

CITY OF HARVARD ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2023

201 West Diggins Street
P.O. Box 310
Harvard, IL 60033
Phone: 815.943.6468
www.cityofharvard.org

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 28, 2023

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, 2023, 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, 2023, 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, the budgetary comparison schedules, required pension and other post-employment benefit (OPEB) reporting, 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.

City of Harvard, Illinois
August 28, 2023

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, 2023

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, 2023. 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 \$2,353,083, or 21.3 percent and net position of the governmental activities increased by \$4,279,093 or 34.8 percent.
- During the year, government-wide revenues for the primary government totaled \$16,570,348, while expenses totaled \$9,938,172, resulting in an increase to net position of \$6,632,176.
- The City of Harvard's net position totaled \$30,006,469 on April 30, 2023, which includes \$26,481,655 net investment in capital assets, \$4,969,942 subject to external restrictions, and \$1,445,128 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 \$2,745,024, resulting in ending fund balance of \$7,179,429, an increase of 61.9 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, 2023

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, 2023

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, 2023**

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 \$30,006,469.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 12,641,708	10,957,016	4,105,115	5,275,182	16,746,823	16,232,198
Capital Assets	27,608,927	27,171,479	27,705,179	19,755,674	55,314,106	46,927,153
Total Assets	40,250,635	38,128,495	31,810,294	25,030,856	72,060,929	63,159,351
Deferred Outflows of Resources	5,101,265	3,857,493	1,459,496	1,207,941	6,560,761	5,065,434
Total Assets/ Deferred Outflows	45,351,900	41,985,988	33,269,790	26,238,797	78,621,690	68,224,785
Long-Term Debt	18,426,237	20,107,830	17,050,677	11,210,152	35,476,914	31,317,982
Other Liabilities	1,604,637	2,233,390	2,561,498	3,575,552	4,166,135	5,808,942
Total Liabilities	20,030,874	22,341,220	19,612,175	14,785,704	39,643,049	37,126,924
Deferred Inflows of Resources	8,738,074	7,340,909	234,098	382,659	8,972,172	7,723,568
Total Liabilities/ Deferred Inflows	28,768,948	29,682,129	19,846,273	15,168,363	48,615,221	44,850,492
Net Postion						
Net Investment in Capital Assets	13,966,149	17,423,330	12,515,506	10,277,554	26,481,655	27,700,884
Restricted	4,969,942	4,201,115	-	-	4,969,942	4,201,115
Unrestricted (Deficit)	(2,353,139)	(9,320,586)	908,011	792,880	(1,445,128)	(8,527,706)
Total Net Position	16,582,952	12,303,859	13,423,517	11,070,434	30,006,469	23,374,293

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the City of Harvard’s net position, \$26,481,655, 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, \$4,969,942 of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$1,445,128 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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 654,740	601,111	3,275,321	3,104,556	3,930,061	3,705,667
Operating Grants and Contributions	1,122,051	1,135,764	-	-	1,122,051	1,135,764
Capital Grants and Contributions	-	-	1,673,878	3,300,000	1,673,878	3,300,000
General Revenues						
Property Taxes	3,810,220	3,806,364	-	-	3,810,220	3,806,364
State Taxes	4,017,101	3,800,156	-	-	4,017,101	3,800,156
Other Taxes	996,357	949,144	-	-	996,357	949,144
Other General Revenues	943,743	292,856	76,937	6,172	1,020,680	299,028
Total Revenues	11,544,212	10,585,395	5,026,136	6,410,728	16,570,348	16,996,123
Expenses						
General Government	977,779	1,016,900	-	-	977,779	1,016,900
Public Safety	3,559,421	3,516,069	-	-	3,559,421	3,516,069
Public Works	1,227,613	1,264,878	-	-	1,227,613	1,264,878
Culture and Recreation	940,044	682,682	-	-	940,044	682,682
Interest on Long-Term Debt	560,262	249,525	-	-	560,262	249,525
Water and Sewer	-	-	2,673,053	2,998,512	2,673,053	2,998,512
Total Expenses	7,265,119	6,730,054	2,673,053	2,998,512	9,938,172	9,728,566
Change in Net Position	4,279,093	3,855,341	2,353,083	3,412,216	6,632,176	7,267,557
Net Position - Beginning	12,303,859	8,448,518	11,070,434	7,658,218	23,374,293	16,106,736
Net Position - Ending	16,582,952	12,303,859	13,423,517	11,070,434	30,006,469	23,374,293

The net position of business-type activities increased by 21.3 percent (\$11,070,434 in 2022 compared to \$13,423,517 in 2023).

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2023**

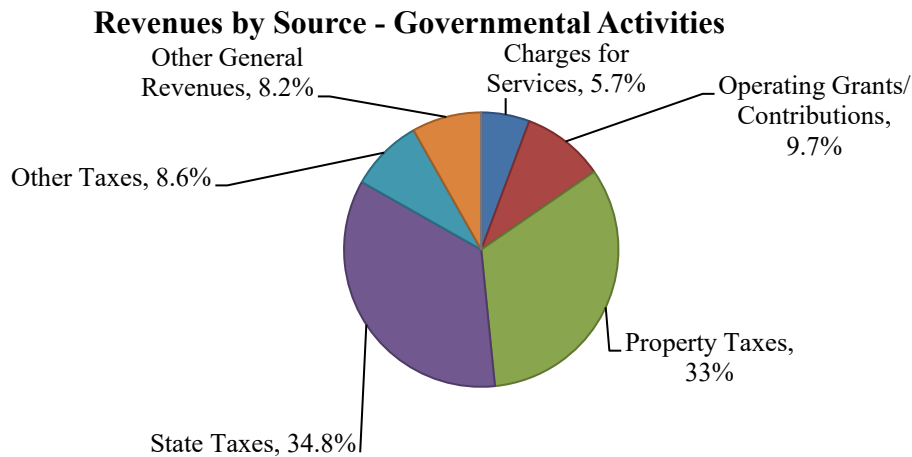
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The net position of the City’s governmental activities increased by 34.8 percent (\$12,303,859 in 2022 compared to \$16,582,952 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$2,353,139 at April 30, 2023 for the governmental activities.

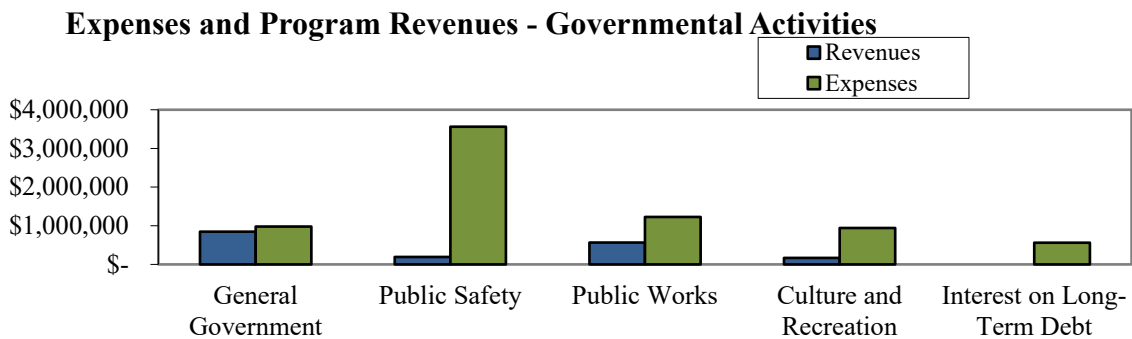
Governmental Activities

Revenues for governmental activities totaled \$11,544,212, while the cost of all governmental functions totaled \$7,265,119. This results in a surplus of \$4,279,093. In 2022, revenues of \$10,585,395 exceeded expenses of \$6,730,054 resulting in a surplus of \$3,855,341. During 2023, 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 \$958,817 higher than 2022, primarily due to an increase in charges for services, state taxes, other taxes, and other general revenues.

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

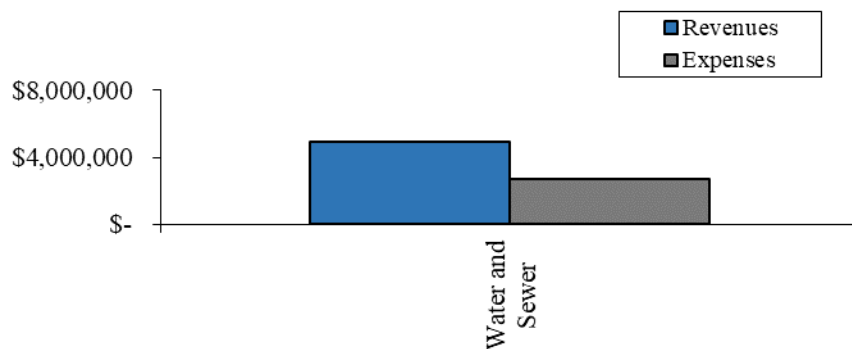
**Management’s Discussion and Analysis
April 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$5,026,136, while the cost of all business-type activities totaled \$2,673,053. This results in a surplus of \$2,353,083. In 2022, revenues of \$6,410,728 exceeded expenses of \$2,998,512, resulting in a surplus of \$3,412,216.

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 \$9,932,220, which is \$3,375,348 higher than last year’s total of \$6,556,872. Of the \$9,932,220 total, \$4,819,278 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$2,745,024, an increase of 61.9 percent. This was due in large part to an increase in debt proceeds 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, 2023

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, 2023, unassigned fund balance in the General Fund was \$5,571,478.

The Harvard Diggins Library Fund reported a surplus in the current year of \$164,420, primarily due to an increase in debt proceeds in the current year.

The Park Fund reported a surplus in the current year of \$18,386, due primarily to an increase in tax revenues.

The TIF #1 Downtown Redevelopment Fund reported a surplus in the current year of \$41,240 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 \$171,112 due to property taxes meeting the needs of debt service payments.

The Liability Insurance Fund had a deficit of \$42, due primarily contractual service expenditures coming in higher than property taxes and transfers in 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 \$2,353,083, while the previous fiscal year reported a surplus of \$3,412,216. Unrestricted net position in the Water and Sewer Fund totaled \$908,011 at April 30, 2023.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2023**

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 \$8,504,311, compared to budgeted revenues of \$7,263,600, primarily due to property taxes, licenses and permits, state income tax, grants, and investment income being more than budgeted.

The General Fund actual expenditures for the year were \$3,726,069 higher than budgeted (\$10,090,365 actual compared to \$6,364,296 budgeted). This is due mainly to public safety and public works 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, 2023 was \$55,314,106 (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			
	2023	2022	2023	2022	2023	2022
Land	\$ 8,637,972	8,824,157	828,000	828,000	9,465,972	9,652,157
Construction in Progress	601,645	49,816	19,023,953	12,832,725	19,625,598	12,882,541
Infrastructure	9,400,449	9,367,941	3,932,162	1,996,774	13,332,611	11,364,715
Buildings and Improvements	8,013,733	8,224,792	3,775,780	3,972,832	11,789,513	12,197,624
Machinery and Equipment	111,145	121,046	145,284	125,343	256,429	246,389
Vehicles	529,664	489,817	-	-	529,664	489,817
Harvard Diggins Library	314,319	93,910	-	-	314,319	93,910
Totals	27,608,927	27,171,479	27,705,179	19,755,674	55,314,106	46,927,153

This year’s major additions included:

Construction in Progress	\$ 8,773,826
Infrastructure	2,377,885
Machinery and Equipment	54,416
Vehicles	156,606
Harvard Diggins Library	229,800
	<u>11,592,533</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, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$28,193,593 as compared to \$18,538,120 the previous year, an increase of \$9,655,473, or 52.1 percent. The increase was due to the issuance of a General Obligation Bond of \$4,920,000 and \$5,862,442 of IEPA Loan Payable, and offset by scheduled repayments on outstanding long-term debt of \$1,365,889 and the forgiveness of \$1,215,000 of the General Obligation Bonds during the current year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 12,765,000	9,060,000	360,000	470,000	13,125,000	9,530,000
Notes Payable	238,920	-	521,215	562,104	760,135	562,104
IEPA Loan Payable	-	-	14,308,458	8,446,016	14,308,458	8,446,016
Totals	13,003,920	9,060,000	15,189,673	9,478,120	28,193,593	18,538,120

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 2024 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, 2023**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 7,882,986	2,629,314	10,512,300
Receivables - Net of Allowances	3,991,485	1,475,801	5,467,286
Due from Other Governments	624,237	-	624,237
Land Held for Resale	143,000	-	143,000
Total Current Assets	12,641,708	4,105,115	16,746,823
Noncurrent Assets			
Capital Assets			
Nondepreciable	9,239,617	19,851,953	29,091,570
Depreciable	27,329,239	16,384,574	43,713,813
Accumulated Depreciation	(8,959,929)	(8,531,348)	(17,491,277)
Total Capital Assets	27,608,927	27,705,179	55,314,106
Total Assets	40,250,635	31,810,294	72,060,929
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	904,546	292,185	1,196,731
Deferred Items - Police Pension	4,196,719	-	4,196,719
Deferred Items - ARO	-	1,167,311	1,167,311
Total Deferred Outflows of Resources	5,101,265	1,459,496	6,560,761
Total Assets and Deferred Outflows of Resources	45,351,900	33,269,790	78,621,690

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	\$ 61,399	524,413	585,812
Retainage Payable	-	1,833,043	1,833,043
Accrued Payroll	66,181	19,922	86,103
Other Payable	35,860	-	35,860
Accrued Interest Payable	137,988	-	137,988
Current Portion of Long-Term Debt	1,303,209	184,120	1,487,329
Total Current Liabilities	<u>1,604,637</u>	<u>2,561,498</u>	<u>4,166,135</u>
Noncurrent Liabilities			
Compensated Absences Payable	185,623	107,626	293,249
Net Pension Liability - IMRF	796,520	260,000	1,056,520
Net Pension Liability - Police Pension	3,681,860	-	3,681,860
Total OPEB Liability - RBP	1,376,259	400,591	1,776,850
Asset Retirement Obligation	-	1,250,000	1,250,000
General Obligation Bonds Payable - Net	12,193,858	245,000	12,438,858
Notes Payable	192,117	479,002	671,119
IEPA Loan Payable	-	14,308,458	14,308,458
Total Noncurrent Liabilities	<u>18,426,237</u>	<u>17,050,677</u>	<u>35,476,914</u>
Total Liabilities	<u>20,030,874</u>	<u>19,612,175</u>	<u>39,643,049</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	10,319	3,368	13,687
Deferred Items - Police Pension	6,181,707	-	6,181,707
Property Taxes	2,546,048	-	2,546,048
Lease	-	230,730	230,730
Total Deferred Inflows of Resources	<u>8,738,074</u>	<u>234,098</u>	<u>8,972,172</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,768,948</u>	<u>19,846,273</u>	<u>48,615,221</u>
NET POSITION			
Net Investment in Capital Assets	13,966,149	12,515,506	26,481,655
Restricted			
Property Taxes			
Public Library	609,376	-	609,376
TIF Districts	1,084,530	-	1,084,530
Liability Insurance	94,669	-	94,669
Social Security	58,933	-	58,933
IMRF	236,653	-	236,653
Special Recreation	189,572	-	189,572
Motor Fuel Taxes	819,987	-	819,987
Welfare Services	13,852	-	13,852
Revolving Loans	232,565	-	232,565
Capital Projects	1,464,951	-	1,464,951
Economic Development	164,854	-	164,854
Unrestricted (Deficit)	<u>(2,353,139)</u>	<u>908,011</u>	<u>(1,445,128)</u>
Total Net Position	<u>16,582,952</u>	<u>13,423,517</u>	<u>30,006,469</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, 2023**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 977,779	275,903	571,923	-
Public Safety	3,559,421	194,829	-	-
Public Works	1,227,613	46,549	519,922	-
Culture and Recreation	940,044	137,459	30,206	-
Interest on Long-Term Debt	560,262	-	-	-
Total Governmental Activities	7,265,119	654,740	1,122,051	-
Business-Type Activities				
Water and Sewer	2,673,053	3,275,321	-	1,673,878
Total Primary Government	9,938,172	3,930,061	1,122,051	1,673,878

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
(129,953)	-	(129,953)
(3,364,592)	-	(3,364,592)
(661,142)	-	(661,142)
(772,379)	-	(772,379)
(560,262)	-	(560,262)
(5,488,328)	-	(5,488,328)
-	2,276,146	2,276,146
(5,488,328)	2,276,146	(3,212,182)
3,810,220	-	3,810,220
996,357	-	996,357
1,457,197	-	1,457,197
400,906	-	400,906
1,605,009	-	1,605,009
553,989	-	553,989
300,052	76,937	376,989
643,691	-	643,691
9,767,421	76,937	9,844,358
4,279,093	2,353,083	6,632,176
12,303,859	11,070,434	23,374,293
16,582,952	13,423,517	30,006,469

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2023**

		Special	
	General	Harvard Diggins Library	Park
ASSETS			
Cash and Investments	\$ 5,435,529	394,918	-
Receivables - Net of Allowances			
Taxes	1,767,670	439,368	263,179
Accounts	60,410	-	-
Other	-	-	1,000
Due from Other Governments	528,822	-	-
Due from Other Funds	904,561	-	-
Land Held for Resale	143,000	-	-
Total Assets	<u>8,839,992</u>	<u>834,286</u>	<u>264,179</u>
LIABILITIES			
Accounts Payable	53,698	1,382	-
Accrued Payroll	60,320	3,844	2,017
Other Payables	35,860	-	-
Due to Other Funds	-	-	882,772
Total Liabilities	<u>149,878</u>	<u>5,226</u>	<u>884,789</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,510,685	219,684	131,590
Total Liabilities and Deferred Inflows of Resources	<u>1,660,563</u>	<u>224,910</u>	<u>1,016,379</u>
FUND BALANCES			
Nonspendable	143,000	-	-
Restricted	1,464,951	609,376	-
Unassigned	5,571,478	-	(752,200)
Total Fund Balances	<u>7,179,429</u>	<u>609,376</u>	<u>(752,200)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>8,839,992</u>	<u>834,286</u>	<u>264,179</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
103,480	482,639	-	1,466,420	7,882,986
235,724	761,098	99,558	271,797	3,838,394
-	-	-	-	60,410
-	-	-	91,681	92,681
-	-	61,773	33,642	624,237
-	-	-	-	904,561
-	-	-	-	143,000
<u>339,204</u>	<u>1,243,737</u>	<u>161,331</u>	<u>1,863,540</u>	<u>13,546,269</u>
-	-	-	6,319	61,399
-	-	-	-	66,181
-	-	-	-	35,860
-	-	16,883	4,906	904,561
-	-	16,883	11,225	1,068,001
117,862	380,549	49,779	135,899	2,546,048
117,862	380,549	66,662	147,124	3,614,049
-	-	-	-	143,000
221,342	863,188	94,669	1,716,416	4,969,942
-	-	-	-	4,819,278
<u>221,342</u>	<u>863,188</u>	<u>94,669</u>	<u>1,716,416</u>	<u>9,932,220</u>
<u>339,204</u>	<u>1,243,737</u>	<u>161,331</u>	<u>1,863,540</u>	<u>13,546,269</u>

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, 2023

Total Governmental Fund Balances	\$ 9,932,220
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.	27,608,927
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	894,227
Deferred Items - Police Pension	(1,984,988)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(137,988)
Compensated Absences Payable	(232,029)
Net Pension Liability - IMRF	(796,520)
Net Pension Liability - Police Pension	(3,681,860)
Net Total OPEB Liability - RBP	(1,376,259)
General Obligation Bonds Payable - Net	(13,403,858)
Notes Payable	(238,920)
Net Position of Governmental Activities	<u>16,582,952</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, 2023**

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, 2023**

	General	Harvard Diggins Library	Special Park
Revenues			
Taxes	\$ 2,862,869	431,851	261,509
Licenses and Permits	517,281	-	-
Intergovernmental	4,427,093	72,171	-
Charges for Services	-	69,273	68,186
Investment Income	235,219	312	2,774
Miscellaneous	461,849	3,321	1,356
Total Revenues	8,504,311	576,928	333,825
Expenditures			
General Government	880,160	-	-
Public Safety	6,869,467	-	-
Public Works	919,597	-	-
Culture and Recreation	-	594,960	287,777
Capital Outlay	598,920	56,468	42,662
Debt Service			
Principal Retirement	400,000	-	-
Interest and Fiscal Charges	422,221	-	-
Total Expenditures	10,090,365	651,428	330,439
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,586,054)	(74,500)	3,386
Other Financing Sources (Uses)			
Debt Issuance	4,920,000	238,920	-
Disposal of Capital Assets	33,098	-	-
Transfers In	-	-	15,000
Transfers Out	(622,020)	-	-
	4,331,078	238,920	15,000
Net Change in Fund Balances	2,745,024	164,420	18,386
Fund Balances - Beginning	4,434,405	444,956	(770,586)
Fund Balances - Ending	7,179,429	609,376	(752,200)

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
217,541	689,507	86,558	256,742	4,806,577
-	-	-	-	517,281
-	-	-	639,888	5,139,152
-	-	-	-	137,459
5,800	22,090	-	33,857	300,052
-	-	4,114	173,051	643,691
223,341	711,597	90,672	1,103,538	11,544,212
376	1,900	271,214	490,131	1,643,781
-	-	-	-	6,869,467
-	-	-	542,163	1,461,760
-	-	-	29,036	911,773
-	-	-	-	698,050
390,000	425,000	-	-	1,215,000
25,245	113,585	-	-	561,051
415,621	540,485	271,214	1,061,330	13,360,882
(192,280)	171,112	(180,542)	42,208	(1,816,670)
-	-	-	-	5,158,920
-	-	-	-	33,098
233,520	-	180,500	208,000	637,020
-	-	-	(15,000)	(637,020)
233,520	-	180,500	193,000	5,192,018
41,240	171,112	(42)	235,208	3,375,348
180,102	692,076	94,711	1,481,208	6,556,872
221,342	863,188	94,669	1,716,416	9,932,220

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, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ 3,375,348**

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	1,330,417
Depreciation Expense	(706,784)
Disposals - Cost	(186,185)

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

Change in Deferred Items - IMRF	2,224,832
Change in Deferred Items - Police Pension	(1,595,841)

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	32,001
Change in Net Pension Liability - IMRF	(2,186,902)
Change in Net Pension Liability - Police Pension	5,096,719
Change in Total OPEB Liability - RBP	838,619
Retirement of Debt	1,215,000
Issuance of Debt	(5,158,920)
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.

(48,502)

Changes in Net Position of Governmental Activities

4,279,093

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, 2023**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Fund
April 30, 2023**

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 2,629,314
Receivables - Net of Allowances	<u>1,475,801</u>
Total Current Assets	<u>4,105,115</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	19,851,953
Depreciable	16,384,574
Accumulated Depreciation	<u>(8,531,348)</u>
Total Capital Assets	<u>27,705,179</u>
Total Assets	<u>31,810,294</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	292,185
Deferred Items - ARO	<u>1,167,311</u>
Total Deferred Outflows of Resources	<u>1,459,496</u>
Total Assets and Deferred Outflows of Resources	<u>33,269,790</u>

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

Water and Sewer

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 524,413
Retainage Payable	1,833,043
Accrued Payroll	19,922
Current Portion of Long-Term Debt	184,120
Total Current Liabilities	<u>2,561,498</u>
Noncurrent Liabilities	
Compensated Absences Payable	107,626
Net Pension Liability - IMRF	260,000
Total OPEB Liability - RBP	400,591
Asset Retirement Obligation	1,250,000
General Obligation Bonds Payable	245,000
Notes Payable	479,002
IEPA Loan Payable	14,308,458
Total Noncurrent Liabilities	<u>17,050,677</u>
Total Liabilities	<u>19,612,175</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	3,368
Lease	230,730
Total Deferred Inflows of Resources	<u>234,098</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,846,273</u>

NET POSITION

Net Investment in Capital Assets	12,515,506
Unrestricted	908,011
Total Net Position	<u><u>13,423,517</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, 2023**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 3,275,321</u>
Operating Expenses	
Operations	2,335,603
Depreciation and Amortization	<u>309,405</u>
Total Operating Expenses	<u>2,645,008</u>
Operating Income	<u>630,313</u>
Nonoperating Revenues (Expenses)	
Investment Income	76,937
Interest Expense	<u>(28,045)</u>
	<u>48,892</u>
Income Before Grants	679,205
Capital Grants	<u>1,673,878</u>
Change in Net Position	2,353,083
Net Position - Beginning	<u>11,070,434</u>
Net Position - Ending	<u><u>13,423,517</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, 2023**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 4,359,093
Payments to Employees	(914,616)
Payments to Suppliers	(2,454,630)
	<u>989,847</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(8,231,347)
Debt Issuance	5,862,442
Principal Retirement	(150,889)
Interest Payments	(28,045)
Capital Grant	1,673,878
	<u>(873,961)</u>
Cash Flows from Investing Activities	
Interest Received	76,937
	<u>76,937</u>
Net Change in Cash and Cash Equivalents	192,823
Cash and Cash Equivalents - Beginning	<u>2,436,491</u>
Cash and Cash Equivalents - Ending	<u><u>2,629,314</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income	630,313
Adjustments to Reconcile Operating Income to Net Income	
to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	309,405
(Increase) Decrease in Current Assets	1,083,772
Increase (Decrease) in Current Liabilities	(1,033,643)
	<u>(1,033,643)</u>
Net Cash Provided by Operating Activities	<u><u>989,847</u></u>

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

CITY OF HARVARD, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2023

	Trusts Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 303,310	193
Investments		
Illinois Police Pension Investment Pool	17,000,911	-
Due from Other Funds	-	-
Prepays	3,809	-
Total Assets	<u>17,308,030</u>	<u>193</u>
LIABILITIES		
Accounts Payable	<u>2,405</u>	-
NET POSITION		
Net Position Restricted for		
Trusts	17,305,625	-
Individuals, Organizations and Other Governemtns	<u>-</u>	<u>193</u>
Total Net Position	<u><u>17,305,625</u></u>	<u><u>193</u></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, 2023**

	Trusts Funds	Custodial Funds
Additions		
Contributions - Employer	\$ 4,028,548	-
Contributions - Plan Members	153,400	-
Special Assessments - Property Tax	-	131,010
Total Contributions	4,181,948	131,010
Investment Income		
Interest Income	153,510	2,502
Net Change in Fair Value	233,214	-
	386,724	2,502
Less Investment Expenses	(34,735)	-
Net Investment Income	351,989	2,502
Total Additions	4,533,937	133,512
Deductions		
Administration	35,107	1,375
Benefits and Refunds	986,638	-
Other Charges and Services	999	-
Debt Service		
Principal Retirement	-	125,656
Interest and Fiscal Charges	-	7,878
Total Deductions	1,022,744	134,909
Change in Fiduciary Net Position	3,511,193	(1,397)
Net Position Restricted for Trusts, Individuals, Organizations and Other Governments		
Beginning	13,794,432	1,590
Ending	17,305,625	193

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2023

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, 2023

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, 2023

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, 2023

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 twelve 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023**

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 - 10 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, 2023

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, 2023**

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 one supplementary appropriation was necessary during the year.
- The City does not budget for the Welfare Fund, Revolving Loan Fund, Scholarship Fund, and SSA #3 Shadow Creek Fund.

DEFICIT FUND BALANCE

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

Fund	Deficit
Park	\$ 752,200

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	\$ 3,726,069
Harvard Diggins Library	304,885
TIF #2 Industrial Park	1,900
Economic Development	14
Liability Insurance	17,214
Social Security	3,387
SSA #5 Shadow Creek	2,434

The General Fund is over budget due to additional pension contributions made as a result of the City issuing \$4,920,000 of General Obligation Bonds in the current fiscal year.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2023

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 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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$10,506,694 and the bank balances totaled \$11,223,590. In addition, the City has \$5,606 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.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City - Continued

Custodial Credit Risk – Continued. 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).

Interest in Delos F. Diggins Trust – Designated Fund

As of April 30, 2023, the Library has a balance of \$1,105,820 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

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report, which can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org. The Fund transferred all eligible assets to the Investment Fund on October 1, 2022.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$284,347 and the bank balances totaled \$284,347.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund - Continued

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. 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, 2023, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

Investments. At year-end the Fund has \$17,000,911 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

Investment Policy. IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled

Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

Rate of Return

At year-end, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2022 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.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

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	-	186,185	8,637,972
Construction in Progress	49,816	601,645	49,816	601,645
	<u>8,873,973</u>	<u>601,645</u>	<u>236,001</u>	<u>9,239,617</u>
Depreciable Capital Assets				
Infrastructure	13,249,780	377,182	-	13,626,962
Buildings and Improvements	10,094,760	-	-	10,094,760
Machinery and Equipment	1,155,165	15,000	-	1,170,165
Vehicles	1,765,445	156,606	-	1,922,051
Harvard Diggins Library	285,501	229,800	-	515,301
	<u>26,550,651</u>	<u>778,588</u>	<u>-</u>	<u>27,329,239</u>
Less Accumulated Depreciation				
Infrastructure	3,881,839	344,674	-	4,226,513
Buildings and Improvements	1,869,968	211,059	-	2,081,027
Machinery and Equipment	1,034,119	24,901	-	1,059,020
Vehicles	1,275,628	116,759	-	1,392,387
Harvard Diggins Library	191,591	9,391	-	200,982
	<u>8,253,145</u>	<u>706,784</u>	<u>-</u>	<u>8,959,929</u>
Total Net Depreciable Capital Assets	<u>18,297,506</u>	<u>71,804</u>	<u>-</u>	<u>18,369,310</u>
Total Net Capital Assets	<u>27,171,479</u>	<u>673,449</u>	<u>236,001</u>	<u>27,608,927</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 275,646
Public Safety	190,832
Public Works	212,035
Culture and Recreation	28,271
	<u>706,784</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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	12,832,725	8,172,181	1,980,953	19,023,953
	<u>13,660,725</u>	<u>8,172,181</u>	<u>1,980,953</u>	<u>19,851,953</u>
Depreciable Capital Assets				
Infrastructure	2,675,127	2,000,703	-	4,675,830
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,675,982	39,416	-	1,715,398
Vehicles	140,750	-	-	140,750
	<u>14,344,455</u>	<u>2,040,119</u>	<u>-</u>	<u>16,384,574</u>
Less Accumulated Depreciation				
Infrastructure	678,353	65,315	-	743,668
Buildings and Improvements	5,879,764	197,052	-	6,076,816
Machinery and Equipment	1,550,639	19,475	-	1,570,114
Vehicles	140,750	-	-	140,750
	<u>8,249,506</u>	<u>281,842</u>	<u>-</u>	<u>8,531,348</u>
Total Net Depreciable Capital Assets	<u>6,094,949</u>	<u>1,758,277</u>	<u>-</u>	<u>7,853,226</u>
Total Net Capital Assets	<u>19,755,674</u>	<u>9,930,458</u>	<u>1,980,953</u>	<u>27,705,179</u>

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

Water and Sewer	<u>\$ 281,842</u>
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CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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	Liability Insurance	\$ 16,883
General	Nonmajor Governmental	4,906
General	Park	<u>882,772</u>
		<u><u>904,561</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	233,520 (2)
Liability Insurance	General	180,500 (2)
Nonmajor Governmental	General	<u>208,000 (2)</u>
		<u><u>637,020</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, and (2) 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, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LEASE RECEIVABLE

The City is a lessor on the following lease at year end:

<u>Lease</u>	<u>Term Length</u>	<u>Start Date</u>	<u>Payments</u>	<u>Interest Rate</u>
Sprint/T-Mobile Lease	89 Months	5/1/2022	\$ 3,338	3.00%

During the fiscal year, the City has recognized \$43,019 of lease revenue.

The future principal and interest lease payments as of the year-end were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 33,487	6,569
2025	34,506	5,550
2026	35,557	4,499
2027	36,638	3,418
2028	37,753	2,303
2029	38,899	1,157
2030	17,342	134
	<u>234,182</u>	<u>23,630</u>

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:

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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 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	\$ 795,000	-	390,000	405,000
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	850,000	-	165,000	685,000
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	470,000	-	110,000	360,000
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	1,890,000	-	195,000	1,695,000

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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	\$ 4,810,000	-	30,000	4,780,000
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	715,000	-	65,000	650,000
General Obligation Bonds (Alterantive Revenue Source) of 2022A, due in annual installments of \$370,000 to \$475,000 plus interest at 2.25% to 5.00% through January 15, 2035.	General	-	4,920,000	370,000	4,550,000
		<u>9,530,000</u>	<u>4,920,000</u>	<u>1,325,000</u>	<u>13,125,000</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 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 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	\$ 562,104	-	40,889	521,215
Note Payable of 2023, due in annual installments of \$25,829, including interest at 3.25% through January 1, 2028.	Harvard Diggins Library	-	238,920	-	238,920
		<u>562,104</u>	<u>238,920</u>	<u>40,889</u>	<u>760,135</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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	\$ 8,446,016	5,862,442	-	14,308,458

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 24 and 36 years and the remaining useful lives of the water towers ranges between 48 and 73 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	\$ 264,030	32,001	64,002	232,029	46,406
Net Pension Liability/(Asset) - IMRF	(1,390,382)	2,186,902	-	796,520	-
Net Pension Liability - Police Pension	8,778,579	-	5,096,719	3,681,860	-
Total OPEB Liability - RBP	2,214,878	-	838,619	1,376,259	-
General Obligation Bonds	9,060,000	4,920,000	1,215,000	12,765,000	1,210,000
Plus: Unamortized Premium	688,149	-	49,291	638,858	-
Notes Payable	-	238,920	-	238,920	46,803
	<u>19,615,254</u>	<u>7,377,823</u>	<u>7,263,631</u>	<u>19,729,446</u>	<u>1,303,209</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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	\$ 125,156	18,754	9,377	134,533	26,907
Net Pension Liability/(Asset) - IMRF	(386,196)	646,196	-	260,000	-
Total OPEB Liability - RBP	532,797	-	132,206	400,591	-
Asset Retirement Obligation	1,250,000	-	-	1,250,000	-
General Obligation Bonds	470,000	-	110,000	360,000	115,000
Notes Payable	562,104	-	40,889	521,215	42,213
IEPA Loan Payable	8,446,016	5,862,442	-	14,308,458	-
	<u>10,999,877</u>	<u>6,527,392</u>	<u>292,472</u>	<u>17,234,797</u>	<u>184,120</u>

For the governmental activities, the compensated absences, the net pension liabilities, and the total OPEB liability are liquidated by the General Fund. The general obligation bonds and notes payable 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 net pension liability/(asset), the total OPEB liability, the asset retirement obligation, the general obligation bonds, the notes payable, and IEPA loan payable.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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		Notes		General Obligation		Notes	
	Bonds		Payable		Bonds		Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,210,000	449,831	46,803	4,855	115,000	7,936	42,213	16,587
2025	1,025,000	413,540	45,688	5,971	120,000	5,634	43,670	15,130
2026	1,055,000	382,680	47,223	4,436	125,000	2,876	45,129	13,671
2027	1,100,000	349,471	48,792	2,867	-	-	390,203	11,188
2028	1,140,000	310,206	50,413	1,246	-	-	-	-
2029	1,195,000	268,556	-	-	-	-	-	-
2030	650,000	224,440	-	-	-	-	-	-
2031	680,000	200,190	-	-	-	-	-	-
2032	705,000	174,260	-	-	-	-	-	-
2033	730,000	146,262	-	-	-	-	-	-
2034	760,000	116,622	-	-	-	-	-	-
2035	790,000	84,950	-	-	-	-	-	-
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	12,765,000	3,279,258	238,920	19,375	360,000	16,446	521,215	56,576

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, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin - Continued

Assessed Valuation - 2022	<u>\$ 161,558,212</u>
Legal Debt Limit - 8.625% of Assessed Value	13,934,396
Amount of Debt Applicable to Limit Note Payable of 2022	<u>(521,215)</u>
Legal Debt Margin	<u>13,413,181</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2023:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 27,608,927
Less Capital Related Debt:	
General Obligation Bonds	(12,765,000)
Notes Payable	(238,920)
Unamortized Premium	<u>(638,858)</u>
Net Investment in Capital Assets	<u>13,966,149</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	27,705,179
Less Capital Related Debt:	
General Obligation Bonds	(360,000)
Notes Payable	(521,215)
IEPA Loan Payable	<u>(14,308,458)</u>
Net Investment in Capital Assets	<u>12,515,506</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements

April 30, 2023

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, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

	Special Revenue Funds							Totals
	General	Harvard	Park	TIF #1	TIF #2	Liability Insurance	Nonmajor	
		Diggins Library		Downtown Redevelopment	Industrial Park			
Fund Balances								
Nonspendable								
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	143,000
Restricted								
Property Taxes								
Public Library	-	609,376	-	-	-	-	-	609,376
TIF Districts	-	-	-	221,342	863,188	-	-	1,084,530
Liability Insurance	-	-	-	-	-	94,669	-	94,669
Social Security	-	-	-	-	-	-	58,933	58,933
IMRF	-	-	-	-	-	-	236,653	236,653
Special Recreation	-	-	-	-	-	-	189,572	189,572
Motor Fuel Taxes	-	-	-	-	-	-	819,987	819,987
Welfare Services	-	-	-	-	-	-	13,852	13,852
Revolving Loan	-	-	-	-	-	-	232,565	232,565
Capital Projects	1,464,951	-	-	-	-	-	-	1,464,951
Economic Development	-	-	-	-	-	-	164,854	164,854
	1,464,951	609,376	-	221,342	863,188	94,669	1,716,416	4,969,942
Unassigned	5,571,478	-	(752,200)	-	-	-	-	4,819,278
Total Fund Balances	7,179,429	609,376	(752,200)	221,342	863,188	94,669	1,716,416	9,932,220

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, 2023

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.

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 \$24,110 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, 2023**

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	Deferred Outflows	Deferred Inflows	Pension Expense
IMRF	\$ 1,056,520	1,196,731	13,687	108,997
Police Pension	3,681,860	4,196,719	6,181,707	527,670
	<u>4,738,380</u>	<u>5,393,450</u>	<u>6,195,394</u>	<u>636,667</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, 2023**

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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	58
Inactive Plan Members Entitled to but not yet Receiving Benefits	12
Active Plan Members	<u>26</u>
Total	<u><u>96</u></u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2023, the City’s contribution was 8.40% of covered payroll.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, 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% to 13.75%
Cost of Living Adjustments	2.75%
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, 2023**

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	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

Discount Rate

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

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City calculated using the discount rate as well as what the City’s net pension liability/(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 Liability/(Asset)	\$ 2,706,490	1,056,520	(266,649)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2021	\$ 13,457,178	15,233,756	(1,776,578)
Changes for the Year:			
Service Cost	184,418	-	184,418
Interest on the Total Pension Liability	961,085	-	961,085
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	233,084	-	233,084
Changes of Assumptions	-	-	-
Contributions - Employer	-	173,272	(173,272)
Contributions - Employees	-	83,692	(83,692)
Net Investment Income	-	(1,774,565)	1,774,565
Benefit Payments, including Refunds of Employee Contributions	(586,091)	(586,091)	-
Other (Net Transfer)	-	63,090	(63,090)
Net Changes	792,496	(2,040,602)	2,833,098
Balances at December 31, 2022	14,249,674	13,193,154	1,056,520

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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, 2023, the City recognized pension expense of \$108,997. At April 30, 2023, 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 Change in Assumptions	\$ 146,142	(13,687)	132,455
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Pension Expense to be Recognized in Future Periods	1,004,613	-	1,004,613
Pension Contributions Made Subsequent to the Measurement Date	1,150,755	(13,687)	1,137,068
	45,976	-	45,976
Total Deferred Amounts Related to IMRF	<u>1,196,731</u>	<u>(13,687)</u>	<u>1,183,044</u>

\$45,976 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, 2024.

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

Fiscal Year	Net Deferred Outflows of Resources
2024	\$ 11,402
2025	225,418
2026	326,376
2027	573,872
2028	-
Thereafter	-
Total	<u>1,137,068</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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, 2023, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	13
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>16</u>
Total	<u><u>30</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, 2023

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, 2023, the City's contribution was 253.25% 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, 2023**

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, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	Graded by Years of Service
Cost of Living Adjustments	2.25%
Inflation	2.25%

Active Mortality follows PubS-2010(A) Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate.

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and the prior valuation used a rate of 5.75%. 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 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.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 6,851,888	3,681,860	1,115,737

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2022	\$ 22,553,697	13,775,118	8,778,579
Changes for the Year:			
Service Cost	536,576	-	536,576
Interest on the Total Pension Liability	1,266,218	-	1,266,218
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	768,697	-	768,697
Changes of Assumptions	(3,170,028)	-	(3,170,028)
Contributions - Employer	-	4,028,548	(4,028,548)
Contributions - Employees	-	153,400	(153,400)
Net Investment Income	-	351,341	(351,341)
Benefit Payments, including Refunds of Employee Contributions	(986,638)	(986,638)	-
Administrative Expense	-	(35,107)	35,107
Net Changes	(1,585,175)	3,511,544	(5,096,719)
Balances at April 30, 2023	20,968,522	17,286,662	3,681,860

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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, 2023, the City recognized pension expense of \$527,670. At April 30, 2023, 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	\$ 843,508	(1,825,159)	(981,651)
Change in Assumptions	2,274,496	(4,356,548)	(2,082,052)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,078,715</u>	-	<u>1,078,715</u>
Total Deferred Amounts Related to Police Pension	<u><u>4,196,719</u></u>	<u><u>(6,181,707)</u></u>	<u><u>(1,984,988)</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
2024	\$ (169,472)
2025	(370,516)
2026	27,236
2027	(474,494)
2028	(579,867)
Thereafter	<u>(417,875)</u>
Total	<u><u>(1,984,988)</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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, 2023, 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>40</u>
Total	<u><u>43</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of April 30, 2023 and was determined by an actuarial valuation as of April 30, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2023 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, 2023**

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	3.77%
Healthcare Cost Trend Rates	7.10% for 2023, 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, 2022	<u>\$ 2,747,675</u>
Changes for the Year:	
Service Cost	148,774
Interest	86,960
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(1,052,639)
Changes of Assumptions or Other Inputs	(76,627)
Benefit Payments	<u>(77,293)</u>
Net Changes	<u>(970,825)</u>
Balance at April 30, 2023	<u><u>1,776,850</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2023**

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 3.77%, while the prior valuation used 3.21%. 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 (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB Liability	\$ 1,915,588	1,776,850	1,647,030

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	\$ 1,579,941	1,776,850	2,006,956

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

For the year ended April 30, 2023, the City recognized OPEB revenue of \$893,532. 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.

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, 2023**

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%
2023	159,140	159,140	-	1,895,002	8.40%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	For non-disabled 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.

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, 2023

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%
2023	895,449	4,028,548	3,133,099	1,590,723	253.25%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	Graded by Years of Service
Investment Rate of Return	6.75%
Retirement Age	Graded by Age (11.00% at 50 to 100% at age 65)
Mortality	PubS-2010(A) Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate

Note:

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

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

April 30, 2023

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, 2023

	<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	12/31/22
200,405	210,042	164,305	181,423	186,595	177,930	184,418
793,814	833,165	821,311	863,491	903,535	925,370	961,085
(39,424)	(351,359)	140,993	29,410	(168,349)	(51,739)	233,084
(55,229)	(344,523)	337,137	-	(80,771)	-	-
(417,296)	(455,622)	(509,378)	(516,417)	(532,741)	(538,282)	(586,091)
482,270	(108,297)	954,368	557,907	308,269	513,279	792,496
10,749,382	11,231,652	11,123,355	12,077,723	12,635,630	12,943,899	13,457,178
11,231,652	11,123,355	12,077,723	12,635,630	12,943,899	13,457,178	14,249,674
257,162	215,082	228,610	193,842	230,402	231,077	173,272
83,672	77,145	74,659	99,163	80,063	82,856	83,692
619,251	1,613,714	(541,421)	1,863,519	1,647,650	2,191,017	(1,774,565)
(417,296)	(455,622)	(509,378)	(516,417)	(532,741)	(538,282)	(586,091)
(107,730)	(142,568)	203,209	42,843	88,452	5,533	63,090
435,059	1,307,751	(544,321)	1,682,950	1,513,826	1,972,201	(2,040,602)
8,866,290	9,301,349	10,609,100	10,064,779	11,747,729	13,261,555	15,233,756
9,301,349	10,609,100	10,064,779	11,747,729	13,261,555	15,233,756	13,193,154
1,930,303	514,255	2,012,944	887,901	(317,656)	(1,776,578)	1,056,520
82.81%	95.38%	83.33%	92.97%	102.45%	113.20%	92.59%
1,850,083	1,593,192	1,655,338	1,747,894	1,779,174	1,841,244	1,841,372
104.34%	32.28%	121.60%	50.80%	(17.85%)	(96.49%)	57.38%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2023**

	4/30/15	4/30/16
Total Pension Liability		
Service Cost	\$ 434,997	408,451
Interest	958,677	964,580
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(282,415)
Change of Assumptions	-	1,517,844
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)
Net Change in Total Pension Liability	916,985	2,072,123
Total Pension Liability - Beginning	15,009,943	15,926,928
Total Pension Liability - Ending	15,926,928	17,999,051
Plan Fiduciary Net Position		
Contributions - Employer	\$ 461,768	494,853
Contributions - Members	135,471	140,321
Net Investment Income	565,091	42,641
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)
Administrative Expense	113,257	(21,733)
Net Change in Plan Fiduciary Net Position	798,898	119,745
Plan Net Position - Beginning as Restated	8,626,994	9,425,892
Plan Net Position - Ending	9,425,892	9,545,637
Employer's Net Pension Liability	\$ 6,501,036	8,453,414
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.18%	53.03%
Covered Payroll	\$ 1,374,078	1,597,630
Employer's Net Pension Liability as a Percentage of Covered Payroll	473.12%	529.12%

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 2023.

4/30/17	4/30/18	4/30/19	4/30/20	4/30/21	4/30/22	4/30/23
438,140	465,305	446,096	511,824	578,334	483,821	536,576
1,097,394	1,137,819	1,196,658	1,221,877	1,304,192	1,229,944	1,266,218
-	-	-	254,439	-	-	-
302,591	107,438	(434,271)	162,625	(26,435)	(2,178,433)	768,697
(516,450)	810,792	520,846	1,007,568	(2,473,406)	1,520,644	(3,170,028)
(598,285)	(740,962)	(714,224)	(756,383)	(810,667)	(994,185)	(986,638)
723,390	1,780,392	1,015,105	2,401,950	(1,427,982)	61,791	(1,585,175)
17,999,051	18,722,441	20,502,833	21,517,938	23,919,888	22,491,906	22,553,697
18,722,441	20,502,833	21,517,938	23,919,888	22,491,906	22,553,697	20,968,522
523,007	547,123	592,237	711,186	688,612	855,893	4,028,548
142,810	141,362	148,922	159,083	167,796	152,502	153,400
773,420	614,903	692,672	298,078	2,914,625	(1,093,095)	351,341
(598,285)	(740,962)	(714,224)	(756,383)	(810,667)	(994,185)	(986,638)
(22,135)	(21,027)	(26,756)	(27,868)	(33,324)	(32,238)	(35,107)
818,817	541,399	692,851	384,096	2,927,042	(1,111,123)	3,511,544
9,522,036	10,340,853	10,882,252	11,575,103	11,959,199	14,886,241	13,775,118
10,340,853	10,882,252	11,575,103	11,959,199	14,886,241	13,775,118	17,286,662
8,381,588	9,620,581	9,942,835	11,960,689	7,605,665	8,778,579	3,681,860
55.23%	53.08%	53.79%	50.00%	66.18%	61.08%	82.44%
1,459,732	1,503,524	1,395,004	1,645,414	1,694,341	1,667,367	1,590,723
574.19%	639.87%	712.75%	726.91%	448.89%	526.49%	231.46%

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2023**

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%)
2023	3.45%

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, 2023**

	4/30/19	4/30/20	4/30/21	4/30/22	4/30/23
Total OPEB Liability					
Service Cost	\$ 89,197	95,283	128,416	120,097	148,774
Interest	91,304	93,692	78,267	67,302	86,960
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(496,156)	-	(1,052,639)
Change of Assumptions or Other Inputs	47,166	463,737	273,069	(365,089)	(76,627)
Benefit Payments	(48,360)	(62,200)	(73,152)	(78,964)	(77,293)
Net Change in Total OPEB Liability	179,307	590,512	(89,556)	(256,654)	(970,825)
Total OPEB Liability - Beginning	2,324,066	2,503,373	3,093,885	3,004,329	2,747,675
Total OPEB Liability - Ending	2,503,373	3,093,885	3,004,329	2,747,675	1,776,850
Covered-Employee Payroll	\$ N/A	3,406,217	3,562,046	3,735,119	3,474,342
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	90.83%	84.34%	73.56%	51.14%

Notes:

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of Assumptions. Changes of assumptions and other inputs reflect changes in the discount rate in 2019 through 2023.

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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,916,500	1,916,500	2,862,869
Licenses and Permits	413,500	413,500	517,281
Intergovernmental	4,148,500	4,148,500	4,427,093
Investment Income	5,000	5,000	235,219
Miscellaneous	780,100	780,100	461,849
Total Revenues	<u>7,263,600</u>	<u>7,263,600</u>	<u>8,504,311</u>
Expenditures			
General Government	929,819	929,819	880,160
Public Safety	3,033,400	3,033,400	6,869,467
Public Works	915,785	805,585	919,597
Capital Outlay	922,500	922,500	598,920
Debt Service			
Principal Retirement	30,000	400,000	400,000
Interest and Fiscal Charges	144,300	272,992	422,221
Total Expenditures	<u>5,975,804</u>	<u>6,364,296</u>	<u>10,090,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,287,796</u>	<u>899,304</u>	<u>(1,586,054)</u>
Other Financing Sources (Uses)			
Debt Issuance	83,724	4,854,495	4,920,000
Disposal of Capital Assets	10,000	10,000	33,098
Transfers Out	(1,381,520)	(1,381,520)	(622,020)
	<u>(1,287,796)</u>	<u>3,482,975</u>	<u>4,331,078</u>
Net Change in Fund Balance	<u>-</u>	<u>4,382,279</u>	2,745,024
Fund Balance - Beginning			<u>4,434,405</u>
Fund Balance - Ending			<u><u>7,179,429</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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 416,200	416,200	431,851
Intergovernmental			
Replacement Tax	23,000	23,000	47,255
Donations/Grants	-	-	24,916
Charges for Services	-	-	69,273
Investment Income	-	-	312
Miscellaneous	33,543	33,543	3,321
Total Revenues	<u>472,743</u>	<u>472,743</u>	<u>576,928</u>
Expenditures			
Culture and Recreation	316,543	246,543	594,960
Capital Outlay	156,200	100,000	56,468
Total Expenditures	<u>472,743</u>	<u>346,543</u>	<u>651,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	126,200	(74,500)
Other Financing Sources			
Debt Issuance	-	-	238,920
Net Change in Fund Balance	<u>-</u>	<u>126,200</u>	164,420
Fund Balance - Beginning			<u>444,956</u>
Fund Balance - Ending			<u><u>609,376</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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 244,000	244,000	255,179
Amusement Taxes	6,000	6,000	6,330
Charges for Services	75,500	75,500	68,186
Investment Income	1,500	1,500	2,774
Miscellaneous	1,000	1,000	1,356
Total Revenues	<u>328,000</u>	<u>328,000</u>	<u>333,825</u>
Expenditures			
Culture and Recreation			
Salaries	170,000	170,000	166,497
Insurance	8,800	8,800	9,029
Contractual Services	52,732	52,732	40,338
Commodities	49,200	49,200	53,080
Other	15,500	15,500	18,833
Capital Outlay	18,000	43,898	42,662
Total Expenditures	<u>314,232</u>	<u>340,130</u>	<u>330,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,768</u>	<u>(12,130)</u>	<u>3,386</u>
Other Financing Sources			
Transfers In	15,000	43,898	15,000
Transfers Out	(28,768)	(28,768)	-
	<u>(13,768)</u>	<u>15,130</u>	<u>15,000</u>
Net Change in Fund Balance	<u>-</u>	<u>3,000</u>	18,386
Fund Balance - Beginning			<u>(770,586)</u>
Fund Balance - Ending			<u><u>(752,200)</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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 182,000	182,000	217,541
Investment Income	200	200	5,800
Total Revenues	<u>182,200</u>	<u>182,200</u>	<u>223,341</u>
Expenditures			
General Government			
Contractual Services	475	475	376
Debt Service			
Principal Retirement	390,000	390,000	390,000
Interest and Fiscal Charges	25,245	25,245	25,245
Total Expenditures	<u>415,720</u>	<u>415,720</u>	<u>415,621</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,520)	(233,520)	(192,280)
Other Financing Sources			
Transfers In	<u>233,520</u>	<u>233,520</u>	<u>233,520</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	41,240
Fund Balance - Beginning			<u>180,102</u>
Fund Balance - Ending			<u><u>221,342</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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 615,000	615,000	689,507
Investment Income	750	750	22,090
Total Revenues	<u>615,750</u>	<u>615,750</u>	<u>711,597</u>
Expenditures			
General Government			
Contractual Services	-	-	1,900
Debt Service			
Principal Retirement	425,000	425,000	425,000
Interest and Fiscal Charges	113,585	113,585	113,585
Total Expenditures	<u>538,585</u>	<u>538,585</u>	<u>540,485</u>
Net Change in Fund Balance	<u>77,165</u>	<u>77,165</u>	171,112
Fund Balance - Beginning			<u>692,076</u>
Fund Balance - Ending			<u><u>863,188</u></u>

CITY OF HARVARD, ILLINOIS

Liability Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 73,500	73,500	86,558
Miscellaneous	-	-	4,114
Total Revenues	<u>73,500</u>	<u>73,500</u>	<u>90,672</u>
Expenditures			
General Government			
Contractual Services	<u>254,000</u>	<u>254,000</u>	<u>271,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,500)	(180,500)	(180,542)
Other Financing Sources			
Transfers In	<u>180,500</u>	<u>180,500</u>	<u>180,500</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(42)
Fund Balance - Beginning			<u>94,711</u>
Fund Balance - Ending			<u><u>94,669</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

Economic Development Fund

The Economic Development Fund is used to account for the community development revolving loan program initially funded by 2 grants from the Illinois Department of Commerce and Economic Opportunity (DCEO), restricted to provide loans to local businesses.

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 FUND

Scholarship Fund

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

CUSTODIAL FUNDS

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, 2023**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 1,079,500	1,079,500	1,872,842
Video Gaming Tax	150,000	150,000	200,904
Water Utility Tax	125,000	125,000	149,760
Electric Tax	305,000	305,000	323,591
Hotel/Motel Tax	27,000	27,000	28,591
Nicor Utility Tax	125,000	125,000	209,314
Telephone Tax	105,000	105,000	77,867
	<u>1,916,500</u>	<u>1,916,500</u>	<u>2,862,869</u>
Licenses and Permits			
Liquor License	72,000	72,000	80,750
Contractors License	12,000	12,000	11,428
Building Permits	27,000	27,000	29,924
Police DUI Fines	5,500	5,500	7,014
Police Fines/Tickets	175,000	175,000	187,815
Zoning/Platting Fees	4,000	4,000	3,249
Cable Franchise Fees	80,000	80,000	148,595
Yard Waste Stickers	3,000	3,000	1,948
Parking Permits	35,000	35,000	46,558
	<u>413,500</u>	<u>413,500</u>	<u>517,281</u>
Intergovernmental			
State Income Tax	1,270,000	1,270,000	1,457,197
Cannabis Use Tax	13,500	13,500	14,908
Use Tax	300,000	300,000	385,998
Sales Tax	1,680,000	1,680,000	1,605,009
Replacement Tax	130,000	130,000	392,058
Grants	755,000	755,000	571,923
	<u>4,148,500</u>	<u>4,148,500</u>	<u>4,427,093</u>
Investment Income			
Interest Income	5,000	5,000	235,219

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Miscellaneous			
Health Insurance Reimbursements	\$ 89,100	89,100	48,676
Police Reimbursements	70,000	70,000	83,275
Escrow	-	-	62,793
Miscellaneous	40,000	40,000	242,105
Rent Receipts	25,000	25,000	25,000
Cash on Hand	556,000	556,000	-
	<u>780,100</u>	<u>780,100</u>	<u>461,849</u>
Total Revenues	<u>7,263,600</u>	<u>7,263,600</u>	<u>8,504,311</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 129,000	129,000	212,172
Salaries - Clerical	98,500	98,500	68,732
Health Insurance	113,719	113,719	70,922
Training Seminars	250	250	-
Expense Mayors	1,800	1,800	1,800
Travel Expense	250	250	1,309
Attorney Fees	50,000	50,000	24,697
Professional Fees	60,000	60,000	21,432
Engineering Fees	60,000	60,000	117,275
Building/Grounds Maintenance	80,000	80,000	68,664
Service Agreements	21,000	21,000	23,349
Printing	1,000	1,000	856
Equipment Maintenance	8,000	8,000	11,798
Office Supplies	10,000	10,000	10,264
Postage	7,000	7,000	4,248
Dues/Subscriptions	8,700	8,700	11,574
Public Notices	6,500	6,500	1,984
Telephone	8,000	8,000	7,672
Garbage Stickers	3,000	3,000	1,376
Miscellaneous	7,000	7,000	30,159
Special Programs	11,900	11,900	10,084
Economic Development	41,000	41,000	16,000
	<u>726,619</u>	<u>726,619</u>	<u>716,367</u>
Building Services			
Salaries	110,000	110,000	105,672
Health Insurance	35,500	35,500	36,477
Training	2,500	2,500	320
Professional Fees	35,000	35,000	15,677
Uniforms	700	700	515
Vehicle Maintenance	3,000	3,000	335
Nuisance/Investigations	15,000	15,000	4,101
Gas, Oil, Grease	1,500	1,500	696
	<u>203,200</u>	<u>203,200</u>	<u>163,793</u>
Total General Government	<u>929,819</u>	<u>929,819</u>	<u>880,160</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,675,000	1,675,000	1,639,595
Salaries - Clerical	131,500	131,500	128,507
Pension Contribution	-	-	4,028,548
Crossing Guards	8,500	8,500	6,498
Overtime	275,000	275,000	217,680
Health Insurance	495,000	495,000	381,800
Health Exams	1,000	1,000	-
Training & Seminars	10,500	10,500	15,999
Uniforms	22,500	22,500	20,613
Attorney Fees	56,000	56,000	54,607
Professional Fees	220,000	220,000	215,148
Vehicle Maintenance	15,000	15,000	18,306
Radio Maintenance	20,500	11,500	7,103
Equipment Maintenance	11,500	20,500	24,297
Ammunition	5,700	5,700	5,672
Supplies	3,400	3,400	2,109
Office Supplies	5,900	5,900	6,037
Investigation/Film/Etc.	7,000	7,000	4,458
Dues/Subscriptions	2,500	2,500	745
Telephones	13,500	13,500	11,433
Gas, Oil, Grease	30,000	30,000	48,414
Police Commission Expenditure	3,700	3,700	4,361
Miscellaneous	2,000	2,000	10,136
Special Programs	17,700	17,700	17,401
Total Public Safety	3,033,400	3,033,400	6,869,467
Public Works			
Highways and Streets			
Salaries	425,103	314,903	320,063
Overtime Street	15,000	15,000	5,333
Health Insurance	95,482	95,482	102,282
Training & Seminars	2,000	2,000	50
Travel Expenditures	200	200	-
Uniforms	4,000	4,000	2,695

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 2,000	2,000	2,049
Vehicle/Equipment Maintenance	35,000	35,000	37,167
Building/Grounds Maintenance	5,000	5,000	3,977
Radio Maintenance	200	200	80
Parking Lot Maintenance	13,500	13,500	15,827
Tree Planting/Removal	35,000	35,000	34,954
Tools	5,000	5,000	2,622
Barricades	2,000	2,000	1,220
Supplies & Materials	2,500	2,500	2,805
Telephone	3,800	3,800	3,308
Electricity	115,000	115,000	87,538
Gas, Oil, Grease	20,000	20,000	23,572
Street Signs	5,000	5,000	3,455
Street Decorations	15,000	15,000	12,386
Sidewalk	100,000	100,000	243,046
Miscellaneous	15,000	15,000	15,168
Total Public Works	915,785	805,585	919,597
Capital Outlay			
General Government	446,000	446,000	409,432
Public Safety	140,000	140,000	138,673
Public Works	336,500	336,500	50,815
Total Capital Outlay	922,500	922,500	598,920
Debt Service			
Principal Retirement	30,000	400,000	400,000
Interest and Fiscal Charges	144,300	272,992	422,221
Total Debt Service	174,300	672,992	822,221
Total Expenditures	5,975,804	6,364,296	10,090,365

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 183,000	183,000	164,703
Unemployment Taxes	1,000	1,000	770
Health Insurance	70,000	-	66,385
IMRF Contributions	19,543	19,543	-
FICA Contributions	14,000	14,000	-
Scholarships	-	-	1,000
Postage	-	-	362
Dues/Fees/Charges	-	-	691
Teen Programming	-	-	272
Public Information	-	-	1,240
Kids Programming	-	-	831
D&O Insurance	-	-	1,468
Summer Reading Club	-	-	2,035
Adult Programming	-	-	2,209
Contractual Services	-	-	13,651
Technology Charges	-	-	7,397
Story Walk Books	-	-	157
Automation/Consortium	-	-	13,795
Teen Space Renovation	-	-	229,800
	<u>287,543</u>	<u>217,543</u>	<u>506,766</u>
Materials			
Young Adult Books	-	-	1,336
Overdrive Subscription	-	-	4,134
Newspapers/Magazines	-	-	2,159
Audio Books	-	-	3,033
Electronic Resources	-	-	5,229
Childrens Books	-	-	4,674
Adult Books	-	-	9,005
Video Games	-	-	48
Videos	-	-	2,840
	<u>-</u>	<u>-</u>	<u>32,458</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, 2023**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Operating			
Telephone	\$ 19,000	19,000	18,126
Technology	10,000	10,000	13,067
Vehicle/Equipment Maintenance	-	-	222
Building/Grounds Maintenance	-	-	6,833
Library Supplies	-	-	1,754
Office/Staff Supplies	-	-	1,981
Furniture	-	-	339
Copier Leases	-	-	3,307
Grants	-	-	753
Miscellaneous	-	-	9,354
	<u>29,000</u>	<u>29,000</u>	<u>55,736</u>
Total Culture and Recreation	<u>316,543</u>	<u>246,543</u>	<u>594,960</u>
Capital Outlay			
Infrastructure/Land Acquisition	<u>156,200</u>	<u>100,000</u>	<u>56,468</u>
Total Expenditures	<u><u>472,743</u></u>	<u><u>346,543</u></u>	<u><u>651,428</u></u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2023

	<u>Social Security</u>
ASSETS	
Cash and Investments	\$ -
Receivables	
Property Taxes	129,365
Other	-
Due from Other Governments	<u>-</u>
Total Assets	<u><u>129,365</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	844
Due to Other Funds	<u>4,906</u>
Total Liabilities	5,750
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>64,682</u>
Total Liabilities and Deferred Inflows of Resources	70,432
FUND BALANCES	
Restricted	<u>58,933</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>129,365</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Economic Development	Totals
191,913	786,345	168,572	13,852	140,884	164,854	1,466,420
100,431	-	42,001	-	-	-	271,797
-	-	-	-	91,681	-	91,681
-	33,642	-	-	-	-	33,642
292,344	819,987	210,573	13,852	232,565	164,854	1,863,540
5,475	-	-	-	-	-	6,319
-	-	-	-	-	-	4,906
5,475	-	-	-	-	-	11,225
50,216	-	21,001	-	-	-	135,899
55,691	-	21,001	-	-	-	147,124
236,653	819,987	189,572	13,852	232,565	164,854	1,716,416
292,344	819,987	210,573	13,852	232,565	164,854	1,863,540

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, 2023**

	<u>Social Security</u>
Revenues	
Taxes	\$ 117,725
Intergovernmental	-
Investment Income	-
Miscellaneous	-
Total Revenues	<u>117,725</u>
Expenditures	
General Government	294,977
Public Works	-
Culture and Recreation	-
Total Expenditures	<u>294,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(177,252)</u>
Other Financing Sources (Uses)	
Transfers In	184,000
Transfers Out	-
	<u>184,000</u>
Net Change in Fund Balances	6,748
Fund Balances - Beginning	<u>52,185</u>
Fund Balances - Ending	<u><u>58,933</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Economic Development	Totals
97,503	-	41,514	-	-	-	256,742
114,676	519,922	-	5,290	-	-	639,888
-	25,170	-	446	4,424	3,817	33,857
-	-	-	-	-	173,051	173,051
212,179	545,092	41,514	5,736	4,424	176,868	1,103,538
159,140	-	-	-	-	36,014	490,131
-	542,163	-	-	-	-	542,163
-	-	24,110	4,396	530	-	29,036
159,140	542,163	24,110	4,396	530	36,014	1,061,330
53,039	2,929	17,404	1,340	3,894	140,854	42,208
-	-	-	-	-	24,000	208,000
-	-	(15,000)	-	-	-	(15,000)
-	-	(15,000)	-	-	24,000	193,000
53,039	2,929	2,404	1,340	3,894	164,854	235,208
183,614	817,058	187,168	12,512	228,671	-	1,481,208
236,653	819,987	189,572	13,852	232,565	164,854	1,716,416

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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 106,000	106,000	117,725
Expenditures			
General Government			
Contractual Services	291,590	291,590	294,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,590)	(185,590)	(177,252)
Other Financing Sources			
Transfers In	185,590	185,590	184,000
Net Change in Fund Balance	-	-	6,748
Fund Balance - Beginning			52,185
Fund Balance - Ending			58,933

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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 94,500	94,500	97,503
Intergovernmental			
Replacement Taxes	40,000	40,000	114,676
Total Revenues	<u>134,500</u>	<u>134,500</u>	212,179
Expenditures			
General Government			
Contractual Services	<u>228,000</u>	<u>228,000</u>	159,140
Net Change in Fund Balance	<u>(93,500)</u>	<u>(93,500)</u>	53,039
Fund Balance - Beginning			<u>183,614</u>
Fund Balance - Ending			<u><u>236,653</u></u>

CITY OF HARVARD, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 631,000	631,000	386,214
Rebuild Illinois	-	-	103,766
Federal Grant	-	-	29,942
Investment Income	-	-	25,170
Miscellaneous	57,000	57,000	-
Total Revenues	688,000	688,000	545,092
Expenditures			
Public Works			
Contractual Services	688,000	688,000	542,163
Net Change in Fund Balance	-	-	2,929
Fund Balance - Beginning			817,058
Fund Balance - Ending			819,987

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, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 41,000	41,000	41,514
Expenditures			
Culture and Recreation			
Contractual Services	26,000	26,000	24,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	17,404
Other Financing (Uses)			
Transfers Out	(15,000)	(15,000)	(15,000)
Net Change in Fund Balance	-	-	2,404
Fund Balance - Beginning			187,168
Fund Balance - Ending			189,572

CITY OF HARVARD, ILLINOIS

Economic Development Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ -	-	3,817
Other Income	-	-	173,051
Total Revenues	-	-	176,868
Expenditures			
General Government			
Contractual Services	-	36,000	36,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(36,000)	140,854
Other Financing Sources			
Transfers In	-	197,051	24,000
Net Change in Fund Balance	-	161,051	164,854
Fund Balance - Beginning			-
Fund Balance - Ending			164,854

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, 2023**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,300,000	2,300,000	2,240,857
Tap On Fees	3,000	3,000	10,043
Sale Of Material	1,000	1,000	3,202
Penalties	45,000	45,000	51,523
Plumbing Fees	5,000	5,000	418
Maintenance	730,000	730,000	755,790
Moving Charge	1,500	1,500	1,515
Utility Tax	105,000	105,000	148,378
EPA License Fee	17,500	17,500	18,436
Water Tower Lease	38,128	38,128	43,019
Miscellaneous	1,000	1,000	2,140
Total Operating Revenues	<u>3,247,128</u>	<u>3,247,128</u>	<u>3,275,321</u>
Operating Expenses			
Water	16,431,300	16,428,800	1,284,870
Sewer Treatment	934,028	1,044,228	1,050,733
Depreciation and Amortization	-	-	309,405
Total Operating Expenses	<u>17,365,328</u>	<u>17,473,028</u>	<u>2,645,008</u>
Operating Income (Loss)	<u>(14,118,200)</u>	<u>(14,225,900)</u>	<u>630,313</u>
Nonoperating Revenues (Expenses)			
Investment Income	2,500	2,500	76,937
Debt Issuance	15,000,000	-	-
Principal Retirement	(110,000)	(150,889)	-
Interest Expense	(10,134)	(29,008)	(28,045)
	<u>14,882,366</u>	<u>(177,397)</u>	<u>48,892</u>
Income (Loss) Before Transfers and Grants	<u>764,166</u>	<u>(14,403,297)</u>	<u>679,205</u>
Transfers Out	(730,000)	(730,000)	-
Capital Grants	-	-	1,673,878
	<u>(730,000)</u>	<u>(730,000)</u>	<u>1,673,878</u>
Change in Net Position	<u>34,166</u>	<u>(15,133,297)</u>	<u>2,353,083</u>
Net Position - Beginning			<u>11,070,434</u>
Net Position - Ending			<u><u>13,423,517</u></u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 430,000	430,000	428,486
O.T. Salaries	11,000	11,000	13,116
IMRF Pension Expense (Revenue)	-	-	(12,213)
OPEB Expense (Revenue)	-	-	(132,206)
Health Insurance	83,000	83,000	76,817
Training	2,000	2,000	485
Uniforms	2,800	2,800	2,526
Professional Fees	140,000	140,000	84,149
Permit Fees	17,500	17,500	17,500
Engineering Fees	1,000,000	1,000,000	-
Vehicle Maintenance	4,000	4,000	4,169
Building Maintenance	15,000	15,000	15,940
Maintenance of Tower	35,000	35,000	16,294
Lift Station Maintenance	50,000	50,000	33,814
Equipment Maintenance	190,000	190,000	191,750
Lab Supplies	18,000	18,000	13,264
Material Purchases	2,500	2,500	96
Office Supplies	2,000	2,000	455
Dues/Subscriptions	20,000	20,000	16,500
Telephone	4,000	4,000	5,197
Electricity	200,000	200,000	189,352
Fuel for Building, Gas	15,000	15,000	20,547
Gasoline, Oil, Grease	13,000	13,000	8,535
Chemicals	130,000	130,000	166,656
Miscellaneous	2,500	-	1,268
Capitalized Interest on IEPA Loan	-	-	100,286
New Equip/Infrastr	44,000	44,000	3,026
Infrastructure/Land Acquisition	14,000,000	14,000,000	19,061
	<u>16,431,300</u>	<u>16,428,800</u>	<u>1,284,870</u>
Sewer Treatment			
Salaries	231,000	341,200	363,704
Salaries - Clerical	133,000	133,000	97,535
O.T. Salaries	15,000	15,000	11,775
Health Insurance	104,278	104,278	117,298
Uniforms	4,000	4,000	2,560
Utility Tax	105,000	105,000	149,760

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Rent	\$ 25,000	25,000	25,000
Vehicle Maintenance	35,000	35,000	33,703
Storm Sewer Maintenance	35,000	35,000	36,902
Sanitary Sewer Maintenance	35,000	35,000	38,069
Water Main Maintenance	50,000	50,000	47,518
Material Purchase	2,500	2,500	1,616
Office Supplies	2,500	2,500	2,254
Postage	9,000	9,000	6,871
Telephone	1,750	1,750	811
Gasoline, Oil, Grease	15,000	15,000	26,465
Miscellaneous	10,000	10,000	12,032
New Equipment	121,000	121,000	76,860
	<u>934,028</u>	<u>1,044,228</u>	<u>1,050,733</u>
Depreciation and Amortization	-	-	309,405
Total Operating Expenses	<u>17,365,328</u>	<u>17,473,028</u>	<u>2,645,008</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2023**

	Police Pension	Private Purpose Scholarship	Totals
ASSETS			
Cash and Cash Equivalents	\$ 284,347	18,963	303,310
Investments			
Illinois Police Pension Investment Pool	17,000,911	-	17,000,911
Prepays	3,809	-	3,809
Total Assets	17,289,067	18,963	17,308,030
LIABILITIES			
Accounts Payable	2,405	-	2,405
NET POSITION			
Net Position Restricted for Trusts	17,286,662	18,963	17,305,625

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2023**

	Police Pension	Private Purpose Scholarship	Totals
Additions			
Contributions - Employer	\$ 4,028,548	-	4,028,548
Contributions - Plan Members	153,400	-	153,400
Total Contributions	4,181,948	-	4,181,948
Investment Income			
Interest Income	152,862	648	153,510
Net Change in Fair Value	233,214	-	233,214
	386,076	648	386,724
Less Investment Expenses	(34,735)	-	(34,735)
Net Investment Income	351,341	648	351,989
Total Additions	4,533,289	648	4,533,937
Deductions			
Administration	35,107	-	35,107
Benefits and Refunds	986,638	-	986,638
Other Charges and Services	-	999	999
Total Deductions	1,021,745	999	1,022,744
Change in Fiduciary Net Position	3,511,544	(351)	3,511,193
Net Position Restricted for Trusts			
Beginning	13,775,118	19,314	13,794,432
Ending	17,286,662	18,963	17,305,625

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 769,000	769,000	4,028,548
Contributions - Plan Members	146,000	146,000	153,400
Total Contributions	915,000	915,000	4,181,948
Investment Income			
Interest Income	147,098	147,098	152,862
Net Change in Fair Value	-	-	233,214
	147,098	147,098	386,076
Less Investment Expenses	-	-	(34,735)
Net Investment Income	147,098	147,098	351,341
Total Additions	1,062,098	1,062,098	4,533,289
Deductions			
Administration	45,500	45,500	35,107
Benefits and Refunds	1,016,598	1,016,598	986,638
Total Deductions	1,062,098	1,062,098	1,021,745
Change in Fiduciary Net Position	-	-	3,511,544
Net Position Restricted for Pensions			
Beginning			13,775,118
Ending			17,286,662

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Fiduciary Net Position
April 30, 2023**

	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
ASSETS				
Cash and Investments	\$ -	-	193	193
NET POSITION				
Net Position Restricted for Individuals, Organizations and other Governments	-	-	193	193

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2023**

	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
Additions				
Special Assessments - Property Tax	\$ -	-	131,010	131,010
Investment Income				
Interest Income	111	4	2,387	2,502
Total Additions	111	4	133,397	133,512
Deductions				
Administration	-	475	900	1,375
Debt Service				
Principal Retirement	-	-	125,656	125,656
Interest and Fiscal Charges	-	-	7,878	7,878
Total Deductions	-	475	134,434	134,909
Change in Fiduciary Net Position	111	(471)	(1,037)	(1,397)
Net Position Restricted for Individuals, Organizations and Governments				
Beginning	(111)	471	1,230	1,590
Ending	-	-	193	193

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, 2023**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 132,000	132,000	131,010
Investment Income			
Interest Income	-	-	2,387
Total Additions	132,000	132,000	133,397
Deductions			
Administration	-	-	900
Debt Service			
Principal Retirement	120,000	120,000	125,656
Interest and Fiscal Charges	12,000	12,000	7,878
Total Deductions	132,000	132,000	134,434
Change in Fiduciary Net Position	-	-	(1,037)
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			1,230
Ending			193

CITY OF HARVARD, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2023**

CSFA #	Program Name	State	Federal	Other	Totals
420-45-2411	Rebuild Illinois Fast-Track Public Infrastructure Program	\$ 1,672,978			
	Other Grant Programs and Activities	-	575,770	5,810,672	6,386,442
	All Other Costs Not Allocated	-	-	3,542,058	3,542,058
	Totals	<u>1,672,978</u>	<u>575,770</u>	<u>9,352,730</u>	<u>9,928,500</u>



INDEPENDENT AUDITOR’S 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 28, 2023

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, 2023, 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 28, 2023.

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. According, 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, 2023**

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
2024	\$ 405,000	12,960	417,960	2023	6,480	2024	6,480

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B
April 30, 2023**

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
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>685,000</u>	<u>58,450</u>	<u>743,450</u>		<u>29,224</u>		<u>29,226</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A
April 30, 2023**

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
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>360,000</u>	<u>16,446</u>	<u>376,446</u>		<u>8,223</u>		<u>8,223</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B
April 30, 2023**

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
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>1,695,000</u>	<u>249,130</u>	<u>1,944,130</u>		<u>124,565</u>		<u>124,565</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020A
April 30, 2023**

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
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>4,780,000</u>	<u>1,439,700</u>	<u>6,219,700</u>		<u>719,850</u>		<u>719,850</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020B
April 30, 2023**

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
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>650,000</u>	<u>75,000</u>	<u>725,000</u>		<u>37,500</u>		<u>37,500</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2022A
April 30, 2023**

Date of Issue	May 26, 2022
Date of Maturity	January 15, 2035
Authorized Issue	\$4,950,000
Denomination of Bonds	\$5,000
Interest Rates	2.25% 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
2024	\$ 305,000	193,986	498,986	2023	96,993	2024	96,993
2025	315,000	184,530	499,530	2024	92,265	2025	92,265
2026	325,000	173,820	498,820	2025	86,910	2026	86,910
2027	340,000	161,796	501,796	2026	80,898	2027	80,898
2028	350,000	148,706	498,706	2027	74,353	2028	74,353
2029	365,000	134,706	499,706	2028	67,353	2029	67,353
2030	380,000	119,740	499,740	2029	59,870	2030	59,870
2031	395,000	103,590	498,590	2030	51,795	2031	51,795
2032	415,000	86,210	501,210	2031	43,105	2032	43,105
2033	430,000	66,912	496,912	2032	33,456	2033	33,456
2034	455,000	46,272	501,272	2033	23,136	2034	23,136
2035	475,000	23,750	498,750	2034	11,875	2035	11,875
	<u>4,550,000</u>	<u>1,444,018</u>	<u>5,994,018</u>		<u>722,009</u>		<u>722,009</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2022
April 30, 2023**

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	Principal	Interest	Totals
2024	\$ 42,213	16,587	58,800
2025	43,670	15,130	58,800
2026	45,129	13,671	58,800
2027	390,203	11,188	401,391
	<u>521,215</u>	<u>56,576</u>	<u>577,791</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**Notes Payable of 2023
April 30, 2023**

Date of Issue	May 2, 2023
Date of Maturity	January 1, 2028
Authorized Issue	\$258,294
Interest Rate	3.25%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable at	Sauk Valley Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2024	\$ 46,803	4,855	51,658
2025	45,688	5,971	51,659
2026	47,223	4,436	51,659
2027	48,792	2,867	51,659
2028	50,413	1,246	51,659
	<hr/> 238,920	<hr/> 19,375	<hr/> 258,294