

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2022

CITY OF HARVARD, ILLINOIS

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITOR'S REPORT

August 22, 2022

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2022

Our discussion and analysis of the City of Harvard's financial performance provides an overview of the City of Harvard's financial activities for the fiscal year ended April 30, 2022. Please read it in conjunction with the City of Harvard's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City of Harvard's net position increased as a result of this year's operations. Net position of business-type activities increased by \$3,412,216, or 44.6 percent and net position of the governmental activities increased by \$3,855,341 or 45.6 percent.
- During the year, government-wide revenues for the primary government totaled \$16,996,123, while expenses totaled \$9,728,566, resulting in an increase to net position of \$7,267,557.
- The City of Harvard's net position totaled \$23,374,293 on April 30, 2022, which includes \$27,700,884 net investment in capital assets, \$4,201,115 subject to external restrictions, and \$8,527,706 deficit unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$703,127, resulting in ending fund balance of \$4,434,405, an increase of 18.8 percent.

USING THIS ANNUAL REPORT

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2022

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Harvard's finances, in a matter similar to a private-sector business.

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

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

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

Fund Financial Statements

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2022

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Harvard's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2022**

USING THIS ANNUAL REPORT – Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Harvard’s I.M.R.F. and police employee pension obligations, retiree benefits plan and budgetary comparison schedule for the General Fund, Harvard Diggins Library Fund, Park Fund, TIF #1 Downtown Fund, TIF #2 Industrial Park Fund, and Liability Insurance Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the City of Harvard, assets/deferred outflows exceeded liabilities/deferred inflows by \$23,374,293.

	Governmental		Net Position		Totals	
	Activities		Business-Type			
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 10,957,016	7,757,038	5,275,182	2,698,795	16,232,198	10,455,833
Capital Assets	27,171,479	26,704,699	19,755,674	9,000,128	46,927,153	35,704,827
Total Assets	38,128,495	34,461,737	25,030,856	11,698,923	63,159,351	46,160,660
Deferred Outflows of Resources	3,857,493	2,408,029	1,207,941	1,242,159	5,065,434	3,650,188
Total Assets/ Deferred Outflows	41,985,988	36,869,766	26,238,797	12,941,082	68,224,785	49,810,848
Long-Term Debt	20,107,830	20,066,860	11,210,152	4,078,089	31,317,982	24,144,949
Other Liabilities	2,233,390	1,687,503	3,575,552	951,597	5,808,942	2,639,100
Total Liabilities	22,341,220	21,754,363	14,785,704	5,029,686	37,126,924	26,784,049
Deferred Inflows of Resources	7,340,909	6,666,885	382,659	253,178	7,723,568	6,920,063
Total Liabilities/ Deferred Inflows	29,682,129	28,421,248	15,168,363	5,282,864	44,850,492	33,704,112
Net Position						
Net Investment in Capital Assets	17,423,330	16,107,259	10,277,554	6,116,766	27,700,884	22,224,025
Restricted	4,201,115	3,042,664	-	-	4,201,115	3,042,664
Unrestricted (Deficit)	(9,320,586)	(10,701,405)	792,880	1,541,452	(8,527,706)	(9,159,953)
Total Net Position	12,303,859	8,448,518	11,070,434	7,658,218	23,374,293	16,106,736

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the City of Harvard’s net position, \$27,700,884, reflects its investment in capital assets (for example, land, construction in progress, infrastructure, buildings and improvements, machinery and equipment, vehicles, and Harvard Diggins Library), less any related debt used to acquire those assets that is still outstanding. The City of Harvard uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Harvard’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$4,201,115, of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$8,527,706 deficit represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 601,111	380,011	3,104,556	2,819,989	3,705,667	3,200,000
Operating Grants and Contributions	1,135,764	856,641	-	-	1,135,764	856,641
Capital Grants and Contributions	-	-	3,300,000	-	3,300,000	-
General Revenues						
Property Taxes	3,806,364	3,219,581	-	-	3,806,364	3,219,581
State Taxes	3,800,156	3,110,249	-	-	3,800,156	3,110,249
Other Taxes	949,144	764,180	-	-	949,144	764,180
Other General Revenues	292,856	416,150	6,172	661	299,028	416,811
Total Revenues	10,585,395	8,746,812	6,410,728	2,820,650	16,996,123	11,567,462
Expenses						
General Government	1,016,900	1,600,251	-	-	1,016,900	1,600,251
Public Safety	3,516,069	3,956,801	-	-	3,516,069	3,956,801
Public Works	1,264,878	883,981	-	-	1,264,878	883,981
Culture and Recreation	682,682	799,564	-	-	682,682	799,564
Interest on Long-Term Debt	249,525	546,405	-	-	249,525	546,405
Water and Sewer	-	-	2,998,512	2,205,746	2,998,512	2,205,746
Total Expenses	6,730,054	7,787,002	2,998,512	2,205,746	9,728,566	9,992,748
Change in Net Position	3,855,341	959,810	3,412,216	614,904	7,267,557	1,574,714
Net Position - Beginning	8,448,518	7,488,708	7,658,218	7,043,314	16,106,736	14,532,022
Net Position - Ending	12,303,859	8,448,518	11,070,434	7,658,218	23,374,293	16,106,736

The net position of business-type activities increased by 44.6 percent (\$7,658,218 in 2021 compared to \$11,070,434 in 2022).

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2022**

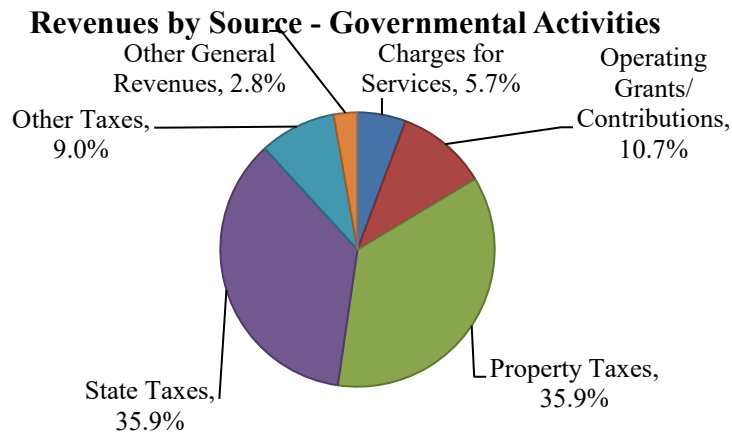
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The net position of the City’s governmental activities increased by 45.6 percent (\$8,448,518 in 2021 compared to a \$12,303,859 in 2022). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$9,320,586 at April 30, 2022 for the governmental activities.

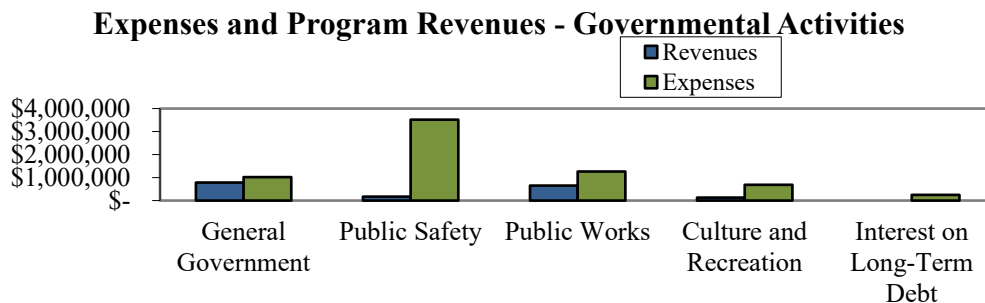
Governmental Activities

Revenues for governmental activities totaled \$10,585,395, while the cost of all governmental functions totaled \$6,730,054. This results in a surplus of \$3,855,341. In 2021, revenues of \$8,746,812 exceeded expenses of \$7,787,002 resulting in a surplus of \$959,810. During 2022, the City decreased expenses for the general government function and public safety function due to lower pension expenses related to the net pension liability and deferred outflows and inflows. Revenues came in \$1,838,583 higher than 2021, primarily due to an increase in charges for services, operating grants and contributions, property taxes, stated taxes, and other taxes.

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



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



CITY OF HARVARD, ILLINOIS

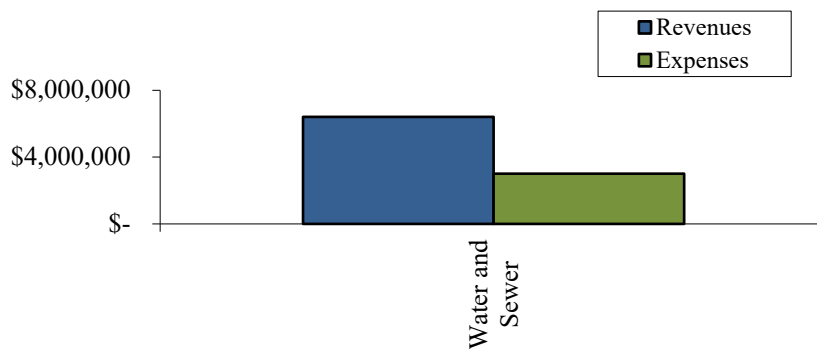
**Management’s Discussion and Analysis
April 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$6,404,556, while the cost of all business-type activities totaled \$2,998,512. This results in a surplus of \$3,412,216. In 2021, revenues of \$2,820,650 exceeded expenses of \$2,205,746, resulting in a surplus of \$614,904.

Expenses and Program Revenues - Business-Type Activities



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

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

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

The City of Harvard’s governmental funds reported combining ending fund balances of \$6,556,872, which is \$1,500,334 higher than last year’s total of \$5,056,538. Of the \$6,556,872 total, \$2,212,757 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$703,127, an increase of 18.8 percent. This was due in large part to a decrease in capital related spending in the current year. This variance and others are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the City. At April 30, 2022, unassigned fund balance in the General Fund was \$2,983,343.

The Harvard Diggins Library Fund reported a surplus in the current year of \$93,693, primarily due to a decrease in expenses in the current year.

The Park Fund reported a surplus in the current year of \$85,655, due primarily to an increase in tax revenues.

The TIF #1 Downtown Redevelopment Fund reported a surplus in the current year of \$42,459 due to property tax and transfers from the General Fund meeting needs of debt service payments.

The TIF #2 Industrial Park Fund reported a surplus for the year of \$89,731 due to property taxes meeting the needs of debt service payments.

The Liability Insurance Fund had a surplus of \$124,587, due primarily to transfers coming in higher than actual expenditures during the fiscal year.

Proprietary Funds

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

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

The City of Harvard intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water and Sewer Fund during the current fiscal year was \$3,412,216, while the previous fiscal year reported a surplus of \$614,904. Unrestricted net position in the Water and Sewer Fund totaled \$792,880 at April 30, 2022.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Harvard Council did not make any budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$7,797,129, compared to budgeted revenues of \$5,888,060, primarily due to property taxes, licenses and permits, state income tax and grants being more than budgeted.

The General Fund actual expenditures for the year were \$1,076,288 higher than budgeted (\$6,203,653 actual compared to \$5,127,365 budgeted). This is due mainly to general government, public safety and capital outlay expenditures coming in higher than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Harvard’s investment in capital assets for its governmental and business-type activities as of April 30, 2022 was \$46,927,153 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, machinery and equipment, vehicles, and Harvard Diggins Library.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities	2022	2021
	2022	2021	2022	2021	2022	2021
Land	\$ 8,824,157	8,824,157	828,000	828,000	9,652,157	9,652,157
Construction in Progress	49,816	5,131,867	12,832,725	1,980,953	12,882,541	7,112,820
Infrastructure	9,367,941	9,383,692	1,996,774	1,873,689	11,364,715	11,257,381
Buildings and Improvements	8,224,792	3,061,859	3,972,832	4,169,884	12,197,624	7,231,743
Machinery and Equipment	121,046	93,194	125,343	147,602	246,389	240,796
Vehicles	489,817	209,930	-	-	489,817	209,930
Harvard Diggins Library	93,910	-	-	-	93,910	-
Totals	27,171,479	26,704,699	19,755,674	9,000,128	46,927,153	35,704,827

This year’s major additions included:

Construction in Progress	\$ 11,038,341
Infrastructure	504,943
Machinery and Equipment	50,953
Vehicles	356,699
Harvard Diggins Library	93,910
	<u>12,044,846</u>

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$18,538,120 as compared to \$12,743,362 the previous year, an increase of \$5,794,758, or 45.5 percent. The increase was due to the issuance of a \$10,045,254 of IEPA Loan Payable and a total of \$565,422 in notes payable offset by the annual, scheduled repayments on outstanding long-term debt of \$1,515,918 and the forgiveness of \$3,300,000 of the IEPA Loan Payable during the current year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 9,060,000	9,860,000	470,000	580,000	9,530,000	10,440,000
Notes Payable	-	-	562,104	602,600	562,104	602,600
IEPA Loan Payable	-	-	8,446,016	1,700,762	8,446,016	1,700,762
Totals	9,060,000	9,860,000	9,478,120	2,883,362	18,538,120	12,743,362

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The City is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation, unemployment rates and the financial impact of COVID-19.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Funds

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

CITY OF HARVARD, ILLINOIS

Statement of Net Position

April 30, 2022

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 5,022,112	2,436,491	7,458,603
Receivables - Net of Allowances	3,726,722	535,678	4,262,400
Due from Other Governments	674,800	1,916,817	2,591,617
Land Held for Resale	143,000	-	143,000
Total Current Assets	9,566,634	4,888,986	14,455,620
Noncurrent Assets			
Capital Assets			
Nondepreciable	8,873,973	13,660,725	22,534,698
Depreciable	26,550,651	14,344,455	40,895,106
Accumulated Depreciation	(8,253,145)	(8,249,506)	(16,502,651)
Total Capital Assets	27,171,479	19,755,674	46,927,153
Other Assets			
Net Pension Asset - IMRF	1,390,382	386,196	1,776,578
Total Noncurrent Assets	28,561,861	20,141,870	48,703,731
Total Assets	38,128,495	25,030,856	63,159,351
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	47,042	13,067	60,109
Deferred Items - Police Pension	3,810,451	-	3,810,451
Deferred Items - ARO	-	1,194,874	1,194,874
Total Deferred Outflows of Resources	3,857,493	1,207,941	5,065,434
Total Assets and Deferred Outflows of Resources	41,985,988	26,238,797	68,224,785

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

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 784,577	2,298,106	3,082,683
Retainage Payable	-	1,085,177	1,085,177
Accrued Payroll	54,307	16,348	70,655
Other Payable	407,214	-	407,214
Accrued Interest Payable	89,486	-	89,486
Current Portion of Long-Term Debt	897,806	175,921	1,073,727
Total Current Liabilities	<u>2,233,390</u>	<u>3,575,552</u>	<u>5,808,942</u>
Noncurrent Liabilities			
Compensated Absences Payable	211,224	100,125	311,349
Net Pension Liability - Police Pension	8,778,579	-	8,778,579
Total OPEB Liability - RBP	2,214,878	532,797	2,747,675
Asset Retirement Obligation	-	1,250,000	1,250,000
General Obligation Bonds Payable - Net	8,903,149	360,000	9,263,149
Notes Payable	-	521,214	521,214
IEPA Loan Payable	-	8,446,016	8,446,016
Total Noncurrent Liabilities	<u>20,107,830</u>	<u>11,210,152</u>	<u>31,317,982</u>
Total Liabilities	<u>22,341,220</u>	<u>14,785,704</u>	<u>37,126,924</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	1,377,647	382,659	1,760,306
Deferred Items - Police Pension	4,199,598	-	4,199,598
Property Taxes	1,763,664	-	1,763,664
Total Deferred Inflows of Resources	<u>7,340,909</u>	<u>382,659</u>	<u>7,723,568</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,682,129</u>	<u>15,168,363</u>	<u>44,850,492</u>
NET POSITION			
Net Investment in Capital Assets	17,423,330	10,277,554	27,700,884
Restricted			
Property Taxes			
Public Library	444,956	-	444,956
TIF Districts	872,178	-	872,178
Liability Insurance	94,711	-	94,711
Social Security	52,185	-	52,185
IMRF	183,614	-	183,614
Special Recreation	187,168	-	187,168
Motor Fuel Taxes	817,058	-	817,058
Welfare Services	12,512	-	12,512
Revolving Loans	228,671	-	228,671
Capital Projects	1,084,309	-	1,084,309
Off Street Parking	223,753	-	223,753
Unrestricted (Deficit)	<u>(9,320,586)</u>	<u>792,880</u>	<u>(8,527,706)</u>
Total Net Position	<u>12,303,859</u>	<u>11,070,434</u>	<u>23,374,293</u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2022**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,016,900	268,295	514,859	-
Public Safety	3,516,069	168,807	-	-
Public Works	1,264,878	53,045	600,281	-
Culture and Recreation	682,682	110,964	20,624	-
Interest on Long-Term Debt	249,525	-	-	-
Total Governmental Activities	6,730,054	601,111	1,135,764	-
Business-Type Activities				
Water and Sewer	2,998,512	3,104,556	-	3,300,000
Total Primary Government	9,728,566	3,705,667	1,135,764	3,300,000
			General Revenues	
			Taxes	
			Property Taxes	
			Other Taxes	
			Intergovernmental - Unrestricted	
			State Income Tax	
			Use Tax	
			Sales Tax	
			Replacement Tax	
			Investment Income	
			Miscellaneous	
			Change in Net Position	
			Net Position - Beginning	
			Net Position - Ending	

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(233,746)	-	(233,746)
(3,347,262)	-	(3,347,262)
(611,552)	-	(611,552)
(551,094)	-	(551,094)
(249,525)	-	(249,525)
(4,993,179)	-	(4,993,179)
-	3,406,044	3,406,044
(4,993,179)	3,406,044	(1,587,135)
3,806,364	-	3,806,364
949,144	-	949,144
1,502,794	-	1,502,794
381,415	-	381,415
1,493,349	-	1,493,349
422,598	-	422,598
76,995	6,172	83,167
215,861	-	215,861
8,848,520	6,172	8,854,692
3,855,341	3,412,216	7,267,557
8,448,518	7,658,218	16,106,736
12,303,859	11,070,434	23,374,293

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2022**

		Special	
	General	Harvard Diggins Library	Park
ASSETS			
Cash and Investments	\$ 3,091,064	237,492	-
Receivables - Net of Allowances			
Taxes	1,724,187	424,000	246,987
Accounts	68,363	-	-
Other	-	-	-
Due from Other Governments	585,138	-	-
Due from Other Funds	888,125	-	-
Land Held for Resale	143,000	-	-
Total Assets	<u>6,499,877</u>	<u>661,492</u>	<u>246,987</u>
LIABILITIES			
Accounts Payable	382,573	1,382	4,300
Accrued Payroll	49,498	3,154	1,655
Other Payables	407,214	-	-
Due to Other Funds	364,094	-	888,125
Total Liabilities	<u>1,203,379</u>	<u>4,536</u>	<u>894,080</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	862,093	212,000	123,493
Total Liabilities and Deferred Inflows of Resources	<u>2,065,472</u>	<u>216,536</u>	<u>1,017,573</u>
FUND BALANCES			
Nonspendable	143,000	-	-
Restricted	1,308,062	444,956	-
Unassigned	2,983,343	-	(770,586)
Total Fund Balances	<u>4,434,405</u>	<u>444,956</u>	<u>(770,586)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>6,499,877</u>	<u>661,492</u>	<u>246,987</u>

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

Revenue Funds				
TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Liability Insurance	Nonmajor	Totals
80,439	383,161	-	1,229,956	5,022,112
199,327	617,829	73,500	241,502	3,527,332
-	-	-	-	68,363
-	-	-	131,027	131,027
-	-	57,961	31,701	674,800
-	-	-	-	888,125
-	-	-	-	143,000
279,766	1,000,990	131,461	1,634,186	10,454,759
-	-	-	32,228	420,483
-	-	-	-	54,307
-	-	-	-	407,214
-	-	-	-	1,252,219
-	-	-	32,228	2,134,223
99,664	308,914	36,750	120,750	1,763,664
99,664	308,914	36,750	152,978	3,897,887
-	-	-	-	143,000
180,102	692,076	94,711	1,481,208	4,201,115
-	-	-	-	2,212,757
180,102	692,076	94,711	1,481,208	6,556,872
279,766	1,000,990	131,461	1,634,186	10,454,759

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

CITY OF HARVARD, ILLINOIS

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

April 30, 2022

Total Governmental Fund Balances	\$ 6,556,872
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	27,171,479
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	1,390,382
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(1,330,605)
Deferred Items - Police Pension	(389,147)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Accrued Interest Payable	(89,486)
Compensated Absences Payable	(264,030)
Net Pension Liability - Police Pension	(8,778,579)
Net Total OPEB Liability - RBP	(2,214,878)
General Obligation Bonds Payable - Net	(9,748,149)
Net Position of Governmental Activities	<u><u>12,303,859</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2022**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2022**

	General	Harvard Diggins Library	Special Park
Revenues			
Taxes	\$ 2,909,568	445,775	265,824
Licenses and Permits	490,147	-	-
Intergovernmental	4,191,490	52,142	-
Charges for Services	-	14,550	96,414
Investment Income	20,778	47,374	457
Miscellaneous	185,146	4,964	910
Total Revenues	7,797,129	564,805	363,605
Expenditures			
General Government	933,756	-	-
Public Safety	3,675,871	-	-
Public Works	695,700	-	-
Culture and Recreation	-	344,538	291,426
Capital Outlay	738,576	126,574	1,524
Debt Service			
Principal Retirement	15,000	-	-
Interest and Fiscal Charges	144,750	-	-
Total Expenditures	6,203,653	471,112	292,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,593,476	93,693	70,655
Other Financing Sources (Uses)			
Disposal of Capital Assets	29,722	-	-
Transfers In	-	-	15,000
Transfers Out	(920,071)	-	-
	(890,349)	-	15,000
Net Change in Fund Balances	703,127	93,693	85,655
Fund Balances - Beginning	3,731,278	351,263	(856,241)
Fund Balances - Ending	4,434,405	444,956	(770,586)

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

Revenue Funds				
TIF #1	TIF #2			
Downtown Redevelopment	Industrial Park	Liability Insurance	Nonmajor	Totals
188,925	612,170	77,763	255,483	4,755,508
-	-	-	-	490,147
-	-	-	692,288	4,935,920
-	-	-	-	110,964
584	2,831	-	4,971	76,995
-	-	23,757	1,084	215,861
189,509	615,001	101,520	953,826	10,585,395
950	1,425	263,719	503,885	1,703,735
-	-	-	-	3,675,871
-	-	-	406,431	1,102,131
-	-	-	25,018	660,982
-	-	-	-	866,674
385,000	400,000	-	-	800,000
36,795	123,845	-	-	305,390
422,745	525,270	263,719	935,334	9,114,783
(233,236)	89,731	(162,199)	18,492	1,470,612
-	-	-	-	29,722
275,695	-	286,786	357,590	935,071
-	-	-	(15,000)	(935,071)
275,695	-	286,786	342,590	29,722
42,459	89,731	124,587	361,082	1,500,334
137,643	602,345	(29,876)	1,120,126	5,056,538
180,102	692,076	94,711	1,481,208	6,556,872

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

CITY OF HARVARD, ILLINOIS

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

For the Fiscal Year Ended April 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 1,500,334
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	1,009,269
Depreciation Expense	(542,489)
An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	
Change in Net Pension Asset - IMRF	1,143,626
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(518,099)
Change in Deferred Items - Police Pension	1,336,593
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Compensated Absences Payable	27,515
Change in Net Pension Liability - Police Pension	(1,172,914)
Change in Total OPEB Liability - RBP	215,641
Retirement of Debt	800,000
Amortization of Debt Related Items	49,291
Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	<u>6,574</u>
Changes in Net Position of Governmental Activities	<u><u>3,855,341</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2022**

See Following Page

CITY OF HARVARD, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2022

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 2,436,491
Receivables - Net of Allowances	535,678
Due from Other Governments	1,916,817
Total Current Assets	<u>4,888,986</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	13,660,725
Depreciable	14,344,455
Accumulated Depreciation	<u>(8,249,506)</u>
Total Capital Assets	19,755,674
Other Assets	
Net Pension Asset - IMRF	<u>386,196</u>
Total Noncurrent Assets	<u>20,141,870</u>
Total Assets	<u>25,030,856</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	13,067
Deferred Items - ARO	1,194,874
Total Deferred Outflows of Resources	<u>1,207,941</u>
Total Assets and Deferred Outflows of Resources	<u>26,238,797</u>

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

Water and Sewer

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 2,298,106
Retainage Payable	1,085,177
Accrued Payroll	16,348
Current Portion of Long-Term Debt	175,921
Total Current Liabilities	<u>3,575,552</u>
Noncurrent Liabilities	
Compensated Absences Payable	100,125
Total OPEB Liability - RBP	532,797
Asset Retirement Obligation	1,250,000
General Obligation Bonds Payable	360,000
Notes Payable	521,214
IEPA Loan Payable	8,446,016
Total Noncurrent Liabilities	<u>11,210,152</u>
Total Liabilities	<u>14,785,704</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	<u>382,659</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,168,363</u>

NET POSITION

Net Investment in Capital Assets	10,277,554
Unrestricted	<u>792,880</u>
Total Net Position	<u><u>11,070,434</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Fiscal Year Ended April 30, 2022**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 3,104,556</u>
Operating Expenses	
Operations	2,673,504
Depreciation and Amortization	<u>307,594</u>
Total Operating Expenses	<u>2,981,098</u>
Operating Income	<u>123,458</u>
Nonoperating Revenues (Expenses)	
Investment Income	6,172
Interest Expense	<u>(17,414)</u>
	<u>(11,242)</u>
Income Before Grants	112,216
Capital Grants	<u>3,300,000</u>
Change in Net Position	3,412,216
Net Position - Beginning	<u>7,658,218</u>
Net Position - Ending	<u><u>11,070,434</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended April 30, 2022**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,570,520
Payments to Employees	(843,072)
Payments to Suppliers	1,460,309
	<u>3,187,757</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(11,035,577)
Debt Issuance	10,610,676
Principal Retirement	(4,015,918)
Interest Payments	(17,414)
Capital Grant	3,300,000
	<u>(1,158,233)</u>
Cash Flows from Investing Activities	
Interest Received	6,172
	<u>6,172</u>
Net Change in Cash and Cash Equivalents	2,035,696
Cash and Cash Equivalents - Beginning	400,795
Cash and Cash Equivalents - Ending	<u>2,436,491</u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income	123,458
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	307,594
(Increase) Decrease in Current Assets	(534,036)
Increase (Decrease) in Current Liabilities	3,290,741
	<u>3,187,757</u>
Net Cash Provided by Operating Activities	<u>3,187,757</u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Fiduciary Net Position
April 30, 2022**

	Trusts Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 566,378	1,701
Investments		
U.S. Treasuries	579,393	-
U.S. Agencies	3,182,150	-
Corporate Bonds	919,656	-
Municipal Bonds	951,593	-
Mutual Funds	7,185,334	-
Receivables		
Accrued Interest	45,555	-
Due from Other Funds	364,094	-
Prepays	3,809	-
Total Assets	<u>13,797,962</u>	<u>1,701</u>
LIABILITIES		
Accounts Payable	3,530	-
Checks Paid in Excess of Cash	-	111
Total Liabilities	<u>3,530</u>	<u>111</u>
NET POSITION		
Net Position Restricted for		
Trusts	13,794,432	-
Individuals, Organizations and Other Governemtns	<u>-</u>	<u>1,590</u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022**

	Trusts Funds	Custodial Funds
Additions		
Contributions - Employer	\$ 855,893	-
Contributions - Plan Members	152,502	-
Special Assessments - Property Tax	-	168,923
Other Income	11,658	544
Total Contributions	1,020,053	169,467
Investment Income		
Interest Income	3,289	215
Net Change in Fair Value	(1,057,955)	-
	(1,054,666)	215
Less Investment Expenses	(37,949)	-
Net Investment Income	(1,092,615)	215
Total Additions	(72,562)	169,682
Deductions		
Administration	32,238	2,210
Benefits and Refunds	994,185	-
Other Charges and Services	169,866	-
Debt Service		
Principal Retirement	-	158,926
Interest and Fiscal Charges	-	14,970
Total Deductions	1,196,289	176,106
Change in Fiduciary Net Position	(1,268,851)	(6,424)
Net Position Restricted for Trusts, Individuals, Organizations and Other Governments		
Beginning	15,063,283	8,014
Ending	13,794,432	1,590

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

Police Pension Employees Retirement System

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

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

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

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

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

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

Proprietary Funds

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

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

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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

Basis of Accounting

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

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

All proprietary funds, trust funds, and custodial funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Interfund Receivables, Payables and Activity

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

Receivables

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

Prepays – Land Held for Resale

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

Capital Assets

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

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

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

Compensated Absences

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

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

Long-Term Obligations

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- At least 15 days prior to the enactment of the budget, the committee on Finance Procurement submits to the City Council a proposed means of financing expenditure appropriations for the fiscal year commencing the following May 1.
- Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Budgeted amounts are as originally reported or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.
- Unexpected budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at the budgetary line item level.
- The budget amounts shown in the financial statements are the final authorized amounts as no supplementary appropriations were necessary during the year.
- The City does not budget for the Welfare Fund, Revolving Loan Fund, Apartment Fund, Scholarship Fund, SSA #1 Park Pointe Fund, SSA #2 Pointe 3A Fund, and SSA #3 Shadow Creek Fund.

DEFICIT FUND BALANCES

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

Fund	Deficit
Park	\$ 770,586
SSA #3 Shadow Creek	111

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General	\$ 213,818
Harvard Diggins Library	18,412
TIF #1 Downtown Redevelopment	225
TIF #2 Industrial Park	28,425
Liability Insurance	11,719
Social Security	10,875
Water and Sewer	167,645
Police Pension	153,322
SSA #4 Pointe 3B	1,325
SSA #5 Shadow Creek	4,299

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$7,453,028 and the bank balances totaled \$7,721,005. In addition, the City has \$5,575 invested in Illinois Funds at year-end, which are measured by net asset value per share determined by the pool.

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

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

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

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest in Delos F. Diggins Trust – Designated Fund

As of April 30, 2022, the Library has a balance of \$1,194,265 invested with the Delos F Diggins Trust. These funds are not available to the Library until eligible expenditures are submitted for reimbursement. The City has elected not to include the investment held within the trust as an asset on their books.

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$547,064 and the bank balances totaled \$547,064.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 579,393	195,434	383,959	-	-
U.S. Agencies	3,182,150	50,126	1,142,500	1,685,217	304,307
Corporate Bonds	919,656	30,067	566,145	323,444	-
Municipal Bonds	951,593	60,139	309,292	582,162	-
	<u>5,632,792</u>	<u>335,766</u>	<u>2,401,896</u>	<u>2,590,823</u>	<u>304,307</u>

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

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 579,393	579,393	-	-
U.S. Agencies	3,182,150	-	3,182,150	-
Corporate Bonds	919,656	-	919,656	-
Municipal Bonds	951,593	-	951,593	-
Equity Securities				
Mutual Funds	7,185,334	7,185,334	-	-
Total Investments by Fair Value Level	<u>12,818,126</u>	<u>7,764,727</u>	<u>5,053,399</u>	<u>-</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.2 through 113.4a. The investments in the securities of U.S. government agencies ratings were unavailable or AA+ by Standard and Poor's, the investments in the corporate bonds were rated BBB+ to AAA by Standard and Poor's, and the municipal bonds were rated AA- to AAA by Standard and Poor's or not rated.

Custodial Credit Risk. The Fund's investment policy states that assets may be invested in savings accounts or certificates of deposit of a national or bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. At April 30, 2022, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

Concentration Risk. The Fund's investment policy states the Fund shall diversify investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. In addition to the securities and fair values listed above, the Fund also has \$7,185,334 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	1.00%
Domestic Equities	49.50%	6.30% - 7.90%
International Equities	5.50%	6.80%
Cash and Cash Equivalents	0.00%	0.00%

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

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2022 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2022 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.40%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 8,824,157	-	-	8,824,157
Construction in Progress	5,131,867	186,569	5,268,620	49,816
	<u>13,956,024</u>	<u>186,569</u>	<u>5,268,620</u>	<u>8,873,973</u>
Depreciable Capital Assets				
Infrastructure	12,928,642	321,138	-	13,249,780
Buildings and Improvements	4,826,140	5,268,620	-	10,094,760
Machinery and Equipment	1,104,212	50,953	-	1,155,165
Vehicles	1,408,746	356,699	-	1,765,445
Harvard Diggins Library	191,591	93,910	-	285,501
	<u>20,459,331</u>	<u>6,091,320</u>	<u>-</u>	<u>26,550,651</u>
Less Accumulated Depreciation				
Infrastructure	3,544,950	336,889	-	3,881,839
Buildings and Improvements	1,764,281	105,687	-	1,869,968
Machinery and Equipment	1,011,018	23,101	-	1,034,119
Vehicles	1,198,816	76,812	-	1,275,628
Harvard Diggins Library	191,591	-	-	191,591
	<u>7,710,656</u>	<u>542,489</u>	<u>-</u>	<u>8,253,145</u>
Total Net Depreciable Capital Assets	<u>12,748,675</u>	<u>5,548,831</u>	<u>-</u>	<u>18,297,506</u>
Total Net Capital Assets	<u>26,704,699</u>	<u>5,735,400</u>	<u>5,268,620</u>	<u>27,171,479</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 211,570
Public Safety	146,472
Public Works	162,747
Culture and Recreation	21,700
	<u>542,489</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 828,000	-	-	828,000
Construction in Progress	1,980,953	10,851,772	-	12,832,725
	<u>2,808,953</u>	<u>10,851,772</u>	<u>-</u>	<u>13,660,725</u>
Depreciable Capital Assets				
Infrastructure	2,491,322	183,805	-	2,675,127
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,675,982	-	-	1,675,982
Vehicles	140,750	-	-	140,750
	<u>14,160,650</u>	<u>183,805</u>	<u>-</u>	<u>14,344,455</u>
Less Accumulated Depreciation				
Infrastructure	617,633	60,720	-	678,353
Buildings and Improvements	5,682,712	197,052	-	5,879,764
Machinery and Equipment	1,528,380	22,259	-	1,550,639
Vehicles	140,750	-	-	140,750
	<u>7,969,475</u>	<u>280,031</u>	<u>-</u>	<u>8,249,506</u>
Total Net Depreciable Capital Assets	<u>6,191,175</u>	<u>(96,226)</u>	<u>-</u>	<u>6,094,949</u>
Total Net Capital Assets	<u>9,000,128</u>	<u>10,755,546</u>	<u>-</u>	<u>19,755,674</u>

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

Water and Sewer	<u>\$ 280,031</u>
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CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Park	\$ 888,125
Police Pension	General	<u>364,094</u>
		<u><u>1,252,219</u></u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Park	Nonmajor Governmental	\$ 15,000 (1)
TIF #1 Downtown Redevelopment	General	275,695 (2)
Liability Insurance	General	286,786 (3)
Nonmajor Governmental	General	<u>357,590 (3)</u>
		<u><u>935,071</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the TIF #1 Downtown Redevelopment Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A, due in annual installments of \$95,000 to \$405,000 plus interest at 2.00% to 3.20% through January 15, 2024.	TIF #1	\$ 1,180,000	-	385,000	795,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B, due in annual installments of \$165,000 to \$185,000 plus interest at 2.00% to 5.00% through January 15, 2027.	TIF #2	1,010,000	-	160,000	850,000
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A, due in annual installments of \$105,000 to \$125,000 plus interest at 1.50% to 2.30% through May 1, 2026.	Water and Sewer	580,000	-	110,000	470,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B, due in annual installments of \$180,000 to \$425,000 plus interest at 2.00% to 4.00% through January 15, 2029.	TIF #2	2,080,000	-	190,000	1,890,000

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2020A, due in annual installments of \$15,000 to \$365,000 plus interest at 3.00% through January 1, 2040.	General	\$ 4,825,000	-	15,000	4,810,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2020B, due in annual installments of \$35,000 to \$140,000 plus interest at 3.00% through January 1, 2029.	TIF #2	765,000	-	50,000	715,000
		<u>10,440,000</u>	<u>-</u>	<u>910,000</u>	<u>9,530,000</u>

Notes Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Note Payable of 2017, due in monthly installments of \$4,550, plus a balloon payment of \$602,600, including interest at 3.50% through March 28, 2022.	Water and Sewer	\$ 602,600	-	602,600	-
Note Payable of 2022, due in monthly installments of \$4,900, plus a balloon payment of \$352,390, including interest at 3.25% through March 28, 2027.	Water and Sewer	-	565,422	3,318	562,104
		<u>602,600</u>	<u>565,422</u>	<u>605,918</u>	<u>562,104</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Loans Payable

The City has entered into a loan agreement with the IEPA to provide low interest financing for waterworks and sewerage improvements. Final repayment schedule for the IEPA Loans Payable of 2021 is not available at the time of the issuance of this report. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan Payable of 2021, due in semi-annual installments plus interest at 0.81% through January 23, 2054.	Water and Sewer	\$ 1,700,762	10,045,254	3,300,000	8,446,016

ASSET RETIREMENT OBLIGATION

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the City’s water towers and standpipes at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells range between 25 and 37 years and the remaining useful lives of the water towers ranges between 49 and 74 years.

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 291,545	27,515	55,030	264,030	52,806
Net Pension Liability - Police Pension	7,605,665	1,172,914	-	8,778,579	-
Total OPEB Liability - RBP	2,430,519	-	215,641	2,214,878	-
General Obligation Bonds	9,860,000	-	800,000	9,060,000	845,000
Plus: Unamortized Premium	737,440	-	49,291	688,149	-
	<u>20,925,169</u>	<u>1,200,429</u>	<u>1,119,962</u>	<u>21,005,636</u>	<u>897,806</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Business-Type Activities					
Compensated Absences	\$ 104,396	41,520	20,760	125,156	25,031
Total OPEB Liability - RBP	573,810	-	41,013	532,797	-
Asset Retirement Obligation	1,250,000	-	-	1,250,000	-
General Obligation Bonds	580,000	-	110,000	470,000	110,000
Notes Payable	602,600	565,422	605,918	562,104	40,890
IEPA Loan Payable	1,700,762	10,045,254	3,300,000	8,446,016	-
	<u>4,811,568</u>	<u>10,652,196</u>	<u>4,077,691</u>	<u>11,386,073</u>	<u>175,921</u>

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

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

Non-Commitment Debt – Special Service Area Bonds

Special service area bonds outstanding as of the date of this report totaled \$170,496. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax and forwarding the collections to bondholders.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 845,000	283,130	110,000	10,134	40,890	17,910
2024	905,000	255,845	115,000	7,936	42,213	16,587
2025	710,000	229,010	120,000	5,634	43,670	15,130
2026	730,000	208,860	125,000	2,876	45,129	13,671
2027	760,000	187,675	-	-	390,202	11,188
2028	790,000	161,500	-	-	-	-
2029	830,000	133,850	-	-	-	-
2030	270,000	104,700	-	-	-	-
2031	285,000	96,600	-	-	-	-
2032	290,000	88,050	-	-	-	-
2033	300,000	79,350	-	-	-	-
2034	305,000	70,350	-	-	-	-
2035	315,000	61,200	-	-	-	-
2036	325,000	51,750	-	-	-	-
2037	335,000	42,000	-	-	-	-
2038	345,000	31,950	-	-	-	-
2039	355,000	21,600	-	-	-	-
2040	365,000	10,950	-	-	-	-
Totals	9,060,000	2,118,370	470,000	26,580	562,104	74,486

Legal Debt Margin

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin - Continued

Assessed Valuation - 2021	<u>\$ 149,384,532</u>
Legal Debt Limit - 8.625% of Assessed Value	12,884,416
Amount of Debt Applicable to Limit Note Payable of 2022	<u>(562,104)</u>
Legal Debt Margin	<u>12,322,312</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2022:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 27,171,479
Less Capital Related Debt:	
General Obligation Bonds	(9,060,000)
Unamortized Premium	<u>(688,149)</u>
Net Investment in Capital Assets	<u>17,423,330</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	19,755,674
Less Capital Related Debt:	
General Obligation Bonds	(470,000)
Notes Payable	(562,104)
IEPA Loan Payable	<u>(8,446,016)</u>
Net Investment in Capital Assets	<u>10,277,554</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

	Special Revenue Funds							Totals
	General	Harvard Diggins Library	Park	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Liability Insurance	Nonmajor	
Fund Balances								
Nonspendable								
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	143,000
Restricted								
Property Taxes								
Public Library	-	444,956	-	-	-	-	-	444,956
TIF Districts	-	-	-	180,102	692,076	-	-	872,178
Liability Insurance	-	-	-	-	-	94,711	-	94,711
Social Security	-	-	-	-	-	-	52,185	52,185
IMRF	-	-	-	-	-	-	183,614	183,614
Special Recreation	-	-	-	-	-	-	187,168	187,168
Motor Fuel Taxes	-	-	-	-	-	-	817,058	817,058
Welfare Services	-	-	-	-	-	-	12,512	12,512
Revolving Loan	-	-	-	-	-	-	228,671	228,671
Capital Projects	1,084,309	-	-	-	-	-	-	1,084,309
Off Street Parking	223,753	-	-	-	-	-	-	223,753
	<u>1,308,062</u>	<u>444,956</u>	<u>-</u>	<u>180,102</u>	<u>692,076</u>	<u>94,711</u>	<u>1,481,208</u>	<u>4,201,115</u>
Unassigned	2,983,343	-	(770,586)	-	-	-	-	2,212,757
Total Fund Balances	<u>4,434,405</u>	<u>444,956</u>	<u>(770,586)</u>	<u>180,102</u>	<u>692,076</u>	<u>94,711</u>	<u>1,481,208</u>	<u>6,556,872</u>

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Financial Impact from COVID-19

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

JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED ORGANIZATIONS

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

The aggregate amounts recognized for the two pension plans are:

	Net Pension Liability/ (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense/ (Revenue)
IMRF	\$ (1,776,578)	60,109	1,760,306	(593,677)
Police Pension	8,778,579	3,810,451	4,199,598	692,214
	<u>7,002,001</u>	<u>3,870,560</u>	<u>5,959,904</u>	<u>98,537</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements
April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

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

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	56
Inactive Plan Members Entitled to but not yet Receiving Benefits	11
Active Plan Members	<u>27</u>
Total	<u>94</u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2022, the City’s contribution was 11.46% of covered payroll.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension (Asset). The City’s net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% - 13.75%
Cost of Living Adjustments	2.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	2.00%
Domestic Equities	39.00%	4.50%
International Equities	15.00%	5.75%
Real Estate	10.00%	5.90%
Blended	10.00%	4.30% - 8.10%
Cash and Cash Equivalents	1.00%	1.70%

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension (Asset)	\$ (221,772)	(1,776,578)	(3,027,587)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2020	\$ 12,943,899	13,261,555	(317,656)
Changes for the Year:			
Service Cost	177,930	-	177,930
Interest on the Total Pension Liability	925,370	-	925,370
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(51,739)	-	(51,739)
Changes of Assumptions	-	-	-
Contributions - Employer	-	231,077	(231,077)
Contributions - Employees	-	82,856	(82,856)
Net Investment Income	-	2,191,017	(2,191,017)
Benefit Payments, including Refunds of Employee Contributions	(538,282)	(538,282)	-
Other (Net Transfer)	-	5,533	(5,533)
Net Changes	513,279	1,972,201	(1,458,922)
Balances at December 31, 2021	13,457,178	15,233,756	(1,776,578)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2022, the City recognized pension revenue of \$593,677. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(78,924)	(78,924)
Change in Assumptions	-	(22,171)	(22,171)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(1,659,211)	(1,659,211)
Total Pension Expense to be			
Recognized in Future Periods	-	(1,760,306)	(1,760,306)
Pension Contributions Made Subsequent to the Measurement Date	60,109	-	60,109
Total Deferred Amounts Related to IMRF	<u>60,109</u>	<u>(1,760,306)</u>	<u>(1,700,197)</u>

\$60,109 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2023.

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

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (455,738)
2024	(649,414)
2025	(407,656)
2026	(247,498)
2027	-
Thereafter	<u>-</u>
Total	<u><u>(1,760,306)</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2022, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>17</u>
Total	<u><u>29</u></u>

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2022, the City's contribution was 51.33% of covered payroll.

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of April 30, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	2.25% - 24.33%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Discount Rate

A Single Discount Rate of 5.75% was used to measure the total pension liability and the prior valuation used a rate of 6.24%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.21%, and the resulting single discount rate is 5.75%.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net Pension Liability	\$ 12,433,520	8,778,579	5,833,569

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2021	\$ 22,491,906	14,886,241	7,605,665
Changes for the Year:			
Service Cost	483,821	-	483,821
Interest on the Total Pension Liability	1,229,944	-	1,229,944
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(2,178,433)	-	(2,178,433)
Changes of Assumptions	1,520,644	-	1,520,644
Contributions - Employer	-	855,893	(855,893)
Contributions - Employees	-	152,502	(152,502)
Net Investment Income	-	(1,093,095)	1,093,095
Benefit Payments, including Refunds of Employee Contributions	(994,185)	(994,185)	-
Administrative Expense	-	(32,238)	32,238
Net Changes	61,791	(1,111,123)	1,172,914
Balances at April 30, 2022	22,553,697	13,775,118	8,778,579

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended April 30, 2022, the City recognized pension expense of \$692,214. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 248,336	(2,192,916)	(1,944,580)
Change in Assumptions	2,910,600	(2,006,682)	903,918
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>651,515</u>	-	<u>651,515</u>
Total Deferred Amounts Related to Police Pension	<u><u>3,810,451</u></u>	<u><u>(4,199,598)</u></u>	<u><u>(389,147)</u></u>

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ 81,660
2024	32,542
2025	(168,502)
2026	229,250
2027	(272,481)
Thereafter	<u>(291,616)</u>
Total	<u><u>(389,147)</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of April 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	3
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>42</u>
Total	<u><u>45</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of April 30, 2022 and was determined by an actuarial valuation as of April 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	3.21%
Healthcare Cost Trend Rates	7.70% for 2022, decreasing to an ultimate rate of 5.0% for 2031 and later years
Retirees' Share of Benefit-Related Costs	Percentage of projected health insurance premiums for retirees: Pre-65 100%; PSEBA 0%; 55 or older depending on years of service 20% - 50%

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

IMRF mortality rates were based on PubG-2010(B) improved generationally using MP-2020 improvement rates, weighted per IMRF experience study dated December 14, 2020.. Active and retired police mortality rates were based on the sex distinct raw rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 improvement rates.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2021	<u>\$ 3,004,329</u>
Changes for the Year:	
Service Cost	120,097
Interest	67,302
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(365,089)
Benefit Payments	<u>(78,964)</u>
Net Changes	<u>(256,654)</u>
Balance at April 30, 2022	<u><u>2,747,675</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2022**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The discount rate used to measure the total pension liability was 3.21%, while the prior valuation used 2.27%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.21%)	Current Discount Rate (3.21%)	1% Increase (4.21%)
Total OPEB Liability	\$ 3,098,195	2,747,675	2,447,384

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

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 2,374,065	2,747,675	3,193,495

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

For the year ended April 30, 2022, the City recognized OPEB revenue of \$177,690. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

SUBSEQUENT EVENT

American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The City has been allocated \$1,232,927 to be received in two installments. On September 28, 2021, the City received their first installment of \$615,827. As of the date of these financial statements, the City has not received their second installment.

Debt Issuance

On May 26, 2022, the City issued General Obligation (Alternate Revenue Source) Bonds of 2022A in the amount of \$4,920,000. These bonds have interest rates of 2.25% to 5.00% and mature on January 15, 2035.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

- Schedule of Investment Returns
 - Police Pension Fund

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

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

Notes to the Required Supplementary Information

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 241,709	\$ 241,709	\$ -	\$ 1,732,680	13.95%
2017	257,162	257,162	-	1,850,083	13.90%
2018	217,397	217,397	-	1,599,863	13.59%
2019	226,330	226,330	-	1,690,152	13.39%
2020	204,894	204,894	-	1,757,502	11.66%
2021	239,416	239,416	-	1,868,504	12.81%
2022	211,010	211,010	-	1,841,174	11.46%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value; 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015)

Note:

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2022**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 515,553	\$ 461,768	\$ (53,785)	\$ 1,374,078	33.61%
2016	615,778	494,853	(120,925)	1,597,630	30.97%
2017	633,995	523,007	(110,988)	1,459,732	35.83%
2018	677,838	547,123	(130,715)	1,503,524	36.39%
2019	743,195	592,237	(150,958)	1,395,004	42.45%
2020	734,363	711,186	(23,177)	1,645,414	43.22%
2021	813,967	688,612	(125,355)	1,694,341	40.64%
2022	927,692	855,893	(71,799)	1,667,367	51.33%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	13 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.25% - 24.33%
Investment Rate of Return	7.00%
Retirement Age	100% of L&A Illinois Police Retirement Rates Capped at Age 65
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as described.

Note:

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

April 30, 2022

See Following Page

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

April 30, 2022

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

Note:

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

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2015 and 2017.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
200,405	210,042	164,305	181,423	186,595	177,930
793,814	833,165	821,311	863,491	903,535	925,370
(39,424)	(351,359)	140,993	29,410	(168,349)	(51,739)
(55,229)	(344,523)	337,137	-	(80,771)	-
(417,296)	(455,622)	(509,378)	(516,417)	(532,741)	(538,282)
482,270	(108,297)	954,368	557,907	308,269	513,279
10,749,382	11,231,652	11,123,355	12,077,723	12,635,630	12,943,899
11,231,652	11,123,355	12,077,723	12,635,630	12,943,899	13,457,178
257,162	215,082	228,610	193,842	230,402	231,077
83,672	77,145	74,659	99,163	80,063	82,856
619,251	1,613,714	(541,421)	1,863,519	1,647,650	2,191,017
(417,296)	(455,622)	(509,378)	(516,417)	(532,741)	(538,282)
(107,730)	(142,568)	203,209	42,843	88,452	5,533
435,059	1,307,751	(544,321)	1,682,950	1,513,826	1,972,201
8,866,290	9,301,349	10,609,100	10,064,779	11,747,729	13,261,555
9,301,349	10,609,100	10,064,779	11,747,729	13,261,555	15,233,756
1,930,303	514,255	2,012,944	887,901	(317,656)	(1,776,578)
82.81%	95.38%	83.33%	92.97%	102.45%	113.20%
1,850,083	1,593,192	1,655,338	1,747,894	1,779,174	1,841,244
104.34%	32.28%	121.60%	50.80%	(17.85%)	(96.49%)

CITY OF HARVARD, ILLINOIS

Police Pension Fund

Required Supplementary Information
 Schedule of Changes in the Employer's Net Pension Liability
 April 30, 2022

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

Note:

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

Changes of Assumptions. Change of assumptions related to the discount rate were made in 2016 through 2022.

4/30/16	4/30/17	4/30/18	4/30/19	4/30/20	4/30/21	4/30/22
408,451	438,140	465,305	446,096	511,824	578,334	483,821
964,580	1,097,394	1,137,819	1,196,658	1,221,877	1,304,192	1,229,944
-	-	-	-	254,439	-	-
(282,415)	302,591	107,438	(434,271)	162,625	(26,435)	(2,178,433)
1,517,844	(516,450)	810,792	520,846	1,007,568	(2,473,406)	1,520,644
(536,337)	(598,285)	(740,962)	(714,224)	(756,383)	(810,667)	(994,185)
2,072,123	723,390	1,780,392	1,015,105	2,401,950	(1,427,982)	61,791
15,926,928	17,999,051	18,722,441	20,502,833	21,517,938	23,919,888	22,491,906
17,999,051	18,722,441	20,502,833	21,517,938	23,919,888	22,491,906	22,553,697
494,853	523,007	547,123	592,237	711,186	688,612	855,893
140,321	142,810	141,362	148,922	159,083	167,796	152,502
42,641	773,420	614,903	692,672	298,078	2,914,625	(1,093,095)
(536,337)	(598,285)	(740,962)	(714,224)	(756,383)	(810,667)	(994,185)
(21,733)	(22,135)	(21,027)	(26,756)	(27,868)	(33,324)	(32,238)
119,745	818,817	541,399	692,851	384,096	2,927,042	(1,111,123)
9,425,892	9,522,036	10,340,853	10,882,252	11,575,103	11,959,199	14,886,241
9,545,637	10,340,853	10,882,252	11,575,103	11,959,199	14,886,241	13,775,118
8,453,414	8,381,588	9,620,581	9,942,835	11,960,689	7,605,665	8,778,579
53.03%	55.23%	53.08%	53.79%	50.00%	66.18%	61.08%
1,597,630	1,459,732	1,503,524	1,395,004	1,645,414	1,694,341	1,667,367
529.12%	574.19%	639.87%	712.75%	726.91%	448.89%	526.49%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

April 30, 2022

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.05%
2016	(1.63%)
2017	7.94%
2018	5.89%
2019	6.29%
2020	2.49%
2021	24.92%
2022	(7.40%)

Note:

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

CITY OF HARVARD, ILLINOIS

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2022**

	4/30/19	4/30/20	4/30/21	4/30/22
Total OPEB Liability				
Service Cost	\$ 89,197	95,283	128,416	120,097
Interest	91,304	93,692	78,267	67,302
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(496,156)	-
Change of Assumptions or Other Inputs	47,166	463,737	273,069	(365,089)
Benefit Payments	(48,360)	(62,200)	(73,152)	(78,964)
Net Change in Total OPEB Liability	179,307	590,512	(89,556)	(256,654)
Total OPEB Liability - Beginning	2,324,066	2,503,373	3,093,885	3,004,329
Total OPEB Liability - Ending	2,503,373	3,093,885	3,004,329	2,747,675
Covered-Employee Payroll	\$ N/A	3,406,217	3,562,046	3,735,119
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	90.83%	84.34%	73.56%

Notes:

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

Changes of Assumptions. Changes of assumptions and other inputs reflect changes in the discount rate in 2019 through 2022.

N/A - Not Available

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,866,000	1,866,000	2,909,568
Licenses and Permits	439,500	439,500	490,147
Intergovernmental	2,956,000	2,956,000	4,191,490
Investment Income	5,000	5,000	20,778
Miscellaneous	621,560	621,560	185,146
Total Revenues	<u>5,888,060</u>	<u>5,888,060</u>	<u>7,797,129</u>
Expenditures			
General Government	914,800	914,800	933,756
Public Safety	2,972,150	2,972,150	3,675,871
Public Works	832,715	832,715	695,700
Capital Outlay	247,700	247,700	738,576
Debt Service			
Principal Retirement	15,000	15,000	15,000
Interest and Fiscal Charges	145,000	145,000	144,750
Total Expenditures	<u>5,127,365</u>	<u>5,127,365</u>	<u>6,203,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>760,695</u>	<u>760,695</u>	<u>1,593,476</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	10,000	10,000	29,722
Transfers Out	(770,695)	(770,695)	(920,071)
	<u>(760,695)</u>	<u>(760,695)</u>	<u>(890,349)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	703,127
Fund Balance - Beginning			<u>3,731,278</u>
Fund Balance - Ending			<u><u>4,434,405</u></u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 433,000	433,000	445,775
Intergovernmental			
Replacement Tax	13,000	13,000	36,048
Donations/Grants	-	-	16,094
Charges for Services	-	-	14,550
Investment Income	-	-	47,374
Miscellaneous	-	-	4,964
Total Revenues	<u>446,000</u>	<u>446,000</u>	<u>564,805</u>
Expenditures			
Culture and Recreation	317,700	317,700	344,538
Capital Outlay	135,000	135,000	126,574
Total Expenditures	<u>452,700</u>	<u>452,700</u>	<u>471,112</u>
Net Change in Fund Balance	<u>(6,700)</u>	<u>(6,700)</u>	93,693
Fund Balance - Beginning			<u>351,263</u>
Fund Balance - Ending			<u><u>444,956</u></u>

CITY OF HARVARD, ILLINOIS

Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 236,000	236,000	259,422
Amusement Taxes	5,700	5,700	6,402
Charges for Services	98,000	98,000	96,414
Investment Income	1,500	1,500	457
Miscellaneous	-	-	910
Total Revenues	<u>341,200</u>	<u>341,200</u>	<u>363,605</u>
Expenditures			
Culture and Recreation			
Salaries	165,000	165,000	132,704
Insurance	13,700	13,700	9,007
Contractual Services	66,385	66,385	61,905
Commodities	48,765	48,765	46,182
Other	33,750	33,750	41,628
Capital Outlay	28,600	28,600	1,524
Total Expenditures	<u>356,200</u>	<u>356,200</u>	<u>292,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	70,655
Other Financing Sources			
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	85,655
Fund Balance - Beginning			<u>(856,241)</u>
Fund Balance - Ending			<u><u>(770,586)</u></u>

CITY OF HARVARD, ILLINOIS

TIF #1 Downtown Redevelopment - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 146,575	146,575	188,925
Investment Income	250	250	584
Total Revenues	<u>146,825</u>	<u>146,825</u>	<u>189,509</u>
Expenditures			
General Government			
Contractual Services	-	-	950
Debt Service			
Principal Retirement	385,000	385,000	385,000
Interest and Fiscal Charges	37,520	37,520	36,795
Total Expenditures	<u>422,520</u>	<u>422,520</u>	<u>422,745</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,695)	(275,695)	(233,236)
Other Financing Sources			
Transfers In	<u>275,695</u>	<u>275,695</u>	<u>275,695</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	42,459
Fund Balance - Beginning			<u>137,643</u>
Fund Balance - Ending			<u><u>180,102</u></u>

CITY OF HARVARD, ILLINOIS

TIF #2 Industrial Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 556,000	556,000	612,170
Investment Income	2,000	2,000	2,831
Total Revenues	<u>558,000</u>	<u>558,000</u>	<u>615,001</u>
Expenditures			
General Government			
Contractual Services	-	-	1,425
Debt Service			
Principal Retirement	400,000	400,000	400,000
Interest and Fiscal Charges	96,845	96,845	123,845
Total Expenditures	<u>496,845</u>	<u>496,845</u>	<u>525,270</u>
Net Change in Fund Balance	<u>61,155</u>	<u>61,155</u>	89,731
Fund Balance - Beginning			<u>602,345</u>
Fund Balance - Ending			<u>692,076</u>

CITY OF HARVARD, ILLINOIS

Liability Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 70,000	70,000	77,763
Miscellaneous	-	-	23,757
Total Revenues	70,000	70,000	101,520
Expenditures			
General Government			
Contractual Services	252,000	252,000	263,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,000)	(182,000)	(162,199)
Other Financing Sources			
Transfers In	182,000	182,000	286,786
Net Change in Fund Balance	-	-	124,587
Fund Balance - Beginning			(29,876)
Fund Balance - Ending			94,711

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Major Enterprise Fund
- Combining Statements – Trust Funds
- Budgetary Comparison Schedule – Pension Trust Fund
- Combining Statements – Custodial Funds
- Budgetary Comparison Schedule – Custodial Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Harvard Diggins Library Fund

The Harvard Diggins Library Fund is used to account for the financial resources and costs related to the operations of the Library. Financing is provided by restricted property taxes and charges for services.

Park Fund

The Park Fund is used to account for the financial resources and costs related to the City's parks. Financing is sourced primarily from property taxes.

TIF #1 Downtown Redevelopment Fund

The TIF #1 Downtown Redevelopment Fund is used to account for the financial resources and debt service payments related to the TIF #1 district. Financing is provided by restricted incremental property taxes.

TIF #2 Industrial Park Fund

The TIF #2 Industrial Park Fund is used to account for the financial resources and debt service payments related to the TIF #2 district. Financing is provided by restricted incremental property taxes.

Liability Insurance Fund

The Liability Insurance Fund is used to account for insurance.

Social Security Fund

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

Illinois Municipal Retirement Fund

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

Motor Fuel Tax Fund

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

INDIVIDUAL FUND DESCRIPTIONS – Continued

SPECIAL REVENUE FUNDS – Continued

Special Recreation Fund

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

Welfare Fund

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

Revolving Loan Fund

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

ENTERPRISE FUND

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

Water and Sewer Fund

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

TRUST AND CUSTODIAL FUNDS

PENSION TRUST FUNDS

Police Pension Fund

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

INDIVIDUAL FUND DESCRIPTIONS – Continued

TRUST AND CUSTODIAL FUNDS - Continued

PRIVATE PURPOSE FUNDS

Apartment Fund

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

Scholarship Fund

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

CUSTODIAL FUNDS

SSA #1 Park Pointe

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

SSA #2 Pointe 3A

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

SSA #3 Shadow Creek

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

SSA #4 Pointe 3B

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

SSA #5 Shadow Creek

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

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 1,068,000	1,068,000	1,966,826
Video Gaming Tax	127,000	127,000	191,609
Water Utility Tax	105,000	105,000	142,211
Electric Tax	320,000	320,000	315,936
Hotel/Motel Tax	26,000	26,000	23,564
Nicor Utility Tax	110,000	110,000	182,207
Telephone Tax	110,000	110,000	87,215
	<u>1,866,000</u>	<u>1,866,000</u>	<u>2,909,568</u>
Licenses and Permits			
Liquor License	72,000	72,000	105,579
Contractors License	12,000	12,000	13,913
Building Permits	25,000	25,000	31,706
Police DUI Fines	5,500	5,500	7,852
Police Fines/Tickets	210,000	210,000	160,955
Zoning/Platting Fees	4,000	4,000	5,675
Cable Franchise Fees	66,000	66,000	132,694
Yard Waste Stickers	3,000	3,000	1,751
Parking Permits	42,000	42,000	30,022
	<u>439,500</u>	<u>439,500</u>	<u>490,147</u>
Intergovernmental			
State Income Tax	1,050,000	1,050,000	1,502,794
Cannabis Use Tax	6,000	6,000	14,824
Use Tax	100,000	100,000	366,591
Sales Tax	1,600,000	1,600,000	1,493,349
Replacement Tax	100,000	100,000	299,073
Grants	100,000	100,000	514,859
	<u>2,956,000</u>	<u>2,956,000</u>	<u>4,191,490</u>
Investment Income			
Interest Income	5,000	5,000	20,778

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Miscellaneous			
Health Insurance Reimbursements	\$ 43,000	43,000	40,521
Police Reimbursements	70,000	70,000	56,966
Escrow	-	-	15,000
Donations/Events	2,500	2,500	-
Miscellaneous	106,500	106,500	44,615
Rent Receipts	25,000	25,000	25,772
Cash on Hand	374,560	374,560	-
Miscellaneous	-	-	2,272
	<u>621,560</u>	<u>621,560</u>	<u>185,146</u>
 Total Revenues	 <u>5,888,060</u>	 <u>5,888,060</u>	 <u>7,797,129</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 126,000	126,000	124,369
Salaries - Clerical	96,000	96,000	93,155
Health Insurance	85,000	85,000	71,707
Training Seminars	250	250	-
Expense Mayors	1,800	1,800	1,800
Travel Expense	100	100	-
Attorney Fees	45,000	45,000	34,052
Professional Fees	40,000	40,000	56,492
Engineering Fees	35,000	35,000	86,250
Building/Grounds Maintenance	130,000	130,000	128,425
Service Agreements	19,000	19,000	22,242
Printing	750	750	732
Equipment Maintenance	7,500	7,500	6,441
Office Supplies	10,000	10,000	9,926
Postage	6,500	6,500	6,262
Dues/Subscriptions	8,700	8,700	7,024
Public Notices	3,000	3,000	2,981
Publications	2,500	2,500	264
Telephone	7,000	7,000	8,828
Garbage Stickers	3,000	3,000	2,752
Miscellaneous	5,000	5,000	9,530
Special Programs	4,400	4,400	-
Economic Development	45,000	45,000	41,000
	<u>681,500</u>	<u>681,500</u>	<u>714,232</u>
Building Services			
Salaries	152,500	152,500	155,631
Health Insurance	53,600	53,600	53,019
Training	7,500	7,500	220
Uniforms	700	700	-
Vehicle Maintenance	3,000	3,000	1,909
Nuisance/Investigations	15,000	15,000	7,727
Gas, Oil, Grease	1,000	1,000	1,018
	<u>233,300</u>	<u>233,300</u>	<u>219,524</u>
Total General Government	<u>914,800</u>	<u>914,800</u>	<u>933,756</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,700,000	1,700,000	1,563,697
Salaries - Clerical	127,500	127,500	119,537
Pension Contribution	-	-	862,470
Crossing Guards	8,500	8,500	7,507
Overtime	250,000	250,000	264,840
Health Insurance	440,000	440,000	405,999
Health Exams	1,000	1,000	-
Training & Seminars	10,250	10,250	9,314
Uniforms	22,500	22,500	24,983
Attorney Fees	56,000	56,000	62,042
Professional Fees	251,000	251,000	248,667
Vehicle Maintenance	15,000	15,000	9,446
Radio Maintenance	11,000	11,000	12,271
Equipment Maintenance	10,500	10,500	8,655
Ammunition	2,750	2,750	1,695
Supplies	1,500	1,500	932
Office Supplies	5,000	5,000	4,599
Investigation/Film/Etc.	6,700	6,700	6,293
Dues/Subscriptions	2,500	2,500	2,299
Telephones	11,000	11,000	12,002
Gas, Oil, Grease	30,000	30,000	35,470
Police Commission Expense	3,700	3,700	6,895
Miscellaneous	2,000	2,000	2,342
Special Programs	3,750	3,750	3,916
Total Public Safety	2,972,150	2,972,150	3,675,871
Public Works			
Highways and Streets			
Salaries	338,000	338,000	304,338
Overtime Street	15,000	15,000	8,235
Health Insurance	93,315	93,315	97,828
Training & Seminars	2,000	2,000	1,895
Travel Expense	200	200	-
Uniforms	3,900	3,900	2,690

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 3,000	3,000	8,086
Vehicle/Equipment Maintenance	30,000	30,000	28,097
Building/Grounds Maintenance	5,000	5,000	5,366
Radio Maintenance	200	200	-
Parking Lot Maintenance	10,000	10,000	13,669
Tree Planting/Removal	35,000	35,000	27,269
Tools	5,000	5,000	3,437
Barricades	2,000	2,000	1,615
Supplies & Materials	2,500	2,500	2,341
Telephone	3,600	3,600	3,366
Electricity	112,000	112,000	88,329
Gas, Oil, Grease	20,000	20,000	22,847
Street Signs	5,000	5,000	4,602
Street Decorations	15,000	15,000	14,062
Sidewalk	117,000	117,000	42,245
Miscellaneous	15,000	15,000	15,383
Total Public Works	832,715	832,715	695,700
Capital Outlay			
General Government	40,000	40,000	310,641
Public Safety	137,000	137,000	143,558
Public Works	70,700	70,700	284,377
Total Capital Outlay	247,700	247,700	738,576
Debt Service			
Principal Retirement	15,000	15,000	15,000
Interest and Fiscal Charges	145,000	145,000	144,750
Total Debt Service	160,000	160,000	159,750
Total Expenditures	5,127,365	5,127,365	6,203,653

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 176,000	176,000	156,935
Unemployment Taxes	-	-	468
Health Insurance	88,500	88,500	81,132
IMRF Contributions	19,000	19,000	-
FICA Contributions	14,000	14,000	-
Scholarships	-	-	500
Postage	-	-	342
Dues/Fees/Charges	-	-	332
Teen Programming	-	-	369
Public Information	-	-	913
Kids Programming	-	-	1,110
D&O Insurance	-	-	1,468
Summer Reading Club	-	-	1,937
Adult Programming	-	-	1,299
Contractual Services	-	-	4,105
Technology Charges	-	-	8,632
Automation/Consortium	-	-	12,239
	<u>297,500</u>	<u>297,500</u>	<u>271,781</u>
Materials			
Young Adult Books	-	-	776
Overdrive Subscription	-	-	3,534
Newspapers/Magazines	-	-	3,454
Adult Movies	-	-	1,982
Audio Books	-	-	2,459
Electronic Resources	-	-	5,608
Childrens Books	-	-	5,924
Adult Books	-	-	7,999
Video Games	-	-	259
Videos	-	-	1,215
	<u>-</u>	<u>-</u>	<u>33,210</u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Operating			
Telephone	\$ 9,000	9,000	14,205
Utilities	1,200	1,200	410
Technology	10,000	10,000	9,721
Storywalk Books	-	-	274
Vehicle/Equipment Maintenance	-	-	255
Building/Grounds Maintenance	-	-	4,082
Library Supplies	-	-	1,927
Office/Staff Supplies	-	-	1,770
Withdrawals for Sec/E. Jones	-	-	(3,541)
Copier Leases	-	-	3,307
Grants	-	-	709
Miscellaneous	-	-	6,428
	<u>20,200</u>	<u>20,200</u>	<u>39,547</u>
Total Culture and Recreation	<u>317,700</u>	<u>317,700</u>	<u>344,538</u>
Capital Outlay			
Infrastructure/Land Acquisition	<u>135,000</u>	<u>135,000</u>	<u>126,574</u>
Total Expenditures	<u><u>452,700</u></u>	<u><u>452,700</u></u>	<u><u>471,112</u></u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2022

	<u>Social Security</u>
ASSETS	
Cash and Investments	\$ -
Receivables	
Property Taxes	106,000
Other	-
Due from Other Governments	<u>-</u>
Total Assets	<u><u>106,000</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	815
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>53,000</u>
Total Liabilities and Deferred Inflows of Resources	53,815
FUND BALANCES	
Restricted	<u>52,185</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>106,000</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
141,803	811,330	166,667	12,512	97,644	1,229,956
94,501	-	41,001	-	-	241,502
-	-	-	-	131,027	131,027
-	31,701	-	-	-	31,701
<u>236,304</u>	<u>843,031</u>	<u>207,668</u>	<u>12,512</u>	<u>228,671</u>	<u>1,634,186</u>
5,440	25,973	-	-	-	32,228
47,250	-	20,500	-	-	120,750
52,690	25,973	20,500	-	-	152,978
183,614	817,058	187,168	12,512	228,671	1,481,208
<u>236,304</u>	<u>843,031</u>	<u>207,668</u>	<u>12,512</u>	<u>228,671</u>	<u>1,634,186</u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2022**

	<u>Social Security</u>
Revenues	
Taxes	\$ 111,591
Intergovernmental	-
Investment Income	-
Miscellaneous	-
Total Revenues	<u>111,591</u>
Expenditures	
General Government	292,875
Public Works	-
Culture and Recreation	-
Total Expenditures	<u>292,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(181,284)</u>
Other Financing Sources (Uses)	
Transfers In	271,590
Transfers Out	-
	<u>271,590</u>
Net Change in Fund Balances	90,306
Fund Balances - Beginning	<u>(38,121)</u>
Fund Balances - Ending	<u><u>52,185</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
99,982	-	43,910	-	-	255,483
87,477	600,281	-	4,530	-	692,288
-	4,274	-	72	625	4,971
-	-	-	-	1,084	1,084
187,459	604,555	43,910	4,602	1,709	953,826
211,010	-	-	-	-	503,885
-	406,431	-	-	-	406,431
-	-	22,221	2,797	-	25,018
211,010	406,431	22,221	2,797	-	935,334
(23,551)	198,124	21,689	1,805	1,709	18,492
86,000	-	-	-	-	357,590
-	-	(15,000)	-	-	(15,000)
86,000	-	(15,000)	-	-	342,590
62,449	198,124	6,689	1,805	1,709	361,082
121,165	618,934	180,479	10,707	226,962	1,120,126
183,614	817,058	187,168	12,512	228,671	1,481,208

CITY OF HARVARD, ILLINOIS

Social Security - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 105,000	105,000	111,591
Expenditures			
General Government			
Contractual Services	282,000	282,000	292,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,000)	(177,000)	(181,284)
Other Financing Sources			
Transfers In	177,000	177,000	271,590
Net Change in Fund Balance	<u>-</u>	<u>-</u>	90,306
Fund Balance - Beginning			<u>(38,121)</u>
Fund Balance - Ending			<u>52,185</u>

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 94,000	94,000	99,982
Intergovernmental			
Replacement Taxes	40,000	40,000	87,477
Total Revenues	134,000	134,000	187,459
Expenditures			
General Government			
Contractual Services	220,000	220,000	211,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,000)	(86,000)	(23,551)
Other Financing Sources			
Transfers In	86,000	86,000	86,000
Net Change in Fund Balance	-	-	62,449
Fund Balance - Beginning			121,165
Fund Balance - Ending			183,614

CITY OF HARVARD, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 556,000	556,000	600,281
Investment Income	1,000	1,000	4,274
Total Revenues	<u>557,000</u>	<u>557,000</u>	604,555
Expenditures			
Public Works			
Contractual Services	<u>557,000</u>	<u>557,000</u>	406,431
Net Change in Fund Balance	<u>-</u>	<u>-</u>	198,124
Fund Balance - Beginning			<u>618,934</u>
Fund Balance - Ending			<u>817,058</u>

CITY OF HARVARD, ILLINOIS

Special Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 41,000	41,000	43,910
Expenditures			
Culture and Recreation			
Contractual Services	26,000	26,000	22,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	21,689
Other Financing (Uses)			
Transfers Out	(15,000)	(15,000)	(15,000)
Net Change in Fund Balance	-	-	6,689
Fund Balance - Beginning			180,479
Fund Balance - Ending			187,168

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,300,000	2,300,000	2,079,894
Tap On Fees	3,000	3,000	11,277
Sale Of Material	1,000	1,000	-
Penalties	45,000	45,000	51,371
Plumbing Fees	400	400	5,544
Maintenance	730,000	730,000	751,059
Moving Charge	1,500	1,500	1,585
Utility Tax	105,000	105,000	141,849
EPA License Fee	17,500	17,500	17,757
Water Tower Lease	38,128	38,128	35,269
Waste Water Plant Fee	-	-	1,100
Miscellaneous	1,000	1,000	7,851
Total Operating Revenues	<u>3,242,528</u>	<u>3,242,528</u>	<u>3,104,556</u>
Operating Expenses			
Water	1,246,950	1,246,950	1,705,093
Sewer Treatment	1,258,909	1,258,909	968,411
Depreciation and Amortization	-	-	307,594
Total Operating Expenses	<u>2,505,859</u>	<u>2,505,859</u>	<u>2,981,098</u>
Operating Income	<u>736,669</u>	<u>736,669</u>	<u>123,458</u>
Nonoperating Revenues (Expenses)			
Investment Income	2,500	2,500	6,172
Principal Retirement	(115,000)	(115,000)	-
Interest Expense	(60,000)	(60,000)	(17,414)
	<u>(172,500)</u>	<u>(172,500)</u>	<u>(11,242)</u>
Income Before Transfers and Grants	<u>564,169</u>	<u>564,169</u>	<u>112,216</u>
Transfers Out	(564,169)	(564,169)	-
Capital Grants	-	-	3,300,000
	<u>(564,169)</u>	<u>(564,169)</u>	<u>3,300,000</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>3,412,216</u>
Net Position - Beginning			<u>7,658,218</u>
Net Position - Ending			<u><u>11,070,434</u></u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 410,000	410,000	418,542
Salaries Clerical	11,000	11,000	-
O.T. Salaries	-	-	11,929
IMRF Pension Expense (Revenue)	-	-	(179,160)
OPEB Expense (Revenue)	-	-	(41,013)
Health Insurance	78,000	78,000	75,612
Training	2,000	2,000	606
Uniforms	2,700	2,700	3,394
Professional Fees	100,000	100,000	(41,814)
Engineering Fees	25,000	25,000	926,597
Vehicle Maintenance	5,000	5,000	6,393
Building Maintenance	35,000	35,000	9,669
Maintenance of Tower	20,000	20,000	3,416
Lift Station Maintenance	130,000	130,000	129,486
Equipment Maintenance	40,000	40,000	27,677
Lab Supplies	10,000	10,000	16,004
Material Purchases	2,500	2,500	250
Office Supplies	-	-	96
Dues/Subscriptions	750	750	-
Telephone	4,000	4,000	10,864
Electricity	190,000	190,000	210,460
Fuel for Building, Gas	11,000	11,000	13,942
Gasoline, Oil, Grease	10,000	10,000	9,384
Chemicals	100,000	100,000	89,265
Miscellaneous	2,500	2,500	2,108
Property Tax/State Payments	17,500	17,500	-
New Equip/Infrastr	40,000	40,000	1,386
	<u>1,246,950</u>	<u>1,246,950</u>	<u>1,705,093</u>
Sewer Treatment			
Salaries	318,509	318,509	304,642
Salaries - Clerical	128,000	128,000	96,033
O.T. Salaries	15,000	15,000	11,926
Health Insurance	100,000	100,000	97,272
Uniforms	3,900	3,900	2,238
Professional Fees	-	-	528
Utility Tax	105,000	105,000	142,211

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Rent	\$ 25,000	25,000	25,000
Vehicle Maintenance	30,000	30,000	22,421
Storm Sewer Maintenance	30,000	30,000	26,761
Sanitary Sewer Maintenance	35,000	35,000	53,603
Water Main Maintenance	50,000	50,000	62,192
Material Purchase	2,500	2,500	2,855
Office Supplies	2,500	2,500	576
Postage	9,000	9,000	5,672
Telephone	1,500	1,500	900
Gasoline, Oil, Grease	15,000	15,000	7,242
Miscellaneous	18,000	18,000	5,705
New Equipment	370,000	370,000	100,634
	<u>1,258,909</u>	<u>1,258,909</u>	<u>968,411</u>
Depreciation and Amortization	-	-	307,594
Total Operating Expenses	<u>2,505,859</u>	<u>2,505,859</u>	<u>2,981,098</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2022**

	Police Pension	<u>Private Purpose</u>		Totals
		Apartment	Scholarship	
ASSETS				
Cash and Cash Equivalents	\$ 547,064	-	19,314	566,378
Investments				
U.S. Treasuries	579,393	-	-	579,393
U.S. Agencies	3,182,150	-	-	3,182,150
Corporate Bonds	919,656	-	-	919,656
Municipal Bonds	951,593	-	-	951,593
Mutual Funds	7,185,334	-	-	7,185,334
Receivables				
Accrued Interest	45,555	-	-	45,555
Due from Other Funds	364,094	-	-	364,094
Prepays	3,809	-	-	3,809
Total Assets	<u>13,778,648</u>	-	<u>19,314</u>	<u>13,797,962</u>
LIABILITIES				
Accounts Payable	<u>3,530</u>	-	-	<u>3,530</u>
NET POSITION				
Net Position Restricted for Trusts	<u>13,775,118</u>	-	<u>19,314</u>	<u>13,794,432</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
Additions				
Contributions - Employer	\$ 855,893	-	-	855,893
Contributions - Plan Members	152,502	-	-	152,502
Other Income	-	1,658	10,000	11,658
Total Contributions	1,008,395	1,658	10,000	1,020,053
Investment Income				
Interest Income	2,809	384	96	3,289
Net Change in Fair Value	(1,057,955)	-	-	(1,057,955)
	(1,055,146)	384	96	(1,054,666)
Less Investment Expenses	(37,949)	-	-	(37,949)
Net Investment Income	(1,093,095)	384	96	(1,092,615)
Total Additions	(84,700)	2,042	10,096	(72,562)
Deductions				
Administration	32,238	-	-	32,238
Benefits and Refunds	994,185	-	-	994,185
Other Charges and Services	-	168,841	1,025	169,866
Total Deductions	1,026,423	168,841	1,025	1,196,289
Change in Fiduciary Net Position	(1,111,123)	(166,799)	9,071	(1,268,851)
Net Position Restricted for Trusts				
Beginning	14,886,241	166,799	10,243	15,063,283
Ending	13,775,118	-	19,314	13,794,432

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 744,000	744,000	855,893
Contributions - Plan Members	155,283	155,283	152,502
Total Contributions	899,283	899,283	1,008,395
Investment Income			
Interest Income	11,767	11,767	2,809
Net Change in Fair Value	-	-	(1,057,955)
	11,767	11,767	(1,055,146)
Less Investment Expenses	(27,500)	(27,500)	(37,949)
Net Investment Income	(15,733)	(15,733)	(1,093,095)
Total Additions	883,550	883,550	(84,700)
Deductions			
Administration	33,550	33,550	32,238
Benefits and Refunds	850,000	850,000	994,185
Total Deductions	883,550	883,550	1,026,423
Change in Fiduciary Net Position	-	-	(1,111,123)
Net Position Restricted for Pensions			
Beginning			14,886,241
Ending			13,775,118

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Fiduciary Net Position
April 30, 2022**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
ASSETS						
Cash and Investments	\$ -	-	-	471	1,230	1,701
LIABILITIES						
Checks Paid in Excess of Cash	-	-	111	-	-	111
NET POSITION						
Net Position Restricted for Individuals, Organizations and other Governments	-	-	(111)	471	1,230	1,590

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2022**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
Additions						
Special Assessments - Property Tax	\$ -	-	-	42,401	126,522	168,923
Other Income	434	-	110	-	-	544
Total Contributions	434	-	110	42,401	126,522	169,467
Investment Income						
Interest Income	5	-	-	64	146	215
Total Additions	439	-	110	42,465	126,668	169,682
Deductions						
Administration	792	-	243	275	900	2,210
Debt Service						
Principal Retirement	-	422	-	40,000	118,504	158,926
Interest and Fiscal Charges	-	-	-	3,450	11,520	14,970
Total Deductions	792	422	243	43,725	130,924	176,106
Change in Fiduciary Net Position	(353)	(422)	(133)	(1,260)	(4,256)	(6,424)
Net Position Restricted for Individuals, Organizations and Governments						
Beginning	353	422	22	1,731	5,486	8,014
Ending	-	-	(111)	471	1,230	1,590

CITY OF HARVARD, ILLINOIS

SSA #4 Pointe 3B Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 42,400	42,400	42,401
Investment Income			
Interest Income	-	-	64
Total Additions	42,400	42,400	42,465
Deductions			
Administration	-	-	275
Debt Service			
Principal Retirement	40,000	40,000	40,000
Interest and Fiscal Charges	2,400	2,400	3,450
Total Deductions	42,400	42,400	43,725
Change in Fiduciary Net Position	-	-	(1,260)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			1,731
Ending			471

CITY OF HARVARD, ILLINOIS

SSA #5 Shadow Creek Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2022**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 126,625	126,625	126,522
Investment Income			
Interest Income	-	-	146
Total Additions	126,625	126,625	126,668
Deductions			
Administration	-	-	900
Debt Service			
Principal Retirement	118,504	118,504	118,504
Interest and Fiscal Charges	8,121	8,121	11,520
Total Deductions	126,625	126,625	130,924
Change in Fiduciary Net Position	-	-	(4,256)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			5,486
Ending			1,230

CITY OF HARVARD, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2022**

CSFA #	Program Name	State	Federal	Other	Totals
420-00-2433	Local Coronavirus Urgent Remediation Emergency (or Local CURE) and Economic Support Payments Grants Program	\$ -	209,249	-	209,249
494-00-0967	High-Growth Cities Program	16,148	-	-	16,148
494-00-1488	Motor Fuel Tax Program	390,283	-	-	390,283
569-00-2537	Law Enforcement Camera Grant	2,960	-	-	2,960
	Other Grant Programs and Activities	-	267,702	10,095,736	10,363,438
	All Other Costs Not Allocated	-	-	(1,253,512)	(1,253,512)
	Totals	409,391	476,951	8,842,224	9,728,566



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

August 22, 2022

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control 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 and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

SUPPLEMENTAL SCHEDULES

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A
April 30, 2022**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2023	\$ 390,000	25,245	415,245	2022	12,622	2023	12,623
2024	405,000	12,960	417,960	2023	6,480	2024	6,480
	<u>795,000</u>	<u>38,205</u>	<u>833,205</u>		<u>19,102</u>		<u>19,103</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B
April 30, 2022**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2023	\$ 165,000	32,225	197,225	2022	16,112	2023	16,113
2024	175,000	23,975	198,975	2023	11,987	2024	11,988
2025	180,000	17,850	197,850	2024	8,925	2025	8,925
2026	185,000	11,550	196,550	2025	5,775	2026	5,775
2027	145,000	5,075	150,075	2026	2,537	2027	2,538
	<u>850,000</u>	<u>90,675</u>	<u>940,675</u>		<u>45,336</u>		<u>45,339</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A
April 30, 2022**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Nov. 1	Amount	May 1	Amount
2023	\$ 110,000	10,134	120,134	2022	5,067	2023	5,067
2024	115,000	7,936	122,936	2023	3,968	2024	3,968
2025	120,000	5,634	125,634	2024	2,817	2025	2,817
2026	125,000	2,876	127,876	2025	1,438	2026	1,438
	<u>470,000</u>	<u>26,580</u>	<u>496,580</u>		<u>13,290</u>		<u>13,290</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B
April 30, 2022**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2023	\$ 195,000	59,910	254,910	2022	29,955	2023	29,955
2024	200,000	56,010	256,010	2023	28,005	2024	28,005
2025	205,000	52,010	257,010	2024	26,005	2025	26,005
2026	205,000	47,910	252,910	2025	23,955	2026	23,955
2027	265,000	43,400	308,400	2026	21,700	2027	21,700
2028	395,000	32,800	427,800	2027	16,400	2028	16,400
2029	425,000	17,000	442,000	2028	8,500	2029	8,500
	<u>1,890,000</u>	<u>309,040</u>	<u>2,199,040</u>		<u>154,520</u>		<u>154,520</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020A
April 30, 2022**

Date of Issue	August 4, 2020
Date of Maturity	January 1, 2040
Authorized Issue	\$4,825,000
Denomination of Bonds	\$5,000
Interest Rate	3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2023	\$ 30,000	144,300	174,300	2022	72,150	2023	72,150
2024	45,000	143,400	188,400	2023	71,700	2024	71,700
2025	235,000	142,050	377,050	2024	71,025	2025	71,025
2026	240,000	135,000	375,000	2025	67,500	2026	67,500
2027	250,000	127,800	377,800	2026	63,900	2027	63,900
2028	255,000	120,300	375,300	2027	60,150	2028	60,150
2029	265,000	112,650	377,650	2028	56,325	2029	56,325
2030	270,000	104,700	374,700	2029	52,350	2030	52,350
2031	285,000	96,600	381,600	2030	48,300	2031	48,300
2032	290,000	88,050	378,050	2031	44,025	2032	44,025
2033	300,000	79,350	379,350	2032	39,675	2033	39,675
2034	305,000	70,350	375,350	2033	35,175	2034	35,175
2035	315,000	61,200	376,200	2034	30,600	2035	30,600
2036	325,000	51,750	376,750	2035	25,875	2036	25,875
2037	335,000	42,000	377,000	2036	21,000	2037	21,000
2038	345,000	31,950	376,950	2037	15,975	2038	15,975
2039	355,000	21,600	376,600	2038	10,800	2039	10,800
2040	365,000	10,950	375,950	2039	5,475	2040	5,475
	<u>4,810,000</u>	<u>1,584,000</u>	<u>6,394,000</u>		<u>792,000</u>		<u>792,000</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020B
April 30, 2022**

Date of Issue	August 4, 2020
Date of Maturity	January 1, 2029
Authorized Issue	\$800,000
Denomination of Bonds	\$5,000
Interest Rate	3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2023	\$ 65,000	21,450	86,450	2022	10,725	2023	10,725
2024	80,000	19,500	99,500	2023	9,750	2024	9,750
2025	90,000	17,100	107,100	2024	8,550	2025	8,550
2026	100,000	14,400	114,400	2025	7,200	2026	7,200
2027	100,000	11,400	111,400	2026	5,700	2027	5,700
2028	140,000	8,400	148,400	2027	4,200	2028	4,200
2029	140,000	4,200	144,200	2028	2,100	2029	2,100
	<u>715,000</u>	<u>96,450</u>	<u>811,450</u>		<u>48,225</u>		<u>48,225</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2022
April 30, 2022**

Date of Issue	March 28, 2022
Date of Maturity	March 28, 2027
Authorized Issue	\$565,422
Interest Rate	3.25%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable at	The Harvard State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2023	\$ 40,890	17,910	58,800
2024	42,213	16,587	58,800
2025	43,670	15,130	58,800
2026	45,129	13,671	58,800
2027	390,202	11,188	401,390
	562,104	74,486	636,590