

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2021

CITY OF HARVARD, ILLINOIS

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

September 29, 2021

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, 2021, 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of April 30, 2021, 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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, 2021. Please read it in conjunction with the City of Harvard's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City of Harvard's net position increased as a result of this year's operations. Net position of business-type activities increased by \$614,904, or 8.7 percent and net position of the governmental activities increased by \$959,810 or 12.8 percent.
- During the year, government-wide revenues for the primary government totaled \$11,567,462, while expenses totaled \$9,992,748, resulting in an increase to net position of \$1,574,714.
- The City of Harvard's net position totaled \$16,106,736 on April 30, 2021, which includes \$22,224,025 net investment in capital assets, \$3,042,664 subject to external restrictions, and \$9,159,953 deficit unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$4,465,213, resulting in ending fund balance of \$3,731,278, a decrease of 54.5 percent.

USING THIS ANNUAL REPORT

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2021

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2021

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2021**

USING THIS ANNUAL REPORT – Continued

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the City of Harvard, assets/deferred outflows exceeded liabilities/deferred inflows by \$16,106,736.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current/Other Assets	\$ 7,757,038	11,429,180	2,698,795	1,345,779	10,455,833	12,774,959
Capital Assets	26,704,699	22,579,649	9,000,128	8,324,945	35,704,827	30,904,594
Total Assets	34,461,737	34,008,829	11,698,923	9,670,724	46,160,660	43,679,553
Deferred Outflows of Resources	2,408,029	3,482,447	1,242,159	42,490	3,650,188	3,524,937
Total Assets/ Deferred Outflows	36,869,766	37,491,276	12,941,082	9,713,214	49,810,848	47,204,490
Long-Term Debt	20,066,860	25,538,093	4,078,089	2,140,759	24,144,949	27,678,852
Other Liabilities	1,687,503	1,642,956	951,597	423,830	2,639,100	2,066,786
Total Liabilities	21,754,363	27,181,049	5,029,686	2,564,589	26,784,049	29,745,638
Deferred Inflows of Resources	6,666,885	2,821,519	253,178	105,311	6,920,063	2,926,830
Total Liabilities/ Deferred Inflows	28,421,248	30,002,568	5,282,864	2,669,900	33,704,112	32,672,468
Net Position						
Net Investment in Capital Assets	16,107,259	15,739,787	6,116,766	6,994,761	22,224,025	22,734,548
Restricted	3,042,664	6,684,528	-	-	3,042,664	6,684,528
Unrestricted (Deficit)	(10,701,405)	(14,935,607)	1,541,452	48,553	(9,159,953)	(14,887,054)
Total Net Position	8,448,518	7,488,708	7,658,218	7,043,314	16,106,736	14,532,022

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the City of Harvard’s net position, \$22,224,025, reflects its investment in capital assets (for example, land, construction in progress, infrastructure, buildings and improvements, machinery and equipment, vehicles, and Harvard Diggins Library), less any related debt used to acquire those assets that is still outstanding. The City of Harvard uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Harvard’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$3,042,664, of the City of Harvard’s net position represents resources that are subject to external restrictions on how they may be used. The remaining \$9,159,953 deficit represents unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors.

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 380,011	650,601	2,819,989	2,923,459	3,200,000	3,574,060
Operating Grants/Contributions	856,641	450,205	-	-	856,641	450,205
General Revenues						
Property Taxes	3,219,581	3,417,716	-	-	3,219,581	3,417,716
State Taxes	3,110,249	2,724,964	-	-	3,110,249	2,724,964
Miscellaneous Taxes	764,180	794,293	-	-	764,180	794,293
Other General Revenues	416,150	197,831	661	12,660	416,811	210,491
Total Revenues	8,746,812	8,235,610	2,820,650	2,936,119	11,567,462	11,171,729
Expenses						
General Government	1,600,251	2,211,484	-	-	1,600,251	2,211,484
Public Safety	3,956,801	4,833,700	-	-	3,956,801	4,833,700
Public Works	883,981	807,013	-	-	883,981	807,013
Culture and Recreation	799,564	715,012	-	-	799,564	715,012
Interest on Long-Term Debt	546,405	295,912	-	-	546,405	295,912
Water and Sewer	-	-	2,205,746	2,366,644	2,205,746	2,366,644
Total Expenses	7,787,002	8,863,121	2,205,746	2,366,644	9,992,748	11,229,765
Change in Net Position	959,810	(627,511)	614,904	569,475	1,574,714	(58,036)
Net Position - Beginning	7,488,708	8,116,219	7,043,314	6,473,839	14,532,022	14,590,058
Net Position - Ending	8,448,518	7,488,708	7,658,218	7,043,314	16,106,736	14,532,022

The net position of business-type activities increased by 8.7 percent (\$7,043,314 in 2020 compared to \$7,658,218 in 2021).

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2021**

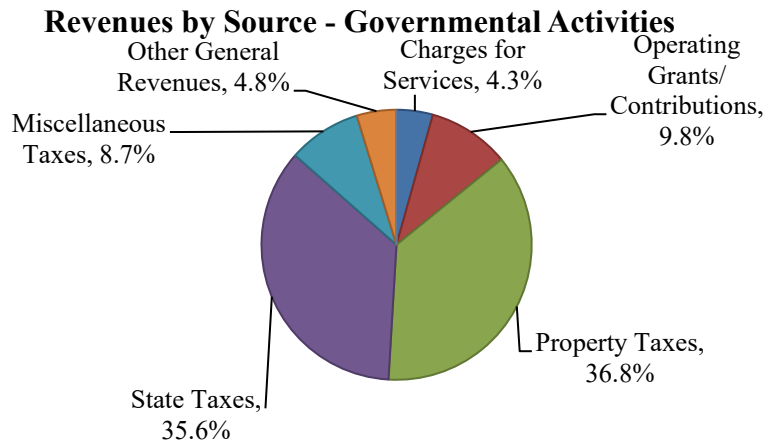
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The net position of the City’s governmental activities increased by 12.8 percent (\$7,488,708 in 2020 compared to a \$8,448,518 in 2021). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$10,701,405 at April 30, 2021 for the governmental activities.

Governmental Activities

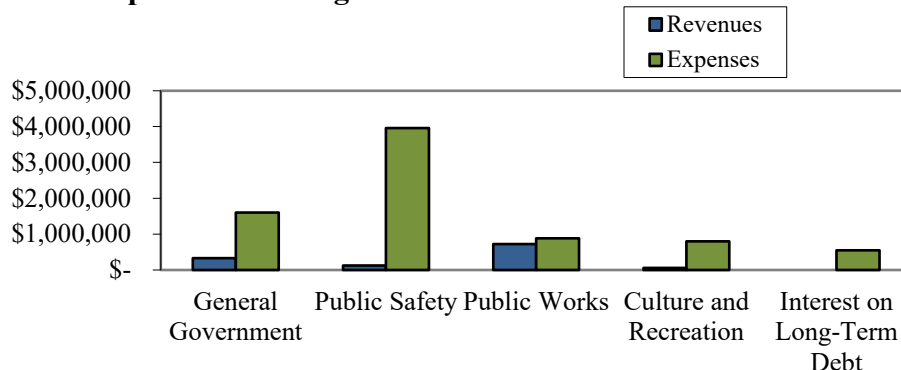
Revenues for governmental activities totaled \$8,746,812, while the cost of all governmental functions totaled \$7,787,002. This results in a surplus of \$959,810. In 2020, expenses of \$8,863,121 exceeded revenues of \$8,235,610 resulting in a deficit of \$627,511. During 2021, the City decreased expenses for the general government function and public safety function due to lower pension expenses related to the net pension liability and deferred outflows/inflows. Revenues came in \$511,202 higher than 2020, primarily due to an increase of operating grants and state taxes.

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



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

Expenses and Program Revenues - Governmental Activities



CITY OF HARVARD, ILLINOIS

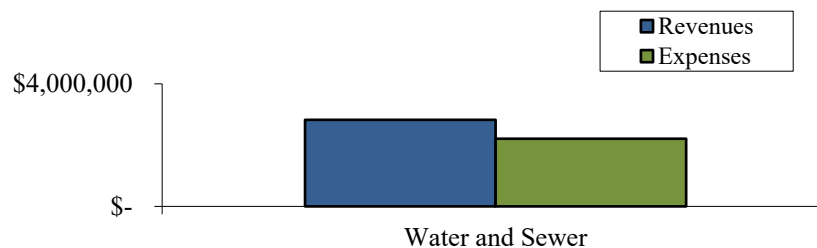
Management's Discussion and Analysis April 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$2,820,650, while the cost of all business-type activities totaled \$2,205,746. This results in a surplus of \$614,904. In 2020, revenues of \$2,936,119 exceeded expenses of \$2,366,644, resulting in a surplus of \$569,475.

Expenses and Program Revenues - Business-Type Activities



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City of Harvard's governmental funds reported combining ending fund balances of \$5,056,538, which is \$4,126,478 lower than last year's total of \$9,183,016. Of the \$5,056,538 total, \$1,870,874 of the fund balance constitutes unrestricted fund balance.

The General Fund reported a deficit in fund balance for the year of \$4,465,213, a decrease of 54.5 percent. This was due in large part to capital related spending in the current year. This variance and others are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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, 2021, unassigned fund balance in the General Fund was \$2,795,112.

The Harvard Diggins Library Fund reported a surplus in the current year of \$26,922, primarily due to revenues in the current year.

The Park Fund reported a deficit in the current year of \$30, due primarily to lower than expected revenues that was offset by decreased spending.

The TIF #1 Downtown Redevelopment Fund reported a surplus in the current year of \$38,771 due to property tax and transfers from the General Fund meeting needs of debt service payments.

The TIF #2 Industrial Park Fund reported a surplus for the year of \$70,305 due to property taxes meeting the needs of debt service payments.

The Liability Insurance Fund had a deficit of \$29,876, due primarily to transfers coming in slightly less than actual expenditures during the fiscal year.

Proprietary Funds

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

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

The City of Harvard intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water and Sewer Fund during the current fiscal year was \$614,904, while the previous fiscal year reported a surplus of \$569,475. Unrestricted net position in the Water and Sewer Fund totaled \$1,541,452 at April 30, 2021.

CITY OF HARVARD, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Harvard Council did not make any budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$6,132,324, compared to budgeted revenues of \$5,755,580, primarily due to state income tax and grants being more than budgeted.

The General Fund actual expenditures for the year were \$5,058,079 higher than budgeted (\$10,018,644 actual compared to \$4,960,565 budgeted). This is due mainly to significant capital outlay expenditures being greater than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Harvard’s investment in capital assets for its governmental and business-type activities as of April 30, 2021 was \$35,704,827 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, machinery and equipment, vehicles, and Harvard Diggins Library.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 8,824,157	8,824,157	828,000	828,000	9,652,157	9,652,157
Construction in Progress	5,131,867	632,528	1,980,953	1,047,158	7,112,820	1,679,686
Infrastructure	9,383,692	9,721,309	1,873,689	1,934,409	11,257,381	11,655,718
Buildings and Improvements	3,061,859	3,167,546	4,169,884	4,366,936	7,231,743	7,534,482
Machinery and Equipment	93,194	56,165	147,602	148,442	240,796	204,607
Vehicles	209,930	177,944	-	-	209,930	177,944
Harvard Diggins Library	-	-	-	-	-	-
Totals	26,704,699	22,579,649	9,000,128	8,324,945	35,704,827	30,904,594

This year’s major additions included:

Construction in Progress	\$ 5,433,134
Machinery and Equipment	96,955
Vehicles	112,650
	<u>5,642,739</u>

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

CITY OF HARVARD, ILLINOIS

Management's Discussion and Analysis April 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvard had total outstanding debt of \$12,743,362 as compared to \$12,505,334 the previous year, an increase of \$238,028, or 1.9 percent. The increase was due to the issuance of a \$1,700,762 of IEPA Loan Payable and a total of \$5,625,000 in refunding general obligation bonds offset by the annual, scheduled repayments on outstanding long-term debt and the advance refunding of \$6,072,150 notes payable and debt certificates payable during the current year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 9,860,000	4,985,000	580,000	695,000	10,440,000	5,680,000
Debt Certificates	-	4,914,542	-	-	-	4,914,542
Notes Payable	-	1,275,608	602,600	635,184	602,600	1,910,792
IEPA Loan Payable	-	-	1,700,762	-	1,700,762	-
Totals	9,860,000	11,175,150	2,883,362	1,330,184	12,743,362	12,505,334

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The City is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation, unemployment rates and the financial impact of COVID-19.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Funds

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position
April 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,173,145	400,795	3,573,940
Receivables - Net of Allowances	3,665,193	526,338	4,191,531
Due from Other Governments	528,944	1,700,762	2,229,706
Land Held for Resale	143,000	-	143,000
Total Current Assets	7,510,282	2,627,895	10,138,177
Noncurrent Assets			
Capital Assets			
Nondepreciable	13,956,024	2,808,953	16,764,977
Depreciable	20,459,331	14,160,650	34,619,981
Accumulated Depreciation	(7,710,656)	(7,969,475)	(15,680,131)
Total Capital Assets	26,704,699	9,000,128	35,704,827
Other Assets			
Net Pension Asset - IMRF	246,756	70,900	317,656
Total Noncurrent Assets	26,951,455	9,071,028	36,022,483
Total Assets	34,461,737	11,698,923	46,160,660
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	68,640	19,722	88,362
Deferred Items - Police Pension	2,339,389	-	2,339,389
Deferred Items - ARO	-	1,222,437	1,222,437
Total Deferred Outflows of Resources	2,408,029	1,242,159	3,650,188
Total Assets and Deferred Outflows of Resources	36,869,766	12,941,082	49,810,848

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

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 453,090	174,014	627,104
Retainage Payable	123,676	-	123,676
Accrued Payroll	156,368	44,104	200,472
Accrued Interest Payable	96,060	-	96,060
Current Portion of Long-Term Debt	858,309	733,479	1,591,788
Total Current Liabilities	<u>1,687,503</u>	<u>951,597</u>	<u>2,639,100</u>
Noncurrent Liabilities			
Compensated Absences Payable	233,236	83,517	316,753
Net Pension Liability - Police Pension	7,605,665	-	7,605,665
Total OPEB Liability - RBP	2,430,519	573,810	3,004,329
Asset Retirement Obligation	-	1,250,000	1,250,000
General Obligation Bonds Payable - Net	9,797,440	470,000	10,267,440
IEPA Loan Payable	-	1,700,762	1,700,762
Total Noncurrent Liabilities	<u>20,066,860</u>	<u>4,078,089</u>	<u>24,144,949</u>
Total Liabilities	<u>21,754,363</u>	<u>5,029,686</u>	<u>26,784,049</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	881,146	253,178	1,134,324
Deferred Items - Police Pension	4,065,129	-	4,065,129
Property Taxes	1,720,610	-	1,720,610
Total Deferred Inflows of Resources	<u>6,666,885</u>	<u>253,178</u>	<u>6,920,063</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,421,248</u>	<u>5,282,864</u>	<u>33,704,112</u>
NET POSITION			
Net Investment in Capital Assets	16,107,259	6,116,766	22,224,025
Restricted			
Property Taxes			
Public Library	351,263	-	351,263
TIF Districts	739,988	-	739,988
IMRF	121,165	-	121,165
Special Recreation	180,479	-	180,479
Motor Fuel Taxes	618,934	-	618,934
Welfare Services	10,707	-	10,707
Revolving Loans	226,962	-	226,962
Capital Projects	569,413	-	569,413
Off Street Parking	223,753	-	223,753
Unrestricted (Deficit)	<u>(10,701,405)</u>	<u>1,541,452</u>	<u>(9,159,953)</u>
Total Net Position	<u>8,448,518</u>	<u>7,658,218</u>	<u>16,106,736</u>

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

CITY OF HARVARD, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2021**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,600,251	175,059	155,889	-
Public Safety	3,956,801	126,838	-	-
Public Works	883,981	49,489	672,896	-
Culture and Recreation	799,564	28,625	27,856	-
Interest on Long-Term Debt	546,405	-	-	-
Total Governmental Activities	7,787,002	380,011	856,641	-
Business-Type Activities				
Water and Sewer	2,205,746	2,819,989	-	-
Total Primary Government	9,992,748	3,200,000	856,641	-
			General Revenues	
			Taxes	
			Property Taxes	
			Other Taxes	
			Intergovernmental - Unrestricted	
			State Income Tax	
			Use Tax	
			Sales Tax	
			Replacement Tax	
			Interest Income	
			Miscellaneous	
			 Change in Net Position	
			 Net Position - Beginning	
			 Net Position - Ending	

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(1,269,303)	-	(1,269,303)
(3,829,963)	-	(3,829,963)
(161,596)	-	(161,596)
(743,083)	-	(743,083)
(546,405)	-	(546,405)
(6,550,350)	-	(6,550,350)
-	614,243	614,243
(6,550,350)	614,243	(5,936,107)
3,219,581	-	3,219,581
764,180	-	764,180
1,146,698	-	1,146,698
431,177	-	431,177
1,356,728	-	1,356,728
175,646	-	175,646
218,798	661	219,459
197,352	-	197,352
7,510,160	661	7,510,821
959,810	614,904	1,574,714
7,488,708	7,043,314	14,532,022
8,448,518	7,658,218	16,106,736

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

CITY OF HARVARD, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2021**

	General	Harvard Diggins Library	Special Park
ASSETS			
Cash and Investments	\$ 1,754,621	159,294	-
Receivables - Net of Allowances			
Taxes	1,704,726	408,437	237,488
Accounts	59,601	-	-
Other	-	-	-
Due from Other Governments	435,806	-	-
Due from Other Funds	1,151,922	-	-
Land Held for Resale	143,000	-	-
Total Assets	5,249,676	567,731	237,488
LIABILITIES			
Accounts Payable	43,822	2,643	32,839
Retainage Payable	123,676	-	-
Accrued Payroll	140,330	9,607	6,431
Due to Other Funds	358,207	-	935,715
Total Liabilities	666,035	12,250	974,985
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	852,363	204,218	118,744
Total Liabilities and Deferred Inflows of Resources	1,518,398	216,468	1,093,729
FUND BALANCES			
Nonspendable	143,000	-	-
Restricted	793,166	351,263	-
Unassigned	2,795,112	-	(856,241)
Total Fund Balances	3,731,278	351,263	(856,241)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,249,676	567,731	237,488

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

Revenue Funds				
TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Liability Insurance	Nonmajor	Totals
48,381	299,848	-	911,001	3,173,145
178,524	604,993	71,657	235,394	3,441,219
-	-	-	-	59,601
-	-	-	164,373	164,373
-	-	62,016	31,122	528,944
-	-	-	-	1,151,922
-	-	-	-	143,000
<u>226,905</u>	<u>904,841</u>	<u>133,673</u>	<u>1,341,890</u>	<u>8,662,204</u>
-	-	-	15,579	94,883
-	-	-	-	123,676
-	-	-	-	156,368
-	-	127,721	88,486	1,510,129
-	-	127,721	104,065	1,885,056
<u>89,262</u>	<u>302,496</u>	<u>35,828</u>	<u>117,699</u>	<u>1,720,610</u>
<u>89,262</u>	<u>302,496</u>	<u>163,549</u>	<u>221,764</u>	<u>3,605,666</u>
-	-	-	-	143,000
137,643	602,345	-	1,158,247	3,042,664
-	-	(29,876)	(38,121)	1,870,874
<u>137,643</u>	<u>602,345</u>	<u>(29,876)</u>	<u>1,120,126</u>	<u>5,056,538</u>
<u>226,905</u>	<u>904,841</u>	<u>133,673</u>	<u>1,341,890</u>	<u>8,662,204</u>

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

CITY OF HARVARD, ILLINOIS

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

April 30, 2021

Total Governmental Fund Balances	\$ 5,056,538
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.	26,704,699
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(812,506)
Deferred Items - Police Pension	(1,725,740)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(96,060)
Compensated Absences Payable	(291,545)
Net Pension (Asset) - IMRF	246,756
Net Pension Liability - Police Pension	(7,605,665)
Net Total OPEB Liability - RBP	(2,430,519)
General Obligation Bonds Payable - Net	<u>(10,597,440)</u>
Net Position of Governmental Activities	<u>8,448,518</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, 2021**

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, 2021**

	General	Harvard Diggins Library	Special Park
Revenues			
Taxes	\$ 2,372,045	371,104	215,780
Licenses and Permits	351,386	-	-
Intergovernmental	3,213,000	39,883	-
Charges for Services	-	11,732	16,893
Interest Income	38,306	179,127	100
Miscellaneous	157,587	29,782	42
Total Revenues	6,132,324	631,628	232,815
Expenditures			
Current			
General Government	887,310	-	-
Public Safety	3,432,220	-	-
Public Works	689,610	-	-
Culture and Recreation	-	604,706	172,317
Capital Outlay	4,617,028	-	102,628
Debt Service			
Principal Retirement	102,849	-	-
Interest and Fiscal Charges	289,627	-	-
Total Expenditures	10,018,644	604,706	274,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,886,320)	26,922	(42,130)
Other Financing Sources (Uses)			
Disposal of Capital Assets	9,827	-	-
Debt Issuance	4,825,000	-	-
Premium on Debt Issuance	571,858	-	-
Payment to Escrow Agent	(5,230,563)	-	-
Transfers In	-	-	42,100
Transfers Out	(755,015)	-	-
	(578,893)	-	42,100
Net Change in Fund Balances	(4,465,213)	26,922	(30)
Fund Balances - Beginning	8,196,491	324,341	(856,211)
Fund Balances - Ending	3,731,278	351,263	(856,241)

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

Revenue Funds				
TIF #1	TIF #2			
Downtown	Industrial	Liability		
Redevelopment	Park	Insurance	Nonmajor	Totals
159,233	586,226	65,101	214,272	3,983,761
-	-	-	-	351,386
-	-	-	714,007	3,966,890
-	-	-	-	28,625
1,918	580	-	685	220,716
-	912	3,569	3,542	195,434
161,151	587,718	68,670	932,506	8,746,812
-	475	257,046	524,292	1,669,123
-	-	-	404,010	3,836,230
-	-	-	25,311	714,921
-	-	-	-	777,023
-	-	-	-	4,719,656
375,000	390,151	-	-	868,000
48,045	171,407	-	-	509,079
423,045	562,033	257,046	953,613	13,094,032
(261,894)	25,685	(188,376)	(21,107)	(4,347,220)
-	-	-	-	9,827
-	800,000	-	-	5,625,000
-	86,207	-	-	658,065
-	(841,587)	-	-	(6,072,150)
300,665	-	158,500	265,000	766,265
-	-	-	(11,250)	(766,265)
300,665	44,620	158,500	253,750	220,742
38,771	70,305	(29,876)	232,643	(4,126,478)
98,872	532,040	-	887,483	9,183,016
137,643	602,345	(29,876)	1,120,126	5,056,538

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

CITY OF HARVARD, ILLINOIS

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

For the Fiscal Year Ended April 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (4,126,478)

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	4,688,584
Depreciation Expense	(563,534)
Disposals - Cost	(63,961)
Disposals - Accumulated Depreciation	63,961

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

Change in Deferred Items - IMRF	(575,592)
Change in Deferred Items - Police Pension	(4,323,441)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	(27,232)
Change in Net Pension Liability/(Asset) - IMRF	948,563
Change in Net Pension Liability - Police Pension	4,355,024
Change in Total OPEB Liability - RBP	(35,843)
Retirement of Debt	6,940,150
Amortization of Debt Related Items	9,921
Debt Issuance	(5,625,000)
Premium on Debt Issuance	(658,065)

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.

(47,247)

Changes in Net Position of Governmental Activities

959,810

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

CITY OF HARVARD, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2021**

See Following Page

CITY OF HARVARD, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2021

	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 400,795
Receivables - Net of Allowances	526,338
Due from Other Governments	1,700,762
Total Current Assets	<u>2,627,895</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,808,953
Depreciable	14,160,650
Accumulated Depreciation	<u>(7,969,475)</u>
Total Capital Assets	9,000,128
Other Assets	
Net Pension Asset - IMRF	<u>70,900</u>
Total Noncurrent Assets	<u>9,071,028</u>
Total Assets	<u>11,698,923</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	19,722
Deferred Items - ARO	<u>1,222,437</u>
Total Deferred Outflows of Resources	<u>1,242,159</u>
Total Assets and Deferred Outflows of Resources	<u>12,941,082</u>

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

Water and Sewer

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 174,014
Accrued Payroll	44,104
Current Portion of Long-Term Debt	733,479
Total Current Liabilities	<u>951,597</u>
Noncurrent Liabilities	
Compensated Absences Payable	83,517
Total OPEB Liability - RBP	573,810
Asset Retirement Obligation	1,250,000
General Obligation Bonds Payable	470,000
IEPA Loan Payable	1,700,762
Total Noncurrent Liabilities	<u>4,078,089</u>
Total Liabilities	<u>5,029,686</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	<u>253,178</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,282,864</u>

NET POSITION

Net Investment in Capital Assets	6,116,766
Unrestricted	<u>1,541,452</u>
Total Net Position	<u><u>7,658,218</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, 2021**

	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 2,819,989</u>
Operating Expenses	
Operations	1,863,122
Depreciation and Amortization	<u>306,535</u>
Total Operating Expenses	<u>2,169,657</u>
Operating Income	<u>650,332</u>
Nonoperating Revenues (Expenses)	
Interest Income	661
Interest Expense	<u>(36,089)</u>
	<u>(35,428)</u>
Change in Net Position	614,904
Net Position - Beginning	<u>7,043,314</u>
Net Position - Ending	<u><u>7,658,218</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, 2021**

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,115,090
Payments to Employees	(854,174)
Payments to Suppliers	(1,199,162)
	<u>(938,246)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(954,155)
Debt Issuance	1,700,762
Principal Retirement	(147,584)
Interest Payments	(36,089)
	<u>562,934</u>
Cash Flows from Investing Activities	
Interest Received	661
	<u>661</u>
Net Change in Cash and Cash Equivalents	(374,651)
Cash and Cash Equivalents - Beginning	<u>775,446</u>
Cash and Cash Equivalents - Ending	<u><u>400,795</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	650,332
Adjustments to Reconcile Operating Income to Net Income	
to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	306,535
(Increase) Decrease in Current Assets	(1,704,899)
Increase (Decrease) in Current Liabilities	(190,214)
	<u>(1,588,578)</u>
Net Cash Provided by Operating Activities	<u><u>(938,246)</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, 2021**

	Trusts Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 496,579	8,014
Investments		
U.S. Treasuries	717,854	-
U.S. Agencies	3,288,787	-
Corporate Bonds	983,111	-
Municipal Bonds	880,682	-
Mutual Funds	8,210,921	-
Receivables		
Accrued Interest	42,917	-
Due from Other Funds	358,207	-
Other	83,950	-
Prepays	3,766	-
Total Assets	<u>15,066,774</u>	<u>8,014</u>
LIABILITIES		
Accounts Payable	<u>3,491</u>	-
NET POSITION		
Net Position Restricted for		
Trusts	15,063,283	-
Individuals, Organizations and Other Governemtns	<u>-</u>	<u>8,014</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, 2021**

	Trusts Funds	Custodial Funds
Additions		
Contributions - Employer	\$ 688,612	-
Contributions - Plan Members	167,796	-
Special Assessments - Property Tax	-	166,302
Other Income	7,466	5
Total Contributions	<u>863,874</u>	<u>166,307</u>
Investment Income		
Interest Income	993	98
Net Change in Fair Value	2,947,941	-
	<u>2,948,934</u>	<u>98</u>
Less Investment Expenses	(34,193)	-
Net Investment Income	<u>2,914,741</u>	<u>98</u>
Total Additions	<u>3,778,615</u>	<u>166,405</u>
Deductions		
Administration	33,324	17,052
Benefits and Refunds	810,667	-
Other Charges and Services	5,126	-
Debt Service		
Principal Retirement	-	158,403
Interest and Fiscal Charges	-	10,650
Total Deductions	<u>849,117</u>	<u>186,105</u>
Change in Fiduciary Net Position	2,929,498	(19,700)
Net Position Restricted for Trusts, Individuals, Organizations and Other Governments		
Beginning	<u>12,133,785</u>	<u>27,714</u>
Ending	<u>15,063,283</u>	<u>8,014</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, 2021

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, 2021

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, 2021

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

Proprietary Funds

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

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.

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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

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

Basis of Accounting

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

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

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

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

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

Cash and Investments

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

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

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

Compensated Absences

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

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

Long-Term Obligations

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

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, 2021**

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.
- The City does not budget for the Welfare Fund, Revolving Loan Fund, Apartment Fund, Scholarship Fund, SSA #1 Park Pointe Fund, SSA #2 Pointe 3A Fund, and SSA #3 Shadow Creek Fund.

DEFICIT FUND BALANCES

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

Fund	Deficit
Park	\$ 856,241
Liability Insurance	29,876
Social Security	38,121

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	\$ 5,058,079
Harvard Diggins Library	158,163
TIF #2 Industrial Park	38,033
Liability Insurance	27,046
Social Security	4,876
Illinois Municipal Retirement	19,416
Police Pension	138,184

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, 2021

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.

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. The Illinois Funds is not registered with the SEC as a security company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$3,570,014 and the bank balances totaled \$3,770,744. In addition, the City has \$3,926 invested in Illinois Funds at year-end, which are measured by net asset value per share determined by the pool.

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

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

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, 2021, the Library has a balance of \$1,293,895 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, 2021**

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 \$403,487 and the bank balances totaled \$403,487.

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	\$ 717,854	101,402	310,718	305,734	-
U.S. Agencies	3,288,787	65,923	867,007	1,983,026	372,831
Corporate Bonds	983,111	-	412,473	570,638	-
Municipal Bonds	880,682	60,571	250,700	569,411	-
	5,870,434	227,896	1,840,898	3,428,809	372,831

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	\$ 717,854	717,854	-	-
U.S. Agencies	3,288,787	-	3,288,787	-
Corporate Bonds	983,111	-	983,111	-
Municipal Bonds	880,682	-	880,682	-
Equity Securities				
Mutual Funds	8,210,921	8,210,921	-	-
Total Investments by Fair Value Level	14,081,355	8,928,775	5,152,580	-

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, 2021

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

Custodial Credit Risk. The Fund's investment policy states that assets may be invested in savings accounts or certificates of deposit of a national or bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. At April 30, 2021, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

Concentration Risk. The Fund's investment policy states the Fund shall diversify investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. In addition to the securities and fair values listed above, the Fund also has \$8,210,921 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, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	1.30%
Domestic Equities	49.50%	5.80% - 7.60%
International Equities	5.50%	7.10%
Cash and Cash Equivalents	0.00%	0.00%

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

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2021 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, 2021 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 24.92%. 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, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2020 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	632,528	4,499,339	-	5,131,867
	<u>9,456,685</u>	<u>4,499,339</u>	<u>-</u>	<u>13,956,024</u>
Depreciable Capital Assets				
Infrastructure	12,928,642	-	-	12,928,642
Buildings and Improvements	4,826,140	-	-	4,826,140
Machinery and Equipment	1,027,617	76,595	-	1,104,212
Vehicles	1,360,057	112,650	63,961	1,408,746
Harvard Diggins Library	191,591	-	-	191,591
	<u>20,334,047</u>	<u>189,245</u>	<u>63,961</u>	<u>20,459,331</u>
Less Accumulated Depreciation				
Infrastructure	3,207,333	337,617	-	3,544,950
Buildings and Improvements	1,658,594	105,687	-	1,764,281
Machinery and Equipment	971,452	39,566	-	1,011,018
Vehicles	1,182,113	80,664	63,961	1,198,816
Harvard Diggins Library	191,591	-	-	191,591
	<u>7,211,083</u>	<u>563,534</u>	<u>63,961</u>	<u>7,710,656</u>
Total Net Depreciable Capital Assets	<u>13,122,964</u>	<u>(374,289)</u>	<u>-</u>	<u>12,748,675</u>
Total Net Capital Assets	<u>22,579,649</u>	<u>4,125,050</u>	<u>-</u>	<u>26,704,699</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 219,779
Public Safety	152,154
Public Works	169,060
Culture and Recreation	<u>22,541</u>
	<u>563,534</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 828,000	-	-	828,000
Construction in Progress	1,047,158	933,795	-	1,980,953
	<u>1,875,158</u>	<u>933,795</u>	<u>-</u>	<u>2,808,953</u>
Depreciable Capital Assets				
Infrastructure	2,491,322	-	-	2,491,322
Buildings and Improvements	9,852,596	-	-	9,852,596
Machinery and Equipment	1,655,622	20,360	-	1,675,982
Vehicles	140,750	-	-	140,750
	<u>14,140,290</u>	<u>20,360</u>	<u>-</u>	<u>14,160,650</u>
Less Accumulated Depreciation				
Infrastructure	556,913	60,720	-	617,633
Buildings and Improvements	5,485,660	197,052	-	5,682,712
Machinery and Equipment	1,507,180	21,200	-	1,528,380
Vehicles	140,750	-	-	140,750
	<u>7,690,503</u>	<u>278,972</u>	<u>-</u>	<u>7,969,475</u>
Total Net Depreciable Capital Assets	<u>6,449,787</u>	<u>(258,612)</u>	<u>-</u>	<u>6,191,175</u>
Total Net Capital Assets	<u>8,324,945</u>	<u>675,183</u>	<u>-</u>	<u>9,000,128</u>

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

Water and Sewer \$ 278,972

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

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	\$ 935,715
General	Liability Insurance	127,721
General	Nonmajor Governmental	88,486
Police Pension	General	<u>358,207</u>
		<u><u>1,510,129</u></u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Park	General	\$ 30,850 (3)
Park	Nonmajor Governmental	11,250 (1)
TIF #1 Downtown Redevelopment	General	300,665 (2)
Liability Insurance	General	158,500 (3)
Nonmajor Governmental	General	<u>265,000 (3)</u>
		<u><u>766,265</u></u>

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A, due in annual installments of \$95,000 to \$405,000 plus interest at 2.00% to 3.20% through January 15, 2024.	TIF #1	\$ 1,555,000	-	375,000	1,180,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B, due in annual installments of \$165,000 to \$185,000 plus interest at 2.00% to 5.00% through January 15, 2027.	TIF #2	1,165,000	-	155,000	1,010,000
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	695,000	-	115,000	580,000
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	2,265,000	-	185,000	2,080,000

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds (Alternate Revenue Source) of 2020A, due in annual installments of \$15,000 to \$365,000 plus interest at 3.00% through January 1, 2040.	General	-	4,825,000	-	4,825,000
General Obligation Refunding Bonds (Alternate Revenue Source) of 2020B, due in annual installments of \$35,000 to \$140,000 plus interest at 3.00% through January 1, 2029.	TIF #2	-	800,000	35,000	765,000
		5,680,000	5,625,000	865,000	10,440,000

Debt Certificates

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Debt Certificates of 2019, due in semi-annual installments of \$162,750, plus a balloon payment of \$4,158,640, including interest at 2.65% through July 1, 2024.	General	\$ 4,914,542	-	4,817,633 *	-
		4,914,542	-	96,909	-
		4,914,542	-	4,914,542	-

*Refunded

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

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 2017, due in monthly installments of \$4,550, plus a balloon payment of \$602,600, plus interest at 3.50% through March 28, 2022.	Water and Sewer	\$ 635,184	-	32,584	602,600
Note Payable of 2017, due in monthly installments of \$23,957, plus a balloon payment of \$731,348 plus interest at 4.125% through July 6, 2022.	TIF #2	856,738	-	841,587 * 15,151	-
Note Payable of 2018, due in quarterly installments of \$10,758, plus a balloon payment of \$369,502 plus interest at 4.55% through April 17, 2023.	General	418,870	-	412,930 * 5,940	-
		<u>1,910,792</u>	<u>-</u>	<u>1,308,192</u>	<u>602,600</u>

*Refunded

ASSET RETIREMENT OBLIGATION

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the City’s water towers and standpipes at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells range between 26 and 38 years and the remaining useful lives of the water towers ranges between 50 and 75 years.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Loans Payable

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

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

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 264,313	54,464	27,232	291,545	58,309
Net Pension Liability/(Asset) - IMRF	701,807	-	948,563	(246,756)	-
Net Pension Liability - Police Pension	11,960,689	-	4,355,024	7,605,665	-
Total OPEB Liability - RBP	2,394,676	35,843	-	2,430,519	-
General Obligation Bonds	4,985,000	5,625,000	750,000	9,860,000	800,000
Plus: Unamortized Premium	89,296	658,065	9,921	737,440	-
Debt Certificates	4,914,542	-	4,914,542	-	-
Notes Payable	1,275,608	-	1,275,608	-	-
	<u>26,585,931</u>	<u>6,373,372</u>	<u>12,280,890</u>	<u>20,678,413</u>	<u>858,309</u>
Business-Type Activities					
Compensated Absences	91,070	26,652	13,326	104,396	20,879
Net Pension Liability/(Asset) - IMRF	186,094	-	256,994	(70,900)	-
Total OPEB Liability - RBP	699,209	-	125,399	573,810	-
Asset Retirement Obligation	-	1,250,000	-	1,250,000	-
General Obligation Bonds	695,000	-	115,000	580,000	110,000
Notes Payable	635,184	-	32,584	602,600	602,600
IEPA Loan Payable	-	1,700,762	-	1,700,762	-
	<u>2,306,557</u>	<u>2,977,414</u>	<u>543,303</u>	<u>4,740,668</u>	<u>733,479</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For the governmental activities, the compensated absences, the net pension liability/(asset), and the total OPEB liability are liquidated by the General Fund. The general obligation bonds are being paid by the General Fund, TIF #1 Downtown Redevelopment Fund, and the TIF #2 Industrial Park Fund. The debt certificates are being liquidated by the General Fund. The notes payable are being liquidated by the General 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/(asset), total OPEB liability, general obligation bonds, notes payable, and IEPA loan payable.

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 800,000	305,390	110,000	12,060	602,600	19,118
2023	845,000	283,130	110,000	10,134	-	-
2024	905,000	255,845	115,000	7,936	-	-
2025	710,000	229,010	120,000	5,634	-	-
2026	730,000	208,860	125,000	2,876	-	-
2027	760,000	187,675	-	-	-	-
2028	790,000	161,500	-	-	-	-
2029	830,000	133,850	-	-	-	-
2030	270,000	104,700	-	-	-	-
2031	285,000	96,600	-	-	-	-
2032	290,000	88,050	-	-	-	-
2033	300,000	79,350	-	-	-	-
2034	305,000	70,350	-	-	-	-
2035	315,000	61,200	-	-	-	-
2036	325,000	51,750	-	-	-	-
2037	335,000	42,000	-	-	-	-
2038	345,000	31,950	-	-	-	-
2039	355,000	21,600	-	-	-	-
2040	365,000	10,950	-	-	-	-
Totals	9,860,000	2,423,760	580,000	38,640	602,600	19,118

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

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 \$343,053. 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.

Defeased Debt

On August 4, 2020, the City issued \$4,825,000 par value Alternative Revenue Refunding Bond, Series of 2020A to refund \$412,930 of the Note Payable of 2018 and \$4,817,633 of the Debt Certificates Payable of 2019. The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Information regarding the overall debt service reduction or economic gain related to this refunding was unavailable at the time of this report.

Also on August 4, 2020, the City issued \$800,000 par value Alternative Revenue Refunding Bond, Series of 2020B to refund \$841,587 of the Note Payable of 2017. The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Information regarding the overall debt service reduction or economic gain related to this refunding was unavailable at the time of this report.

Legal Debt Margin

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin - Continued

Assessed Valuation - 2020	<u>\$ 141,821,069</u>
Legal Debt Limit - 8.625% of Assessed Value	12,232,067
Amount of Debt Applicable to Limit Note Payable of 2017	<u>(602,600)</u>
Legal Debt Margin	<u>11,629,467</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 26,704,699
Less Capital Related Debt:	
General Obligation Bonds	(9,860,000)
Unamortized Premium	<u>(737,440)</u>
Net Investment in Capital Assets	<u>16,107,259</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,000,128
Less Capital Related Debt:	
General Obligation Bonds	(580,000)
Notes Payable	(602,600)
IEPA Loan Payable	<u>(1,700,762)</u>
Net Investment in Capital Assets	<u>6,116,766</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

	Special Revenue Funds							Totals
	General	Harvard Diggins Library	Park	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park	Liability Insurance	Nonmajor	
Fund Balances								
Nonspendable								
Land Held for Resale	\$ 143,000	-	-	-	-	-	-	143,000
Restricted								
Property Taxes								
Public Library	-	351,263	-	-	-	-	-	351,263
TIF Districts	-	-	-	137,643	602,345	-	-	739,988
IMRF	-	-	-	-	-	-	121,165	121,165
Special Recreation	-	-	-	-	-	-	180,479	180,479
Motor Fuel Taxes	-	-	-	-	-	-	618,934	618,934
Welfare Services	-	-	-	-	-	-	10,707	10,707
Revolving Loan	-	-	-	-	-	-	226,962	226,962
Capital Projects	569,413	-	-	-	-	-	-	569,413
Off Street Parking	223,753	-	-	-	-	-	-	223,753
	<u>793,166</u>	<u>351,263</u>	<u>-</u>	<u>137,643</u>	<u>602,345</u>	<u>-</u>	<u>1,158,247</u>	<u>3,042,664</u>
Unassigned	2,795,112	-	(856,241)	-	-	(29,876)	(38,121)	1,870,874
Total Fund Balances	<u>3,731,278</u>	<u>351,263</u>	<u>(856,241)</u>	<u>137,643</u>	<u>602,345</u>	<u>(29,876)</u>	<u>1,120,126</u>	<u>5,056,538</u>

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

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

Grants

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

Financial Impact from COVID-19

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

JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED ORGANIZATIONS

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

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, 2021**

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, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	55
Inactive Plan Members Entitled to but not yet Receiving Benefits	12
Active Plan Members	<u>27</u>
Total	<u><u>94</u></u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2021, the City’s contribution was 12.81% of covered payroll.

Net Pension Liability/(Asset). The City’s net pension liability/(asset) was measured as of December 31, 2020. 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, 2021

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, 2020, using the following actuarial methods and assumptions:

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

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

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%	1.30%
Domestic Equities	37.00%	5.00%
International Equities	18.00%	6.00%
Real Estate	9.00%	6.20%
Blended	7.00%	2.85% - 6.95%
Cash and Cash Equivalents	1.00%	0.70%

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 1,212,505	(317,656)	(1,554,754)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

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/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2019	\$ 12,635,630	11,747,729	887,901
Changes for the Year:			
Service Cost	186,595	-	186,595
Interest on the Total Pension Liability	903,535	-	903,535
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(168,349)	-	(168,349)
Changes of Assumptions	(80,771)	-	(80,771)
Contributions - Employer	-	230,402	(230,402)
Contributions - Employees	-	80,063	(80,063)
Net Investment Income	-	1,647,650	(1,647,650)
Benefit Payments, including Refunds of Employee Contributions	(532,741)	(532,741)	-
Other (Net Transfer)	-	88,452	(88,452)
Net Changes	308,269	1,513,826	(1,205,557)
Balances at December 31, 2020	12,943,899	13,261,555	(317,656)

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2021, the City recognized pension revenue of \$219,914. At April 30, 2021, 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	\$ 8,186	(107,280)	(99,094)
Change in Assumptions	-	(51,471)	(51,471)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(975,573)	(975,573)
Total Pension Expense to be Recognized in Future Periods	8,186	(1,134,324)	(1,126,138)
Pension Contributions Made Subsequent to the Measurement Date	80,176	-	80,176
Total Deferred Amounts Related to IMRF	<u>88,362</u>	<u>(1,134,324)</u>	<u>(1,045,962)</u>

\$80,176 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2022.

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
2022	\$ (388,534)
2023	(189,215)
2024	(388,230)
2025	(160,159)
2026	-
Thereafter	-
Total	<u>(1,126,138)</u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

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, 2021, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	13
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>17</u>
Total	<u><u>30</u></u>

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

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

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

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

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2021, the City's contribution was 40.64% 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, 2021

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of April 30, 2021, using the following actuarial methods and assumptions:

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

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Discount Rate

A Single Discount Rate of 6.24% was used to measure the total pension liability and the prior valuation used a rate of 5.55%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 2.27%, and the resulting single discount rate is 6.24%.

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (5.24%)	Current Discount Rate (6.24%)	1% Increase (7.24%)
Net Pension Liability	\$ 11,324,568	7,605,665	4,631,948

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2020	\$ 23,919,888	11,959,199	11,960,689
Changes for the Year:			
Service Cost	578,334	-	578,334
Interest on the Total Pension Liability	1,304,192	-	1,304,192
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(26,435)	-	(26,435)
Changes of Assumptions	(2,473,406)	-	(2,473,406)
Contributions - Employer	-	688,612	(688,612)
Contributions - Employees	-	167,796	(167,796)
Net Investment Income	-	2,914,625	(2,914,625)
Benefit Payments, including Refunds of Employee Contributions	(810,667)	(810,667)	-
Administrative Expense	-	(33,324)	33,324
Net Changes	(1,427,982)	2,927,042	(4,355,024)
Balances at April 30, 2021	22,491,906	14,886,241	7,605,665

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

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, 2021, the City recognized pension expense of \$657,029. At April 30, 2021, 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	\$ 313,329	(382,240)	(68,911)
Change in Assumptions	2,026,060	(2,379,271)	(353,211)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,303,618)	(1,303,618)
Total Deferred Amounts Related to Police Pension	<u>2,339,389</u>	<u>(4,065,129)</u>	<u>(1,725,740)</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
2022	\$ (232,741)
2023	(254,007)
2024	(303,125)
2025	(504,169)
2026	(106,415)
Thereafter	<u>(325,283)</u>
Total	<u>(1,725,740)</u>

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of April 30, 2021, the measurement date, the following employees were covered by the benefit terms:

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

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF HARVARD, ILLINOIS

Notes to the Financial Statements April 30, 2021

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	2.27%
Healthcare Cost Trend Rates	7.70% for 2021, decreasing to an ultimate rate of 5.0% for 2031 and later years
Retirees' Share of Benefit-Related Costs	Percentage of projected health insurance premiums for retirees: Pre-65 100%; PSEBA 0%; 55 or older depending on years of service 20% - 50%

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

IMRF mortality rates were based on RP-2014 with blue collar adjustment and MP-2016 improvement. Active and retired police mortality rates were based on the sex distinct raw rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 improvement rates.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2020	<u>\$ 3,093,885</u>
Changes for the Year:	
Service Cost	128,416
Interest	78,267
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(496,156)
Changes of Assumptions or Other Inputs	273,069
Benefit Payments	<u>(73,152)</u>
Net Changes	<u>(89,556)</u>
Balance at April 30, 2021	<u><u>3,004,329</u></u>

CITY OF HARVARD, ILLINOIS

**Notes to the Financial Statements
April 30, 2021**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The discount rate used to measure the total pension liability was 2.27%, while the prior valuation used 2.56%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB Liability	\$ 3,418,873	3,004,329	2,654,063

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

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 2,601,612	3,004,329	3,485,620

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

For the year ended April 30, 2021, the City recognized OPEB revenue of \$16,404. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

- Schedule of Investment Returns
 - Police Pension Fund

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

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

Notes to the Required Supplementary Information

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2021**

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

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Fair Value; 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015)

Note:

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2021**

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

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	14 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	2.50% - 24.58%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate

Note:

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

CITY OF HARVARD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

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

April 30, 2021

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

Note:

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

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2021**

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

Note:

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

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

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2021**

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

Note:

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

CITY OF HARVARD, ILLINOIS

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2021**

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

Notes:

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

Changes of Assumptions. Changes of assumptions and other inputs reflect changes in the discount rate in 2019 through 2021.

N/A - Not available

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,879,380	1,879,380	2,372,045
Licenses and Permits	497,500	497,500	351,386
Intergovernmental	2,811,500	2,811,500	3,213,000
Interest Income	40,000	40,000	38,306
Miscellaneous	527,200	527,200	157,587
Total Revenues	<u>5,755,580</u>	<u>5,755,580</u>	<u>6,132,324</u>
Expenditures			
General Government	788,365	788,365	887,310
Public Safety	2,878,950	2,878,950	3,432,220
Public Works	753,750	753,750	689,610
Capital Outlay	171,500	171,500	4,617,028
Debt Service			
Principal Retirement	102,849	102,849	102,849
Interest and Fiscal Charges	265,151	265,151	289,627
Total Expenditures	<u>4,960,565</u>	<u>4,960,565</u>	<u>10,018,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>795,015</u>	<u>795,015</u>	<u>(3,886,320)</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	10,000	10,000	9,827
Debt Issuance	-	-	4,825,000
Premium on Debt Issuance	-	-	571,858
Payment to Escrow Agent	-	-	(5,230,563)
Transfers Out	(805,015)	(805,015)	(755,015)
	<u>(795,015)</u>	<u>(795,015)</u>	<u>(578,893)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(4,465,213)</u>
Fund Balance - Beginning			<u>8,196,491</u>
Fund Balance - Ending			<u><u>3,731,278</u></u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 433,543	433,543	371,104
Intergovernmental			
Replacement Tax	13,000	13,000	15,507
Donations/Grants	-	-	24,376
Charges for Services	-	-	11,732
Interest Income	-	-	179,127
Miscellaneous	-	-	29,782
Total Revenues	<u>446,543</u>	<u>446,543</u>	<u>631,628</u>
Expenditures			
Culture and Recreation	365,543	365,543	604,706
Capital Outlay	81,000	81,000	-
Total Expenditures	<u>446,543</u>	<u>446,543</u>	<u>604,706</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	26,922
Fund Balance - Beginning			<u>324,341</u>
Fund Balance - Ending			<u><u>351,263</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, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 232,000	232,000	215,780
Amusement Taxes	5,400	5,400	-
Charges for Services	122,715	122,715	16,893
Interest Income	1,500	1,500	100
Miscellaneous	-	-	42
Total Revenues	<u>361,615</u>	<u>361,615</u>	<u>232,815</u>
Expenditures			
Culture and Recreation			
Salaries	161,000	161,000	101,004
Insurance	14,000	14,000	8,771
Contractual Services	69,600	69,600	38,826
Commodities	57,800	57,800	17,154
Other	34,000	34,000	6,562
Capital Outlay	91,065	91,065	102,628
Total Expenditures	<u>427,465</u>	<u>427,465</u>	<u>274,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,850)	(65,850)	(42,130)
Other Financing Sources			
Transfers In	45,850	45,850	42,100
Net Change in Fund Balance	<u>(20,000)</u>	<u>(20,000)</u>	(30)
Fund Balance - Beginning			<u>(856,211)</u>
Fund Balance - Ending			<u><u>(856,241)</u></u>

CITY OF HARVARD, ILLINOIS

TIF #1 Downtown Redevelopment - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 121,380	121,380	159,233
Interest Income	1,000	1,000	1,918
Total Revenues	<u>122,380</u>	<u>122,380</u>	<u>161,151</u>
Expenditures			
Debt Service			
Principal Retirement	375,000	375,000	375,000
Interest and Fiscal Charges	48,045	48,045	48,045
Total Expenditures	<u>423,045</u>	<u>423,045</u>	<u>423,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,665)	(300,665)	(261,894)
Other Financing Sources			
Transfers In	<u>300,665</u>	<u>300,665</u>	<u>300,665</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	38,771
Fund Balance - Beginning			<u>98,872</u>
Fund Balance - Ending			<u><u>137,643</u></u>

CITY OF HARVARD, ILLINOIS

TIF #2 Industrial Park - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 550,000	550,000	586,226
Interest Income	6,500	6,500	580
Miscellaneous	-	-	912
Total Revenues	<u>556,500</u>	<u>556,500</u>	<u>587,718</u>
Expenditures			
General Government			
Contractual Services	-	-	475
Debt Service			
Principal Retirement	390,626	390,626	390,151
Interest and Fiscal Charges	133,374	133,374	171,407
Total Expenditures	<u>524,000</u>	<u>524,000</u>	<u>562,033</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,500</u>	<u>32,500</u>	<u>25,685</u>
Other Financing Sources (Uses)			
Debt Issuance	-	-	800,000
Premium on Debt Issuance	-	-	86,207
Payment to Escrow Agent	-	-	(841,587)
	<u>-</u>	<u>-</u>	<u>44,620</u>
Net Change in Fund Balance	<u>32,500</u>	<u>32,500</u>	70,305
Fund Balance - Beginning			<u>532,040</u>
Fund Balance - Ending			<u><u>602,345</u></u>

CITY OF HARVARD, ILLINOIS

Liability Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 71,500	71,500	65,101
Miscellaneous	-	-	3,569
Total Revenues	<u>71,500</u>	<u>71,500</u>	<u>68,670</u>
Expenditures			
General Government			
Contractual Services	<u>230,000</u>	<u>230,000</u>	<u>257,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,500)	(158,500)	(188,376)
Other Financing Sources			
Transfers In	<u>158,500</u>	<u>158,500</u>	<u>158,500</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(29,876)
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>(29,876)</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Harvard Diggins Library Fund

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

Park Fund

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

TIF #1 Downtown Redevelopment Fund

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

TIF #2 Industrial Park Fund

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

Liability Insurance Fund

The Liability Insurance Fund is used to account for insurance.

Social Security Fund

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

Illinois Municipal Retirement Fund

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

Motor Fuel Tax Fund

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

INDIVIDUAL FUND DESCRIPTIONS – Continued

SPECIAL REVENUE FUNDS – Continued

Special Recreation Fund

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

Welfare Fund

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

Revolving Loan Fund

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

ENTERPRISE FUND

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

Water and Sewer Fund

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

TRUST AND CUSTODIAL FUNDS

PENSION TRUST FUNDS

Police Pension Fund

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

INDIVIDUAL FUND DESCRIPTIONS – Continued

TRUST AND CUSTODIAL FUNDS - Continued

PRIVATE PURPOSE FUNDS

Apartment Fund

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

Scholarship Fund

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

CUSTODIAL FUNDS

SSA #1 Park Pointe

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

SSA #2 Pointe 3A

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

SSA #3 Shadow Creek

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

SSA #4 Pointe 3B

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

SSA #5 Shadow Creek

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

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 1,061,380	1,061,380	1,607,865
Video Gaming Tax	127,000	127,000	105,027
Water Utility Tax	115,000	115,000	132,124
Electric Tax	320,000	320,000	311,454
Hotel/Motel Tax	26,000	26,000	3,065
Nicor Utility Tax	110,000	110,000	117,676
Telephone Tax	120,000	120,000	94,834
	<u>1,879,380</u>	<u>1,879,380</u>	<u>2,372,045</u>
Licenses and Permits			
Liquor License	72,000	72,000	83,666
Contractors License	12,000	12,000	13,535
Building Permits	40,000	40,000	28,775
Police DUI Fines	5,500	5,500	5,874
Police Fines/Tickets	210,000	210,000	120,964
Zoning/Platting Fees	4,000	4,000	5,800
Cable Franchise Fees	66,000	66,000	80,013
Yard Waste Stickers	3,000	3,000	1,379
Parking Permits	85,000	85,000	11,380
	<u>497,500</u>	<u>497,500</u>	<u>351,386</u>
Intergovernmental			
State Income Tax	1,030,000	1,030,000	1,146,698
Cannabis Use Tax	-	-	7,722
Use Tax	315,000	315,000	423,455
Sales Tax	1,350,000	1,350,000	1,356,728
Replacement Tax	105,000	105,000	122,508
Grants	11,500	11,500	155,889
	<u>2,811,500</u>	<u>2,811,500</u>	<u>3,213,000</u>
Interest Income	<u>40,000</u>	<u>40,000</u>	<u>38,306</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Miscellaneous			
Health Insurance Reimbursements	\$ 44,000	44,000	51,772
Police Reimbursements	65,000	65,000	14,025
Donations/Events	2,500	2,500	-
Miscellaneous	415,700	415,700	91,790
	<u>527,200</u>	<u>527,200</u>	<u>157,587</u>
Total Revenues	<u>5,755,580</u>	<u>5,755,580</u>	<u>6,132,324</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Salaries - Officials	\$ 124,000	124,000	126,418
Salaries - Clerical	94,000	94,000	98,594
Health Insurance	78,000	78,000	85,687
Training Seminars	500	500	-
Expense Mayors	1,800	1,800	1,800
Travel Expense	300	300	-
Attorney Fees	50,000	50,000	40,257
Professional Fees	35,000	35,000	77,633
Engineering Fees	20,000	20,000	79,212
Building/Grounds Maintenance	30,000	30,000	23,251
Service Agreements	18,000	18,000	15,021
Printing	1,500	1,500	274
Equipment Maintenance	8,000	8,000	6,999
Office Supplies	10,000	10,000	10,086
Postage	6,500	6,500	6,087
Dues/Subscriptions	8,700	8,700	8,493
Public Notices	3,000	3,000	2,320
Publications	2,500	2,500	1,012
Telephone	7,000	7,000	7,851
Garbage Stickers	2,300	2,300	1,352
Miscellaneous	22,065	22,065	21,582
Economic Development	41,000	41,000	41,000
	<u>564,165</u>	<u>564,165</u>	<u>654,929</u>
Building Services			
Salaries	157,000	157,000	160,470
Health Insurance	55,000	55,000	51,217
Training	1,600	1,600	305
Uniforms	600	600	-
Vehicle Maintenance	3,000	3,000	700
Nuisance/Investigations	6,000	6,000	19,169
Gas, Oil, Grease	1,000	1,000	520
	<u>224,200</u>	<u>224,200</u>	<u>232,381</u>
Total General Government	<u>788,365</u>	<u>788,365</u>	<u>887,310</u>

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 1,650,000	1,650,000	1,695,299
Salaries - Clerical	124,000	124,000	124,718
Pension Contribution	-	-	688,612
Crossing Guards	8,400	8,400	1,095
Overtime	250,000	250,000	148,806
Health Insurance	410,000	410,000	381,155
Health Exams	1,000	1,000	130
Training & Seminars	10,250	10,250	7,579
Uniforms	21,500	21,500	16,998
Attorney Fees	56,000	56,000	36,221
Professional Fees	240,000	240,000	233,921
Vehicle Maintenance	15,000	15,000	13,921
Radio Maintenance	11,000	11,000	10,765
Equipment Maintenance	11,000	11,000	8,356
Ammunition	3,800	3,800	3,232
Supplies	3,000	3,000	2,979
Office Supplies	5,000	5,000	3,564
Investigation/Film/Etc.	3,500	3,500	4,251
Dues/Subscriptions	2,000	2,000	2,230
Telephones	11,000	11,000	9,770
Gas, Oil, Grease	30,000	30,000	32,092
Police Commission Expense	3,700	3,700	683
Miscellaneous	2,000	2,000	1,793
Special Programs	6,800	6,800	4,050
Total Public Safety	2,878,950	2,878,950	3,432,220
Public Works			
Highways and Streets			
Salaries	330,000	330,000	319,045
Overtime Street	15,000	15,000	9,439
Health Insurance	100,000	100,000	94,508
Training & Seminars	2,000	2,000	-
Travel Expense	200	200	-
Uniforms	3,250	3,250	3,023

CITY OF HARVARD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Highways and Streets - Continued			
Street Light Maintenance	\$ 3,000	3,000	2,143
Vehicle/Equipment Maintenance	30,000	30,000	22,830
Building/Grounds Maintenance	32,000	32,000	22,158
Radio Maintenance	200	200	201
Parking Lot Maintenance	30,000	30,000	13,793
Tree Planting/Removal	30,000	30,000	30,300
Tools	5,000	5,000	3,665
Barricades	2,000	2,000	1,267
Supplies & Materials	2,500	2,500	1,423
Telephone	3,600	3,600	1,898
Electricity	100,000	100,000	107,822
Fuel for Building/Propane	-	-	245
Gas, Oil, Grease	20,000	20,000	22,551
Street Signs	5,000	5,000	2,585
Street Decorations	15,000	15,000	15,154
Transportation Services	10,000	10,000	7,439
Miscellaneous	15,000	15,000	8,121
Total Public Works	753,750	753,750	689,610
Capital Outlay			
General Government	17,500	17,500	4,463,860
Public Safety	130,000	130,000	129,548
Public Works	24,000	24,000	23,620
Total Capital Outlay	171,500	171,500	4,617,028
Debt Service			
Principal Retirement	102,849	102,849	102,849
Interest and Fiscal Charges	265,151	265,151	289,627
Total Debt Service	368,000	368,000	392,476
Total Expenditures	4,960,565	4,960,565	10,018,644

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Salaries	\$ 183,000	183,000	170,936
Unemployment Taxes	1,500	1,500	462
Health Insurance	80,000	80,000	82,120
IMRF Contributions	19,543	19,543	-
FICA Contributions	14,000	14,000	-
Scholarships	-	-	500
Postage	-	-	550
Dues/Fees/Charges	-	-	621
Teen Programming	-	-	350
Public Information	-	-	718
Kids Programming	-	-	1,106
D&O Insurance	-	-	1,468
Summer Reading Club	-	-	1,040
Adult Programming	-	-	953
Contractual Services	-	-	4,007
Technology Charges	-	-	6,564
Technology Upgrades	-	-	353
Automation/Consortium	-	-	11,816
Board Expenses	-	-	100
	<u>298,043</u>	<u>298,043</u>	<u>283,664</u>
Materials			
Young Adult Books	-	-	809
Overdrive Subscription	-	-	1,606
Newspapers/Magazines	-	-	3,896
OneClick Digital	-	-	144
Zinio Digital Magazines	-	-	2,367
Adult Movies	-	-	2,376
Audio Books	-	-	3,396
Electronic Resources	-	-	5,400
Childrens Books	-	-	4,103
Adult Books	-	-	8,418
Video Games	-	-	402
Periodicals	-	-	59
	<u>-</u>	<u>-</u>	<u>32,976</u>

CITY OF HARVARD, ILLINOIS

Harvard Diggins Library - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Operating			
Capital Reserves	\$ 20,000	20,000	21,281
Telephone	16,750	16,750	19,102
Utilities	750	750	2,676
Contractual Services	25,000	25,000	45,945
Technology	5,000	5,000	5,168
Vehicle/Equipment Maintenance	-	-	122
Building/Grounds Maintenance	-	-	2,183
Library Supplies	-	-	4,215
Office/Staff Supplies	-	-	2,563
Withdrawals for Sec/E. Jones	-	-	22,860
Copier Leases	-	-	3,307
COVID-19 Costs	-	-	258
Miscellaneous	-	-	158,386
	<u>67,500</u>	<u>67,500</u>	<u>288,066</u>
Total Culture and Recreation	<u>365,543</u>	<u>365,543</u>	<u>604,706</u>
Capital Outlay			
Infrastructure/Land Acquisition	<u>81,000</u>	<u>81,000</u>	<u>-</u>
Total Expenditures	<u><u>446,543</u></u>	<u><u>446,543</u></u>	<u><u>604,706</u></u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2021

	<u>Social Security</u>
ASSETS	
Cash and Investments	\$ -
Receivables	
Property Taxes	102,365
Other	-
Due from Other Governments	<u>-</u>
Total Assets	<u><u>102,365</u></u>
LIABILITIES	
Liabilities	
Accounts Payable	815
Due to Other Funds	<u>88,486</u>
Total Liabilities	89,301
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>51,185</u>
Total Liabilities and Deferred Inflows of Resources	140,486
FUND BALANCES	
Fund Balances	
Restricted	-
Unassigned	<u>(38,121)</u>
Total Fund Balances	<u><u>(38,121)</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>102,365</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
80,540	597,136	160,029	10,707	62,589	911,001
92,129	-	40,900	-	-	235,394
-	-	-	-	164,373	164,373
-	31,122	-	-	-	31,122
<u>172,669</u>	<u>628,258</u>	<u>200,929</u>	<u>10,707</u>	<u>226,962</u>	<u>1,341,890</u>
5,440	9,324	-	-	-	15,579
-	-	-	-	-	88,486
<u>5,440</u>	<u>9,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,065</u>
46,064	-	20,450	-	-	117,699
51,504	9,324	20,450	-	-	221,764
121,165	618,934	180,479	10,707	226,962	1,158,247
-	-	-	-	-	(38,121)
<u>121,165</u>	<u>618,934</u>	<u>180,479</u>	<u>10,707</u>	<u>226,962</u>	<u>1,120,126</u>
<u>172,669</u>	<u>628,258</u>	<u>200,929</u>	<u>10,707</u>	<u>226,962</u>	<u>1,341,890</u>

CITY OF HARVARD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2021**

	<u>Social Security</u>
Revenues	
Taxes	\$ 93,005
Intergovernmental	-
Interest Income	-
Miscellaneous	-
Total Revenues	<u>93,005</u>
Expenditures	
General Government	284,876
Public Works	-
Culture and Recreation	-
Total Expenditures	<u>284,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(191,871)</u>
Other Financing Sources (Uses)	
Transfers In	153,750
Transfers Out	-
	<u>153,750</u>
Net Change in Fund Balances	(38,121)
Fund Balances - Beginning	<u>-</u>
Fund Balances - Ending	<u><u>(38,121)</u></u>

Illinois Municipal Retirement	Motor Fuel Tax	Special Recreation	Welfare	Revolving Loan	Totals
83,708	-	37,559	-	-	214,272
37,631	672,896	-	3,480	-	714,007
-	607	-	14	64	685
-	-	-	750	2,792	3,542
121,339	673,503	37,559	4,244	2,856	932,506
239,416	-	-	-	-	524,292
-	404,010	-	-	-	404,010
-	-	22,228	3,083	-	25,311
239,416	404,010	22,228	3,083	-	953,613
(118,077)	269,493	15,331	1,161	2,856	(21,107)
111,250	-	-	-	-	265,000
-	-	(11,250)	-	-	(11,250)
111,250	-	(11,250)	-	-	253,750
(6,827)	269,493	4,081	1,161	2,856	232,643
127,992	349,441	176,398	9,546	224,106	887,483
121,165	618,934	180,479	10,707	226,962	1,120,126

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, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 100,000	100,000	93,005
Expenditures			
General Government			
Contractual Services	280,000	280,000	284,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,000)	(180,000)	(191,871)
Other Financing Sources			
Transfers In	180,000	180,000	153,750
Net Change in Fund Balance	-	-	(38,121)
Fund Balance - Beginning			-
Fund Balance - Ending			(38,121)

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, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 90,000	90,000	83,708
Intergovernmental			
Replacement Taxes	40,000	40,000	37,631
Total Revenues	130,000	130,000	121,339
Expenditures			
General Government			
Contractual Services	220,000	220,000	239,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,000)	(90,000)	(118,077)
Other Financing Sources			
Transfers In	90,000	90,000	111,250
Net Change in Fund Balance	-	-	(6,827)
Fund Balance - Beginning			127,992
Fund Balance - Ending			121,165

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, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 360,000	360,000	672,896
Interest Income	6,500	6,500	607
Miscellaneous	72,500	72,500	-
Total Revenues	439,000	439,000	673,503
Expenditures			
Public Works			
Contractual Services	439,000	439,000	404,010
Net Change in Fund Balance	-	-	269,493
Fund Balance - Beginning			349,441
Fund Balance - Ending			618,934

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, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 40,000	40,000	37,559
Expenditures			
Culture and Recreation			
Contractual Services	25,000	25,000	22,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	15,331
Other Financing (Uses)			
Transfers Out	(15,000)	(15,000)	(11,250)
Net Change in Fund Balance	-	-	4,081
Fund Balance - Beginning			176,398
Fund Balance - Ending			180,479

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, 2021**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,300,000	2,300,000	1,876,196
Tap On Fees	6,500	6,500	7,176
Sale Of Material	-	-	1,013
Penalties	58,000	58,000	18,099
Plumbing Fees	5,000	5,000	2,126
Maintenance	730,000	730,000	716,884
Moving Charge	2,000	2,000	1,700
Utility Tax	115,000	115,000	131,916
EPA License Fee	17,500	17,500	17,772
Water Tower Lease	37,200	37,200	40,530
Waste Water Plant Fee	-	-	1,100
Miscellaneous	4,300	4,300	5,477
Total Operating Revenues	<u>3,275,500</u>	<u>3,275,500</u>	<u>2,819,989</u>
Operating Expenses			
Water	1,556,750	1,556,750	859,192
Sewer Treatment	957,500	957,500	1,003,930
Depreciation and Amortization	-	-	306,535
Total Operating Expenses	<u>2,514,250</u>	<u>2,514,250</u>	<u>2,169,657</u>
Operating Income	<u>761,250</u>	<u>761,250</u>	<u>650,332</u>
Nonoperating Revenues (Expenses)			
Interest Income	157,424	157,424	661
Principal Retirement	(115,000)	(115,000)	-
Interest Expense	(68,674)	(68,674)	(36,089)
	<u>(26,250)</u>	<u>(26,250)</u>	<u>(35,428)</u>
Income Before Transfers	735,000	735,000	614,904
Transfers Out	<u>(735,000)</u>	<u>(735,000)</u>	-
Change in Net Position	<u>-</u>	<u>-</u>	614,904
Net Position - Beginning			<u>7,043,314</u>
Net Position - Ending			<u><u>7,658,218</u></u>

CITY OF HARVARD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Water			
Salaries	\$ 397,500	397,500	423,054
O.T. Salaries	10,000	10,000	11,776
Compensated Absences	-	-	13,326
IMRF Pension Expense (Revenue)	-	-	(86,359)
OPEB Expense	-	-	(125,399)
Health Insurance	80,000	80,000	74,362
Training	2,000	2,000	564
Uniforms	2,600	2,600	2,018
Professional Fees	100,000	100,000	30,344
Permit Fees	17,500	17,500	17,500
Engineering Fees	500,000	500,000	-
Vehicle Maintenance	5,000	5,000	3,350
Building Maintenance	20,000	20,000	13,113
Maintenance of Tower	20,000	20,000	22,298
Lift Station Maintenance	40,000	40,000	45,591
Equipment Maintenance	40,000	40,000	102,549
Lab Supplies	12,000	12,000	7,789
Material Purchases	2,500	2,500	1,627
Office Supplies	200	200	31
Dues/Subscriptions	750	750	-
Telephone	4,000	4,000	3,635
Electricity	185,000	185,000	163,775
Fuel for Building, Gas	10,000	10,000	9,011
Gasoline, Oil, Grease	10,000	10,000	11,385
Chemicals	95,000	95,000	75,426
Miscellaneous	2,700	2,700	941
Infrastructure/Land Acquisition	-	-	37,485
	<u>1,556,750</u>	<u>1,556,750</u>	<u>859,192</u>
Sewer Treatment			
Salaries	279,500	279,500	320,392
Salaries - Clerical	125,000	125,000	84,490
O.T. Salaries	15,000	15,000	14,462
Health Insurance	84,500	84,500	91,714
Uniforms	3,500	3,500	3,423
Utility Tax	115,000	115,000	132,124
Rent	25,000	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, 2021**

	Budget		Actual
	Original	Final	
Sewer Treatment - Continued			
Vehicle Maintenance	\$ 30,000	30,000	25,646
Building/Grounds/General Maintenance	-	-	34
Storm Sewer Maintenance	30,000	30,000	27,652
Sanitary Sewer Maintenance	35,000	35,000	33,634
Water Main Maintenance	50,000	50,000	50,227
Material Purchase	2,500	2,500	1,873
Office Supplies	2,500	2,500	1,026
Postage	8,000	8,000	6,969
Telephone	3,000	3,000	1,153
Gasoline, Oil, Grease	15,000	15,000	1,521
Miscellaneous	18,000	18,000	8,288
New Equipment	116,000	116,000	106,648
Infrastructure/Land Acquisition	-	-	67,654
	<u>957,500</u>	<u>957,500</u>	<u>1,003,930</u>
Depreciation and Amortization	-	-	306,535
Total Operating Expenses	<u>2,514,250</u>	<u>2,514,250</u>	<u>2,169,657</u>

CITY OF HARVARD, ILLINOIS

Trust Funds

Combining Statement of Fiduciary Net Position

April 30, 2021

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
ASSETS				
Cash and Cash Equivalents	\$ 403,487	82,849	10,243	496,579
Investments				
U.S. Treasuries	717,854	-	-	717,854
U.S. Agencies	3,288,787	-	-	3,288,787
Corporate Bonds	983,111	-	-	983,111
Municipal Bonds	880,682	-	-	880,682
Mutual Funds	8,210,921	-	-	8,210,921
Receivables				
Accrued Interest	42,917	-	-	42,917
Due from Other Funds	358,207	-	-	358,207
Other	-	83,950	-	83,950
Prepays	3,766	-	-	3,766
Total Assets	14,889,732	166,799	10,243	15,066,774
LIABILITIES				
Accounts Payable	3,491	-	-	3,491
NET POSITION				
Net Position Restricted for Trusts	14,886,241	166,799	10,243	15,063,283

CITY OF HARVARD, ILLINOIS

Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2021**

	Police Pension	Private Purpose		Totals
		Apartment	Scholarship	
Additions				
Contributions - Employer	\$ 688,612	-	-	688,612
Contributions - Plan Members	167,796	-	-	167,796
Other Income	-	7,466	-	7,466
Total Contributions	856,408	7,466	-	863,874
Investment Income				
Interest Income	877	106	10	993
Net Change in Fair Value	2,947,941	-	-	2,947,941
	2,948,818	106	10	2,948,934
Less Investment Expenses	(34,193)	-	-	(34,193)
Net Investment Income	2,914,625	106	10	2,914,741
Total Additions	3,771,033	7,572	10	3,778,615
Deductions				
Administration	33,324	-	-	33,324
Benefits and Refunds	810,667	-	-	810,667
Other Charges and Services	-	4,126	1,000	5,126
Total Deductions	843,991	4,126	1,000	849,117
Change in Fiduciary Net Position	2,927,042	3,446	(990)	2,929,498
Net Position Restricted for Trusts				
Beginning	11,959,199	163,353	11,233	12,133,785
Ending	14,886,241	166,799	10,243	15,063,283

CITY OF HARVARD, ILLINOIS

Police Pension Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 740,000	740,000	688,612
Contributions - Plan Members	-	-	167,796
Total Contributions	740,000	740,000	856,408
Investment Income			
Interest Income	-	-	877
Net Change in Fair Value	-	-	2,947,941
	-	-	2,948,818
Less Investment Expenses	-	-	(34,193)
Net Investment Income	-	-	2,914,625
Total Additions	740,000	740,000	3,771,033
Deductions			
Administration	-	-	33,324
Benefits and Refunds	740,000	740,000	810,667
Total Deductions	740,000	740,000	843,991
Change in Fiduciary Net Position	-	-	2,927,042
Net Position Restricted for Pensions			
Beginning			11,959,199
Ending			14,886,241

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Fiduciary Net Position
April 30, 2021**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
ASSETS						
Cash and Investments	\$ 353	422	22	1,731	5,486	8,014
LIABILITIES						
Accounts Payable	-	-	-	-	-	-
NET POSITION						
Net Position Restricted for Individuals, Organizations and other Governments	353	422	22	1,731	5,486	8,014

CITY OF HARVARD, ILLINOIS

Custodial Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2021**

	SSA #1 Park Pointe	SSA #2 Pointe 3A	SSA #3 Shadow Creek	SSA #4 Point 3B	SSA #5 Shadow Creek	Totals
Additions						
Special Assessments - Property Tax	\$ -	-	-	39,500	126,802	166,302
Other Income	5	-	-	-	-	5
Total Contributions	5	-	-	39,500	126,802	166,307
Investment Income						
Interest Income	18	9	3	21	47	98
Total Additions	23	9	3	39,521	126,849	166,405
Deductions						
Administration	15,189	-	412	550	901	17,052
Debt Service						
Principal Retirement	-	7,562	-	35,000	115,841	158,403
Interest and Fiscal Charges	-	-	-	2,250	8,400	10,650
Total Deductions	15,189	7,562	412	37,800	125,142	186,105
Change in Fiduciary Net Position	(15,166)	(7,553)	(409)	1,721	1,707	(19,700)
Net Position Restricted for Individuals, Organizations and Governments						
Beginning	15,519	7,975	431	10	3,779	27,714
Ending	353	422	22	1,731	5,486	8,014

CITY OF HARVARD, ILLINOIS

SSA #4 Pointe 3B Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 39,500	39,500	39,500
Investment Income			
Interest Income	-	-	21
Total Additions	39,500	39,500	39,521
Deductions			
Administration	-	-	550
Debt Service			
Principal Retirement	35,000	35,000	35,000
Interest and Fiscal Charges	4,500	4,500	2,250
Total Deductions	39,500	39,500	37,800
Change in Fiduciary Net Position	-	-	1,721
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			10
Ending			1,731

CITY OF HARVARD, ILLINOIS

SSA #5 Shadow Creek Fund

**Statement of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2021**

	Budget		Actual
	Original	Final	
Additions			
Special Assessments - Property Tax	\$ 126,800	126,800	126,802
Investment Income			
Interest Income	-	-	47
Total Additions	126,800	126,800	126,849
Deductions			
Administration	-	-	901
Debt Service			
Principal Retirement	115,841	115,841	115,841
Interest and Fiscal Charges	10,959	10,959	8,400
Total Deductions	126,800	126,800	125,142
Change in Fiduciary Net Position	-	-	1,707
Net Position Restricted for Individuals, Organizations and Governments			
Beginning			3,779
Ending			5,486

CITY OF HARVARD, ILLINOIS

**Consolidated Year-End Financial Report
April 30, 2021**

CSFA #	Program Name	State	Federal	Other	Totals
494-00-1488	Motor Fuel Tax Program	\$ 380,653	-	-	380,653
494-00-0967	High-Growth Cities Program	23,357	-	-	23,357
420-00-2433	Local Coronavirus Urgent Remediation Emergency (or Local CURE) and Economic Support Payments Grants Program	-	122,015	-	122,015
	Other Grant Programs and Activities	-	-	1,746,444	1,746,444
	All Other Costs Not Allocated	-	-	7,720,279	7,720,279
	Totals	404,010	122,015	9,466,723	9,992,748



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

September 29, 2021

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvard, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. According, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

SUPPLEMENTAL SCHEDULES

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012A
April 30, 2021**

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
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>1,180,000</u>	<u>75,000</u>	<u>1,255,000</u>		<u>37,499</u>		<u>37,501</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2012B
April 30, 2021**

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
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>1,010,000</u>	<u>127,860</u>	<u>1,137,860</u>		<u>63,928</u>		<u>63,932</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) of 2016A
April 30, 2021**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Nov. 1	Amount	May 1	Amount
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>580,000</u>	<u>38,640</u>	<u>618,640</u>		<u>19,320</u>		<u>19,320</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2016B
April 30, 2021**

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
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>2,080,000</u>	<u>372,750</u>	<u>2,452,750</u>		<u>186,375</u>		<u>186,375</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020A
April 30, 2021**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2022	\$ 15,000	144,750	159,750	2021	72,375	2022	72,375
2023	30,000	144,300	174,300	2022	72,150	2023	72,150
2024	45,000	143,400	188,400	2023	71,700	2024	71,700
2025	235,000	142,050	377,050	2024	71,025	2025	71,025
2026	240,000	135,000	375,000	2025	67,500	2026	67,500
2027	250,000	127,800	377,800	2026	63,900	2027	63,900
2028	255,000	120,300	375,300	2027	60,150	2028	60,150
2029	265,000	112,650	377,650	2028	56,325	2029	56,325
2030	270,000	104,700	374,700	2029	52,350	2030	52,350
2031	285,000	96,600	381,600	2030	48,300	2031	48,300
2032	290,000	88,050	378,050	2031	44,025	2032	44,025
2033	300,000	79,350	379,350	2032	39,675	2033	39,675
2034	305,000	70,350	375,350	2033	35,175	2034	35,175
2035	315,000	61,200	376,200	2034	30,600	2035	30,600
2036	325,000	51,750	376,750	2035	25,875	2036	25,875
2037	335,000	42,000	377,000	2036	21,000	2037	21,000
2038	345,000	31,950	376,950	2037	15,975	2038	15,975
2039	355,000	21,600	376,600	2038	10,800	2039	10,800
2040	365,000	10,950	375,950	2039	5,475	2040	5,475
	<u>4,825,000</u>	<u>1,728,750</u>	<u>6,553,750</u>		<u>864,375</u>		<u>864,375</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Bonds (Alternate Revenue Source) of 2020B
April 30, 2021**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2022	\$ 50,000	22,950	72,950	2021	11,475	2022	11,475
2023	65,000	21,450	86,450	2022	10,725	2023	10,725
2024	80,000	19,500	99,500	2023	9,750	2024	9,750
2025	90,000	17,100	107,100	2024	8,550	2025	8,550
2026	100,000	14,400	114,400	2025	7,200	2026	7,200
2027	100,000	11,400	111,400	2026	5,700	2027	5,700
2028	140,000	8,400	148,400	2027	4,200	2028	4,200
2029	140,000	4,200	144,200	2028	2,100	2029	2,100
	<u>765,000</u>	<u>119,400</u>	<u>884,400</u>		<u>59,700</u>		<u>59,700</u>

CITY OF HARVARD, ILLINOIS

Long-Term Debt Requirements

Notes Payable of 2017

April 30, 2021

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		
	Principal	Interest	Totals
2022	\$ 602,600	19,118	621,718
