

# CITY OF HARVARD, ILLINOIS

---

## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2017

**CITY OF HARVARD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT** ..... 1 - 2

**MANAGEMENT'S DISCUSSION AND ANALYSIS** .....MD&A 1 - 11

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements

    Statement of Net Position ..... 3 - 4

    Statement of Activities..... 5 - 6

Fund Financial Statements

    Balance Sheet – Governmental Funds ..... 7 - 8

    Reconciliation of Total Governmental Fund Balance to  
        Net Position of Governmental Activities .....9

    Statement of Revenues, Expenditures and Changes in  
        Fund Balances – Governmental Funds ..... 10 - 11

    Reconciliation of the Statement of Revenues, Expenditures and Changes in  
        Fund Balances of Governmental Funds to the Statement of Activities .....12

    Statement of Net Position – Proprietary Funds..... 13 - 14

    Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....15

    Statement of Cash Flows – Proprietary Funds.....16

    Statement of Fiduciary Net Position .....17

    Statement of Changes in Fiduciary Net Position .....18

Notes to the Financial Statements..... 19 - 58

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer Contributions

    Illinois Municipal Retirement Fund.....59

    Police Pension Fund.....60

Schedule of Changes in the Employer's Net Pension Liability

    Illinois Municipal Retirement Fund.....61

    Police Pension Fund.....62

Schedule of Investment Returns

    Police Pension Fund.....63

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

    General Fund.....64

    Harvard Diggins Library – Special Revenue Fund.....65

    Park – Special Revenue Fund .....66

    TIF #1 Downtown Redevelopment – Special Revenue Fund.....67

    TIF #2 Industrial Park – Special Revenue Fund .....68

    TIF #3 South – Special Revenue Fund .....69

**CITY OF HARVARD, ILLINOIS**

**TABLE OF CONTENTS**

**PAGE**

**FINANCIAL SECTION – Continued**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Schedule of Revenues – Budget and Actual – General Fund ..... 70 - 71

Schedule of Expenditures – Budget and Actual – General Fund..... 72 - 74

Schedule of Expenditures – Budget and Actual – Harvard Diggins Library Fund ..... 75 - 76

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Debt Service Fund.....77

Combining Balance Sheet – Nonmajor Governmental – Special Revenue Funds ..... 78 - 79

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental – Special Revenue Funds ..... 80 - 81

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Police Protection – Special Revenue Fund .....82

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Road and Bridge – Special Revenue Fund .....83

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Social Security – Special Revenue Fund .....84

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Illinois Municipal Retirement – Special Revenue Fund .....85

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Regional Transportation Authority – Special Revenue Fund .....86

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Motor Fuel Tax – Special Revenue Fund .....87

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Audit – Special Revenue Fund .....88

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Liability Insurance – Special Revenue Fund .....89

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Special Recreation – Special Revenue Fund .....90

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Water and Sewer – Enterprise Fund .....91

Schedule of Expenses – Budget and Actual – Water and Sewer – Enterprise Fund ..... 92 - 93

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
Pool – Enterprise Fund.....94

Combining Statement of Fiduciary Net Position – Trust Funds .....95

Combining Statement of Changes in Fiduciary Net Position – Trust Funds .....96

Statement of Changes in Fiduciary Net Position – Police Pension Fund .....97

Combining Statement of Changes in Assets and Liabilities – Agency Funds..... 98 - 99

**CITY OF HARVARD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION – Continued**

**SUPPLEMENTAL SCHEDULES**

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2011A.....	100
General Obligation Refunding Bonds of 2011B.....	101
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A.....	102
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B.....	103
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2014.....	104
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A.....	105
General Obligation Bonds (Alternative Revenue Source) of 2016B.....	106
Note Payable of 2009.....	107
Note Payable of 2016.....	108

## **FINANCIAL SECTION**

This section includes:

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

## **INDEPENDENT AUDITORS' REPORT**

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



## **INDEPENDENT AUDITORS' REPORT**

July 31, 2017

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

  
LAUTERBACH & AMEN, LLP



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **CITY OF HARVARD, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2017**

---

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, 2017. Please read it in conjunction with the City of Harvard's financial statements, which begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The City of Harvard's net position increased as a result of this year's operations. Net position of business-type activities decreased by \$600,399, or 8.8 percent and net position of the governmental activities increased by \$765,548, or 9.3 percent.
- During the year, government-wide revenues for the primary government totaled \$9,852,593, while expenses totaled \$9,687,444, resulting in an increase to net position of \$165,149.
- The City of Harvard's net position totaled \$15,208,484 on April 30, 2017, which includes \$19,292,037 net investment in capital assets, \$2,337,326 subject to external restrictions, and \$6,20,879 deficit unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus his year of \$225,077, resulting in ending fund balance of \$3,384,085, an increase of 7.1 percent.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3-6) 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 7. 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, 2017

---

### USING THIS ANNUAL REPORT – Continued

#### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the City of Harvard's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3-6 of this report.

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

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

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

#### **Fund Financial Statements**

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

# CITY OF HARVARD, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

---

---

### 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 nineteen 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 #3 Industrial Park Fund, TIF #3 South Fund and Debt Service Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 7-12 of this report.

##### Proprietary Funds

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

# **CITY OF HARVARD, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2017**

---

---

### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

#### **Proprietary Funds – Continued**

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

The basic proprietary fund financial statements can be found on pages 13-16 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Harvard's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-58 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Harvard's I.M.R.F. and police and fire employee pension obligations, other post-employment benefit 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 TIF #3 South Fund. Required supplementary information can be found on pages 59-69 of this report. Combining and individual fund statements and schedules can be found on pages 70-99 of this report.

**CITY OF HARVARD, ILLINOIS**

**Management’s Discussion and Analysis  
April 30, 2017**

**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 \$15,208,484.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current/Other Assets	\$ 6,160,160	7,345,290	1,137,637	294,019	7,297,797	7,639,309
Capital Assets	21,628,920	18,436,414	7,735,373	8,649,480	29,364,293	27,085,894
Total Assets	27,789,080	25,781,704	8,873,010	8,943,499	36,662,090	34,725,203
Deferred Outflows of Resources	2,198,099	2,730,370	93,600	-	2,291,699	2,730,370
Total Assets/ Deferred Outflows	29,987,179	28,512,074	8,966,610	8,943,499	38,953,789	37,455,573
Long-Term Debt	16,841,939	16,376,161	2,272,679	1,653,341	19,114,618	18,029,502
Other Liabilities	1,836,309	976,167	479,950	237,500	2,316,259	1,213,667
Total Liabilities	18,678,248	17,352,328	2,752,629	1,890,841	21,430,877	19,243,169
Deferred Inflows of Resources	2,299,707	1,927,009	14,721	-	2,314,428	1,927,009
Total Liabilities/ Deferred Inflows	20,977,955	19,279,337	2,767,350	1,890,841	23,745,305	21,170,178
Net Position						
Net Investment in Capital Assets	13,787,895	11,896,590	5,504,142	6,875,004	19,292,037	18,771,594
Restricted	2,337,326	3,767,036	-	-	2,337,326	3,767,036
Unrestricted (Deficit)	(7,115,997)	(6,430,889)	695,118	177,654	(6,420,879)	(6,253,235)
Total Net Position	9,009,224	9,232,737	6,199,260	7,052,658	15,208,484	16,285,395

A large portion of the City of Harvard’s net position, \$19,292,037, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Harvard uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Harvard’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$2,337,326, of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$6,420,879 deficit represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

**CITY OF HARVARD, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

	Change in Net Position					
	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 619,545	1,172,827	2,437,668	2,193,317	3,057,213	3,366,144
Operating Grants/Contrib.	292,252	276,448	1,500	-	293,752	276,448
Capital Grants/Contrib.	-	-	-	1,500	-	1,500
General Revenues						
Property Taxes	2,931,020	2,730,914	-	-	2,931,020	2,730,914
State Taxes	2,476,029	2,206,638	-	-	2,476,029	2,206,638
Miscellaneous Taxes	711,197	596,716	-	102,142	711,197	698,858
Other General Revenues	377,492	252,817	5,890	55,280	383,382	308,097
Total Revenues	7,407,535	7,236,360	2,445,058	2,352,239	9,852,593	9,588,599
Expenses						
General Government	2,096,479	1,950,881	-	-	2,096,479	1,950,881
Public Safety	3,907,371	3,010,651	-	-	3,907,371	3,010,651
Public Works	723,857	904,671	-	-	723,857	904,671
Culture and Recreation	484,642	573,654	-	-	484,642	573,654
Interest on Long-Term Debt	189,024	312,118	-	-	189,024	312,118
Water and Sewer	-	-	2,126,412	2,119,603	2,126,412	2,119,603
Pool	-	-	159,659	175,193	159,659	175,193
Total Expenses	7,401,373	6,751,975	2,286,071	2,294,796	9,687,444	9,046,771
Change in Net Position Before Transfers	6,162	484,385	158,987	57,443	165,149	541,828
Transfers	759,386	(50,400)	(759,386)	50,400	-	-
Change in Net Position	765,548	433,985	(600,399)	107,843	165,149	541,828
Net Position - Beginning as Restated	8,243,676	8,798,752	6,799,659	6,944,815	15,043,335	15,743,567
Net Position - Ending	9,009,224	9,232,737	6,199,260	7,052,658	15,208,484	16,285,395

The net position of the City of Harvard's governmental activities increased by 9.3 percent (\$8,243,676 restated in 2016 compared to a \$9,009,224 in 2017). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$7,115,997 at April 30, 2017 for the governmental activities.

The net position of business-type activities decreased by 8.8 percent (\$6,799,659 restated in 2016 compared to \$6,199,260 in 2017).

**CITY OF HARVARD, ILLINOIS**

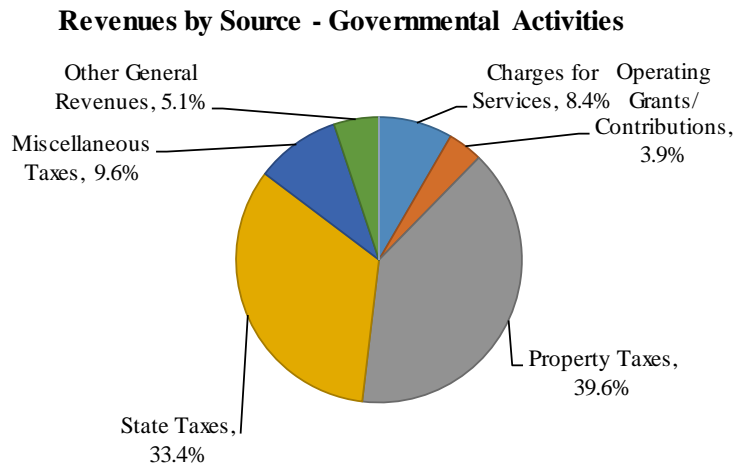
**Management’s Discussion and Analysis  
April 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

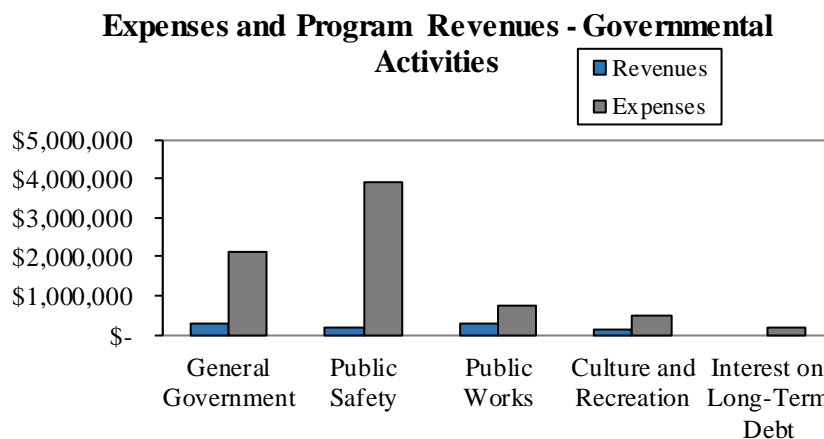
**Governmental Activities**

Revenues for governmental activities totaled \$7,407,535, while the cost of all governmental functions totaled \$7,401,373. This results in a surplus of \$6,162 prior to transfers in of \$759,386. In 2016, revenues of \$7,236,360 exceeded expenses of \$6,751,975 resulting in a surplus of \$484,385 prior to transfers out of \$50,400. During 2017, the City increased expenses for the general government and public safety functions due to the pension expenses related to the net pension liability and deferred outflows/inflows. Revenues came in \$171,175 higher than 2016, primarily due to an increase of taxes received.

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, 2017

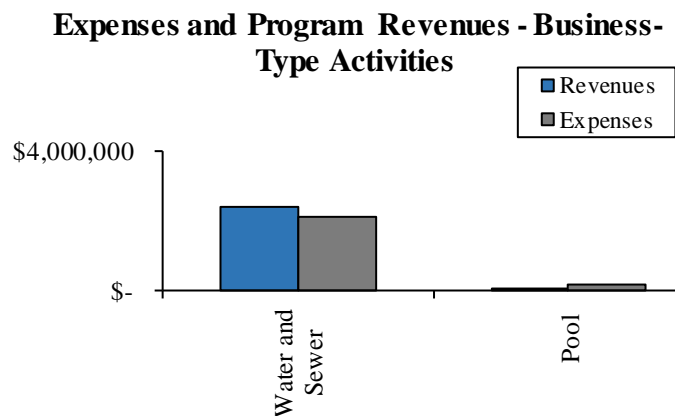
---

---

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Business-Type activities

Business-Type activities posted total revenues of \$2,445,058, while the cost of all business-type activities totaled \$2,286,071. This results in a surplus of \$158,987 prior to transfers out of \$759,386. In 2016, revenues of \$2,352,239 exceeded expenses of \$2,294,796, resulting in a surplus of \$57,443 prior to transfers in of \$50,400.



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

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The City of Harvard's governmental funds reported combining ending fund balances of \$4,160,542, which is \$361,513 lower than last year's total of \$4,522,055. Of the \$4,160,542 total, \$1,752,497 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$225,077, an increase of 7.1 percent. This was due in large part to revenues for taxes, interest and miscellaneous revenues being significantly higher than budgeted. Specifically, the budgeted amount for these three revenue sources totaled \$1,408,000 and the actual amount totaled \$1,947,743. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

## **CITY OF HARVARD, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2017**

---

---

#### **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, 2017, unassigned fund balance in the General Fund was \$3,384,085.

The Harvard Diggins Library Fund reported a deficit in the current year of \$11,306, due primarily due to planned expenditures in the current year.

The Park Fund reported a deficit in the current year of \$577,395, due primarily to the Pool Fund, an enterprise fund, being closed into the Park Fund at the end of the fiscal year.

The TIF #1 Downtown Redevelopment Fund reported a deficit in the current year of \$69,434 due to planned capital expenditures.

The TIF #2 Industrial Park Fund reported a surplus for the year of 290,983. This increase was due to a debt issuance of \$2,630,000, which in future years will provide available funds for expenditures.

The TIF #3 South Fund had a deficit of \$271,922, due to paying down debt in the current fiscal year.

The Debt Service Fund had a deficit of \$4,333 and this was due to the expenditures exceeding the revenues received in the fiscal year.

##### **Proprietary Funds**

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

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

The City of Harvard intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water and Sewer Fund during the current fiscal year was \$150,361, while the previous fiscal year reported a surplus of \$178,110. Unrestricted net position in the Water and Sewer Fund totaled \$695,118 at April 30, 2017.

The Pool Fund was closed into the Park Fund, a special revenue fund, at the close of the fiscal year.

**CITY OF HARVARD, ILLINOIS**

**Management’s Discussion and Analysis  
April 30, 2017**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City of Harvard Council made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$4,896,828, compared to budgeted revenues of \$4,372,500. As stated earlier, revenues for taxes, interest, and miscellaneous revenues were significantly higher than budgeted.

The General Fund actual expenditures for the year were \$300,857 higher than budgeted (\$4,803,057 actual compared to \$4,502,200 budgeted). This is due mainly to the general government, public safety, and capital outlay over budget.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City of Harvard’s investment in capital assets for its governmental and business type activities as of April 30, 2017 was \$29,364,293 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, vehicles, Harvard Diggins Library and swimming pool.

	Capital Assets - Net of Depreciation					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2017	2016
	2017	2016	2017	2016	2017	2016
Land	\$ 8,824,157	8,824,157	828,000	128,000	9,652,157	8,952,157
Infrastructure	9,141,053	5,866,700	1,837,497	1,891,410	10,978,550	7,758,110
Buildings and Improvements	3,394,303	3,495,435	4,958,092	5,155,144	8,352,395	8,650,579
Machinery and Equipment	122,926	100,040	111,784	138,232	234,710	238,272
Vehicles	140,372	136,269	-	-	140,372	136,269
Harvard Diggins Library	6,109	13,813	-	-	6,109	13,813
Swimming Pool	-	-	-	1,336,694	-	1,336,694
<b>Total</b>	<b>21,628,920</b>	<b>18,436,414</b>	<b>7,735,373</b>	<b>8,649,480</b>	<b>29,364,293</b>	<b>27,085,894</b>

This year’s major additions included:

Infrastructure	\$ 2,180,903
Machinery and Equipment	71,367
Vehicles	65,170
	<u>2,317,440</u>

Additional information on the City of Harvard’s capital assets can be found in note 3 on pages 35 - 36 of this report.

# CITY OF HARVARD, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

---

---

### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$10,111,444 as compared to \$8,303,183 the previous year, due to annual repayments on outstanding long-term debt and the demand bonds being called by the bank. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Notes Payable	\$ 480,213	732,036	726,231	-	1,206,444	732,036
Debt Certificates	-	366,147	-	-	-	366,147
General Obligation Bonds	7,400,000	5,425,000	1,505,000	1,780,000	8,905,000	7,205,000
Total	7,880,213	6,523,183	2,231,231	1,780,000	10,111,444	8,303,183

Additional information on the City of Harvard's long-term debt can be found in Note 3 on pages 38-43 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 2018 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The City is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation and unemployment rates.

#### REQUESTS FOR INFORMATION

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

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, 2017**

---

---

**See Following Page**

**CITY OF HARVARD, ILLINOIS**

**Statement of Net Position  
April 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,514,156	686,532	3,200,688
Receivables - Net of Allowances	3,112,664	451,105	3,563,769
Due from Other Governments	482,832	-	482,832
Prepays	50,508	-	50,508
Total Current Assets	6,160,160	1,137,637	7,297,797
Noncurrent Assets			
Capital Assets			
Nondepreciable	8,824,157	828,000	9,652,157
Depreciable	18,412,262	13,766,206	32,178,468
Accumulated Depreciation	(5,607,499)	(6,858,833)	(12,466,332)
Total Noncurrent Assets	21,628,920	7,735,373	29,364,293
Total Assets	27,789,080	8,873,010	36,662,090
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	387,539	93,600	481,139
Deferred Items - Police Pension	1,810,560	-	1,810,560
Total Deferred Outflows of Resources	2,198,099	93,600	2,291,699
Total Assets and Deferred Outflows of Resources	29,987,179	8,966,610	38,953,789

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

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 420,073	66,453	486,526
Accrued Payroll	98,436	26,251	124,687
Accrued Interest Payable	47,211	2,888	50,099
Current Portion of Long-Term Debt	1,270,589	384,358	1,654,947
Total Current Liabilities	<u>1,836,309</u>	<u>479,950</u>	<u>2,316,259</u>
Noncurrent Liabilities			
Compensated Absences Payable	141,504	40,230	181,734
Net Pension Liability - IMRF	1,554,785	375,518	1,930,303
Net Pension Liability - Police Pension	8,381,588	-	8,381,588
Notes Payable	-	696,931	696,931
General Obligation Bonds Payable - Net	6,764,062	1,160,000	7,924,062
Total Noncurrent Liabilities	<u>16,841,939</u>	<u>2,272,679</u>	<u>19,114,618</u>
Total Liabilities	<u>18,678,248</u>	<u>2,752,629</u>	<u>21,430,877</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	60,952	14,721	75,673
Deferred Items - Police Pension	757,646	-	757,646
Property Taxes	1,481,109	-	1,481,109
Total Deferred Inflows of Resources	<u>2,299,707</u>	<u>14,721</u>	<u>2,314,428</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,977,955</u>	<u>2,767,350</u>	<u>23,745,305</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,787,895	5,504,142	19,292,037
Restricted			
Property Taxes			
Public Library	180,542	-	180,542
TIF Districts	610,231	-	610,231
Police Protection	531,876	-	531,876
IMRF	96,007	-	96,007
Special Recreation	149,884	-	149,884
Motor Fuel Taxes	313,147	-	313,147
Welfare Services	7,740	-	7,740
Revolving Loans	216,485	-	216,485
Off Street Parking	223,752	-	223,752
Debt Service	7,662	-	7,662
Unrestricted (Deficit)	<u>(7,115,997)</u>	<u>695,118</u>	<u>(6,420,879)</u>
Total Net Position	<u>9,009,224</u>	<u>6,199,260</u>	<u>15,208,484</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, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Governmental Activities</b>				
General Government	\$ 2,096,479	272,457	18,395	-
Public Safety	3,907,371	203,921	-	-
Public Works	723,857	41,009	250,458	-
Culture and Recreation	484,642	102,158	23,399	-
Interest on Long-Term Debt	189,024	-	-	-
<b>Total Governmental Activities</b>	<b>7,401,373</b>	<b>619,545</b>	<b>292,252</b>	<b>-</b>
<b>Business-Type Activities</b>				
Water and Sewer	2,126,412	2,375,633	1,500	-
Pool	159,659	62,035	-	-
<b>Total Business-Type Activities</b>	<b>2,286,071</b>	<b>2,437,668</b>	<b>1,500</b>	<b>-</b>
<b>Total Primary Government</b>	<b>9,687,444</b>	<b>3,057,213</b>	<b>293,752</b>	<b>-</b>

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

Change in Net Position  
Net Position - Beginning as Restated  
Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(1,805,627)	-	(1,805,627)
(3,703,450)	-	(3,703,450)
(432,390)	-	(432,390)
(359,085)	-	(359,085)
(189,024)	-	(189,024)
(6,489,576)	-	(6,489,576)
-	250,721	250,721
-	(97,624)	(97,624)
-	153,097	153,097
(6,489,576)	153,097	(6,336,479)
2,931,020	-	2,931,020
711,197	-	711,197
890,737	-	890,737
230,849	-	230,849
1,168,461	-	1,168,461
185,982	-	185,982
28,394	5,890	34,284
349,098	-	349,098
759,386	(759,386)	-
7,255,124	(753,496)	6,501,628
765,548	(600,399)	165,149
8,243,676	6,799,659	15,043,335
9,009,224	6,199,260	15,208,484

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

**CITY OF HARVARD, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2017**

	General	Harvard Diggins Library	Special Park
<b>ASSETS</b>			
Cash and Investments	\$ 881,735	66,370	-
Receivables - Net of Allowances			
Taxes	920,006	238,134	73,971
Accounts	95,728	-	-
Other	-	-	-
Due from Other Governments	482,832	-	-
Due from Other Funds	1,837,917	-	-
Prepays	-	-	-
Total Assets	<u>4,218,218</u>	<u>304,504</u>	<u>73,971</u>
<b>LIABILITIES</b>			
Accounts Payable	30,553	-	1,411
Accrued Payroll	88,175	6,096	4,165
Due to Other Funds	255,402	-	907,791
Total Liabilities	<u>374,130</u>	<u>6,096</u>	<u>913,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	460,003	117,866	36,986
Total Liabilities and Deferred Inflows of Resources	<u>834,133</u>	<u>123,962</u>	<u>950,353</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	180,542	-
Unassigned	3,384,085	-	(876,382)
Total Fund Balances	<u>3,384,085</u>	<u>180,542</u>	<u>(876,382)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>4,218,218</u>	<u>304,504</u>	<u>73,971</u>

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

Revenue Funds					
TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	TIF #3 South	Debt Service	Nonmajor	Totals
16,216	424,796	86,949	(93,627)	1,131,717	2,514,156
80,522	239,037	108,936	297,000	1,007,008	2,964,614
-	-	-	-	-	95,728
-	-	-	-	52,322	52,322
-	-	-	-	-	482,832
-	-	-	-	-	1,837,917
-	-	-	-	50,508	50,508
96,738	663,833	195,885	203,373	2,241,555	7,998,077
-	131,977	-	-	730	164,671
-	-	-	-	-	98,436
-	-	-	-	930,126	2,093,319
-	131,977	-	-	930,856	2,356,426
40,261	119,519	54,468	148,500	503,506	1,481,109
40,261	251,496	54,468	148,500	1,434,362	3,837,535
-	-	-	-	50,508	50,508
56,477	412,337	141,417	54,873	1,538,891	2,384,537
-	-	-	-	(782,206)	1,725,497
56,477	412,337	141,417	54,873	807,193	4,160,542
96,738	663,833	195,885	203,373	2,241,555	7,998,077

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

**CITY OF HARVARD, ILLINOIS**

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

**April 30, 2017**

---

---

<b>Total Governmental Fund Balances</b>	\$ 4,160,542
---	--------------

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.	21,628,920
---	------------

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	326,587
Deferred Items - Police Pension	1,052,914

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(47,211)
Compensated Absences Payable	(176,880)
Net Pension Liability - Police Pension	(8,381,588)
Net Pension Liability - IMRF	(1,554,785)
Notes Payable	(480,213)
General Obligation Bonds Payable - Net	<u>(7,519,062)</u>

<b>Net Position of Governmental Activities</b>	<u><u>9,009,224</u></u>
--	-------------------------

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

**CITY OF HARVARD, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2017**

---

---

**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, 2017**

	General	Special	
		Harvard Diggins Library	Park
<b>Revenues</b>			
Taxes	\$ 1,600,070	233,505	79,716
Licenses and Fees	517,387	-	-
Intergovernmental	2,431,698	30,032	2,237
Charges for Services	-	83,187	18,971
Interest	16,002	61	831
Miscellaneous	331,671	886	5,368
Total Revenues	4,896,828	347,671	107,123
<b>Expenditures</b>			
Current			
General Government	883,134	-	-
Public Safety	3,044,480	-	-
Public Works	576,155	-	-
Culture and Recreation		358,977	109,863
Capital Outlay	258,132	-	16,540
Debt Service			
Principal Retirement	21,148	-	-
Interest and Fiscal Charges	20,008	-	-
Total Expenditures	4,803,057	358,977	126,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,771	(11,306)	(19,280)
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	8,932	-	-
Debt Issuance	-	-	-
Premium on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	802,250	-	16,214
Transfers Out	(679,876)	-	(574,329)
	131,306	-	(558,115)
Net Change in Fund Balances	225,077	(11,306)	(577,395)
Fund Balances - Beginning as Restated	3,159,008	191,848	(298,987)
Fund Balances - Ending	3,384,085	180,542	(876,382)

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

Revenue Funds					
TIF #1	TIF #2	TIF #3	Debt		
Downtown	Industrial	South	Service	Nonmajor	Totals
Redevelopment	Park				
76,603	233,631	107,730	294,337	1,016,625	3,642,217
-	-	-	-	-	517,387
-	-	-	-	304,314	2,768,281
-	-	-	-	-	102,158
-	6,486	1,046	5	3,963	28,394
808	-	-	-	10,365	349,098
77,411	240,117	108,776	294,342	1,335,267	7,407,535
-	43,113	6,974	-	733,228	1,666,449
-	-	-	-	276,819	3,321,299
-	-	-	-	29,189	605,344
-	-	-	-	-	468,840
-	2,169,011	-	-	-	2,443,683
215,000	181,321	366,147	265,000	-	1,048,616
81,845	88,458	7,577	33,675	-	231,563
296,845	2,481,903	380,698	298,675	1,039,236	9,785,794
(219,434)	(2,241,786)	(271,922)	(4,333)	296,031	(2,378,259)
-	-	-	-	-	8,932
-	2,630,000	-	-	-	2,630,000
-	128,984	-	-	-	128,984
-	(226,215)	-	-	-	(226,215)
150,000	-	-	-	473,000	1,441,464
-	-	-	-	(712,214)	(1,966,419)
150,000	2,532,769	-	-	(239,214)	2,016,746
(69,434)	290,983	(271,922)	(4,333)	56,817	(361,513)
125,911	121,354	413,339	59,206	750,376	4,522,055
56,477	412,337	141,417	54,873	807,193	4,160,542

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



**CITY OF HARVARD, ILLINOIS**

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

**For the Fiscal Year Ended April 30, 2017**

---

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (361,513)

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	2,317,440
Transfer of Capital Assets from Pool Fund	1,284,341
Depreciation Expense	(395,043)
Disposals - Cost	(38,563)
Disposals - Accumulated Depreciation	24,331

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

Change in Deferred Items - IMRF	(142,659)
Change in Deferred Items - Police Pension	(551,236)

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.

Deductions to Compensated Absences Payable	36,264
Additions to Net Pension Liability - IMRF	(38,026)
Deductions to Net Pension Liability - Police Pension	71,826
Issuance of Debt	(2,630,000)
Issuance of Bond Premium	(128,984)
Retirement of Debt	1,272,970
Amortization of Debt Related Items	26,563

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.

17,837

**Changes in Net Position of Governmental Activities**

765,548

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

**CITY OF HARVARD, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
For the Fiscal Year Ended April 30, 2017**

---

---

**See Following Page**

**CITY OF HARVARD, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Pool	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 686,532	-	686,532
Receivables - Net of Allowances	451,105	-	451,105
Total Current Assets	1,137,637	-	1,137,637
Noncurrent Assets			
Capital Assets			
Nondepreciable	828,000	-	828,000
Depreciable	13,766,206	-	13,766,206
Accumulated Depreciation	(6,858,833)	-	(6,858,833)
Total Noncurrent Assets	7,735,373	-	7,735,373
Total Assets	8,873,010	-	8,873,010
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	93,600	-	93,600
Total Assets and Deferred Outflows of Resources	8,966,610	-	8,966,610

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

	Business-Type Activities - Enterprise		
	Water and Sewer	Pool	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 66,453	-	66,453
Accrued Payroll	26,251	-	26,251
Accrued Interest Payable	2,888	-	2,888
Current Portion of Long-Term Debt	384,358	-	384,358
Total Current Liabilities	479,950	-	479,950
Noncurrent Liabilities			
Compensated Absences Payable	40,230	-	40,230
Net Pension Liability - IMRF	375,518	-	375,518
General Obligation Bonds Payable - Net	1,160,000	-	1,160,000
Notes Payable	696,931	-	696,931
Total Noncurrent Liabilities	2,272,679	-	2,272,679
Total Liabilities	2,752,629	-	2,752,629
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	14,721	-	14,721
Total Liabilities and Deferred Inflows of Resources	2,767,350	-	2,767,350
<b>NET POSITION</b>			
Net Investment in Capital Assets Unrestricted	5,504,142 695,118	- -	5,504,142 695,118
Total Net Position	6,199,260	-	6,199,260

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 Funds  
For the Fiscal Year Ended April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Pool	Totals
Operating Revenues			
Charges for Services	\$ 2,375,633	52,897	2,428,530
Concessions	-	9,138	9,138
Total Operating Revenues	<u>2,375,633</u>	<u>62,035</u>	<u>2,437,668</u>
Operating Expenses			
Operations	1,735,140	107,306	1,842,446
Depreciation	277,413	52,353	329,766
Total Operating Expenses	<u>2,012,553</u>	<u>159,659</u>	<u>2,172,212</u>
Operating Income (Loss)	<u>363,080</u>	<u>(97,624)</u>	<u>265,456</u>
Nonoperating Revenues (Expenses)			
Grants	1,500	-	1,500
Interest Income	5,890	-	5,890
Interest Expense	(113,859)	-	(113,859)
	<u>(106,469)</u>	<u>-</u>	<u>(106,469)</u>
Income (Loss) Before Transfers	<u>256,611</u>	<u>(97,624)</u>	<u>158,987</u>
Transfers In	-	631,205	631,205
Transfers Out	(106,250)	(1,284,341)	(1,390,591)
	<u>(106,250)</u>	<u>(653,136)</u>	<u>(759,386)</u>
Change in Net Position	150,361	(750,760)	(600,399)
Net Position - Beginning as Restated	<u>6,048,899</u>	<u>750,760</u>	<u>6,799,659</u>
Net Position - Ending	<u>6,199,260</u>	<u>-</u>	<u>6,199,260</u>

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

**CITY OF HARVARD, ILLINOIS**

**Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended April 30, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Pool	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 2,346,418	62,035	2,408,453
Payments to Employees	(603,834)	(603,834)	(1,207,668)
Payments to Suppliers	(1,051,735)	(89,406)	(1,141,141)
	<u>690,849</u>	<u>(631,205)</u>	<u>59,644</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	-	631,205	631,205
Transfers Out	(106,250)	-	(106,250)
	<u>(106,250)</u>	<u>631,205</u>	<u>524,955</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(700,000)	-	(700,000)
Debt Issuance	1,855,000	-	1,855,000
Principal Retirement	(1,403,769)	-	(1,403,769)
Interest Payments	(113,859)	-	(113,859)
	<u>(362,628)</u>	<u>-</u>	<u>(362,628)</u>
Cash Flows from Investing Activities			
Interest Received	5,890	-	5,890
Net Change in Cash and Cash Equivalents	227,861	-	227,861
Cash and Cash Equivalents - Beginning	458,671	-	458,671
Cash and Cash Equivalents - Ending	<u>686,532</u>	<u>-</u>	<u>686,532</u>
Reconciliation of Operating Income to Net Cash Provided			
(Used) by Operating Activities			
Operating Income (Loss)	363,080	(97,624)	265,456
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	277,413	52,353	329,766
Other Income	1,500	-	1,500
Other Expenses	43,640	-	43,640
(Increase) Decrease in Current Assets	(30,715)	-	(30,715)
Increase (Decrease) in Current Liabilities	35,931	(585,934)	(550,003)
Net Cash Provided by Operating Activities	<u>690,849</u>	<u>(631,205)</u>	<u>59,644</u>
Noncash Capital and Related Financing Activities			
Transfer of Capital Assets and Long-Term Debt	-	1,284,341	1,284,341

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

**CITY OF HARVARD, ILLINOIS**

**Statement of Fiduciary Net Position**

**April 30, 2017**

---

---

	<u>Trusts</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 442,266	26,335
Investments		
U.S. Treasuries	597,406	-
U.S. Agencies	3,428,696	-
Corporate Bonds	379,358	-
Common Stock	822,176	-
Mutual Funds	4,443,770	-
Receivables		
Accrued Interest	40,778	-
Due from Other Funds	255,402	-
Other	91,773	-
Prepays	3,601	-
Total Assets	<u>10,505,226</u>	<u>26,335</u>
<b>LIABILITIES</b>		
Accounts Payable	2,001	-
Due to Bondholders	-	26,335
Total Liabilities	<u>2,001</u>	<u>26,335</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<u><u>10,503,225</u></u>	<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, 2017**

---

---

	<u>Trusts</u>
Additions	
Contributions - Employer	\$ 523,007
Contributions - Plan Members	142,810
Total Contributions	<u>665,817</u>
Investment Income	
Interest Earned	794,248
Net Change in Fair Value	-
	<u>794,248</u>
Less Investment Expenses	<u>(19,957)</u>
Net Investment Income	<u>774,291</u>
Miscellaneous	<u>8,704</u>
Total Additions	<u>1,448,812</u>
Deductions	
Administration	22,135
Benefits and Refunds	598,285
Other Charges and Services	4,280
Total Deductions	<u>624,700</u>
Change in Fiduciary Net Position	824,112
Net Position Restricted for Pensions	
Beginning as Restated	<u>9,679,113</u>
Ending	<u><u>10,503,225</u></u>

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



# **CITY OF HARVARD, ILLINOIS**

## **Notes to the Financial Statements April 30, 2017**

---

---

### **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
---------------------	-----------------

In determining the financial reporting entity, the District 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 District. 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, 2017**

---

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION**

##### **Government-Wide Statements**

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

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

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

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

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

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

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### 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, 2017

---

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains seventeen special revenue funds. The Harvard Diggins Library, a major fund, is used to account for the financial resources and costs related to the operations of the Library. Financing is provided by restricted property taxes and charges for services. The Park Fund, a major fund, is used to account for the financial resources and costs related to the City's parks. Financing is sourced primarily from property taxes. The TIF #1 Downtown Redevelopment Fund is used to account for the financial resources and debt service payments related to the TIF #1 district. Financing is provided by restricted property taxes. The TIF #2 Industrial Park Fund is used to account for the financial resources and debt service payments related to the TIF #2 district. Financing is provided by restricted property taxes. The TIF #3 South Fund is used to account for the financial resources and debt service payments related to the TIF #3 district. Financing is provided by restricted property taxes.

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

#### Proprietary Funds

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

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two enterprise funds. 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. The Pool Fund, a major fund, accounts for the costs related to the operation of the City's swimming pool. Funding is provided by user fees.

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Fiduciary Funds

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

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

**Private purpose trust funds** are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

#### Measurement Focus

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

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

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

**Measurement Focus – Continued**

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

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

**Basis of Accounting**

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

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

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

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

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

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

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

##### Cash and Investments

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

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

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### 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

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

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 for equipment and vehicles, \$10,000 for building and improvements and \$50,000 for infrastructure are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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, 2017**

---

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**Capital Assets – Continued**

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

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

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

**Compensated Absences**

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

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

**Long-Term Obligations**

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

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

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

##### Deferred Outflows/Inflows of Resources

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

##### Net Position

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

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

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

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

### NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

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

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

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued**

**BUDGETARY INFORMATION – Continued**

- Unexpected budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at the budgetary line item level.
- The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**DEFICIT FUND BALANCES**

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

Fund	Deficit
Park	\$ 876,382
Road and Bridge	154,447
Social Security	18,010
Regional Transportation	231,745
Audit	47,575
Liability	279,921

**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	\$ 300,857
Harvard Diggins Library	94,977
TIF #1 Downtown Redevelopment	475
TIF #2 Industrial Park	2,260,319
TIF# 3 South	331,895
Debt Service	475
Liability	7,989

**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

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

## **CITY OF HARVARD, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2017**

---

---

#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **DEPOSITS AND INVESTMENTS – Continued**

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

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

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$3,198,503 and the bank balances totaled \$3,240,244. In addition, the City has \$2,185 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 Illinois Funds has an average maturity of less than one year to three years.

*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 is rated AAA by Moody's.

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

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

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

##### **Interest in Delos F. Diggins Trust – Designated Fund**

As of April 30, 2017, the Library has a balance of \$1,189,116 invested with the Delos F Diggins Trust. These funds are not available to the Library until eligible expenditures are submitted for reimbursement. The City has elected not to include the investment held within the trust as an asset on their books.

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

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

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$371,667 and the bank balances totaled \$371,667.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 597,406	-	374,795	222,611	-
U.S. Agencies	3,428,696	92,623	830,064	1,671,411	834,598
Corporate Bonds	379,358	80,150	131,213	167,995	-
Municipal Bonds	822,176	50,581	356,067	339,306	76,222
	<u>5,227,636</u>	<u>223,354</u>	<u>1,692,139</u>	<u>2,401,323</u>	<u>910,820</u>

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

Investments by Fair Value Level	April 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 597,406	597,406	-	-
U.S. Agencies	3,428,696	-	3,428,696	-
Corporate Bonds	379,358	-	379,358	-
Municipal Bonds	822,176	-	822,176	-
Equity Securities				
Mutual Funds	4,443,770	4,443,770	-	-
Total Investments by Fair Value Level	<u>9,671,406</u>	<u>5,041,176</u>	<u>4,630,230</u>	<u>-</u>

## CITY OF HARVARD, ILLINOIS

### Notes to the Financial Statements

April 30, 2017

---

---

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

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

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

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

*Custodial Credit Risk.* The Fund's investment policy states that assets may be invested in savings accounts or certificates of deposit of a national or bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. At April 30, 2017, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

*Concentration Risk.* The Fund's investment policy states the Fund shall diversity investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. In addition to the securities and fair values listed above, the Fund also has \$4,443,770 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the net position (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, 2017**

---

---

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	55.00%	1.30%
Domestic Equities	9.00% - 31.50%	6.50% - 8.50%
International Equities	4.50%	6.80%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2017 are listed in the table above.

**Rate of Return**

For the fiscal year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**PROPERTY TAXES**

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Nondepreciable Capital Assets					
Land	\$ 8,824,157	-	-	-	8,824,157
Depreciable Capital Assets					
Infrastructure	7,052,091	2,180,903	-	2,101,615	11,334,609
Buildings and Improvements	4,741,799	-	-	-	4,741,799
Machinery and Equipment	887,921	71,367	-	-	959,288
Vehicles	1,158,368	65,170	38,563	-	1,184,975
Harvard Diggins Library	191,591	-	-	-	191,591
	<u>14,031,770</u>	<u>2,317,440</u>	<u>38,563</u>	<u>2,101,615</u>	<u>18,412,262</u>
Less Accumulated Depreciation					
Infrastructure	1,185,391	190,891	-	817,274	2,193,556
Buildings and Improvements	1,246,364	101,132	-	-	1,347,496
Machinery and Equipment	787,881	48,481	-	-	836,362
Vehicles	1,022,099	46,835	24,331	-	1,044,603
Harvard Diggins Library	177,778	7,704	-	-	185,482
	<u>4,419,513</u>	<u>395,043</u>	<u>24,331</u>	<u>817,274</u>	<u>5,607,499</u>
Total Net Depreciable Capital Assets	<u>9,612,257</u>	<u>1,922,397</u>	<u>14,232</u>	<u>1,284,341</u>	<u>12,804,763</u>
Total Net Capital Assets	<u>18,436,414</u>	<u>1,922,397</u>	<u>14,232</u>	<u>1,284,341</u>	<u>21,628,920</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 154,066
Public Safety	106,662
Public Works	118,513
Culture and Recreation	<u>15,802</u>
	<u>395,043</u>

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**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	Transfers	Ending Balances
Nondepreciable Capital Assets					
Land	\$ 128,000	700,000	-	-	828,000
Depreciable Capital Assets					
Infrastructure	2,219,057	-	-	-	2,219,057
Buildings and Improvements	9,852,596	-	-	-	9,852,596
Swimming Pool	2,101,615	-	-	(2,101,615)	-
Machinery and Equipment	1,553,803	-	-	-	1,553,803
Vehicles	140,750	-	-	-	140,750
	<u>15,867,821</u>	<u>-</u>	<u>-</u>	<u>(2,101,615)</u>	<u>13,766,206</u>
Less Accumulated Depreciation					
Infrastructure	327,647	53,913	-	-	381,560
Buildings and Improvements	4,697,452	197,052	-	-	4,894,504
Swimming Pool	764,921	52,353	-	(817,274)	-
Machinery and Equipment	1,415,571	26,448	-	-	1,442,019
Vehicles	140,750	-	-	-	140,750
	<u>7,346,341</u>	<u>329,766</u>	<u>-</u>	<u>(817,274)</u>	<u>6,858,833</u>
Total Net Depreciable Capital Assets	<u>8,521,480</u>	<u>(329,766)</u>	<u>-</u>	<u>(1,284,341)</u>	<u>6,907,373</u>
Total Net Capital Assets	<u>8,649,480</u>	<u>370,234</u>	<u>-</u>	<u>(1,284,341)</u>	<u>7,735,373</u>

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

Water and Sewer	\$ 277,413
Pool	<u>52,353</u>
	<u>329,766</u>

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**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
Police Pension	General	\$ 255,402
General	Park	907,791
General	Nonmajor Governmental	<u>930,126</u>
		<u><u>2,093,319</u></u>

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Nonmajor Governmental	\$ 696,000
General	Water and Sewer	106,250
TIF #1 Downtown Redevelopment	General	150,000
Nonmajor Governmental	Nonmajor Governmental	16,214
Nonmajor Governmental	General	473,000
Pool	Park	574,329
Pool	General	56,876
Governmental Activities	Pool	<u>1,284,341</u>
		<u><u>3,357,010</u></u>

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

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**General Obligation Bonds**

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2006, due in annual installments of \$60,000 to \$130,000 plus interest at 3.90% to 4.50% through May 1, 2026.	Waterworks and Sewerage	\$ 1,060,000	-	1,060,000 *	-
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2011A, due in annual installments of \$145,000 to \$180,000 plus interest at 1.70% to 3.85% through December 1, 2018.	Waterworks and Sewerage	265,000	-	85,000	180,000
General Obligation Refunding Bonds of 2011B, due in annual installments of \$255,000 to \$285,000 plus interest at 2.00% to 4.00% through December 1, 2018.	Debt Service	830,000	-	265,000	565,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A, due in annual installments of \$95,000 to \$405,000 plus interest at 2.00% to 3.20% through January 15, 2024.	TIF	2,815,000	-	215,000	2,600,000

\*Refunded

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**General Obligation Bonds – Continued**

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B, due in annual installments of \$165,000 to \$185,000 plus interest at 2.00% to 5.00% through January 15, 2027.	TIF	\$ 1,780,000	-	175,000	1,605,000
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2014, due in annual installments of \$140,000 to \$155,000 plus interest at 2.00% to 2.50% through May 1, 2019.	Waterworks and Sewerage	455,000	-	150,000	305,000
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.	Waterworks and Sewerage	-	1,125,000	105,000	1,020,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B, due in annual installments of \$180,000 to \$425,000 plus interest at 2.00% to 4.00% through January 15, 2029.	TIF #2	-	2,630,000	-	2,630,000
		<u>7,205,000</u>	<u>3,755,000</u>	<u>2,055,000</u>	<u>8,905,000</u>

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Notes Payable**

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Note Payable of 2009, due in quarterly installments of \$11,500, plus a balloon payment of \$194,349 including interest at 4.50% through July 15, 2019.	TIF #2	\$ 230,675	-	224,354 *	-
Note Payable of 2013, due in quarterly installments of \$10,164, plus a balloon payment of \$468,419 including interest at 3.90% through April 17, 2018.	General	501,361	-	21,148	480,213
Note Payable of 2016, due in monthly installments of \$4,550, plus a balloon payment of \$576,218, including interest at 3.50% through March 28, 2022.	Waterworks and Sewerage	-	730,000	3,769	726,231
		<u>732,036</u>	<u>730,000</u>	<u>31,238</u>	<u>1,206,444</u>

\*Refunded

**Debt Certificates**

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

Debt Certificates of 2008B, due in semi-annual installments of \$23,902, plus a balloon payment of \$396,510, including interest at 5.00% through January 15, 2019.

TIF #3	\$ 366,147	-	366,147	-
--------	------------	---	---------	---

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity**

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 213,144	36,264	72,528	176,880	35,376
Net Pension Liability - IMRF	1,516,759	38,026	-	1,554,785	-
Net Pension Liability - Police Pension	8,453,414	-	71,826	8,381,588	-
Notes Payable	732,036	-	251,823	480,213	480,213
Debt Certificates	366,147	-	366,147	-	-
General Obligation Bonds	5,425,000	2,630,000	655,000	7,400,000	755,000
Plus/Less Unamortized Items:					
Premium	16,641	128,984	26,563	119,062	-
	<u>16,723,141</u>	<u>2,833,274</u>	<u>1,443,887</u>	<u>18,112,528</u>	<u>1,270,589</u>
<b>Business-Type Activities</b>					
Compensated Absences	48,865	2,846	1,423	50,288	10,058
Net Pension Liability - IMRF	366,333	9,185	-	375,518	-
General Obligation Bonds	1,780,000	1,125,000	1,400,000	1,505,000	345,000
Plus Unamortized Items:					
Discount	(5,524)	-	(5,524)	-	-
Notes Payable	-	730,000	3,769	726,231	29,300
	<u>2,189,674</u>	<u>1,867,031</u>	<u>1,399,668</u>	<u>2,657,037</u>	<u>384,358</u>

For the governmental activities, the compensated absences and the net pension liabilities, are generally liquidated by the General Fund. The notes payable are being liquidated by the General Fund and the TIF #3 Industrial Park Fund. The debt certificates are being liquidated by the TIF #3 South Fund. The general obligation bonds are being paid by the Debt Service Fund, the TIF #1 Downtown Redevelopment Fund and the TIF #2 Industrial Park Fund.

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

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Non-Commitment Debt – Special Service Area Bonds**

Special service area bonds outstanding as of the date of this report totaled \$1,182,706. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

**Legal Debt Margin**

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

Assessed Valuation - 2016	<u>\$ 102,563,670</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>8,846,117</u>
Amount of Debt Applicable to Limit	
General Obligation Refunding Bonds of 2011B	565,000
Note Payable of 2013	<u>480,213</u>
	<u>1,045,213</u>
Legal Debt Margin	<u><u>7,800,904</u></u>



**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Debt Service Requirements to Maturity**

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds		Notes Payable		General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 755,000	226,890	480,213	18,668	345,000	34,027	29,300	25,300
2019	960,000	203,815	-	-	355,000	24,714	30,357	24,243
2020	700,000	176,441	-	-	110,000	15,722	31,389	23,211
2021	715,000	157,290	-	-	115,000	14,074	32,585	22,015
2022	735,000	137,690	-	-	110,000	12,060	602,600	19,118
2023	750,000	117,380	-	-	110,000	10,134	-	-
2024	780,000	92,945	-	-	115,000	7,936	-	-
2025	385,000	69,860	-	-	120,000	5,634	-	-
2026	390,000	59,460	-	-	125,000	2,876	-	-
2027	410,000	48,475	-	-	-	-	-	-
2028	395,000	32,800	-	-	-	-	-	-
2029	425,000	17,000	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>7,400,000</b>	<b>1,340,046</b>	<b>480,213</b>	<b>18,668</b>	<b>1,505,000</b>	<b>127,177</b>	<b>726,231</b>	<b>113,887</b>

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCES

##### Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2017:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation	\$	21,628,920
Plus: Unspent Bond Proceeds		158,250
Less Capital Related Debt:		
General Obligation Bonds		(7,400,000)
Unamortized Premium		(119,062)
Notes Payable		(480,213)
		<u>13,787,895</u>
Net Investment in Capital Assets		
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		7,735,373
Less Capital Related Debt:		
General Obligation Bonds		(1,505,000)
Notes Payable		(726,231)
		<u>5,504,142</u>
Net Investment in Capital Assets		

##### Net Position/Fund Balance Restatement

Beginning net position/fund balance was restated due to an error in recognition of prior year special service areas, receivables, prepaids, interfund balances and net pension liability. The following is a summary of the net position/fund balance as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 9,232,737	8,243,676	(989,061)
General	3,125,433	3,159,008	33,575
Harvard Diggins Library	1,335,712	191,848	(1,143,864)
Liability Insurance	(327,613)	(279,074)	48,539
Revolving Loan	205,860	214,660	8,800
Business-Type Activities	7,052,658	6,799,659	(252,999)
Water and Sewer	6,301,898	6,048,899	(252,999)
Police Pension	9,545,637	9,522,036	(23,601)

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCES – Continued**

**Fund Balance Classifications**

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

	Special Revenue Funds								Totals
	General	Harvard Diggins Library	Park	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	TIF#3 South	Debt Service	Nonmajor	
Fund Balances									
Nonspendable									
Prepays	\$ -	-	-	-	-	-	-	50,508	50,508
Restricted									
Property Taxes									
Public Library	-	180,542	-	-	-	-	-	-	180,542
TIF Districts	-	-	-	56,477	412,337	141,417	-	-	610,231
Police Protection	-	-	-	-	-	-	-	531,876	531,876
IMRF	-	-	-	-	-	-	-	96,007	96,007
Special Recreation	-	-	-	-	-	-	-	149,884	149,884
Motor Fuel Taxes	-	-	-	-	-	-	-	313,147	313,147
Welfare Services	-	-	-	-	-	-	-	7,740	7,740
Revolving Loan	-	-	-	-	-	-	-	216,485	216,485
Off Street Parking	-	-	-	-	-	-	-	223,752	223,752
	-	180,542	-	56,477	412,337	141,417	-	1,538,891	2,329,664
Unassigned	3,384,085	-	(876,382)	-	-	-	54,873	(782,206)	1,780,370
Total Fund Balances	3,384,085	180,542	(876,382)	56,477	412,337	141,417	54,873	807,193	4,160,542

# **CITY OF HARVARD, ILLINOIS**

## **Notes to the Financial Statements April 30, 2017**

---

### **NOTE 4 – OTHER INFORMATION**

#### **INTEREST IN DEKALB COUNTY COMMUNITY FOUNDATION – DESIGNATED FUND**

As of April 30, 2017, the Library has a balance of \$1,189,116 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.

#### **RISK MANAGEMENT**

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

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

#### **CONTINGENT LIABILITIES**

##### **Litigation**

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

##### **Grants**

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

# CITY OF HARVARD, ILLINOIS

## Notes to the Financial Statements April 30, 2017

---

---

### 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. The benefits, benefit levels, employee contributions, and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. 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](http://www.imrf.org).

#### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

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

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

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

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

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

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

*Plan Membership.* As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	46
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>29</u>
Total	<u><u>90</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. The City's annual contribution rate for calendar year 2016 was 13.90% of covered payroll.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% and the prior year used a 7.47% discount rate. 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 Village 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 presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 3,417,278	1,930,303	699,156



**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**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, 2015	\$ 10,749,382	8,866,290	1,883,092
Changes for the Year:			
Service Cost	200,405	-	200,405
Interest on the Total Pension Liability	793,814	-	793,814
Difference Between Expected and Actual Experience of the Total Pension Liability	(39,424)	-	(39,424)
Changes of Assumptions	(55,229)	-	(55,229)
Contributions - Employer	-	257,162	(257,162)
Contributions - Employees	-	83,672	(83,672)
Net Investment Income	-	619,251	(619,251)
Benefit Payments, including Refunds of Employee Contributions	(417,296)	(417,296)	-
Other (Net Transfer)	-	(107,730)	107,730
Net Changes	482,270	435,059	47,211
Balances at December 31, 2016	11,231,652	9,301,349	1,930,303

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

For the year ended April 30, 2017, the City recognized pension expense of \$464,735. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(36,879)	(36,879)
Change in Assumptions	10,296	(38,794)	(28,498)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>403,268</u>	-	<u>403,268</u>
Total Pension Expense to be Recognized in Future Periods	413,564	(75,673)	337,891
Pension Contributions Made Subsequent to the Measurement Date	<u>67,575</u>	-	<u>67,575</u>
Total Deferred Amounts Related to IMRF	<u><u>481,139</u></u>	<u><u>(75,673)</u></u>	<u><u>405,466</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 of Resources
2018	\$ 104,523
2019	103,922
2020	121,684
2021	7,762
2022	-
Thereafter	<u>-</u>
Total	<u><u>337,891</u></u>

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**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, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	11
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>17</u>
Total	<u><u>28</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, 2017**

---

---

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Plan Descriptions – Continued**

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 of 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, 2017, the City's contribution was 35.83% of covered payroll.

*Concentrations.* At year-end, the Fund does not have any investments over 5 percent of the net position (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, 2017**

---

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2017, using the following actuarial methods and assumptions:

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

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

**Discount Rate**

A Single Discount Rate of 6.20% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.82%, and the resulting single discount rate is 6.20%.

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**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 (5.20%)	Current Discount Rate (6.20%)	1% Increase (7.20%)
Net Pension Liability	\$ 11,650,097	8,381,588	5,789,549

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2016	\$ 17,999,051	9,545,637	8,453,414
Changes for the Year:			
Service Cost	438,140	-	438,140
Interest on the Total Pension Liability	1,097,394	-	1,097,394
Difference Between Expected and Actual Experience of the Total Pension Liability	302,591	-	302,591
Changes of Assumptions	(516,450)	-	(516,450)
Contributions - Employer	-	523,007	(523,007)
Contributions - Employees	-	142,810	(142,810)
Net Investment Income	-	773,328	(773,328)
Benefit Payments, including Refunds of Employee Contributions	(598,285)	(598,285)	-
Administrative Expense	-	(45,644)	45,644
Net Changes	723,390	795,216	(71,826)
Balances at April 30, 2017	18,722,441	10,340,853	8,381,588

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

**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, 2017, the City recognized pension expense of \$988,400. At April 30, 2017, 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	\$ 267,730	(217,863)	49,867
Change in Assumptions	1,170,908	(456,951)	713,957
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>371,922</u>	<u>(82,832)</u>	<u>289,090</u>
Total Deferred Amounts Related to Police Pension	<u><u>1,810,560</u></u>	<u><u>(757,646)</u></u>	<u><u>1,052,914</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 of Resources
2018	\$ 219,819
2019	219,819
2020	219,819
2021	95,849
2022	116,554
Thereafter	<u>181,054</u>
Total	<u><u>1,052,914</u></u>

**CITY OF HARVARD, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2017**

---

---

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

The City has evaluated its potential other postemployment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of December 31, 2015.

**SUBSEQUENT EVENT**

On July 6, 2017, the City issued \$1,300,750 of Notes Payable. The notes bear interest at a rate of 4.125% and are due in quarterly installments of \$23,959 and a balloon payment of \$1,091,845, through July 6, 2022.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  
- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  
- Schedule of Investment Returns
  - Police Pension Fund
  
- Budgetary Comparison Schedules
  - General Fund
  - Harvard Diggins Library – Special Revenue Fund
  - Park – Special Revenue Fund
  - TIF #1 Downtown Redevelopment – Special Revenue Fund
  - TIF #2 Industrial Park – Special Revenue Fund
  - TIF #3 South – Special Revenue Fund

### 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, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ 241,709	\$ 241,709	\$ -	\$ 1,732,680	13.95%
2017	257,162	257,162	-	1,850,083	13.90%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF HARVARD, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
April 30, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee 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%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	2.50% - 24.58%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	MP-2016 Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF HARVARD, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2017**

	12/31/15	12/31/16
Total Pension Liability		
Service Cost	\$ 201,265	200,405
Interest	755,651	793,814
Differences Between Expected and Actual Experience	(23,363)	(39,424)
Change of Assumptions	26,182	(55,229)
Benefit Payments, Including Refunds of Member Contributions	(424,013)	(417,296)
Net Change in Total Pension Liability	535,722	482,270
Total Pension Liability - Beginning	10,213,660	10,749,382
Total Pension Liability - Ending	10,749,382	11,231,652
Plan Fiduciary Net Position		
Contributions - Employer	\$ 241,709	257,162
Contributions - Members	78,111	83,672
Net Investment Income	44,243	619,251
Benefit Payments, Including Refunds of Member Contributions	(424,013)	(417,296)
Other (Net Transfer)	25,503	(107,730)
Net Change in Plan Fiduciary Net Position	(34,447)	435,059
Plan Net Position - Beginning	8,900,737	8,866,290
Plan Net Position - Ending	8,866,290	9,301,349
Employer's Net Pension Liability	\$ 1,883,092	1,930,303
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.48%	82.81%
Covered-Employee Payroll	\$ 1,732,680	1,850,083
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	108.68%	104.34%

Note: This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF HARVARD, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2017**

	4/30/15	4/30/16	4/30/17
Total Pension Liability			
Service Cost	\$ 434,997	408,451	438,140
Interest	958,677	964,580	1,097,394
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(282,415)	302,591
Change of Assumptions	-	1,517,844	(516,450)
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)	(598,285)
Net Change in Total Pension Liability	916,985	2,072,123	723,390
Total Pension Liability - Beginning	15,009,943	15,926,928	17,999,051
Total Pension Liability - Ending	15,926,928	17,999,051	18,722,441
Plan Fiduciary Net Position			
Contributions - Employer	\$ 461,768	494,853	523,007
Contributions - Members	135,471	140,321	142,810
Net Investment Income	565,091	42,641	773,420
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)	(598,285)
Administrative Expense	113,257	(21,733)	(22,135)
Net Change in Plan Fiduciary Net Position	798,898	119,745	818,817
Plan Net Position - Beginning as Restated	8,626,994	9,425,892	9,522,036
Plan Net Position - Ending	9,425,892	9,545,637	10,340,853
Employer's Net Pension Liability	\$ 6,501,036	8,453,414	8,381,588
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.18%	53.03%	55.23%
Covered-Employee Payroll	\$ 1,374,078	1,597,630	1,459,732
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	473.12%	529.12%	574.19%

Note: This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF HARVARD, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
April 30, 2017**

---

---

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

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes 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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,146,000	1,146,000	1,600,070
Licenses and Permits	522,500	522,500	517,387
Intergovernmental	2,442,000	2,442,000	2,431,698
Interest	6,000	6,000	16,002
Miscellaneous	256,000	256,000	331,671
Total Revenues	<u>4,372,500</u>	<u>4,372,500</u>	<u>4,896,828</u>
Expenditures			
General Government	837,550	837,550	883,134
Public Safety	2,779,200	2,779,200	3,044,480
Public Works	707,950	707,950	576,155
Capital Outlay	135,500	135,500	258,132
Debt Service			
Principal Retirement	20,000	20,000	21,148
Interest and Fiscal Charges	22,000	22,000	20,008
Total Expenditures	<u>4,502,200</u>	<u>4,502,200</u>	<u>4,803,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(129,700)</u>	<u>(129,700)</u>	<u>93,771</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	10,000	10,000	8,932
Transfers In	800,500	800,500	802,250
Transfers Out	(679,876)	(679,876)	(679,876)
	<u>130,624</u>	<u>130,624</u>	<u>131,306</u>
Net Change in Fund Balance	<u>924</u>	<u>924</u>	225,077
Fund Balance - Beginning as Restated			<u>3,159,008</u>
Fund Balance - Ending			<u><u>3,384,085</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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 231,000	231,000	233,505
Intergovernmental			
Replacement Tax	13,000	13,000	14,850
Grants and Donations	-	-	15,182
Charges for Services	-	-	83,187
Interest	-	-	61
Miscellaneous	-	-	886
Total Revenues	244,000	244,000	347,671
Expenditures			
Culture and Recreation	264,000	264,000	358,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(20,000)	(11,306)
Other Financing (Uses)			
Transfers Out	(275,000)	(275,000)	-
Net Change in Fund Balance	<u>(295,000)</u>	<u>(295,000)</u>	(11,306)
Fund Balance - Beginning as Restated			<u>191,848</u>
Fund Balance - Ending			<u>180,542</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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 72,500	72,500	72,565
Amusement Taxes	7,500	7,500	7,151
Intergovernmental			
Grants and Donations	1,000	1,000	2,237
Charges for Services	22,893	22,893	18,971
Interest	250	250	831
Miscellaneous	2,500	2,500	5,368
Total Revenues	<u>106,643</u>	<u>106,643</u>	<u>107,123</u>
Expenditures			
Culture and Recreation			
Salaries	79,800	79,800	75,543
Insurance	7,200	7,200	7,322
Contractual Services	14,200	14,200	9,418
Commodities	16,000	16,000	12,508
Other	10,300	10,300	5,072
Capital Outlay	14,070	14,070	16,540
	<u>141,570</u>	<u>141,570</u>	<u>126,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,927)</u>	<u>(34,927)</u>	<u>(19,280)</u>
Other Financing Sources (Uses)			
Transfers In	34,927	34,927	16,214
Transfers Out	-	-	(574,329)
	<u>34,927</u>	<u>34,927</u>	<u>(558,115)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(577,395)</u>
Fund Balance - Beginning			<u>(298,987)</u>
Fund Balance - Ending			<u><u>(876,382)</u></u>

**CITY OF HARVARD, ILLINOIS**

**TIF #1 Downtown - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 74,500	74,500	76,603
Interest	350	350	808
Total Revenues	<u>74,850</u>	<u>74,850</u>	<u>77,411</u>
Expenditures			
Debt Service			
Principal	215,000	215,000	215,000
Interest	81,370	81,370	81,845
	<u>296,370</u>	<u>296,370</u>	<u>296,845</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,520)	(221,520)	(219,434)
Other Financing Sources			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Net Change in Fund Balance	<u>(71,520)</u>	<u>(71,520)</u>	(69,434)
Fund Balance - Beginning			<u>125,911</u>
Fund Balance - Ending			<u><u>56,477</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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 240,000	240,000	233,631
Interest	500	500	6,486
Total Revenues	<u>240,500</u>	<u>240,500</u>	<u>240,117</u>
Expenditures			
General Government			
Contractual Services	-	-	43,113
Capital Projects	-	-	2,169,011
Debt Service			
Principal	157,783	157,783	181,321
Interest	63,801	63,801	88,458
Total Expenditures	<u>221,584</u>	<u>221,584</u>	<u>2,481,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,916</u>	<u>18,916</u>	<u>(2,241,786)</u>
Other Financing Sources (Uses)			
Debt Issuance	-	-	2,630,000
Premium on Debt Issuance	-	-	128,984
Payment to Escrow Agent	-	-	(226,215)
	<u>-</u>	<u>-</u>	<u>2,532,769</u>
Net Change in Fund Balance	<u>18,916</u>	<u>18,916</u>	290,983
Fund Balance - Beginning			<u>121,354</u>
Fund Balance - Ending			<u><u>412,337</u></u>

**CITY OF HARVARD, ILLINOIS**

**TIF #3 South - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 142,000	142,000	107,730
Interest	750	750	1,046
Total Revenues	<u>142,750</u>	<u>142,750</u>	<u>108,776</u>
Expenditures			
General Government			
Contractual Services	-	-	6,974
Debt Service			
Principal	25,470	25,470	366,147
Interest	23,333	23,333	7,577
Total Expenditures	<u>48,803</u>	<u>48,803</u>	<u>380,698</u>
Net Change in Fund Balance	<u>93,947</u>	<u>93,947</u>	(271,922)
Fund Balance - Beginning			<u>413,339</u>
Fund Balance - Ending			<u>141,417</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 Funds
- Combining Statements – Trust Funds

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

---

## **GENERAL FUND**

The General Fund, a major fund, accounts for all financial resources except those required to be accounted for in another fund.

---

## **SPECIAL REVENUE FUNDS**

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

### **Harvard Diggins Library Fund**

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

### **Park Fund**

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

### **TIF #1 Downtown Fund**

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

### **TIF #2 Industrial Park Fund**

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

### **TIF #3 South Fund**

The TIF #3 South Fund is used to account for the incremental property taxes of the South Tax Incremental Financing District and the use of those funds.

### **Police Protection Fund**

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

### **Road and Bridge Fund**

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

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

---

## **SPECIAL REVENUE FUNDS - Continued**

### **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.

### **Regional Transportation Authority Fund**

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

### **Motor Fuel Tax Fund**

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

### **Audit Fund**

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

### **Liability Insurance Fund**

The Liability Insurance Fund is used to account for insurance.

### **Special Recreation Fund**

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

### **Welfare Fund**

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

### **Off Street Parking Fund**

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

### **Revolving Loan Fund**

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

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

---

## **DEBT SERVICE FUND**

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

### **Debt Service Fund**

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

---

## **ENTERPRISE FUNDS**

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

### **Water and Sewer Fund**

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

### **Pool Fund**

The Pool Fund is used to account for the receipt of pool charges and for related expenses.

---

## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

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



# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

---

## **TRUST AND AGENCY FUNDS - Continued**

### **PENSION TRUST FUNDS - Continued**

#### **Apartment Fund**

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

#### **Scholarship Fund**

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

### **AGENCY FUNDS**

#### **SSA #1 Park Pointe**

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

#### **SSA #2 Pointe 3A**

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

#### **SSA #3 Shadow Creek**

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

#### **SSA #4 Pointe 3B**

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

#### **SSA #5 Shadow Creek**

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

---

**CITY OF HARVARD, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property	\$ 420,000	420,000	896,024
Video Gaming Tax	85,000	85,000	110,797
Electric Tax	310,000	310,000	305,873
Hotel/Motel Tax	16,000	16,000	15,586
Nicor Utility Tax	125,000	125,000	97,590
Telephone Tax	190,000	190,000	174,200
	<u>1,146,000</u>	<u>1,146,000</u>	<u>1,600,070</u>
<b>Licenses and Fees</b>			
Liquor License	70,000	70,000	105,015
Contractors License	11,000	11,000	10,800
Building Permits	30,000	30,000	22,697
Police Dui Fines	5,000	5,000	7,125
Police Fines/Tickets	225,000	225,000	196,796
Zoning/Platting Fees	5,000	5,000	5,150
Cable Franchise Fees	58,000	58,000	64,048
Highway Stickers	3,500	3,500	2,362
Parking Permits	115,000	115,000	103,394
	<u>522,500</u>	<u>522,500</u>	<u>517,387</u>
<b>Intergovernmental</b>			
State Income Tax	965,000	965,000	890,737
Use Tax	220,000	220,000	230,849
Sales Tax	1,153,000	1,153,000	1,168,461
Replacement Tax	90,000	90,000	123,256
Grants	14,000	14,000	18,395
	<u>2,442,000</u>	<u>2,442,000</u>	<u>2,431,698</u>

**CITY OF HARVARD, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2017**

---

---

	Budget		Actual
	Original	Final	
Interest			
Investment Income	6,000	6,000	16,002
Miscellaneous			
Health Insurance Reimbursements	36,000	36,000	36,626
Police Reimbursements	85,000	85,000	98,408
Escrow from Developers	5,000	5,000	-
Donations/Events	50,000	50,000	172,706
Miscellaneous	80,000	80,000	23,931
	<u>256,000</u>	<u>256,000</u>	<u>331,671</u>
 Total Revenues	 <u>4,372,500</u>	 <u>4,372,500</u>	 <u>4,896,828</u>

**CITY OF HARVARD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 114,200	114,200	113,818
Salaries - Clerical	83,500	83,500	82,432
Overtime	500	500	-
Health Insurance	87,000	87,000	81,433
Training Seminars	1,000	1,000	55
Expense Mayors	1,800	1,800	1,800
Travel Expense	100	100	177
Attorney Fees	55,000	55,000	71,745
Professional Fees	50,000	50,000	50,238
Engineering Fees	15,000	15,000	18,705
Printing	1,500	1,500	1,530
Building/Grounds Maintenance	50,000	50,000	34,780
Service Agreements	8,500	8,500	14,867
Equipment Maintenance	10,000	10,000	7,974
Office Supplies	10,000	10,000	7,299
Postage	5,000	5,000	4,258
Dues & Subscriptions	7,500	7,500	6,087
Public Notices	4,500	4,500	2,689
Publications	2,500	2,500	45
Telephone	12,000	12,000	8,576
Garbage Stickers	3,500	3,500	1,727
Miscellaneous	6,500	6,500	5,616
Economic Development	65,000	65,000	65,000
Events Program	50,000	50,000	127,232
	<u>644,600</u>	<u>644,600</u>	<u>708,083</u>
Building Services			
Salaries	122,200	122,200	122,158
Health Insurance	57,000	57,000	45,891
Training	1,000	1,000	1,250
Uniforms	750	750	104
Vehicle Maintenance	1,500	1,500	1,263
Nuisance/Investigations	8,500	8,500	3,290
Gas, Oil, Grease	2,000	2,000	1,095
	<u>192,950</u>	<u>192,950</u>	<u>175,051</u>
Total General Government	<u>837,550</u>	<u>837,550</u>	<u>883,134</u>

**CITY OF HARVARD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,550,000	1,550,000	1,471,090
Salaries - Clerical	350,000	350,000	285,656
Pension Contribution	-	-	523,007
Crossing Guards	12,000	12,000	10,765
Overtime	260,000	260,000	198,095
Health Insurance	410,000	410,000	346,632
Health Exams	1,000	1,000	-
Training & Seminars	7,000	7,000	3,186
Uniforms	20,500	20,500	16,523
Attorney Fees	54,000	54,000	56,041
Professional Fees	-	-	51,118
Vehicle Maintenance	15,000	15,000	10,590
Equipment Maintenance	8,500	8,500	8,825
Radio Maintenance	4,000	4,000	1,515
Ammunition	6,500	6,500	3,795
Supplies	3,500	3,500	1,482
Office Supplies	5,000	5,000	5,658
Investigation/Film/Etc.	6,500	6,500	2,457
Dues, Subscriptions	2,200	2,200	1,210
Telephones	12,500	12,500	12,440
Gas, Oil, Grease	40,000	40,000	25,177
Police Commission Expense	1,000	1,000	1,836
Miscellaneous	2,000	2,000	2,411
Special Programs	8,000	8,000	4,971
Total Public Safety	2,779,200	2,779,200	3,044,480
Public Works			
Highways and Streets			
Salaries	288,000	288,000	277,271
Overtime Street	15,000	15,000	9,710
Health Insurance	73,000	73,000	62,579
Training & Seminars	250	250	150
Travel Expense	150	150	-
Uniforms	2,650	2,650	2,213

**CITY OF HARVARD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 5,000	5,000	3,292
Parking Lot Maintenance	60,000	60,000	20,910
Vehicle/Equipment Maintenance	35,000	35,000	19,425
Building/Grounds Maintenance	5,000	5,000	2,851
Radio Maintenance	500	500	200
Tree Planting/Removal	50,000	50,000	49,534
Tools	5,000	5,000	529
Barricades	2,000	2,000	1,037
Supplies & Materials	2,500	2,500	1,237
Telephone	3,400	3,400	2,451
Electricity	110,000	110,000	96,688
Gas, Oil, Grease	25,000	25,000	18,166
Street Signs	3,500	3,500	2,228
Street Decorations	4,000	4,000	54
Miscellaneous	18,000	18,000	5,630
Total Public Works	707,950	707,950	576,155
Capital Outlay			
General Government	15,000	15,000	14,094
Public Safety	85,000	85,000	215,726
Public Works	35,500	35,500	28,312
Total Capital Outlay	135,500	135,500	258,132
Debt Service			
Principal	20,000	20,000	21,148
Interest	22,000	22,000	20,008
Total Debt Service	42,000	42,000	41,156
Total Expenditures	4,502,200	4,502,200	4,803,057

**CITY OF HARVARD, ILLINOIS**

**Harvard Diggins Library - Special Revenue Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
<b>Culture and Recreation</b>			
<b>Administration</b>			
Salaries	\$ 172,000	172,000	153,032
Unemployment Taxes	500	500	1,454
Health Insurance	45,000	45,000	43,193
Auto Mileage	-	-	90
Automation/Consortium	-	-	17,727
Board Expenses	-	-	34
Contract Services	-	-	7,789
D&O Insurance	-	-	1,568
Dues/Fees/Charges	-	-	700
Postage	-	-	666
Programming/Adult	-	-	2,669
Programming/Youth:Kids Programming	-	-	704
Programming/Youth:Summer Reading Club	-	-	2,307
Public Information	-	-	1,381
Scholarships	-	-	1,000
Staff Development	-	-	95
Technology Charges	-	-	631
Technology Charges:Other Technology	-	-	624
Administration:Technology Upgrades	-	-	11,664
	<u>217,500</u>	<u>217,500</u>	<u>247,328</u>
<b>Materials</b>			
Audio Books	-	-	4,925
Books/Periodicals:Adult Books	-	-	9,392
Books/Periodicals:Childrens Books	-	-	7,450
Books/Periodicals:Newspapers/Magazines	-	-	1,227
Books/Periodicals:Young Adult Books	-	-	1,943
E-Media:Nook Books	-	-	86
E-Media:Oneclick Digital	-	-	1,190
E-Media:Overdrive Subscription	-	-	1,720
E-Media:Zinio Digital Magazines	-	-	1,833
Electronic Resources	-	-	5,510
Gifts - Memorials	-	-	711

**CITY OF HARVARD, ILLINOIS**

**Harvard Diggins Library - Special Revenue Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Materials - Continued			
Music Recordings	\$ -	-	89
Videos:Adult Movies	-	-	2,556
Videos:Childrens Movies	-	-	205
	-	-	38,837
Operating			
Contractual Services	24,800	24,800	31,086
Telephone	16,800	16,800	17,248
Utilities	500	500	455
Technology	4,400	4,400	6,169
Equipment	-	-	2,032
Furniture	-	-	510
Maintenance	-	-	131
Maintenance/Building/Grnd	-	-	3,649
Maintenance/Equipment	-	-	2,066
Miscellaneous	-	-	4,818
Supplies - Library	-	-	2,010
Supplies - Office/Staff	-	-	2,305
Withdrawals For Sec/E. Jones	-	-	333
	46,500	46,500	72,812
Total Culture and Recreation Expenditures	264,000	264,000	358,977



**CITY OF HARVARD, ILLINOIS**

**Debt Service Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 298,200	298,200	294,337
Interest	-	-	5
Total Revenues	<u>298,200</u>	<u>298,200</u>	<u>294,342</u>
Expenditures			
Debt Service			
Principal Retirement	265,000	265,000	265,000
Interest and Fiscal Charges	33,200	33,200	33,675
Total Expenditures	<u>298,200</u>	<u>298,200</u>	<u>298,675</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(4,333)
Fund Balance - Beginning			<u>59,206</u>
Fund Balance - Ending			<u><u>54,873</u></u>

**CITY OF HARVARD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**April 30, 2017**

---

---

**See Following Page**

**CITY OF HARVARD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**April 30, 2017**

	Police Protection	Road and Bridge	Social Security	Illinois Municipal Retirement
<b>ASSETS</b>				
Cash and Investments	\$ 249,376	-	-	36,840
Receivables				
Property Taxes	565,000	77,612	118,997	105,001
Other	-	-	-	6,667
Prepays	-	-	-	-
 Total Assets	 814,376	 77,612	 118,997	 148,508
<b>LIABILITIES</b>				
Liabilities				
Accounts Payable	-	-	730	-
Due to Other Funds	-	193,253	76,778	-
Total Liabilities	-	193,253	77,508	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	282,500	38,806	59,499	52,501
 Total Liabilities and Deferred Inflows of Resources	 282,500	 232,059	 137,007	 52,501
<b>FUND BALANCES</b>				
Fund Balances				
Nonspendable	-	-	-	-
Restricted	531,876	-	-	96,007
Unassigned	-	(154,447)	(18,010)	-
Total Fund Balances	531,876	(154,447)	(18,010)	96,007
 Total Liabilities and Fund Balances	 814,376	 77,612	 118,997	 148,508

Regional Transportation Authority	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
-	271,492	-	-	130,032	7,740	223,752	212,485	1,131,717
-	-	29,997	70,696	39,705	-	-	-	1,007,008
-	41,655	-	-	-	-	-	4,000	52,322
-	-	-	50,508	-	-	-	-	50,508
-	313,147	29,997	121,204	169,737	7,740	223,752	216,485	2,241,555
-	-	-	-	-	-	-	-	730
231,745	-	62,573	365,777	-	-	-	-	930,126
231,745	-	62,573	365,777	-	-	-	-	930,856
-	-	14,999	35,348	19,853	-	-	-	503,506
231,745	-	77,572	401,125	19,853	-	-	-	1,434,362
-	-	-	50,508	-	-	-	-	50,508
-	313,147	-	-	149,884	7,740	223,752	216,485	1,538,891
(231,745)	-	(47,575)	(330,429)	-	-	-	-	(782,206)
(231,745)	313,147	(47,575)	(279,921)	149,884	7,740	223,752	216,485	807,193
-	313,147	29,997	121,204	169,737	7,740	223,752	216,485	2,241,555

**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, 2017**

	Police Protection	Road and Bridge	Social Security	Illinois Municipal Retirement
Revenues				
Taxes	\$ 567,124	76,365	128,392	104,782
Intergovernmental	-	11,894	-	35,982
Interest	8	-	1	2
Miscellaneous	-	-	-	-
Total Revenues	<u>567,132</u>	<u>88,259</u>	<u>128,393</u>	<u>140,766</u>
Expenditures				
General Government	-	-	263,797	240,442
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>263,797</u>	<u>240,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>567,132</u>	<u>88,259</u>	<u>(135,404)</u>	<u>(99,676)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	177,000	128,000
Transfers Out	(580,000)	(84,000)	-	-
	<u>(580,000)</u>	<u>(84,000)</u>	<u>177,000</u>	<u>128,000</u>
Net Change in Fund Balances	(12,868)	4,259	41,596	28,324
Fund Balances - Beginning as Restated	<u>544,744</u>	<u>(158,706)</u>	<u>(59,606)</u>	<u>67,683</u>
Fund Balances - Ending	<u>531,876</u>	<u>(154,447)</u>	<u>(18,010)</u>	<u>96,007</u>

Regional Transportation Authority	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
-	-	30,934	70,200	38,828	-	-	-	1,016,625
1,479	248,979	-	-	-	5,980	-	-	304,314
-	2,264	-	1	1	68	-	1,618	3,963
-	5,167	-	4,941	-	50	-	207	10,365
1,479	256,410	30,934	75,142	38,829	6,098	-	1,825	1,335,267
-	-	-	228,989	-	-	-	-	733,228
12,373	264,446	-	-	-	-	-	-	276,819
-	-	-	-	22,221	6,968	-	-	29,189
12,373	264,446	-	228,989	22,221	6,968	-	-	1,039,236
(10,894)	(8,036)	30,934	(153,847)	16,608	(870)	-	1,825	296,031
15,000	-	-	153,000	-	-	-	-	473,000
-	-	(32,000)	-	(16,214)	-	-	-	(712,214)
15,000	-	(32,000)	153,000	(16,214)	-	-	-	(239,214)
4,106	(8,036)	(1,066)	(847)	394	(870)	-	1,825	56,817
(235,851)	321,183	(46,509)	(279,074)	149,490	8,610	223,752	214,660	750,376
(231,745)	313,147	(47,575)	(279,921)	149,884	7,740	223,752	216,485	807,193

**CITY OF HARVARD, ILLINOIS**

**Police Protection - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 580,000	580,000	567,124
Interest	-	-	8
Total Revenues	580,000	580,000	567,132
Expenditures			
Public Safety			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	580,000	580,000	567,132
Other Financing (Uses)			
Transfers Out	(580,000)	(580,000)	(580,000)
Net Change in Fund Balance	-	-	(12,868)
Fund Balance - Beginning			544,744
Fund Balance - Ending			531,876

**CITY OF HARVARD, ILLINOIS**

**Road and Bridge - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 71,000	71,000	76,365
Intergovernmental			
Replacement Taxes	13,000	13,000	11,894
Total Revenues	84,000	84,000	88,259
Expenditures			
General Government			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	84,000	84,000	88,259
Other Financing (Uses)			
Transfers Out	(84,000)	(84,000)	(84,000)
Net Change in Fund Balance	-	-	4,259
Fund Balance - Beginning			(158,706)
Fund Balance - Ending			(154,447)



**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 118,000	118,000	128,392
Interest	-	-	1
Total Revenues	118,000	118,000	128,393
Expenditures			
General Government			
Contractual Services	295,000	295,000	263,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,000)	(177,000)	(135,404)
Other Financing Sources			
Transfers In	177,000	177,000	177,000
Net Change in Fund Balance	-	-	41,596
Fund Balance - Beginning			(59,606)
Fund Balance - Ending			(18,010)

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 105,000	105,000	104,782
Intergovernmental			
Replacement Taxes	37,000	37,000	35,982
Interest	-	-	2
Total Revenues	142,000	142,000	140,766
Expenditures			
General Government			
Contractual Services	270,000	270,000	240,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,000)	(128,000)	(99,676)
Other Financing Sources			
Transfers In	128,000	128,000	128,000
Net Change in Fund Balance	-	-	28,324
Fund Balance - Beginning as Restated			67,683
Fund Balance - Ending			96,007

**CITY OF HARVARD, ILLINOIS**

**Regional Transportation Authority - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Reimbursements	\$ -	-	1,479
Expenditures			
General Government			
Contractual Services	15,000	15,000	12,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	(10,894)
Other Financing Sources			
Transfers In	15,000	15,000	15,000
Net Change in Fund Balance	-	-	4,106
Fund Balance - Beginning as Restated			(235,851)
Fund Balance - Ending			(231,745)

**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, 2017**

---

---

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 225,000	225,000	248,979
Interest	1,200	1,200	2,264
Miscellaneous	-	-	5,167
Total Revenues	<u>226,200</u>	<u>226,200</u>	256,410
Expenditures			
Public Works			
Contractual Services	<u>335,000</u>	<u>335,000</u>	264,446
Net Change in Fund Balance	<u>(108,800)</u>	<u>(108,800)</u>	(8,036)
Fund Balance - Beginning			<u>321,183</u>
Fund Balance - Ending			<u><u>313,147</u></u>

**CITY OF HARVARD, ILLINOIS**

**Audit - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 32,000	32,000	30,934
Expenditures			
General Government			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,000	32,000	30,934
Other Financing (Uses)			
Transfers Out	(32,000)	(32,000)	(32,000)
Net Change in Fund Balance	-	-	(1,066)
Fund Balance - Beginning			(46,509)
Fund Balance - Ending			(47,575)

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 68,000	68,000	70,200
Interest	-	-	1
Miscellaneous	-	-	4,941
Total Revenues	68,000	68,000	75,142
Expenditures			
General Government			
Contractual Services	221,000	221,000	228,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,000)	(153,000)	(153,847)
Other Financing Sources			
Transfers In	153,000	153,000	153,000
Net Change in Fund Balance	-	-	(847)
Fund Balance - Beginning as Restated			(279,074)
Fund Balance - Ending			(279,921)

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 38,714	38,714	38,828
Interest	-	-	1
Total Revenues	<u>38,714</u>	<u>38,714</u>	<u>38,829</u>
Expenditures			
Culture and Recreation			
Contractual Services	<u>22,500</u>	<u>22,500</u>	<u>22,221</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,214	16,214	16,608
Other Financing (Uses)			
Transfers Out	<u>(16,214)</u>	<u>(16,214)</u>	<u>(16,214)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	394
Fund Balance - Beginning			<u>149,490</u>
Fund Balance - Ending			<u>149,884</u>

**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, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 1,815,000	1,815,000	1,846,840
Tap On Fees	10,000	10,000	12,283
Sale Of Material	3,000	3,000	2,070
Penalties	45,000	45,000	40,997
Plumbing Fees	4,000	4,000	2,785
Maintenance	310,000	310,000	305,519
Moving Charge	2,500	2,500	3,035
Utility Tax	100,000	100,000	104,841
EPA License Fee	17,500	17,500	17,616
Miscellaneous	1,000	1,000	6,431
Water Tower Lease	33,134	33,134	33,216
Total Operating Revenues	<u>2,341,134</u>	<u>2,341,134</u>	<u>2,375,633</u>
Operating Expenses			
Water	1,125,150	1,125,150	1,048,660
Sewer Treatment	644,400	644,400	686,480
Depreciation	-	-	277,413
Total Operating Expenses	<u>1,769,550</u>	<u>1,769,550</u>	<u>2,012,553</u>
Operating Income	<u>571,584</u>	<u>571,584</u>	<u>363,080</u>
Nonoperating Revenues (Expenses)			
Grants	1,500	1,500	1,500
Interest Income	2,500	2,500	5,890
Interest Expense	(78,000)	(78,000)	(113,859)
	<u>(74,000)</u>	<u>(74,000)</u>	<u>(106,469)</u>
Income Before Transfers	497,584	497,584	256,611
Transfers Out	<u>(118,713)</u>	<u>(118,713)</u>	<u>(106,250)</u>
Change in Net Position	<u>378,871</u>	<u>378,871</u>	150,361
Net Position - Beginning as Restated			<u>6,048,899</u>
Net Position - Ending			<u>6,199,260</u>



**CITY OF HARVARD, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Expenses - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
<b>Water</b>			
Salaries	\$ 355,000	355,000	363,532
O.T. Salaries	15,000	15,000	9,935
IMRF Pension Expense	-	-	43,640
Health Insurance	76,000	76,000	66,006
Training	500	500	468
Uniforms	2,100	2,100	2,029
Professional Fees	60,000	60,000	38,077
Engineering Fees	35,000	35,000	528
Vehicle Maintenance	4,000	4,000	6,077
Building Maintenance	15,000	15,000	21,941
Maintenance of Tower	25,000	25,000	7,125
Lift Station Maintenance	145,000	145,000	162,382
Equipment Maintenance	30,000	30,000	28,817
Lab Supplies	10,000	10,000	11,043
Material Purchases	3,500	3,500	1,960
Dues/Subscriptions	550	550	546
Telephone	20,000	20,000	6,598
Electricity	200,000	200,000	187,495
Fuel for Building, Gas	11,000	11,000	3,175
Gasoline, Oil, Grease	11,000	11,000	5,938
Chemicals	85,000	85,000	79,018
Miscellaneous	4,000	4,000	2,330
Payment To State	17,500	17,500	-
	<u>1,125,150</u>	<u>1,125,150</u>	<u>1,048,660</u>
<b>Sewer Treatment</b>			
Salaries	187,000	187,000	190,277
Salaries - Clerical	115,500	115,500	118,692
O.T. Salaries	15,000	15,000	7,669
Health Insurance	87,000	87,000	79,127
Uniforms	2,650	2,650	1,737
Professional Fees	-	-	30,141
Engineering Fees	-	-	1,635
Rent	25,000	25,000	-
Vehicle Maintenance	25,000	25,000	25,343
Storm Sewer Maintenance	30,000	30,000	28,940

**CITY OF HARVARD, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Expenses - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Sanitary Sewer Maintenance	\$ 30,000	30,000	27,868
Water Main Maintenance	50,000	50,000	39,793
Material Purchase	2,000	2,000	1,048
Office Supplies	2,500	2,500	2,045
Postage	8,000	8,000	6,322
Telephone	5,500	5,500	1,348
Electricity	-	-	1,057
Gasoline, Oil, Grease	15,000	15,000	2,533
Miscellaneous	2,000	2,000	47,301
New Equipment	42,000	42,000	40,626
Infrastructure Expend	-	-	25,700
Bank Fees	250	250	7,278
	<u>644,400</u>	<u>644,400</u>	<u>686,480</u>
Depreciation	-	-	<u>277,413</u>
Total Operating Expenses	<u>1,769,550</u>	<u>1,769,550</u>	<u>2,012,553</u>

**CITY OF HARVARD, ILLINOIS**

**Pool - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Daily Tickets	\$ 23,000	23,000	25,480
Pool Passes	15,000	15,000	13,214
Lessons	11,000	11,000	10,390
Pool Parties	5,000	5,000	3,813
Consession Sales	9,000	9,000	9,138
Total Operating Revenues	<u>63,000</u>	<u>63,000</u>	<u>62,035</u>
Operating Expenses			
Operations			
Salaries	71,417	71,417	55,936
Contractual Services	2,694	2,694	15,647
Commodities	42,200	42,200	33,234
Other	3,565	3,565	2,489
Depreciation	-	-	52,353
Total Operating Expenses	<u>119,876</u>	<u>119,876</u>	<u>159,659</u>
Income (Loss) Before Transfers	<u>(56,876)</u>	<u>(56,876)</u>	<u>(97,624)</u>
Transfers In	56,876	56,876	631,205
Transfers Out	-	-	(1,284,341)
	<u>56,876</u>	<u>56,876</u>	<u>(653,136)</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>(750,760)</u>
Net Position - Beginning			<u>750,760</u>
Net Position - Ending			<u>-</u>

**CITY OF HARVARD, ILLINOIS**

**Trust Funds**

**Combining Statement of Fiduciary Net Position  
April 30, 2017**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 371,667	55,679	14,920	442,266
Investments				
U.S. Treasuries	597,406	-	-	597,406
U.S. Agencies	3,428,696	-	-	3,428,696
Corporate Bonds	379,358	-	-	379,358
Municipal Bonds	822,176	-	-	822,176
Mutual Funds	4,443,770	-	-	4,443,770
Receivables				
Accrued Interest	40,778	-	-	40,778
Due from Other Funds	255,402	-	-	255,402
Other	-	91,773	-	91,773
Prepays	3,601	-	-	3,601
Total Assets	10,342,854	147,452	14,920	10,505,226
<b>LIABILITIES</b>				
Accounts Payable	2,001	-	-	2,001
<b>NET POSITION</b>				
Net Position Restricted for Trusts	10,340,853	147,452	14,920	10,503,225

**CITY OF HARVARD, ILLINOIS**

**Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2017**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
<b>Additions</b>				
Contributions - Employer	\$ 523,007	-	-	523,007
Contributions - Plan Members	142,810	-	-	142,810
Total Contributions	665,817	-	-	665,817
<b>Investment Income</b>				
Interest Income	793,377	451	420	794,248
Net Change in Fair Value	-	-	-	-
	793,377	451	420	794,248
Less Investment Expenses	(19,957)	-	-	(19,957)
Net Investment Income	773,420	451	420	774,291
Miscellaneous	-	8,704	-	8,704
Total Additions	1,439,237	9,155	420	1,448,812
<b>Deductions</b>				
Administration	22,135	-	-	22,135
Benefits and Refunds	598,285	-	-	598,285
Othe Charges and Services	-	3,723	557	4,280
Total Deductions	620,420	3,723	557	624,700
Change in Fiduciary Net Position	818,817	5,432	(137)	824,112
<b>Net Position Restricted for Trusts</b>				
Beginning as Restated	9,522,036	142,020	15,057	9,679,113
Ending	10,340,853	147,452	14,920	10,503,225

**CITY OF HARVARD, ILLINOIS**

**Police Pension Fund**

**Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 493,000	493,000	523,007
Contributions - Plan Members	-	-	142,810
Total Contributions	493,000	493,000	665,817
Investment Income			
Interest Income	-	-	793,377
Net Change in Fair Value	-	-	-
	-	-	793,377
Less Investment Expenses	-	-	(19,957)
Net Investment Income	-	-	773,420
Total Additions	493,000	493,000	1,439,237
Deductions			
Administration	-	-	22,135
Benefits and Refunds	493,000	493,000	598,285
Total Deductions	493,000	493,000	620,420
Change in Fiduciary Net Position	-	-	818,817
Net Position Restricted for Pensions			
Beginning as Restated			9,522,036
Ending			10,340,853

**CITY OF HARVARD, ILLINOIS**

**Agency Funds**

**Combining Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2017**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>All Funds</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 190,192	308,143	472,000	26,335
<b>LIABILITIES</b>				
Due to Bondholders	190,192	308,143	472,000	26,335
<b>SSA #1 Park Pointe</b>				
<b>ASSETS</b>				
Accounts Receivables	40,614	40,789	64,522	16,881
<b>LIABILITIES</b>				
Due to Bondholders	40,614	40,789	64,522	16,881
<b>SSA #2 Pointe 3A</b>				
<b>ASSETS</b>				
Accounts Receivables	27,788	36,982	55,920	8,850
<b>LIABILITIES</b>				
Due to Bondholders	27,788	36,982	55,920	8,850

	Beginning Balances	Additions	Deductions	Ending Balances
<b>SSA #3 Shadow Creek</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 36,145	69,982	106,029	98
<b>LIABILITIES</b>				
Due to Bondholders	36,145	69,982	106,029	98
<b>SSA #4 Pointe 3B</b>				
<b>ASSETS</b>				
Cash and Investments	19,817	42,065	61,700	182
<b>LIABILITIES</b>				
Due to Bondholders	19,817	42,065	61,700	182
<b>SSA #5 Shadow Creek</b>				
<b>ASSETS</b>				
Cash and Investments	65,828	118,325	183,829	324
<b>LIABILITIES</b>				
Due to Bondholders	65,828	118,325	183,829	324



## **SUPPLEMENTAL SCHEDULES**

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2011A**

**April 30, 2017**

Date of Issue	August 19, 2011
Date of Maturity	December 1, 2018
Authorized Issue	\$2,075,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank, Chicago IL

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2018	\$ 90,000	6,930	96,930	2017	3,465	2017	3,465
2019	90,000	3,465	93,465	2018	1,732	2018	1,733
	<u>180,000</u>	<u>10,395</u>	<u>190,395</u>		<u>5,197</u>		<u>5,198</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements  
General Obligation Refunding Bonds of 2011B**

**April 30, 2017**

Date of Issue	August 19, 2011
Date of Maturity	December 1, 2018
Authorized Issue	\$2,075,000
Denomination of Bonds	\$5,000
Interest Rates	1.70% to 3.85%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank, Chicago IL

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2018	\$ 280,000	22,600	302,600	2017	11,300	2017	11,300
2019	285,000	11,400	296,400	2018	5,700	2018	5,700
	<u>565,000</u>	<u>34,000</u>	<u>599,000</u>		<u>17,000</u>		<u>17,000</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A**

**April 30, 2017**

---



---

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
2018	\$ 330,000	75,995	405,995	2017	37,997	2018	37,998
2019	350,000	67,745	417,745	2018	33,872	2019	33,873
2020	365,000	58,995	423,995	2019	29,497	2020	29,498
2021	375,000	48,045	423,045	2020	24,022	2021	24,023
2022	385,000	36,795	421,795	2021	18,397	2022	18,398
2023	390,000	25,245	415,245	2022	12,622	2023	12,623
2024	405,000	12,960	417,960	2023	6,480	2024	6,480
	<u>2,600,000</u>	<u>325,780</u>	<u>2,925,780</u>		<u>162,887</u>		<u>162,893</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B**

**April 30, 2017**

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
2018	\$ 145,000	53,585	198,585	2017	26,792	2018	26,793
2019	145,000	49,960	194,960	2018	24,980	2019	24,980
2020	150,000	46,336	196,336	2019	23,168	2020	23,168
2021	155,000	41,835	196,835	2020	20,917	2021	20,918
2022	160,000	37,185	197,185	2021	18,592	2022	18,593
2023	165,000	32,225	197,225	2022	16,112	2023	16,113
2024	175,000	23,975	198,975	2023	11,987	2024	11,988
2025	180,000	17,850	197,850	2024	8,925	2025	8,925
2026	185,000	11,550	196,550	2025	5,775	2026	5,775
2027	145,000	5,075	150,075	2026	2,537	2027	2,538
	<u>1,605,000</u>	<u>319,576</u>	<u>1,924,576</u>		<u>159,785</u>		<u>159,791</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2014**

**April 30, 2017**

Date of Issue	January 28, 2014
Date of Maturity	May 1, 2019
Authorized Issue	\$735,000
Denomination of Bonds	\$5,000
Interest Rate	1.25%
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
2018	\$ 150,000	7,625	157,625	2017	3,813	2018	3,812
2019	155,000	3,875	158,875	2018	1,938	2019	1,937
	<u>305,000</u>	<u>11,500</u>	<u>316,500</u>		<u>5,751</u>		<u>5,749</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

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

**April 30, 2017**

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

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Nov. 1	Amount	May 1	Amount
2018	\$ 105,000	19,472	124,472	2017	9,736	2018	9,736
2019	110,000	17,374	127,374	2018	8,687	2019	8,687
2020	110,000	15,722	125,722	2019	7,861	2020	7,861
2021	115,000	14,074	129,074	2020	7,037	2021	7,037
2022	110,000	12,060	122,060	2021	6,030	2022	6,030
2023	110,000	10,134	120,134	2022	5,067	2023	5,067
2024	115,000	7,936	122,936	2023	3,968	2024	3,968
2025	120,000	5,634	125,634	2024	2,817	2025	2,817
2026	125,000	2,876	127,876	2025	1,438	2026	1,438
	<u>1,020,000</u>	<u>105,282</u>	<u>1,125,282</u>		<u>52,641</u>		<u>52,641</u>

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements  
General Obligation Bonds (Alternate Revenue Source) of 2016B**

**April 30, 2017**

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

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2018	\$ -	74,710	74,710	2017	37,355	2018	37,355
2019	180,000	74,710	254,710	2018	37,355	2019	37,355
2020	185,000	71,110	256,110	2019	35,555	2020	35,555
2021	185,000	67,410	252,410	2020	33,705	2021	33,705
2022	190,000	63,710	253,710	2021	31,855	2022	31,855
2023	195,000	59,910	254,910	2022	29,955	2023	29,955
2024	200,000	56,010	256,010	2023	28,005	2024	28,005
2025	205,000	52,010	257,010	2024	26,005	2025	26,005
2026	205,000	47,910	252,910	2025	23,955	2026	23,955
2027	265,000	43,400	308,400	2026	21,700	2027	21,700
2028	395,000	32,800	427,800	2027	16,400	2028	16,400
2029	425,000	17,000	442,000	2028	8,500	2029	8,500
	<u>2,630,000</u>	<u>660,690</u>	<u>3,290,690</u>		<u>330,345</u>		<u>330,345</u>



**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements**

**Note Payable of 2009**

**April 30, 2017**

---

---

Date of Issue	April 17, 2013
Date of Maturity	April 17, 2018
Authorized Issue	\$559,986
Interest Rates	3.90%
Interest Date	January 17, April 17, July 17, and October 17
Principal Maturity Dates	January 17, April 17, July 17, and October 17
Payable at	First National Bank

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 480,213	18,668	498,881

**CITY OF HARVARD, ILLINOIS**

**Long-Term Debt Requirements  
Notes Payable of 2016**

**April 30, 2017**

---

---

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

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements		Totals
	Principal	Interest	
2018	\$ 29,300	25,300	54,600
2019	30,357	24,243	54,600
2020	31,389	23,211	54,600
2021	32,585	22,015	54,600
2022	602,600	19,118	621,718
	<u>726,231</u>	<u>113,887</u>	<u>840,118</u>