

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2018

CITY OF HARVARD, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- 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 25, 2018

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, 2018, 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, the discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of April 30, 2018, 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, 2018

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, 2018. 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 increased by \$206,434, or 3.3 percent and net position of the governmental activities increased by \$847,112, or 9.4 percent.
- During the year, government-wide revenues for the primary government totaled \$11,050,687, while expenses totaled \$9,997,141, resulting in an increase to net position of \$1,053,546.
- The City of Harvard's net position totaled \$16,262,030 on April 30, 2018, which includes \$19,928,620 net investment in capital assets, \$2,830,216 subject to external restrictions, and \$6,496,806 deficit unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$228,326, resulting in ending fund balance of \$3,612,411, an increase of 6.7 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, 2018

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, 2018

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

The basic governmental fund financial statements can be found on pages 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 operations.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2018

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, TIF #3 South Fund, Police Protection Fund, and Liability Insurance Fund. Required supplementary information can be found on pages 59-71 of this report. Combining and individual fund statements and schedules can be found on pages 72-98 of this report.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2018

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 \$16,262,030.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current/Other Assets	\$ 6,777,120	6,160,160	1,285,077	1,137,637	8,062,197	7,297,797
Capital Assets	22,803,250	21,628,920	7,469,094	7,735,373	30,272,344	29,364,293
Total Assets	29,580,370	27,789,080	8,754,171	8,873,010	38,334,541	36,662,090
Deferred Outflows of Resources	2,647,720	2,198,099	71,721	93,600	2,719,441	2,291,699
Total Assets/ Deferred Outflows	32,228,090	29,987,179	8,825,892	8,966,610	41,053,982	38,953,789
Long-Term Debt	17,682,616	16,841,939	1,634,703	2,272,679	19,317,319	19,114,618
Other Liabilities	1,572,584	1,836,309	523,364	479,950	2,095,948	2,316,259
Total Liabilities	19,255,200	18,678,248	2,158,067	2,752,629	21,413,267	21,430,877
Deferred Inflows of Resources	3,116,554	2,299,707	262,131	14,721	3,378,685	2,314,428
Total Liabilities/ Deferred Inflows	22,371,754	20,977,955	2,420,198	2,767,350	24,791,952	23,745,305
Net Position						
Net Investment in Capital Assets	14,316,456	13,787,895	5,612,164	5,504,142	19,928,620	19,292,037
Restricted	2,830,216	2,337,326	-	-	2,830,216	2,337,326
Unrestricted (Deficit)	(7,290,336)	(7,115,997)	793,530	695,118	(6,496,806)	(6,420,879)
Total Net Position	9,856,336	9,009,224	6,405,694	6,199,260	16,262,030	15,208,484

A large portion of the City of Harvard's net position, \$19,928,620, 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, \$2,830,216, of the City of Harvard's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$6,496,806 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, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 720,575	619,545	2,374,543	2,437,668	3,095,118	3,057,213
Operating Grants/Contrib.	1,241,151	292,252	-	1,500	1,241,151	293,752
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Property Taxes	2,950,527	2,931,020	-	-	2,950,527	2,931,020
State Taxes	2,456,207	2,476,029	-	-	2,456,207	2,476,029
Miscellaneous Taxes	718,385	711,197	-	-	718,385	711,197
Other General Revenues	575,730	377,492	13,569	5,890	589,299	383,382
Total Revenues	8,662,575	7,407,535	2,388,112	2,445,058	11,050,687	9,852,593
Expenses						
General Government	2,148,800	2,096,479	-	-	2,148,800	2,096,479
Public Safety	3,963,185	3,907,371	-	-	3,963,185	3,907,371
Public Works	812,495	723,857	-	-	812,495	723,857
Culture and Recreation	705,469	484,642	-	-	705,469	484,642
Interest on Long-Term Debt	289,525	189,024	-	-	289,525	189,024
Water and Sewer	-	-	2,077,667	2,126,412	2,077,667	2,126,412
Pool	-	-	-	159,659	-	159,659
Total Expenses	7,919,474	7,401,373	2,077,667	2,286,071	9,997,141	9,687,444
Change in Net Position						
Before Transfers	743,101	6,162	310,445	158,987	1,053,546	165,149
Transfers	104,011	759,386	(104,011)	(759,386)	-	-
Change in Net Position	847,112	765,548	206,434	(600,399)	1,053,546	165,149
Net Position - Beginning	9,009,224	8,243,676	6,199,260	6,799,659	15,208,484	15,043,335
Net Position - Ending	9,856,336	9,009,224	6,405,694	6,199,260	16,262,030	15,208,484

The net position of the City of Harvard's governmental activities increased by 9.4 percent (\$9,009,224 in 2017 compared to a \$9,856,336 in 2018). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$7,290,336 at April 30, 2018 for the governmental activities.

The net position of business-type activities increased by 3.3 percent (\$6,199,260 in 2017 compared to \$6,405,694 in 2018).

CITY OF HARVARD, ILLINOIS

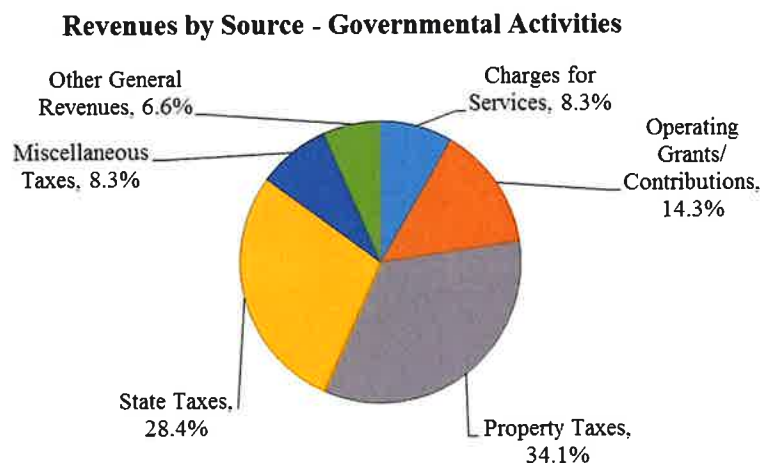
**Management’s Discussion and Analysis
April 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

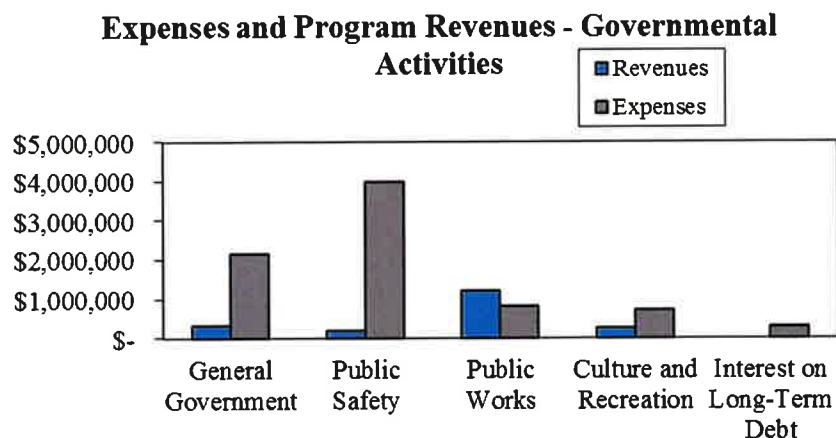
Governmental Activities

Revenues for governmental activities totaled \$8,662,575, while the cost of all governmental functions totaled \$7,919,474. This results in a surplus of \$743,101 prior to transfers in of \$104,011. In 2017, revenues of \$7,407,535 exceeded expenses of \$7,401,373 resulting in a surplus of \$6,162 prior to transfers in of \$759,386. During 2018, 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 \$1,255,040 higher than 2017, primarily due to an increase of operating grants.

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.



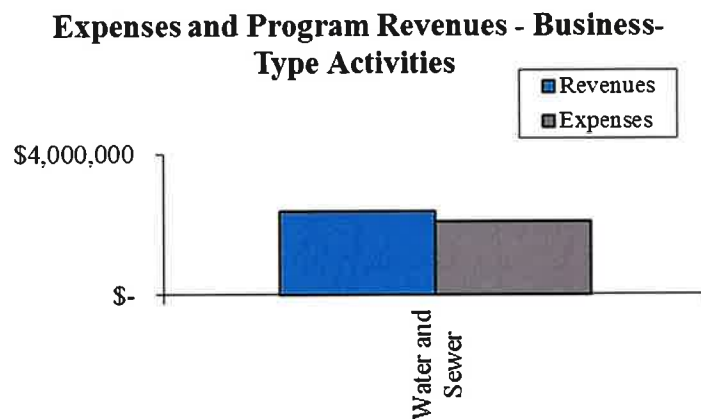
CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$2,388,112, while the cost of all business-type activities totaled \$2,077,667. This results in a surplus of \$310,445 prior to transfers out of \$104,011. In 2017, revenues of \$2,445,058 exceeded expenses of \$2,286,071, resulting in a surplus of \$158,987 prior to transfers out of \$759,386.



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 \$4,867,146, which is \$706,604 higher than last year's total of \$4,160,542. Of the \$4,867,146 total, \$1,796,088 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a surplus in fund balance for the year of \$228,326, an increase of 6.7 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 \$1,477,000 and the actual amount totaled \$2,170,248. 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, 2018

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, 2018, unassigned fund balance in the General Fund was \$3,469,411.

The Harvard Diggins Library Fund reported a deficit in the current year of \$26,462, due primarily due to planned expenditures in the current year.

The Park Fund reported a deficit in the current year of \$148, due primarily to

The TIF #1 Downtown Redevelopment Fund reported a deficit in the current year of \$4,849 due to property tax not meeting needs of debt service fund.

The TIF #2 Industrial Park Fund reported a surplus for the year of \$536,035. This increase was due to a debt issuance of \$1,300,750, which in future years will provide available funds for expenditures.

The TIF #3 South Fund had a deficit of \$141,417, due to

The Police Protection Fund had a surplus of \$118,437, due to....

The Liability Insurance Fund had a deficit of \$40,850, due to....

The Debt Service Fund had a deficit of \$9,572 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 \$206,434, while the previous fiscal year reported a surplus of \$150,361. Unrestricted net position in the Water and Sewer Fund totaled \$793,530 at April 30, 2018.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2018**

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 \$5,132,455, compared to budgeted revenues of \$4,425,610. As stated earlier, revenues for taxes, interest, and miscellaneous revenues were significantly higher than budgeted.

The General Fund actual expenditures for the year were \$361,035 higher than budgeted (\$5,298,075 actual compared to \$4,937,040 budgeted). This is due mainly to the general government, capital outlay, and debt service 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, 2018 was \$30,272,344 (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		Totals	
	Activities	Activities	Activities	Activities	2018	2017
	2018	2017	2018	2017	2018	2017
Land	\$ 8,824,157	8,824,157	828,000	828,000	9,652,157	9,652,157
Construction in Progress	21,444	-	-	-	21,444	-
Infrastructure	10,396,543	9,141,053	1,783,584	1,837,497	12,180,127	10,978,550
Buildings and Improvements	3,294,069	3,394,303	4,761,040	4,958,092	8,055,109	8,352,395
Machinery and Equipment	114,682	122,926	96,470	111,784	211,152	234,710
Vehicles	150,675	140,372	-	-	150,675	140,372
Harvard Diggins Library	1,680	6,109	-	-	1,680	6,109
Totals	22,803,250	21,628,920	7,469,094	7,735,373	30,272,344	29,364,293

This year’s major additions included:

Construction in Progress	\$ 21,444
Infrastructure	1,594,033
Machinery and Equipment	55,872
Vehicles	85,534
	<u>1,756,883</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, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$10,234,584 as compared to \$10,111,444 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		Totals	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 1,732,654	480,213	696,930	726,231	2,429,584	1,206,444
General Obligation Bonds	6,645,000	7,400,000	1,160,000	1,505,000	7,805,000	8,905,000
Totals	8,377,654	7,880,213	1,856,930	2,231,231	10,234,584	10,111,444

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 2019 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.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Funds

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2018**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,142,086	866,042	4,008,128
Receivables - Net of Allowances	3,080,660	419,035	3,499,695
Due from Other Governments	358,833	-	358,833
Land Held for Resale	143,000	-	143,000
Prepays	52,541	-	52,541
Total Current Assets	6,777,120	1,285,077	8,062,197
Noncurrent Assets			
Capital Assets			
Nondepreciable	8,845,601	828,000	9,673,601
Depreciable	20,094,270	13,780,124	33,874,394
Accumulated Depreciation	(6,136,621)	(7,139,030)	(13,275,651)
Total Noncurrent Assets	22,803,250	7,469,094	30,272,344
Total Assets	29,580,370	8,754,171	38,334,541
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	271,957	71,721	343,678
Deferred Items - Police Pension	2,375,763	-	2,375,763
Total Deferred Outflows of Resources	2,647,720	71,721	2,719,441
Total Assets and Deferred Outflows of Resources	32,228,090	8,825,892	41,053,982

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 320,584	90,588	411,172
Accrued Payroll	111,973	32,022	143,995
Accrued Interest Payable	65,232	1,444	66,676
Current Portion of Long-Term Debt	1,074,795	399,310	1,474,105
Total Current Liabilities	1,572,584	523,364	2,095,948
Noncurrent Liabilities			
Compensated Absences Payable	194,479	55,812	250,291
Net Pension Liability - IMRF	406,937	107,318	514,255
Net Pension Liability - Police Pension	9,620,581	-	9,620,581
General Obligation Bonds Payable - Net	5,794,140	805,000	6,599,140
Notes Payable	1,666,479	666,573	2,333,052
Total Noncurrent Liabilities	17,682,616	1,634,703	19,317,319
Total Liabilities	19,255,200	2,158,067	21,413,267
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	993,975	262,131	1,256,106
Deferred Items - Police Pension	645,162	-	645,162
Property Taxes	1,477,417	-	1,477,417
Total Deferred Inflows of Resources	3,116,554	262,131	3,378,685
Total Liabilities and Deferred Inflows of Resources	22,371,754	2,420,198	24,791,952
NET POSITION			
Net Investment in Capital Assets	14,316,456	5,612,164	19,928,620
Restricted			
Property Taxes			
Public Library	154,080	-	154,080
TIF Districts	1,000,000	-	1,000,000
Police Protection	650,313	-	650,313
IMRF	101,693	-	101,693
Special Recreation	155,781	-	155,781
Motor Fuel Taxes	315,565	-	315,565
Welfare Services	9,151	-	9,151
Revolving Loans	219,881	-	219,881
Off Street Parking	223,752	-	223,752
Unrestricted (Deficit)	(7,290,336)	793,530	(6,496,806)
Total Net Position	9,856,336	6,405,694	16,262,030

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, 2018**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 2,148,800	235,547	85,627	-
Public Safety	3,963,185	171,553	-	-
Public Works	812,495	64,066	1,140,494	-
Culture and Recreation	705,469	249,409	15,030	-
Interest on Long-Term Debt	289,525	-	-	-
Total Governmental Activities	7,919,474	720,575	1,241,151	-
Business-Type Activities				
Water and Sewer	2,077,667	2,374,543	-	-
Total Primary Government	9,997,141	3,095,118	1,241,151	-

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

 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
(1,827,626)	-	(1,827,626)
(3,791,632)	-	(3,791,632)
392,065	-	392,065
(441,030)	-	(441,030)
(289,525)	-	(289,525)
(5,957,748)	-	(5,957,748)
-	296,876	296,876
(5,957,748)	296,876	(5,660,872)
2,950,527	-	2,950,527
718,385	-	718,385
855,325	-	855,325
247,300	-	247,300
1,198,864	-	1,198,864
154,718	-	154,718
58,153	13,569	71,722
517,577	-	517,577
104,011	(104,011)	-
6,804,860	(90,442)	6,714,418
847,112	206,434	1,053,546
9,009,224	6,199,260	15,208,484
9,856,336	6,405,694	16,262,030

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2018**

See Following Page

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2018**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
ASSETS				
Cash and Investments	\$ 994,181	39,387	-	5,416
Receivables - Net of Allowances				
Taxes	963,098	243,406	78,000	92,425
Accounts	95,132	-	-	-
Other	-	-	-	-
Due from Other Governments	358,833	-	-	-
Due from Other Funds	1,945,558	-	-	-
Land Held for Resale	143,000	-	-	-
Prepays	-	-	-	-
Total Assets	4,499,802	282,793	78,000	97,841
LIABILITIES				
Accounts Payable	30,399	1,050	13,871	-
Accrued Payroll	100,909	7,161	3,903	-
Due to Other Funds	274,534	-	897,756	-
Total Liabilities	405,842	8,211	915,530	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	481,549	120,502	39,000	46,213
Total Liabilities and Deferred Inflows of Resources	887,391	128,713	954,530	46,213
FUND BALANCES				
Nonspendable	143,000	-	-	-
Restricted	-	154,080	-	51,628
Unassigned	3,469,411	-	(876,530)	-
Total Fund Balances	3,612,411	154,080	(876,530)	51,628
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,499,802	282,793	78,000	97,841

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

Revenue Funds						
TIF #2	TIF #3	Police	Liability	Debt		Totals
Industrial	South	Protection	Insurance	Service	Nonmajor	
Park						
816,510	-	362,813	-	-	923,779	3,142,086
263,725	-	575,000	72,000	290,700	378,880	2,957,234
-	-	-	-	-	-	95,132
-	-	-	-	-	28,294	28,294
-	-	-	-	-	-	358,833
-	-	-	-	-	-	1,945,558
-	-	-	-	-	-	143,000
-	-	-	52,541	-	-	52,541
<u>1,080,235</u>	<u>-</u>	<u>937,813</u>	<u>124,541</u>	<u>290,700</u>	<u>1,330,953</u>	<u>8,722,678</u>
-	-	-	-	-	730	46,050
-	-	-	-	-	-	111,973
-	-	-	409,312	100,049	538,441	2,220,092
-	-	-	409,312	100,049	539,171	2,378,115
131,863	-	287,500	36,000	145,350	189,440	1,477,417
131,863	-	287,500	445,312	245,399	728,611	3,855,532
-	-	-	52,541	-	-	195,541
948,372	-	650,313	-	45,301	1,025,823	2,875,517
-	-	-	(373,312)	-	(423,481)	1,796,088
948,372	-	650,313	(320,771)	45,301	602,342	4,867,146
<u>1,080,235</u>	<u>-</u>	<u>937,813</u>	<u>124,541</u>	<u>290,700</u>	<u>1,330,953</u>	<u>8,722,678</u>

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

CITY OF HARVARD, ILLINOIS

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

April 30, 2018

Total Governmental Fund Balances	\$ 4,867,146
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	22,803,250
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(722,018)
Deferred Items - Police Pension	1,730,601
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(65,232)
Compensated Absences Payable	(243,099)
Net Pension Liability - IMRF	(406,937)
Net Pension Liability - Police Pension	(9,620,581)
Notes Payable	(1,732,654)
General Obligation Bonds Payable - Net	<u>(6,754,140)</u>
 Net Position of Governmental Activities	 <u>9,856,336</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, 2018**

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, 2018**

	General	Harvard Diggins Library	Park	Special TIF #1 Downtown Redevelopment
Revenues				
Taxes	\$ 1,649,851	237,707	83,301	85,644
Licenses and Fees	471,166	-	-	-
Intergovernmental	2,491,041	21,869	-	-
Charges for Services	-	171,358	78,051	-
Interest	29,958	47	1,589	-
Miscellaneous	490,439	394	12,280	977
Total Revenues	5,132,455	431,375	175,221	86,621
Expenditures				
Current				
General Government	1,012,058	-	-	-
Public Safety	3,008,140	-	-	-
Public Works	619,076	-	-	-
Culture and Recreation		457,837	225,338	-
Capital Outlay	164,447	-	26,906	-
Debt Service				
Principal Retirement	480,213	-	-	330,000
Interest and Fiscal Charges	14,141	-	-	76,470
Total Expenditures	5,298,075	457,837	252,244	406,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,620)	(26,462)	(77,023)	(319,849)
Other Financing Sources (Uses)				
Disposal of Capital Assets	8,323	-	-	-
Debt Issuance	463,862	-	-	-
Transfers In	639,511	-	76,875	315,000
Transfers Out	(717,750)	-	-	-
	393,946	-	76,875	315,000
Net Change in Fund Balances	228,326	(26,462)	(148)	(4,849)
Fund Balances - Beginning	3,384,085	180,542	(876,382)	56,477
Fund Balances - Ending	3,612,411	154,080	(876,530)	51,628

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

Revenue Funds						
TIF #2 Industrial Park	TIF #3 South	Police Protection	Liability Insurance	Debt Service	Nonmajor	Totals
251,381	54,468	568,415	71,151	293,016	373,978	3,668,912
-	-	-	-	-	-	471,166
909,974	-	-	-	-	274,474	3,697,358
-	-	-	-	-	-	249,409
16,793	2,317	22	2	12	7,413	58,153
-	-	-	12,130	-	1,357	517,577
1,178,148	56,785	568,437	83,283	293,028	657,222	8,662,575
61,233	198,202	-	232,133	-	473,022	1,976,648
-	-	-	-	-	243,256	3,251,396
-	-	-	-	-	26,215	645,291
-	-	-	-	-	-	683,175
1,536,457	-	-	-	-	-	1,727,810
176,958	-	-	-	280,000	-	1,267,171
168,215	-	-	-	22,600	-	281,426
1,942,863	198,202	-	232,133	302,600	742,493	9,832,917
(764,715)	(141,417)	568,437	(148,850)	(9,572)	(85,271)	(1,170,342)
-	-	-	-	-	-	8,323
1,300,750	-	-	-	-	-	1,764,612
-	-	-	108,000	-	237,000	1,376,386
-	-	(450,000)	-	-	(104,625)	(1,272,375)
1,300,750	-	(450,000)	108,000	-	132,375	1,876,946
536,035	(141,417)	118,437	(40,850)	(9,572)	47,104	706,604
412,337	141,417	531,876	(279,921)	54,873	555,238	4,160,542
948,372	-	650,313	(320,771)	45,301	602,342	4,867,146

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 706,604
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	1,742,965
Depreciation Expense	(557,346)
Disposals - Cost	(39,513)
Disposals - Accumulated Depreciation	28,224
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(1,048,605)
Change in Deferred Items - Police Pension	677,687
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.	
Additions to Compensated Absences Payable	(66,219)
Deductions to Net Pension Liability - IMRF	1,147,848
Additions to Net Pension Liability - Police Pension	(1,238,993)
Issuance of Debt	(1,764,612)
Retirement of Debt	1,267,171
Amortization of Debt Related Items	9,922
Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(18,021)</u>
Changes in Net Position of Governmental Activities	<u><u>847,112</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2018**

See Following Page

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Fund
April 30, 2018**

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 866,042
Receivables - Net of Allowances	<u>419,035</u>
Total Current Assets	<u>1,285,077</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	828,000
Depreciable	13,780,124
Accumulated Depreciation	<u>(7,139,030)</u>
Total Noncurrent Assets	<u>7,469,094</u>
Total Assets	8,754,171
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>71,721</u>
Total Assets and Deferred Outflows of Resources	<u>8,825,892</u>

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

	<u>Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 90,588
Accrued Payroll	32,022
Accrued Interest Payable	1,444
Current Portion of Long-Term Debt	<u>399,310</u>
Total Current Liabilities	<u>523,364</u>
Noncurrent Liabilities	
Compensated Absences Payable	55,812
Net Pension Liability - IMRF	107,318
General Obligation Bonds Payable - Net	805,000
Notes Payable	<u>666,573</u>
Total Noncurrent Liabilities	<u>1,634,703</u>
Total Liabilities	<u>2,158,067</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>262,131</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,420,198</u>
NET POSITION	
Net Investment in Capital Assets	5,612,164
Unrestricted	<u>793,530</u>
Total Net Position	<u><u>6,405,694</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Fiscal Year Ended April 30, 2018**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 2,374,543</u>
Operating Expenses	
Operations	1,739,587
Depreciation	<u>280,197</u>
Total Operating Expenses	<u>2,019,784</u>
Operating Income	<u>354,759</u>
Nonoperating Revenues (Expenses)	
Interest Income	13,569
Interest Expense	<u>(57,883)</u>
	<u>(44,314)</u>
Income Before Transfers	310,445
Transfers Out	<u>(104,011)</u>
Change in Net Position	206,434
Net Position - Beginning	<u>6,199,260</u>
Net Position - Ending	<u><u>6,405,694</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended April 30, 2018**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,406,613
Payments to Employees	(714,152)
Payments to Suppliers	<u>(976,407)</u>
	<u>716,054</u>
Cash Flows from Noncapital Financing Activities	
Transfers Out	<u>(104,011)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(13,918)
Principal Retirement	(374,301)
Interest Payments	<u>(57,883)</u>
	<u>(446,102)</u>
Cash Flows from Investing Activities	
Interest Received	<u>13,569</u>
Net Change in Cash and Cash Equivalents	179,510
Cash and Cash Equivalents - Beginning	<u>686,532</u>
Cash and Cash Equivalents - Ending	<u><u>866,042</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	354,759
Adjustments to Reconcile Operating Income to Net Income	
to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	280,197
Other Expenses	1,089
(Increase) Decrease in Current Assets	32,070
Increase (Decrease) in Current Liabilities	<u>47,939</u>
Net Cash Provided by Operating Activities	<u><u>716,054</u></u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Fiduciary Net Position
April 30, 2018**

	<u>Trusts</u>	<u>Agency</u>
ASSETS		
Cash and Cash Equivalents	\$ 263,536	30,624
Investments		
U.S. Treasuries	682,127	-
U.S. Agencies	3,072,210	-
Corporate Bonds	436,797	-
Common Stock	740,851	-
Mutual Funds	5,446,338	-
Receivables		
Accrued Interest	39,200	-
Due from Other Funds	274,534	-
Other	89,606	-
Prepays	<u>3,633</u>	<u>-</u>
Total Assets	<u>11,048,832</u>	<u>30,624</u>
LIABILITIES		
Accounts Payable	2,191	-
Due to Bondholders	<u>-</u>	<u>30,624</u>
Total Liabilities	<u>2,191</u>	<u>30,624</u>
NET POSITION		
Net Position Restricted for Pensions	<u>11,046,641</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, 2018**

	<u>Trusts</u>
Additions	
Contributions - Employer	\$ 547,123
Contributions - Plan Members	<u>141,362</u>
Total Contributions	<u>688,485</u>
Investment Income	
Interest Earned	642,106
Net Change in Fair Value	<u>-</u>
	642,106
Less Investment Expenses	<u>(26,385)</u>
Net Investment Income	<u>615,721</u>
Miscellaneous	<u>6,383</u>
Total Additions	<u>1,310,589</u>
Deductions	
Administration	21,027
Benefits and Refunds	740,962
Other Charges and Services	<u>5,184</u>
Total Deductions	<u>767,173</u>
Change in Fiduciary Net Position	543,416
Net Position Restricted for Pensions	
Beginning	<u>10,503,225</u>
Ending	<u>11,046,641</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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

Police Pension Employees Retirement System

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2018

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, 2018

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, 2018

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. The TIF #3 South Fund was closed at the end of the fiscal year. The Police Protection Fund, a major fund, is used to account for real estate taxes collected for the police force. The Liability Insurance Fund, a major fund, is used to account for insurance.

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

Proprietary Funds

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018**

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, 2018**

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Interfund Receivables, Payables and Activity

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

Receivables

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

Prepays – Land Held for Resale

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

Capital Assets

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Net Position

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Unexpected budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at the budgetary line item level.
- The budget amounts shown in the financial statements are the final authorized amounts as no supplementary appropriations were necessary during the year.

DEFICIT FUND BALANCES

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

Fund	Deficit
Park	\$ 876,530
Liability Insurance	320,771
Road and Bridge	128,430
Social Security	15,277
Regional Transportation Authority	231,614
Audit	48,160

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	\$ 361,035
Harvard Diggins Library	205,372
TIF #1 Downtown Redvelopment	1,470
TIF #2 Industrial Park	1,710,363
TIF# 3 South	198,202
Liability Insurance	17,133
Debt Service	7,600
Police Pension	761,989

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, 2018

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, 2018

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 \$4,002,991 and the bank balances totaled \$4,166,959. In addition, the City has \$5,137 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 was rated AAAM by Standard & Poor's.

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

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

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

Interest in Delos F. Diggins Trust – Designated Fund

As of April 30, 2018, the Library has a balance of \$1,136,812 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, 2018**

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 \$188,753 and the bank balances totaled \$188,810.

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	\$ 682,127	174,406	483,237	24,484	-
U.S. Agencies	3,072,210	154,893	545,118	1,810,888	561,311
Corporate Bonds	436,797	27,996	108,505	300,296	-
Municipal Bonds	740,851	190,320	232,564	275,789	42,178
	4,931,985	547,615	1,369,424	2,411,457	603,489

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

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 682,127	682,127	-	-
U.S. Agencies	3,072,210	-	3,072,210	-
Corporate Bonds	436,797	-	436,797	-
Municipal Bonds	740,851	-	740,851	-
Equity Securities				
Mutual Funds	5,446,338	5,446,338	-	-
Total Investments by Fair Value Level	10,378,323	6,128,465	4,249,858	-

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2018

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 treasuries and agencies were all unrated and the investments in the corporate bonds were rated A3 to Aaa by Moody's and the municipal bonds were rated A3 to AA+ by Standard and Poor's and Moody's or not rated.

Custodial Credit Risk. The Fund's investment policy states that assets may be invested in savings accounts or certificates of deposit of a national or bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. At April 30, 2018, 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 \$5,446,338 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements

April 30, 2018

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	50.00%	1.20%
Domestic Equities	10.00% - 35.00%	6.40% - 8.30%
International Equities	5.00%	6.20%
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 2018 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, 2018 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.89%. 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, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 8,824,157	-	-	8,824,157
Construction in Progress	-	21,444	-	21,444
	<u>8,824,157</u>	<u>21,444</u>	<u>-</u>	<u>8,845,601</u>
Depreciable Capital Assets				
Infrastructure	11,334,609	1,594,033	-	12,928,642
Buildings and Improvements	4,741,799	-	-	4,741,799
Machinery and Equipment	959,288	41,954	-	1,001,242
Vehicles	1,184,975	85,534	39,513	1,230,996
Harvard Diggins Library	191,591	-	-	191,591
	<u>18,412,262</u>	<u>1,721,521</u>	<u>39,513</u>	<u>20,094,270</u>
Less Accumulated Depreciation				
Infrastructure	2,193,556	338,543	-	2,532,099
Buildings and Improvements	1,347,496	100,234	-	1,447,730
Machinery and Equipment	836,362	50,198	-	886,560
Vehicles	1,044,603	63,942	28,224	1,080,321
Harvard Diggins Library	185,482	4,429	-	189,911
	<u>5,607,499</u>	<u>557,346</u>	<u>28,224</u>	<u>6,136,621</u>
Total Net Depreciable Capital Assets	<u>12,804,763</u>	<u>1,164,175</u>	<u>11,289</u>	<u>13,957,649</u>
Total Net Capital Assets	<u>21,628,920</u>	<u>1,185,619</u>	<u>11,289</u>	<u>22,803,250</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 217,365
Public Safety	150,483
Public Works	167,204
Culture and Recreation	22,294
	<u>557,346</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements

April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 828,000	-	-	828,000
Depreciable Capital Assets				
Infrastructure	2,219,057	-	-	2,219,057
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,553,803	13,918	-	1,567,721
Vehicles	140,750	-	-	140,750
	<u>13,766,206</u>	<u>13,918</u>	<u>-</u>	<u>13,780,124</u>
Less Accumulated Depreciation				
Infrastructure	381,560	53,913	-	435,473
Buildings and Improvements	4,894,504	197,052	-	5,091,556
Swimming Pool	-	-	-	-
Machinery and Equipment	1,442,019	29,232	-	1,471,251
Vehicles	140,750	-	-	140,750
	<u>6,858,833</u>	<u>280,197</u>	<u>-</u>	<u>7,139,030</u>
Total Net Depreciable Capital Assets	<u>6,907,373</u>	<u>(266,279)</u>	<u>-</u>	<u>6,641,094</u>
Total Net Capital Assets	<u>7,735,373</u>	<u>(266,279)</u>	<u>-</u>	<u>7,469,094</u>

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

Water and Sewer \$ 280,197

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Park	\$ 897,756
General	Liability Insurance	409,312
General	Debt Service	100,049
General	Nonmajor Governmental	538,441
Police Pension	General	<u>274,534</u>
		<u>2,220,092</u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Police Protection	\$ 450,000
General	Nonmajor Governmental	93,000
General	Water and Sewer	96,511
Park	General	57,750
Park	Nonmajor Governmental	11,625
Park	Water and Sewer	7,500
TIF #1 Downtown Redevelopment	General	315,000
Liability Insurance	General	108,000
Nonmajor Governmental	General	<u>237,000</u>
		<u>1,376,386</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, 2018

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 2011A, due in annual installments of \$145,000 to \$180,000 plus interest at 1.70% to 3.85% through December 1, 2018.	Water and Sewer	\$ 180,000	-	90,000	90,000
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	565,000	-	280,000	285,000
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 #1	2,600,000	-	330,000	2,270,000

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 #2	\$ 1,605,000	-	145,000	1,460,000
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.	Water and Sewer	305,000	-	150,000	155,000
General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A, due in annual installments of \$105,000 to \$125,000 plus interest at 1.50% to 2.30% through May 1, 2026.	Water and Sewer	1,020,000	-	105,000	915,000
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>8,905,000</u>	<u>-</u>	<u>1,100,000</u>	<u>7,805,000</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 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	\$ 480,213	-	480,213	-
Note Payable of 2017, due in monthly installments of \$4,550, plus a balloon payment of \$576,218, including interest at 3.50% through March 28, 2022.	Water and Sewer	726,231	-	29,301	696,930
Note Payable of 2017, due in monthly installments of \$23,957, plus a balloon payment of \$1,080,699 including interest at 4.125% through July 6, 2022.	TIF #2	-	1,300,750	31,958	1,268,792
Note Payable of 2018, due in quarterly installments of \$10,758, plus a balloon payment of \$353,825 including interest at 4.55% through April 17, 2023.	General	-	463,862	-	463,862
		<u>1,206,444</u>	<u>1,764,612</u>	<u>541,472</u>	<u>2,429,584</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 176,880	132,438	66,219	243,099	48,620
Net Pension Liability - IMRF	1,554,785	-	1,147,848	406,937	-
Net Pension Liability - Police Pension	8,381,588	1,238,993	-	9,620,581	-
Notes Payable	480,213	1,764,612	512,171	1,732,654	66,175
General Obligation Bonds	7,400,000	-	755,000	6,645,000	960,000
Plus/Less Unamortized Items:					
Premium	119,062	-	9,922	109,140	-
	<u>18,112,528</u>	<u>3,136,043</u>	<u>2,491,160</u>	<u>18,757,411</u>	<u>1,074,795</u>
Business-Type Activities					
Compensated Absences	50,288	38,954	19,477	69,765	13,953
Net Pension Liability - IMRF	375,518	-	268,200	107,318	-
General Obligation Bonds	1,505,000	-	345,000	1,160,000	355,000
Notes Payable	726,231	-	29,301	696,930	30,357
	<u>2,657,037</u>	<u>38,954</u>	<u>661,978</u>	<u>2,034,013</u>	<u>399,310</u>

For the governmental activities, the compensated absences and the net pension liabilities, are liquidated by the General Fund. The notes payable are being liquidated by the General Fund and the TIF #2 Industrial Park 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, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation		Notes		General Obligation		Notes	
	Bonds		Payable		Bonds		Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 960,000	203,815	66,175	72,684	355,000	24,714	30,357	24,243
2020	700,000	176,441	69,006	69,855	110,000	15,722	31,389	23,211
2021	715,000	157,290	72,066	66,794	115,000	14,074	32,584	22,015
2022	735,000	137,690	75,206	63,653	110,000	12,060	602,600	19,118
2023	750,000	117,380	1,450,201	27,740	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	-	-	-	-	-	-	-	-
Totals	6,645,000	1,113,156	1,732,654	300,726	1,160,000	93,150	696,930	88,587

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 \$987,431. 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 - 2017	<u>\$ 108,220,483</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>9,334,017</u>
Amount of Debt Applicable to Limit	
General Obligation Refunding Bonds of 2011B	285,000
Note Payable of 2018	<u>463,862</u>
	<u>748,862</u>
Legal Debt Margin	<u>8,585,155</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 22,803,250
Less Capital Related Debt:	
General Obligation Bonds	(6,645,000)
Unamortized Premium	(109,140)
Notes Payable	<u>(1,732,654)</u>
Net Investment in Capital Assets	<u><u>14,316,456</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	7,469,094
Less Capital Related Debt:	
General Obligation Bonds	(1,160,000)
Notes Payable	<u>(696,930)</u>
Net Investment in Capital Assets	<u><u>5,612,164</u></u>

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.

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

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

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

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

	Special Revenue Funds									Totals
	General	Harvard Diggins Library	Park	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Police Protection	Liability Insurance	Debt Service	Nonmajor	
Fund Balances										
Nonspendable										
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	-	-	143,000
Prepays	-	-	-	-	-	-	52,541	-	-	52,541
	<u>143,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,541</u>	<u>-</u>	<u>-</u>	<u>195,541</u>
Restricted										
Property Taxes										
Public Library	-	154,080	-	-	-	-	-	-	-	154,080
TIF Districts	-	-	-	51,628	948,372	-	-	-	-	1,000,000
Police Protection	-	-	-	-	-	650,313	-	-	-	650,313
IMRF	-	-	-	-	-	-	-	-	101,693	101,693
Special Recreation	-	-	-	-	-	-	-	-	155,781	155,781
Motor Fuel Taxes	-	-	-	-	-	-	-	-	315,565	315,565
Welfare Services	-	-	-	-	-	-	-	-	9,151	9,151
Revolving Loan	-	-	-	-	-	-	-	-	219,881	219,881
Off Street Parking	-	-	-	-	-	-	-	-	223,752	223,752
Debt Service	-	-	-	-	-	-	-	45,301	-	45,301
	<u>-</u>	<u>154,080</u>	<u>-</u>	<u>51,628</u>	<u>948,372</u>	<u>650,313</u>	<u>-</u>	<u>45,301</u>	<u>1,025,823</u>	<u>2,875,517</u>
Unassigned	3,469,411	-	(876,530)	-	-	-	(373,312)	-	(423,481)	1,796,088
Total Fund Balances	<u>3,612,411</u>	<u>154,080</u>	<u>(876,530)</u>	<u>51,628</u>	<u>948,372</u>	<u>650,313</u>	<u>(320,771)</u>	<u>45,301</u>	<u>602,342</u>	<u>4,867,146</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED ORGANIZATIONS

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2018

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. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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, 2018**

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, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	50
Inactive Plan Members Entitled to but not yet Receiving Benefits	17
Active Plan Members	<u>26</u>
Total	<u>93</u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2018, the City’s contribution was 13.59% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2017. 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, 2018**

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, 2017, 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	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements

April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	8.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 1,907,691	514,255	(642,128)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 (A) - (B)
Balances at December 31, 2016	\$ 11,231,652	9,301,349	1,930,303
Changes for the Year:			
Service Cost	210,042	-	210,042
Interest on the Total Pension Liability	833,165	-	833,165
Difference Between Expected and Actual Experience of the Total Pension Liability	(351,359)	-	(351,359)
Changes of Assumptions	(344,523)	-	(344,523)
Contributions - Employer	-	215,082	(215,082)
Contributions - Employees	-	77,145	(77,145)
Net Investment Income	-	1,613,714	(1,613,714)
Benefit Payments, including Refunds of Employee Contributions	(455,622)	(455,622)	-
Other (Net Transfer)	-	(142,568)	142,568
Net Changes	(108,297)	1,307,751	(1,416,048)
Balances at December 31, 2017	11,123,355	10,609,100	514,255

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

For the year ended April 30, 2018, the City recognized pension expense of \$119,243. At April 30, 2018, 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, 2018**

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	\$ -	(257,195)	(257,195)
Change in Assumptions	2,353	(256,842)	(254,489)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>271,433</u>	<u>(742,069)</u>	<u>(470,636)</u>
Total Pension Expense to be Recognized in Future Periods	273,786	(1,256,106)	(982,320)
Pension Contributions Made Subsequent to the Measurement Date	<u>69,892</u>	-	<u>69,892</u>
Total Deferred Amounts Related to IMRF	<u><u>343,678</u></u>	<u><u>(1,256,106)</u></u>	<u><u>(912,428)</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 (Inflows) of Resources
2019	\$ (303,858)
2020	(286,096)
2021	(206,848)
2022	(185,518)
2023	-
Thereafter	<u>-</u>
Total	<u><u>(982,320)</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018, 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>28</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, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding 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, 2018, the City's contribution was 36.39% of covered payroll.

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018, 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 5.91% 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 3.97%, and the resulting single discount rate is 5.94%.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
Net Pension Liability	\$ 13,248,761	9,620,581	6,748,883

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2017	\$ 18,722,441	10,340,853	8,381,588
Changes for the Year:			
Service Cost	465,305	-	465,305
Interest on the Total Pension Liability	1,137,819	-	1,137,819
Difference Between Expected and Actual Experience of the Total Pension Liability	107,438	-	107,438
Changes of Assumptions	810,792	-	810,792
Contributions - Employer	-	547,123	(547,123)
Contributions - Employees	-	141,362	(141,362)
Net Investment Income	-	614,903	(614,903)
Benefit Payments, including Refunds of Employee Contributions	(740,962)	(740,962)	-
Administrative Expense	-	(21,027)	21,027
Net Changes	1,780,392	541,399	1,238,993
Balances at April 30, 2018	20,502,833	10,882,252	9,620,581

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018, the City recognized pension expense of \$1,108,429. At April 30, 2018, 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	\$ 327,929	(185,587)	142,342
Change in Assumptions	1,714,822	(397,452)	1,317,370
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	333,012	(62,123)	270,889
Total Deferred Amounts Related to Police Pension	<u>2,375,763</u>	<u>(645,162)</u>	<u>1,730,601</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
2019	\$ 346,873
2020	346,873
2021	222,903
2022	243,608
2023	222,342
Thereafter	<u>348,002</u>
Total	<u>1,730,601</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The City has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the City are required to pay 100% of the current premium. However, there is minimal participation. As the City 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 Post-employment Benefits Other Than Pensions*. Therefore, the City has not recorded a liability as of April 30, 2018.

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
 - Police Protection – Special Revenue Fund
 - Liability Insurance – Special Revenue Fund

Notes to the Required Supplementary Information

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 241,709	\$ 241,709	\$ -	\$ 1,732,680	13.95%
2017	257,162	257,162	-	1,850,083	13.90%
2018	217,397	217,397	-	1,599,863	13.59%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 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. Information for additional years will be displayed as it becomes available.

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 515,553	\$ 461,768	\$ (53,785)	\$ 1,374,078	33.61%
2016	615,778	494,853	(120,925)	1,597,630	30.97%
2017	633,995	523,007	(110,988)	1,459,732	35.83%
2018	677,838	547,123	(130,715)	1,503,524	36.39%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	2.50% - 24.58%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	MP-2016 Mortality Table

Note:

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2018**

	12/31/15	12/31/16	12/31/17
Total Pension Liability			
Service Cost	\$ 201,265	200,405	210,042
Interest	755,651	793,814	833,165
Differences Between Expected and Actual Experience	(23,363)	(39,424)	(351,359)
Change of Assumptions	26,182	(55,229)	(344,523)
Benefit Payments, Including Refunds of Member Contributions	(424,013)	(417,296)	(455,622)
Net Change in Total Pension Liability	535,722	482,270	(108,297)
Total Pension Liability - Beginning	10,213,660	10,749,382	11,231,652
Total Pension Liability - Ending	10,749,382	11,231,652	11,123,355
Plan Fiduciary Net Position			
Contributions - Employer	\$ 241,709	257,162	215,082
Contributions - Members	78,111	83,672	77,145
Net Investment Income	44,243	619,251	1,613,714
Benefit Payments, Including Refunds of Member Contributions	(424,013)	(417,296)	(455,622)
Other (Net Transfer)	25,503	(107,730)	(142,568)
Net Change in Plan Fiduciary Net Position	(34,447)	435,059	1,307,751
Plan Net Position - Beginning	8,900,737	8,866,290	9,301,349
Plan Net Position - Ending	8,866,290	9,301,349	10,609,100
Employer's Net Pension Liability	\$ 1,883,092	1,930,303	514,255
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.48%	82.81%	95.38%
Covered Payroll	\$ 1,732,680	1,850,083	1,593,192
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	108.68%	104.34%	32.28%

Note:

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2018**

	4/30/15	4/30/16	4/30/17	4/30/18
Total Pension Liability				
Service Cost	\$ 434,997	408,451	438,140	465,305
Interest	958,677	964,580	1,097,394	1,137,819
Differences Between Expected and Actual Experience	-	(282,415)	302,591	107,438
Change of Assumptions	-	1,517,844	(516,450)	810,792
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)	(598,285)	(740,962)
Net Change in Total Pension Liability	916,985	2,072,123	723,390	1,780,392
Total Pension Liability - Beginning	15,009,943	15,926,928	17,999,051	18,722,441
Total Pension Liability - Ending	15,926,928	17,999,051	18,722,441	20,502,833
Plan Fiduciary Net Position				
Contributions - Employer	\$ 461,768	494,853	523,007	547,123
Contributions - Members	135,471	140,321	142,810	141,362
Net Investment Income	565,091	42,641	773,420	614,903
Benefit Payments, Including Refunds of Member Contributions	(476,689)	(536,337)	(598,285)	(740,962)
Administrative Expense	113,257	(21,733)	(22,135)	(21,027)
Net Change in Plan Fiduciary Net Position	798,898	119,745	818,817	541,399
Plan Net Position - Beginning as Restated	8,626,994	9,425,892	9,522,036	10,340,853
Plan Net Position - Ending	9,425,892	9,545,637	10,340,853	10,882,252
Employer's Net Pension Liability	\$ 6,501,036	8,453,414	8,381,588	9,620,581
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.18%	53.03%	55.23%	53.08%
Covered Payroll	\$ 1,374,078	1,597,630	1,459,732	1,503,524
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	473.12%	529.12%	574.19%	639.87%

Note:

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2018**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.05%
2016	(1.63%)
2017	7.94%
2018	5.89%

Note:

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

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,139,000	1,139,000	1,649,851
Licenses and Permits	489,610	489,610	471,166
Intergovernmental	2,459,000	2,459,000	2,491,041
Interest	10,000	10,000	29,958
Miscellaneous	328,000	328,000	490,439
Total Revenues	4,425,610	4,425,610	5,132,455
Expenditures			
General Government	901,550	901,550	1,012,058
Public Safety	3,163,340	3,163,340	3,008,140
Public Works	675,150	675,150	619,076
Capital Outlay	155,000	155,000	164,447
Debt Service			
Principal Retirement	20,000	20,000	480,213
Interest and Fiscal Charges	22,000	22,000	14,141
Total Expenditures	4,937,040	4,937,040	5,298,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(511,430)	(511,430)	(165,620)
Other Financing Sources (Uses)			
Disposal of Capital Assets	7,500	7,500	8,323
Debt Issuance	-	-	463,862
Transfers In	829,000	829,000	639,511
Transfers Out	(852,000)	(852,000)	(717,750)
	(15,500)	(15,500)	393,946
Net Change in Fund Balance	(526,930)	(526,930)	228,326
Fund Balance - Beginning			3,384,085
Fund Balance - Ending			3,612,411

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 234,465	234,465	237,707
Intergovernmental			
Replacement Tax	13,000	13,000	12,104
Grants and Donations	-	-	9,765
Charges for Services	-	-	171,358
Interest	-	-	47
Miscellaneous	-	-	394
Total Revenues	<u>247,465</u>	<u>247,465</u>	<u>431,375</u>
Expenditures			
Culture and Recreation	<u>252,465</u>	<u>252,465</u>	<u>457,837</u>
Net Change in Fund Balance	<u>(5,000)</u>	<u>(5,000)</u>	(26,462)
Fund Balance - Beginning			<u>180,542</u>
Fund Balance - Ending			<u><u>154,080</u></u>

CITY OF HARVARD, ILLINOIS

Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 73,225	73,225	75,777
Amusement Taxes	8,000	8,000	7,524
Charges for Services	89,308	89,308	78,051
Interest	400	400	1,589
Miscellaneous	1,500	1,500	12,280
Total Revenues	<u>172,433</u>	<u>172,433</u>	<u>175,221</u>
Expenditures			
Culture and Recreation			
Salaries	155,798	155,798	122,483
Insurance	8,100	8,100	12,396
Contractual Services	34,726	34,726	33,957
Commodities	55,144	55,144	45,791
Other	14,300	14,300	10,711
Capital Outlay	6,865	6,865	26,906
	<u>274,933</u>	<u>274,933</u>	<u>252,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,500)	(102,500)	(77,023)
Other Financing Sources			
Transfers In	<u>102,500</u>	<u>102,500</u>	<u>76,875</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(148)
Fund Balance - Beginning			<u>(876,382)</u>
Fund Balance - Ending			<u><u>(876,530)</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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 77,000	77,000	85,644
Interest	-	-	977
Total Revenues	<u>77,000</u>	<u>77,000</u>	<u>86,621</u>
Expenditures			
Debt Service			
Principal	330,000	330,000	330,000
Interest	62,000	62,000	76,470
	<u>392,000</u>	<u>392,000</u>	<u>406,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(315,000)	(315,000)	(319,849)
Other Financing Sources			
Transfers In	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(4,849)
Fund Balance - Beginning			<u>56,477</u>
Fund Balance - Ending			<u>51,628</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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 230,000	230,000	251,381
Intergovernmental			
Grants	-	-	909,974
Interest	2,500	2,500	16,793
Total Revenues	<u>232,500</u>	<u>232,500</u>	<u>1,178,148</u>
Expenditures			
General Government			
Contractual Services	-	-	61,233
Capital Projects	-	-	1,536,457
Debt Service			
Principal	176,958	176,958	176,958
Interest	55,542	55,542	168,215
Total Expenditures	<u>232,500</u>	<u>232,500</u>	<u>1,942,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(764,715)
Other Financing Sources			
Debt Issuance	-	-	1,300,750
Net Change in Fund Balance	<u>-</u>	<u>-</u>	536,035
Fund Balance - Beginning			<u>412,337</u>
Fund Balance - Ending			<u><u>948,372</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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 110,000	110,000	54,468
Interest	1,500	1,500	2,317
Total Revenues	111,500	111,500	56,785
Expenditures			
General Government			
Contractual Services	-	-	198,202
Net Change in Fund Balance	111,500	111,500	(141,417)
Fund Balance - Beginning			141,417
Fund Balance - Ending			-

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 600,000	600,000	568,415
Interest	-	-	22
Total Revenues	600,000	600,000	568,437
Expenditures			
Public Safety			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	600,000	600,000	568,437
Other Financing (Uses)			
Transfers Out	(600,000)	(600,000)	(450,000)
Net Change in Fund Balance	-	-	118,437
Fund Balance - Beginning			531,876
Fund Balance - Ending			650,313

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 71,000	71,000	71,151
Interest	-	-	2
Miscellaneous	-	-	12,130
Total Revenues	71,000	71,000	83,283
Expenditures			
General Government			
Contractual Services	215,000	215,000	232,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,000)	(144,000)	(148,850)
Other Financing Sources			
Transfers In	144,000	144,000	108,000
Net Change in Fund Balance	-	-	(40,850)
Fund Balance - Beginning			(279,921)
Fund Balance - Ending			(320,771)

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Harvard Diggins Library Fund

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

Park Fund

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

TIF #1 Downtown Fund

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

TIF #2 Industrial Park Fund

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

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

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

Debt Service Fund

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

ENTERPRISE FUND

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

Water and Sewer Fund

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

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, 2018**

	Budget		Actual
	Original	Final	
Taxes			
Property	\$ 430,000	430,000	938,990
Video Gaming Tax	108,000	108,000	127,973
Electric Tax	300,000	300,000	313,101
Hotel/Motel Tax	16,000	16,000	18,983
Nicor Utility Tax	100,000	100,000	105,462
Telephone Tax	185,000	185,000	145,342
	<u>1,139,000</u>	<u>1,139,000</u>	<u>1,649,851</u>
Licenses and Fees			
Liquor License	50,110	50,110	78,075
Contractors License	10,000	10,000	12,175
Building Permits	20,000	20,000	39,761
Police DUI Fines	6,000	6,000	5,492
Police Fines/Tickets	220,000	220,000	166,061
Zoning/Platting Fees	3,000	3,000	10,100
Cable Franchise Fees	62,000	62,000	64,889
Highway Stickers	3,500	3,500	2,030
Parking Permits	115,000	115,000	92,583
	<u>489,610</u>	<u>489,610</u>	<u>471,166</u>
Intergovernmental			
State Income Tax	940,000	940,000	855,325
Use Tax	235,000	235,000	247,300
Sales Tax	1,190,000	1,190,000	1,198,864
Replacement Tax	90,000	90,000	103,925
Grants	4,000	4,000	85,627
	<u>2,459,000</u>	<u>2,459,000</u>	<u>2,491,041</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Interest			
Investment Income	10,000	10,000	29,958
Miscellaneous			
Health Insurance Reimbursements	37,000	37,000	42,859
Police Reimbursements	63,000	63,000	66,518
Escrow from Developers	1,000	1,000	4,393
Donations/Events	150,000	150,000	344,438
Miscellaneous	77,000	77,000	32,231
	328,000	328,000	490,439
Total Revenues	4,425,610	4,425,610	5,132,455

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 117,000	117,000	133,410
Salaries - Clerical	86,000	86,000	91,619
Overtime	500	500	-
Health Insurance	71,000	71,000	60,689
Training Seminars	1,000	1,000	-
Expense Mayors	1,800	1,800	1,800
Travel Expense	5,000	5,000	2,340
Attorney Fees	60,000	60,000	29,747
Professional Fees	50,000	50,000	46,454
Engineering Fees	15,000	15,000	27,299
Printing	1,500	1,500	499
Building/Grounds Maintenance	60,000	60,000	75,906
Service Agreements	8,500	8,500	4,685
Equipment Maintenance	8,000	8,000	5,801
Office Supplies	10,000	10,000	7,440
Postage	5,000	5,000	6,002
Dues & Subscriptions	7,500	7,500	6,919
Public Notices	5,500	5,500	4,890
Publications	2,500	2,500	226
Telephone	4,000	4,000	6,680
Garbage Stickers	3,500	3,500	2,080
Miscellaneous	4,000	4,000	17,655
Economic Development	65,000	65,000	65,000
Events Program	125,000	125,000	225,796
	<u>717,300</u>	<u>717,300</u>	<u>822,937</u>
Building Services			
Salaries	126,000	126,000	130,039
Health Insurance	45,000	45,000	51,187
Training	1,500	1,500	1,550
Uniforms	750	750	236
Vehicle Maintenance	1,500	1,500	1,084
Nuisance/Investigations	7,500	7,500	4,385
Gas, Oil, Grease	2,000	2,000	640
	<u>184,250</u>	<u>184,250</u>	<u>189,121</u>
Total General Government	<u>901,550</u>	<u>901,550</u>	<u>1,012,058</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,581,500	1,581,500	1,457,669
Salaries - Clerical	114,000	114,000	109,834
Pension Contribution	530,000	530,000	547,123
Crossing Guards	12,000	12,000	12,009
Overtime	220,000	220,000	213,871
Health Insurance	310,000	310,000	283,818
Health Exams	1,000	1,000	-
Training & Seminars	3,500	3,500	3,187
Uniforms	18,500	18,500	18,106
Attorney Fees	55,000	55,000	51,789
Professional Fees	217,000	217,000	227,564
Vehicle Maintenance	15,000	15,000	11,555
Equipment Maintenance	9,000	9,000	8,835
Radio Maintenance	1,500	1,500	718
Advertising	-	-	18
Ammunition	3,500	3,500	2,501
Supplies	3,000	3,000	2,374
Office Supplies	5,000	5,000	4,031
Investigation/Film/Etc.	3,500	3,500	2,551
Dues, Subscriptions	2,200	2,200	1,360
Telephones	10,640	10,640	9,338
Gas, Oil, Grease	35,000	35,000	27,654
Police Commission Expense	2,000	2,000	2,405
Miscellaneous	2,000	2,000	1,981
Special Programs	8,500	8,500	7,849
Total Public Safety	3,163,340	3,163,340	3,008,140
Public Works			
Highways and Streets			
Salaries	303,000	303,000	286,059
Overtime Street	15,000	15,000	11,838
Health Insurance	77,000	77,000	97,791
Training & Seminars	2,000	2,000	1,503
Travel Expense	150	150	-
Uniforms	3,000	3,000	2,478

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 5,000	5,000	2,145
Parking Lot Maintenance	30,000	30,000	13,745
Vehicle/Equipment Maintenance	35,000	35,000	19,263
Building/Grounds Maintenance	5,000	5,000	2,578
Radio Maintenance	500	500	-
Tree Planting/Removal	35,000	35,000	37,547
Tools	2,500	2,500	2,276
Barricades	2,000	2,000	1,652
Supplies & Materials	2,500	2,500	1,575
Telephone	3,500	3,500	3,244
Electricity	110,000	110,000	98,854
Gas, Oil, Grease	20,000	20,000	22,903
Street Signs	4,000	4,000	2,520
Street Decorations	2,000	2,000	907
Miscellaneous	18,000	18,000	10,198
Total Public Works	675,150	675,150	619,076
Capital Outlay			
General Government	23,000	23,000	26,462
Public Safety	88,000	88,000	96,124
Public Works	44,000	44,000	41,861
Total Capital Outlay	155,000	155,000	164,447
Debt Service			
Principal	20,000	20,000	480,213
Interest	22,000	22,000	14,141
Total Debt Service	42,000	42,000	494,354
Total Expenditures	4,937,040	4,937,040	5,298,075

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 169,000	169,000	160,698
Unemployment Taxes	250	250	2,017
Health Insurance	42,000	42,000	57,032
Auto Mileage	-	-	20
Automation/Consortium	-	-	18,441
Contract Services	-	-	4,829
D&O Insurance	-	-	1,468
Dues/Fees/Charges	-	-	1,325
MCCF Grant	-	-	4,015
Postage	-	-	590
Programming/Adult	-	-	4,496
Programming/Youth:Kids Programming	-	-	942
Programming/Youth:Summer Reading Club	-	-	3,909
Public Information	-	-	1,045
Scholarships	-	-	1,000
Staff Development	-	-	72
Technology Charges	-	-	2,064
Technology Charges:Other Technology	-	-	393
Administration:Technology Upgrades	-	-	11,473
Administration Teen Splace Renovations	-	-	74,484
	<u>211,250</u>	<u>211,250</u>	<u>350,313</u>
Materials			
Audio Books	-	-	3,768
Books/Periodicals:Adult Books	-	-	8,914
Books/Periodicals:Childrens Books	-	-	3,716
Books/Periodicals:Newspapers/Magazines	-	-	2,410
Books/Periodicals:Young Adult Books	-	-	1,060
E-Media:Nook Books	-	-	17
E-Media:Oneclick Digital	-	-	4,390
E-Media:Overdrive Subscription	-	-	1,557
E-Media:Zinio Digital Magazines	-	-	2,804
Electronic Resources	-	-	3,871

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Materials - Continued			
Music Recordings	\$ -	-	43
Videos:Adult Movies	-	-	3,210
Videos:Childrens Movies	-	-	202
	-	-	35,962
Operating			
Contractual Services	27,365	27,365	21,204
Telephone	9,000	9,000	17,015
Utilities	450	450	472
Technology	4,400	4,400	4,710
Equipment	-	-	2,016
Maintenance/Building/Grnd	-	-	1,164
Maintenance/Equipment	-	-	2,060
Miscellaneous	-	-	12,701
Supplies - Library	-	-	2,163
Supplies - Office/Staff	-	-	2,684
Withdrawals For Sec/E. Jones	-	-	5,373
	41,215	41,215	71,562
Total Cutlure and Recreation Expenditures	252,465	252,465	457,837

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 295,000	295,000	293,016
Interest	-	-	12
Total Revenues	<u>295,000</u>	<u>295,000</u>	<u>293,028</u>
Expenditures			
Debt Service			
Principal Retirement	285,000	285,000	280,000
Interest and Fiscal Charges	10,000	10,000	22,600
Total Expenditures	<u>295,000</u>	<u>295,000</u>	<u>302,600</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(9,572)
Fund Balance - Beginning			<u>54,873</u>
Fund Balance - Ending			<u><u>45,301</u></u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2018

See Following Page

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2018

	Road and Bridge	Social Security	Illinois Municipal Retirement
ASSETS			
Cash and Investments	\$ -	-	41,276
Receivables			
Property Taxes	82,380	120,000	107,500
Other	-	-	6,667
Total Assets	<u>82,380</u>	<u>120,000</u>	<u>155,443</u>
LIABILITIES			
Liabilities			
Accounts Payable	-	730	-
Due to Other Funds	169,620	74,547	-
Total Liabilities	<u>169,620</u>	<u>75,277</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>41,190</u>	<u>60,000</u>	<u>53,750</u>
Total Liabilities and Deferred Inflows of Resources	<u>210,810</u>	<u>135,277</u>	<u>53,750</u>
FUND BALANCES			
Fund Balances			
Restricted	-	-	101,693
Unassigned	(128,430)	(15,277)	-
Total Fund Balances	<u>(128,430)</u>	<u>(15,277)</u>	<u>101,693</u>
Total Liabilities and Fund Balances	<u>82,380</u>	<u>120,000</u>	<u>155,443</u>

Regional Transportation Authority	Motor Fuel Tax	Audit	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
-	293,938	-	135,781	9,151	223,752	219,881	923,779
-	-	29,000	40,000	-	-	-	378,880
-	21,627	-	-	-	-	-	28,294
-	315,565	29,000	175,781	9,151	223,752	219,881	1,330,953
-	-	-	-	-	-	-	730
231,614	-	62,660	-	-	-	-	538,441
231,614	-	62,660	-	-	-	-	539,171
-	-	14,500	20,000	-	-	-	189,440
231,614	-	77,160	20,000	-	-	-	728,611
-	315,565	-	155,781	9,151	223,752	219,881	1,025,823
(231,614)	-	(48,160)	-	-	-	-	(423,481)
(231,614)	315,565	(48,160)	155,781	9,151	223,752	219,881	602,342
-	315,565	29,000	175,781	9,151	223,752	219,881	1,330,953

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, 2018**

	Road and Bridge	Social Security	Illinois Municipal Retirement
Revenues			
Taxes	\$ 79,701	119,166	105,956
Intergovernmental	9,316	-	29,373
Interest	-	5	4
Miscellaneous	-	1,147	-
Total Revenues	<u>89,017</u>	<u>120,318</u>	<u>135,333</u>
Expenditures			
General Government	-	255,585	217,397
Public Works	-	-	-
Culture and Recreation	-	-	-
Total Expenditures	<u>-</u>	<u>255,585</u>	<u>217,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>89,017</u>	<u>(135,267)</u>	<u>(82,064)</u>
Other Financing Sources (Uses)			
Transfers In	-	138,000	87,750
Transfers Out	<u>(63,000)</u>	<u>-</u>	<u>-</u>
	<u>(63,000)</u>	<u>138,000</u>	<u>87,750</u>
Net Change in Fund Balances	26,017	2,733	5,686
Fund Balances - Beginning	<u>(154,447)</u>	<u>(18,010)</u>	<u>96,007</u>
Fund Balances - Ending	<u><u>(128,430)</u></u>	<u><u>(15,277)</u></u>	<u><u>101,693</u></u>

Regional Transportation Authority	Motor Fuel Tax	Audit	Special Recreation	Welfare	Off Street Parking	Revolving Loan	Totals
-	-	29,414	39,741	-	-	-	373,978
522	229,998	-	-	5,265	-	-	274,474
-	4,035	1	2	130	-	3,236	7,413
-	-	-	-	10	-	200	1,357
522	234,033	29,415	39,743	5,405	-	3,436	657,222
-	-	-	-	-	-	40	473,022
11,641	231,615	-	-	-	-	-	243,256
-	-	-	22,221	3,994	-	-	26,215
11,641	231,615	-	22,221	3,994	-	40	742,493
(11,119)	2,418	29,415	17,522	1,411	-	3,396	(85,271)
11,250	-	-	-	-	-	-	237,000
-	-	(30,000)	(11,625)	-	-	-	(104,625)
11,250	-	(30,000)	(11,625)	-	-	-	132,375
131	2,418	(585)	5,897	1,411	-	3,396	47,104
(231,745)	313,147	(47,575)	149,884	7,740	223,752	216,485	555,238
(231,614)	315,565	(48,160)	155,781	9,151	223,752	219,881	602,342

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 71,000	71,000	79,701
Intergovernmental			
Replacement Taxes	13,000	13,000	9,316
Total Revenues	84,000	84,000	89,017
Expenditures			
General Government			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	84,000	84,000	89,017
Other Financing (Uses)			
Transfers Out	(84,000)	(84,000)	(63,000)
Net Change in Fund Balance	-	-	26,017
Fund Balance - Beginning			(154,447)
Fund Balance - Ending			(128,430)

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 130,000	130,000	119,166
Interest	-	-	5
Miscellaneous	-	-	1,147
Total Revenues	130,000	130,000	120,318
Expenditures			
General Government			
Contractual Services	314,000	314,000	255,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,000)	(184,000)	(135,267)
Other Financing Sources			
Transfers In	184,000	184,000	138,000
Net Change in Fund Balance	-	-	2,733
Fund Balance - Beginning			(18,010)
Fund Balance - Ending			(15,277)

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 106,000	106,000	105,956
Intergovernmental			
Replacement Taxes	37,000	37,000	29,373
Interest	-	-	4
Total Revenues	143,000	143,000	135,333
Expenditures			
General Government			
Contractual Services	260,000	260,000	217,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,000)	(117,000)	(82,064)
Other Financing Sources			
Transfers In	117,000	117,000	87,750
Net Change in Fund Balance	-	-	5,686
Fund Balance - Beginning			96,007
Fund Balance - Ending			101,693

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Reimbursements	\$ -	-	522
Expenditures			
General Government			
Contractual Services	15,000	15,000	11,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	(11,119)
Other Financing Sources			
Transfers In	15,000	15,000	11,250
Net Change in Fund Balance	-	-	131
Fund Balance - Beginning			(231,745)
Fund Balance - Ending			(231,614)

CITY OF HARVARD, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 225,000	225,000	229,998
Interest	1,000	1,000	4,035
Total Revenues	<u>226,000</u>	<u>226,000</u>	234,033
Expenditures			
Public Works			
Contractual Services	<u>265,000</u>	<u>265,000</u>	231,615
Net Change in Fund Balance	<u>(39,000)</u>	<u>(39,000)</u>	2,418
Fund Balance - Beginning			<u>313,147</u>
Fund Balance - Ending			<u>315,565</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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 40,000	40,000	29,414
Interest	-	-	1
Total Revenues	40,000	40,000	29,415
Expenditures			
General Government			
Contractual Services	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	40,000	29,415
Other Financing (Uses)			
Transfers Out	(40,000)	(40,000)	(30,000)
Net Change in Fund Balance	-	-	(585)
Fund Balance - Beginning			(47,575)
Fund Balance - Ending			(48,160)

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, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 39,000	39,000	39,741
Interest	-	-	2
Total Revenues	39,000	39,000	39,743
Expenditures			
Culture and Recreation			
Contractual Services	23,500	23,500	22,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,500	15,500	17,522
Other Financing (Uses)			
Transfers Out	(15,500)	(15,500)	(11,625)
Net Change in Fund Balance	-	-	5,897
Fund Balance - Beginning			149,884
Fund Balance - Ending			155,781

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, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 1,930,000	1,930,000	1,826,210
Tap On Fees	10,000	10,000	9,504
Sale Of Material	3,000	3,000	5,210
Penalties	45,000	45,000	46,011
Plumbing Fees	4,000	4,000	3,612
Maintenance	310,000	310,000	311,275
Moving Charge	2,500	2,500	2,320
Utility Tax	105,000	105,000	107,130
EPA License Fee	17,500	17,500	17,884
Miscellaneous	1,000	1,000	11,175
Water Tower Lease	34,212	34,212	34,212
Total Operating Revenues	<u>2,462,212</u>	<u>2,462,212</u>	<u>2,374,543</u>
Operating Expenses			
Water	1,063,650	1,063,650	987,971
Sewer Treatment	925,062	925,062	751,616
Depreciation	-	-	280,197
Total Operating Expenses	<u>1,988,712</u>	<u>1,988,712</u>	<u>2,019,784</u>
Operating Income	<u>473,500</u>	<u>473,500</u>	<u>354,759</u>
Nonoperating Revenues (Expenses)			
Grants	4,000	4,000	-
Interest Income	2,500	2,500	13,569
Interest Expense	(75,000)	(75,000)	(57,883)
	<u>(68,500)</u>	<u>(68,500)</u>	<u>(44,314)</u>
Income Before Transfers	405,000	405,000	310,445
Transfers Out	<u>(125,000)</u>	<u>(125,000)</u>	<u>(104,011)</u>
Change in Net Position	<u>280,000</u>	<u>280,000</u>	206,434
Net Position - Beginning			<u>6,199,260</u>
Net Position - Ending			<u>6,405,694</u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 366,000	366,000	376,726
O.T. Salaries	15,000	15,000	9,354
Compensated Absences	-	-	19,477
IMRF Pension Expense	-	-	1,089
Health Insurance	80,000	80,000	75,140
Training	500	500	259
Uniforms	2,000	2,000	2,507
Professional Fees	75,000	75,000	83,140
Engineering Fees	30,000	30,000	26,970
Vehicle Maintenance	3,500	3,500	4,203
Building Maintenance	35,000	35,000	33,829
Maintenance of Tower	25,000	25,000	24,680
Lift Station Maintenance	35,000	35,000	38,400
Equipment Maintenance	40,000	40,000	14,830
Lab Supplies	12,000	12,000	10,356
Material Purchases	3,500	3,500	1,812
Dues/Subscriptions	650	650	636
Telephone	12,000	12,000	3,795
Electricity	190,000	190,000	185,041
Fuel for Building, Gas	10,000	10,000	8,806
Gasoline, Oil, Grease	10,000	10,000	6,607
Chemicals	80,000	80,000	58,269
Miscellaneous	4,000	4,000	740
Payment To State	17,500	17,500	-
New Equipment	17,000	17,000	1,305
	<u>1,063,650</u>	<u>1,063,650</u>	<u>987,971</u>
Sewer Treatment			
Salaries	192,000	192,000	201,909
Salaries - Clerical	118,851	118,851	110,817
O.T. Salaries	15,000	15,000	15,346
Health Insurance	93,000	93,000	73,957
Uniforms	3,000	3,000	2,097
Professional Fees	100,000	100,000	97,500
Engineering Fees	-	-	905
Rent	25,000	25,000	-

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Vehicle Maintenance	\$ 25,000	25,000	19,891
Storm Sewer Maintenance	25,000	25,000	24,508
Sanitary Sewer Maintenance	35,000	35,000	22,130
Water Main Maintenance	58,000	58,000	58,656
Material Purchase	2,000	2,000	1,438
Office Supplies	2,500	2,500	1,351
Postage	8,000	8,000	7,988
Telephone	3,000	3,000	1,084
Gasoline, Oil, Grease	15,000	15,000	1,144
Miscellaneous	2,000	2,000	18,542
New Equipment	49,500	49,500	92,353
Infrastructure Expend	44,000	44,000	-
Contingency	109,211	109,211	-
	<u>925,062</u>	<u>925,062</u>	<u>751,616</u>
Depreciation	-	-	280,197
Total Operating Expenses	<u>1,988,712</u>	<u>1,988,712</u>	<u>2,019,784</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2018**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
ASSETS				
Cash and Cash Equivalents	\$ 188,753	61,863	12,920	263,536
Investments				
U.S. Treasuries	682,127	-	-	682,127
U.S. Agencies	3,072,210	-	-	3,072,210
Corporate Bonds	436,797	-	-	436,797
Municipal Bonds	740,851	-	-	740,851
Mutual Funds	5,446,338	-	-	5,446,338
Receivables				
Accrued Interest	39,200	-	-	39,200
Due from Other Funds	274,534	-	-	274,534
Other	-	89,606	-	89,606
Prepays	3,633	-	-	3,633
Total Assets	10,884,443	151,469	12,920	11,048,832
LIABILITIES				
Accounts Payable	2,191	-	-	2,191
NET POSITION				
Net Position Restricted for Trusts	10,882,252	151,469	12,920	11,046,641

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2018**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
Additions				
Contributions - Employer	\$ 547,123	-	-	547,123
Contributions - Plan Members	141,362	-	-	141,362
Total Contributions	688,485	-	-	688,485
Investment Income				
Interest Income	641,288	818	-	642,106
Net Change in Fair Value	-	-	-	-
	641,288	818	-	642,106
Less Investment Expenses	(26,385)	-	-	(26,385)
Net Investment Income	614,903	818	-	615,721
Miscellaneous	-	6,383	-	6,383
Total Additions	1,303,388	7,201	-	1,310,589
Deductions				
Administration	21,027	-	-	21,027
Benefits and Refunds	740,962	-	-	740,962
Other Charges and Services	-	3,184	2,000	5,184
Total Deductions	761,989	3,184	2,000	767,173
Change in Fiduciary Net Position	541,399	4,017	(2,000)	543,416
Net Position Restricted for Trusts				
Beginning	10,340,853	147,452	14,920	10,503,225
Ending	10,882,252	151,469	12,920	11,046,641

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 530,000	530,000	547,123
Contributions - Plan Members	-	-	141,362
Total Contributions	530,000	530,000	688,485
Investment Income			
Interest Income	-	-	448,183
Net Change in Fair Value	-	-	193,105
	-	-	641,288
Less Investment Expenses	-	-	(26,385)
Net Investment Income	-	-	614,903
Total Additions	530,000	530,000	1,303,388
Deductions			
Administration	-	-	21,027
Benefits and Refunds	-	-	740,962
Total Deductions	-	-	761,989
Change in Fiduciary Net Position	530,000	530,000	541,399
Net Position Restricted for Pensions			
Beginning			<u>10,340,853</u>
Ending			<u>10,882,252</u>

CITY OF HARVARD, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2018**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 26,335	313,993	309,704	30,624
LIABILITIES				
Due to Bondholders	26,335	313,993	309,704	30,624
SSA #1 Park Pointe				
ASSETS				
Accounts Receivables	16,881	44,161	40,802	20,240
LIABILITIES				
Due to Bondholders	16,881	44,161	40,802	20,240
SSA #2 Pointe 3A				
ASSETS				
Accounts Receivables	8,850	37,088	37,521	8,417
LIABILITIES				
Due to Bondholders	8,850	37,088	37,521	8,417

	Beginning Balances	Additions	Deductions	Ending Balances
SSA #3 Shadow Creek				
ASSETS				
Cash and Investments	\$ 98	72,246	71,349	995
LIABILITIES				
Due to Bondholders	98	72,246	71,349	995
SSA #4 Pointe 3B				
ASSETS				
Cash and Investments	182	43,950	43,847	285
LIABILITIES				
Due to Bondholders	182	43,950	43,847	285
SSA #5 Shadow Creek				
ASSETS				
Cash and Investments	324	116,548	116,185	687
LIABILITIES				
Due to Bondholders	324	116,548	116,185	687

SUPPLEMENTAL SCHEDULES

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

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

April 30, 2018

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
2019	\$ 90,000	3,465	93,465	2018	1,732	2018	1,733

CITY OF HARVARD, ILLINOIS

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

April 30, 2018

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
2019	<u>\$ 285,000</u>	<u>11,400</u>	<u>296,400</u>	2018	<u>5,700</u>	2018	<u>5,700</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

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

April 30, 2018

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
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>2,270,000</u>	<u>249,785</u>	<u>2,519,785</u>		<u>124,890</u>		<u>124,895</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

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

April 30, 2018

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
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>1,460,000</u>	<u>265,991</u>	<u>1,725,991</u>		<u>132,993</u>		<u>132,998</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

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

April 30, 2018

Date of Issue	January 28, 2014
Date of Maturity	May 1, 2019
Authorized Issue	\$735,000
Denomination of Bonds	\$5,000
Interest Rate	2.00% - 2.50%
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
2019	\$ 155,000	3,875	158,875	2018	1,938	2019	1,937

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

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

April 30, 2018

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
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>915,000</u>	<u>85,810</u>	<u>1,000,810</u>		<u>42,905</u>		<u>42,905</u>

CITY OF HARVARD, ILLINOIS

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

April 30, 2018

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
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>585,980</u>	<u>3,215,980</u>		<u>292,990</u>		<u>292,990</u>

CITY OF HARVARD, ILLINOIS

**Long-Term Debt Requirements
Notes Payable of 2017**

April 30, 2018

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2019	\$ 30,357	24,243	54,600
2020	31,389	23,211	54,600
2021	32,584	22,015	54,599
2022	602,600	19,118	621,718
	<u>696,930</u>	<u>88,587</u>	<u>785,517</u>

CITY OF HARVARD, ILLINOIS

**Long-Term Debt Requirements
Notes Payable of 2017**

April 30, 2018

Date of Issue	July 6, 2017
Date of Maturity	July 6, 2022
Authorized Issue	\$1,300,750
Interest Rate	4.125%
Interest Dates	January 6, April 6, July 6, and October 6
Principal Maturity Dates	January 6, April 6, July 6, and October 6
Payable at	The Harvard State Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2019	\$ 44,169	51,660	95,829
2020	46,020	49,810	95,830
2021	47,948	47,882	95,830
2022	49,956	45,873	95,829
2023	1,080,699	11,145	1,091,844
	<u>1,268,792</u>	<u>206,370</u>	<u>1,475,162</u>

CITY OF HARVARD, ILLINOIS

**Long-Term Debt Requirements
Note Payable of 2018**

April 30, 2018

Date of Issue	April 17, 2018
Date of Maturity	April 17, 2023
Authorized Issue	\$463,862
Interest Rate	4.55%
Interest Dates	January 17, April 17, July 17, and October 17
Principal Maturity Dates	January 17, April 17, July 17, and October 17
Payable at	First National Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2019	\$ 22,006	21,024	43,030
2020	22,986	20,045	43,031
2021	24,118	18,912	43,030
2022	25,250	17,780	43,030
2023	369,502	16,595	386,097
	<u>463,862</u>	<u>94,356</u>	<u>558,218</u>