILLINOIS
 SCHEDULE OF BONDS PAYABLE - GOVERNMENTAL FUNDS
 Year ended April 30, 2009

Year ended <u>April 30</u>	<u>General Obligation Library Bonds, Series 1999</u>		<u>General Obligation Recreation Bonds, Series 1999</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 100,000	\$ 60,690	\$ 95,000	\$ 60,500
2011	105,000	54,940	100,000	55,750
2012	110,000	48,903	105,000	50,750
2013	115,000	43,128	110,000	45,500
2014	120,000	37,952	115,000	40,000
2015	125,000	32,433	125,000	34,250
2016	130,000	26,682	130,000	28,000
2017	135,000	20,572	135,000	21,500
2018	145,000	14,160	145,000	14,750
2019	150,000	7,200	150,000	7,500
	<u>\$ 1,235,000</u>	<u>\$ 346,660</u>	<u>\$ 1,210,000</u>	<u>\$ 358,500</u>

Debt Certificates Series 2008		Debt Certificates Series 2008A		Debt Certificates Series 2008B	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 110,725	\$ 143,336	\$ 75,108	\$ 124,073	\$ 18,026	\$ 29,777
115,481	138,580	78,641	120,270	18,939	28,865
120,441	133,620	82,906	116,276	19,897	27,906
125,614	128,447	87,103	112,078	20,905	26,899
131,009	123,052	91,512	107,669	21,963	25,841
139,540	117,425	96,145	103,036	23,075	24,729
145,533	111,556	101,012	98,169	24,243	23,560
151,784	105,435	106,126	93,055	25,470	22,333
158,303	99,051	111,499	87,682	26,760	21,044
<u>2,201,570</u>	<u>92,393</u>	<u>1,669,947</u>	<u>82,038</u>	<u>400,723</u>	<u>19,689</u>
<u>\$ 3,400,000</u>	<u>\$ 1,192,895</u>	<u>\$ 2,500,000</u>	<u>\$ 1,044,345</u>	<u>\$ 600,000</u>	<u>\$ 250,643</u>

CITY OF HARVARD, ILLINOIS
SCHEDULE OF BONDS PAYABLE - PROPRIETARY FUNDS
Year ended April 30, 2009

Year ended <u>April 30</u>	Waterworks and Sewerage Revenue Refunding Bonds, Series 2000		Waterworks and Sewerage Revenue Refunding Bonds, Series 2004	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 60,000	\$ 43,690	\$ 105,000	\$ 51,568
2011	65,000	40,390	110,000	47,603
2012	65,000	36,750	115,000	43,240
2013	65,000	33,110	120,000	38,540
2014	70,000	29,405	130,000	33,540
2015	75,000	25,345	135,000	28,240
2016	80,000	20,920	135,000	22,671
2017	85,000	16,200	145,000	16,721
2018	90,000	11,100	150,000	10,340
2019	95,000	5,700	175,000	3,520
2020	125,000	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
	<u>\$ 875,000</u>	<u>\$ 262,610</u>	<u>\$ 1,320,000</u>	<u>\$ 295,983</u>

**Waterworks and Sewerage
Alternative Revenue Source,
Series 2006**

Principal	Interest
\$ 65,000	\$ 67,515
70,000	64,980
70,000	62,250
75,000	59,450
75,000	56,450
80,000	53,450
85,000	50,250
85,000	46,638
90,000	43,025
95,000	39,200
100,000	35,162
105,000	30,787
105,000	26,194
110,000	21,600
115,000	16,650
125,000	11,475
130,000	5,850
\$ 1,580,000	\$ 690,926

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE OF ILLINOIS PUBLIC ACT 85-1142

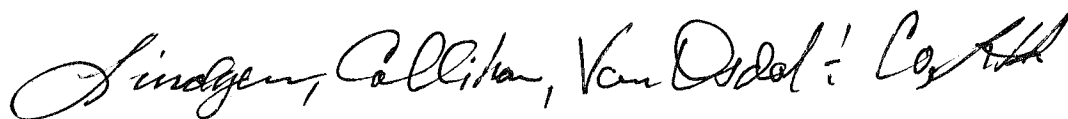
Illinois Department of Revenue
Springfield, Illinois

We have audited the basic financial statements of the City of Harvard, Illinois for the year ended April 30, 2009, and have issued our report thereon dated November 5, 2009. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Downtown TIF District, Industrial Park TIF District, and South TIF District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Harvard, Illinois' management is responsible for the government's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the City of Harvard, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.



Rockford, Illinois
November 5, 2009

CITY OF HARVARD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
April 30, 2009

	<u>Comment</u>	<u>Corrective Action or Other Explanation</u>
2009 - 1	We noted that the City does not have a complete or adequate segregation of duties.	Due to limited resources the City acknowledges that there is not adequate segregation of duties. City Council will continue an active role in oversight responsibility.
2009 - 2	The current format of the bank reconciliation makes reconciliation of the general ledger balance and the bank balance difficult. This is a significant deficiency in the system of controls over cash.	The City will continue to improve on the preparation of the bank reconciliations.