

City of Harvard

Harvard, Illinois

Annual Financial Report

April 30, 2014

City of Harvard, Illinois

Year Ended April 30, 2014

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City of Harvard, Illinois

Year Ended April 30, 2014

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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, 2014 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.

Implementation of GASB 65

As discussed in Note 14 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Schedule of Funding Progress for the Illinois Municipal Retirement Fund, Actuarial Valuations for Police Pension System, and the Schedule of Revenues and Expenditures/Expenses Compared with Budget, all of which are listed in the table of contents as required supplementary information, 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, which consisted of inquiries of management about the methods 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of City of Harvard, Illinois taken as a whole. The schedules listed in the table of contents as "Other Information" are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2014 on our consideration of City of Harvard, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harvard, Illinois' internal control over financial reporting and compliance.

Wipfli LLP

Rockford, Illinois
October 13, 2014

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

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 as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Harvard's basic financial statements and have issued our report thereon dated October 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Harvard'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 City of Harvard's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Harvard'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 entity'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. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the accompanying schedule of findings and responses as items 2014-1 and 2014-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harvard'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*.

Responses to Findings

City of Harvard, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Harvard, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Rockford, Illinois
October 13, 2014

Basic Financial Statements

City of Harvard, Illinois

Statement of Net Position

April 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,299,049	\$ 641,899	\$ 1,940,948
Investments	1,115,446	-	1,115,446
Receivables:			
Taxes	2,754,359	-	2,754,359
Accounts	581,198	417,489	998,687
Due from other governments	24,266	-	24,266
Internal balances	557,442	(557,442)	-
Total current assets	6,331,760	501,946	6,833,706
Capital Assets (net of accumulated depreciation):			
Land (non-depreciable)	8,544,157	128,000	8,672,157
Infrastructure	6,049,011	1,506,772	7,555,783
Buildings and improvements	3,942,002	7,065,569	11,007,571
Machinery and equipment	17,686	108,787	126,473
Furniture and office equipment	93,927	-	93,927
Vehicles	129,029	-	129,029
Total noncurrent assets	18,775,812	8,809,128	27,584,940
Total assets	25,107,572	9,311,074	34,418,646

Liabilities

Current liabilities:

Accounts payable	76,435	82,422	158,857
Accrued payroll	92,311	13,716	106,027
Accrued interest	75,484	5,956	81,440
Due to fiduciary funds	26,337	-	26,337
Notes payable	31,236	-	31,236
Current portion on bonds payable	538,075	155,000	693,075
Total current liabilities	839,878	257,094	1,096,972

Noncurrent liabilities:

Compensated absences	268,056	59,105	327,161
Net pension obligation	896,298	-	896,298
Notes payable	764,692	-	764,692
Bonds payable, including unamortized premium (discount)	6,377,938	2,227,696	8,605,634
Total noncurrent liabilities	8,306,984	2,286,801	10,593,785
Total liabilities	9,146,862	2,543,895	11,690,757

Deferred Inflows of Resources

Property taxes	1,368,513	-	1,368,513
Total deferred inflows of resources	1,368,513	-	1,368,513

Net Position

Net investment in capital assets	11,063,871	6,426,432	17,490,303
Restricted for highways and streets	265,926	-	265,926
Restricted for debt service	163,139	-	163,139
Restricted for capital projects	123,729	-	123,729
Restricted for library	1,392,349	-	1,392,349
Restricted for police protection	602,274	-	602,274
Restricted for other purposes	558,173	-	558,173
Unrestricted	422,736	340,747	763,483
Total net position	\$ 14,592,197	\$ 6,767,179	\$ 21,359,376

City of Harvard, Illinois

Statement of Activities

Year ended April 30, 2014

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General Government	\$ 2,090,120	\$ 630,003	\$ 19,523	\$ -
Public Safety	2,624,613	295,524	-	-
Public Works	1,278,815	142,143	374,360	-
Culture and Recreation	194,375	8,755	-	-
Interest expense	351,748	-	-	-
Total governmental activities	\$ 6,539,670	\$ 1,076,425	\$ 393,883	\$ -
Business-type activities:				
Swimming Pool	\$ 191,058	\$ 59,586	\$ -	\$ -
Waterworks and Sewerage	2,112,082	2,069,745	-	-
Total business-type activities	\$ 2,303,140	\$ 2,129,331	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
State taxes				
Miscellaneous taxes				
Interest and investment income				
Miscellaneous				
Total general revenues				
Transfers in (out)				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,440,594)	\$ -	\$ (1,440,594)
(2,329,089)	-	(2,329,089)
(762,312)	-	(762,312)
(185,620)	-	(185,620)
(351,748)	-	(351,748)
(5,069,362)	-	(5,069,362)
-	(131,472)	(131,472)
-	(42,337)	(42,337)
-	(173,809)	(173,809)
2,820,673	-	2,820,673
2,326,613	-	2,326,613
736,593	-	736,593
123,298	2,394	125,692
182,161	7,498	189,659
6,189,338	9,892	6,199,230
(40,000)	40,000	-
1,079,976	(123,917)	956,059
13,512,221	6,891,096	20,403,317
\$ 14,592,197	\$ 6,767,179	\$ 21,359,376

City of Harvard, Illinois

Statement of Assets, Liabilities, and Fund Balances Governmental Funds

April 30, 2014

	General Fund	Harvard Diggins Library	Police Protection
Assets			
Cash and cash equivalents	\$ 273,699	\$ 165,892	\$ -
Investments	-	1,115,446	-
Receivables, net of allowances			
Property tax	445,877	229,484	591,104
Accounts	542,253	-	-
Due from other funds	1,374,769	-	306,722
Total assets	\$ 2,636,598	\$ 1,510,822	\$ 897,826
Liabilities			
Current liabilities			
Accounts payable	\$ 59,034	\$ -	\$ -
Accrued payroll	83,223	4,972	-
Due to other funds	-	-	-
Due to fiduciary funds	23,238	-	-
Total liabilities	165,495	4,972	-
Deferred Inflows of Resources			
Property taxes	215,507	113,501	295,552
Total deferred inflows of resources	215,507	113,501	295,552
Fund Balances			
Fund balances:			
Restricted for:			
Special revenue funds	-	-	602,274
Debt service funds	-	-	-
Capital projects funds	-	-	-
Harvard Diggins Library	-	1,392,349	-
Unassigned	2,255,596	-	-
Total fund balances	2,255,596	1,392,349	602,274
Total liabilities, deferred inflows and fund balances	\$ 2,636,598	\$ 1,510,822	\$ 897,826

See accompanying notes to financial statements.

TIF #1 Downtown Redevelopment	TIF #2 Industrial Park Fund	TIF #3 South	Nonmajor Governmental Funds	Total Governmental Funds
\$ 123,957	\$ 76,703	\$ 203,977	\$ 454,821	\$ 1,299,049
-	-	-	-	1,115,446
65,597	218,676	142,608	1,061,014	2,754,360
-	-	-	63,211	605,464
-	-	-	356,647	2,038,138
<u>\$ 189,554</u>	<u>\$ 295,379</u>	<u>\$ 346,585</u>	<u>\$ 1,935,693</u>	<u>\$ 7,812,457</u>
\$ -	\$ -	\$ -	\$ 17,401	\$ 76,435
-	-	-	4,118	92,313
-	-	-	1,480,696	1,480,696
-	-	-	3,099	26,337
-	-	-	1,505,314	1,675,781
32,799	109,338	71,304	530,512	1,368,513
<u>32,799</u>	<u>109,338</u>	<u>71,304</u>	<u>530,512</u>	<u>1,368,513</u>
-	-	-	824,098	1,426,372
156,755	186,041	275,281	163,139	781,216
-	-	-	123,729	123,729
-	-	-	-	1,392,349
-	-	-	(1,211,099)	1,044,496
156,755	186,041	275,281	(100,133)	4,768,163
<u>\$ 189,554</u>	<u>\$ 295,379</u>	<u>\$ 346,585</u>	<u>\$ 1,935,693</u>	<u>\$ 7,812,457</u>

City of Harvard, Illinois

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

April 30, 2014

Total fund balances - governmental funds	\$ 4,768,163
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 as assets in governmental funds. The cost of the assets is \$22,440,752 and the accumulated depreciation is \$3,664,940.	18,775,812
Interest on long-term debt is not accrued in governmental funds	(75,484)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. The net pension obligation is also not accrued in the fund financial statements.	(8,876,294)
<u>Total net position - governmental activities</u>	<u>14,592,197</u>

City of Harvard, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year ended April 30, 2014

	General Fund	Harvard Diggins Library	Police Protection	TIF #1 Downtown Redevelopment
Revenues				
Taxes	\$ 3,565,369	\$ 235,286	\$ 609,352	\$ 69,785
Licenses and fees	749,819	26,098	-	-
Intergovernmental	-	-	-	-
Investment income	-	108,110	-	-
Interest	4,573	-	-	549
Other	288,162	21,545	-	-
Total revenues	4,607,923	391,039	609,352	70,334
Expenditures				
General government	758,225	36,748	-	-
Public safety	2,482,320	-	-	-
Public works	651,569	-	-	-
Culture and recreation	-	296,143	-	-
Capital outlay	327,653	-	-	-
Debt service	18,795	-	-	182,170
Total expenditures	4,238,561	332,891	-	182,170
Excess (deficiency) of revenues over expenditures	369,362	58,148	609,352	(111,836)
Other Financing Sources (uses)				
Transfers in	775,094	-	-	118,750
Transfers out	(666,694)	-	(632,100)	(23,750)
Total other financing sources and uses	108,400	-	(632,100)	95,000
Net change in fund balances	477,762	58,148	(22,748)	(16,836)
Fund balances - beginning	1,777,834	1,334,201	625,022	173,591
Fund balances - ending	\$ 2,255,596	\$ 1,392,349	\$ 602,274	\$ 156,755

TIF #2 Industrial Park Fund	TIF #3 South	Nonmajor Governmental Funds	Total Governmental Funds
\$ 218,037	\$ 181,032	\$ 1,348,704	\$ 6,227,565
-	-	12,036	787,953
-	-	127,929	127,929
-	-	-	108,110
520	547	1,907	8,096
-	-	90,775	400,482
218,557	181,579	1,581,351	7,660,135
-	-	781,590	1,576,563
-	-	-	2,482,320
-	-	473,757	1,125,326
-	-	282,587	578,730
-	-	-	327,653
256,160	47,804	632,514	1,137,443
256,160	47,804	2,170,448	7,228,034
(37,603)	133,775	(589,097)	432,101
-	-	512,402	1,406,246
-	-	(123,702)	(1,446,246)
-	-	388,700	(40,000)
(37,603)	133,775	(200,397)	392,101
223,644	141,506	100,264	4,376,062
\$ 186,041	\$ 275,281	\$ (100,133)	\$ 4,768,163

City of Harvard, Illinois

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

Year ended April 30, 2014

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - Governmental funds	\$ 392,101
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences are reported in the government wide statement. This is the amount of change in the liability from the prior year.	(29,615)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets of \$692,543 exceed depreciation expense of \$372,389 in the period.	320,154
The increase in the net pension obligation recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the increase in the net pension obligation in the period.	(93,924)
Debt payments are reported in governmental funds as expenditures. However, the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	491,260
<hr/>	
Change in net position of governmental activities	<u>\$ 1,079,976</u>

City of Harvard, Illinois

Statement of Net Position Proprietary Funds

April 30, 2014

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Assets			
Current assets:			
Cash	\$ 641,899	\$ -	\$ 641,899
Accounts receivable	417,489	-	417,489
Due from other funds	1,237	-	1,237
Total current assets	1,060,625	-	1,060,625
Land	128,000	-	128,000
Property, plant and equipment (net of accumulated depreciation)	7,246,770	1,434,358	8,681,128
Total noncurrent assets	7,374,770	1,434,358	8,809,128
Total assets	8,435,395	1,434,358	9,869,753
Liabilities			
Current liabilities:			
Due to other funds	480	558,199	558,679
Accounts payable	74,792	7,630	82,422
Accrued payroll	13,716	-	13,716
Accrued interest	5,956	-	5,956
Current portion long term debt	155,000	-	155,000
Total current liabilities	249,944	565,829	815,773
Noncurrent liabilities:			
Compensated absences payable	59,105	-	59,105
General obligation bonds payable, including unamortized premium (discount)	2,227,696	-	2,227,696
Total noncurrent liabilities	2,286,801	-	2,286,801
Total liabilities	2,536,745	565,829	3,102,574
Net Position			
Net investment in capital assets	4,992,074	1,434,358	6,426,432
Unrestricted	906,576	(565,829)	340,747
Total net position	\$ 5,898,650	\$ 868,529	\$ 6,767,179

See accompanying notes to financial statements.

City of Harvard, Illinois

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

Year ended April 30, 2014

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Operating revenues			
Charges for services	\$ 2,185,370	\$ 56,303	\$ 2,241,673
Operating expenses:			
Operating	1,784,982	139,277	1,924,259
Depreciation	264,220	51,782	316,002
Total operating expenses	2,049,202	191,059	2,240,261
Operating income (loss)	136,168	(134,756)	1,412
Nonoperating revenues (expenses)			
Grant for capital improvement	-	-	-
Miscellaneous income	-	3,283	3,283
Interest income	2,394	-	2,394
Interest expense	(171,006)	-	(171,006)
Total nonoperating revenues	(168,612)	3,283	(165,329)
Other financing sources (uses)			
Operating transfers in	-	40,000	40,000
Net loss	(32,444)	(91,473)	(123,917)
Net position - May 1, 2013	5,931,094	960,002	6,891,096
Net position - April 30, 2014	\$ 5,898,650	\$ 868,529	\$ 6,767,179

City of Harvard, Illinois

Statement of Cash Flows Proprietary Funds

Year ended April 30, 2014

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 2,151,656	\$ 56,303	\$ 2,207,959
Payments to suppliers	(1,450,531)	(68,374)	(1,518,905)
Payments to employees	(298,813)	(67,240)	(366,053)
Net cash provided by (used in) operations	402,312	(79,311)	323,001
Cash Flows From Investing Activities			
Interest received	2,394	-	2,394
Net cash provided by investing activities	2,394	-	2,394
Cash Flows From Capital and Related Financing Activities			
Interest paid	(165,050)	-	(165,050)
Miscellaneous receipts	-	3,461	3,461
Transfers in	-	40,000	40,000
Due to other funds	-	35,850	35,850
Bond issuance costs	49,030	-	49,030
Net (payments) proceeds on general obligation bonds	(305,774)	-	(305,774)
Principal payments on capital lease	(11,364)	-	(11,364)
Purchase of property and equipment	(111,209)	-	(111,209)
Net cash provided by (used in) capital and related financing activities	(544,367)	79,311	(465,056)
Net increase (decrease) in cash and cash equivalents	(139,661)	-	(139,661)
Beginning cash and cash equivalents	781,560	-	781,560
Ending cash and cash equivalents	\$ 641,899	\$ -	\$ 641,899

See accompanying notes to financial statements.

City of Harvard, Illinois

Statement of Cash Flows (Continued) Proprietary Funds

Year ended April 30, 2014

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
<i>Reconciliation of operating income to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ 136,168	\$ (134,756)	\$ 1,412
Adjustments to reconcile operating income to net cash provided by (used in) operations			
Depreciation	264,220	51,782	316,002
Changes in assets and liabilities:			
Accounts receivable	(33,714)	-	(33,714)
Accounts payable	33,664	3,663	37,327
Accrued payroll	1,637	-	1,637
Compensated absences	337	-	337
Net cash provided by (used in) operations	\$ 402,312	\$ (79,311)	\$ 323,001

City of Harvard, Illinois

Statement of Fiduciary Net Position Fiduciary Funds

Year ended April 30, 2014

		Expendable	
		Trust Fund	Trust Fund
	Police Pension	Apartment	Scholarship
	Trust Fund	Fund	Fund
Assets			
Cash	\$ 549,480	\$ 41,524	\$ 16,375
Investments	7,829,820	-	-
Receivables, net of allowance for uncollectible:			
Note receivable	-	99,170	-
Accrued interest	16,930	-	-
Due from City of Harvard	26,337	-	-
Property tax receivable	400,255	-	-
Prepaid expenses	3,507	-	-
Total assets	8,826,329	140,694	16,375
Liabilities			
Accounts payable	590	-	-
Total liabilities	590	-	-
Deferred Inflows of Resources			
Property taxes	198,745	-	-
Net Position			
Held in trust for pension benefits and other purposes	\$ 8,626,994	\$ 140,694	\$ 16,375

See accompanying notes to financial statements.

City of Harvard, Illinois

Statement of Changes in Fiduciary Net Position Fiduciary Funds

April 30, 2014

	Police Pension Trust Fund	Expendable	
		Trust Fund Apartment Fund	Trust Fund Scholarship Fund
Additions			
Contributions-employer taxes	\$ 421,802	\$ -	\$ -
Contributions-employee	136,795	-	-
Investment income:			
Net appreciation (depreciation) in fair value of investments	263,818	-	-
Interest, dividends and investment income (loss)	332,350	7,122	-
Total additions	1,154,765	7,122	-
Deductions			
Benefits and refunds	321,419	-	-
Other charges and services	23,811	5,509	2,007
Total deductions	345,230	5,509	2,007
Net increase	809,535	1,613	(2,007)
Transfers in	-	-	-
Transfers out	-	-	-
Net position - beginning	7,817,459	139,081	18,382
Net position - ending	\$ 8,626,994	\$ 140,694	\$ 16,375

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity

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

The accounting policies of the City conform to accounting principles generally accepted in the United State of America as applicable to governmental units. City of Harvard's basic financial statements include the accounts of all City operations that are controlled by or dependent on the City. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The City is considered to be a primary government pursuant to GASB Statement 14 as amended by GASB Statement 39 since it is legally separate and financially independent. This report includes all of the funds and account groups of the City. It includes all activities considered to be part of (controlled by or dependent on) the City as set forth under the GAAP criteria. Blended component units, although legally separate entities, are part of the government's operations and so data from these units are combined with data of the primary government.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Blended Component Unit. The Library serves all the citizens of the City and is governed by the Library Board of Trustees. The budget and appropriation ordinance is approved by the Library Board and City Council, and the legal liability for any Library debt remains with the City. The Library is reported as a Special Revenue Fund. The individual financial statements of the Library may be obtained by contacting the Harvard Diggins Library located in Harvard, Illinois.

Government-Wide, Fund Financial Statements and Basis of Accounting

The government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments, not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the City maintains a Fiduciary or Agency responsibility are not presented in the government wide financial statements.

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

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 comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government-Wide, Fund Financial Statements and Basis of Accounting (Continued)

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. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental funds of the City:

1. **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.
2. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a particular purpose.
3. **Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
4. **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business type/proprietary funds).

Proprietary Fund

The focus of the 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. Proprietary fund financial statements are reported using the accrual

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government-Wide, Fund Financial Statements and Basis of Accounting (Continued)

Proprietary Fund (Continued)

basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is 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 pricing policy designed to recover similar costs.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major funds:

Governmental Funds:

General Fund

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

Harvard Diggins Library

The Harvard Diggins Library fund is a blended component unit of the City. It is used to account for all the financial resources and costs related to the operations of the Library.

Police Protection

The police protection fund is used to account for all the financial resources that relate to the operations of the police department.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government-Wide, Fund Financial Statements and Basis of Accounting (Continued)

Governmental Funds (Continued):

TIF Funds

The tax increment financing funds (TIFs) are used to account for all the financial resources and debt service payments related to the TIF districts.

Enterprise Funds:

Waterworks and Sewerage Fund To account for the costs related to the operation of the City's water and sewer system. Funding is provided by user fees.

Budgets

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the City's annual appropriation ordinance adopted for the fiscal year ended April 30, 2014. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

- a. 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.
- b. Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.
- d. Unexpended 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 budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government-Wide, Fund Financial Statements and Basis of Accounting (Continued)

Cash and Investments

Cash consists of demand deposits and savings accounts, both being easily accessible and with short-term duration. Investments as of April 30, 2014 consist of treasury bills, certificates of deposit, and money market accounts in various financial institutions. Investments are stated at fair market value.

Statutes authorize the City to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts. For purposes of the statement of cash flows, cash equivalents include money market accounts and any highly liquid instruments purchased with a maturity of less than three months.

Property Taxes

Property taxes attach as an enforceable lien on January 1st 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). Such taxes are payable by taxpayers in two installments on approximately June 1 and September 1 subsequent to the year of levy. The property tax levy passed in December 2013 was allocated fifty percent for each of the two years after the levy year.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Fifty percent of the property taxes levied in the current year and collected in the subsequent year are not considered available and are accordingly recorded as revenues in the year following the levy.

Fund Balances

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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 balances – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purpose).

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: Committed, Assigned, Unassigned.

City of Harvard, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. All vacation pay time is due in the event of termination and is accrued when incurred in the government-wide and proprietary fund financial statements, in accordance with the City's policies. Sick time accrues at the rate of one day for each 30 calendar days of employment. Upon termination, accumulated sick pay will convert into severance pay with the amounts depending on length of service. The liability for sick pay has been accrued in the government-wide and proprietary fund financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Legal Compliance and Accountability

Budgets

All departments of the City submit requests for appropriation to the City's administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The budget may be amended by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. In the General Fund, none of the departments exceeded budgeted appropriations.

City of Harvard, Illinois

Notes to Financial Statements

Note 2 Legal Compliance and Accountability (Continued)

Deficit Fund Balances of Individuals Funds

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

Deficit Fund Balance

Park	\$(248,396)
Road & Bridge	(157,332)
Social Security	(159,748)
Illinois Municipal Retirement	(44,532)
Regional Transportation Authority	(247,534)
Audit	(55,774)
Liability Insurance	(297,784)

Note 3 Deposits and Investments

The City maintains a cash and investment pool that is mainly used by the General Fund and the Water and Sewer Fund. The deposits and investments of the pension trust funds are held separately from those of other funds.

Occasionally, certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the City Council. A deficit in one fund restricts the cash available for use by other funds in the same common account. The cash overdrafts have been classified as due to/from on the financial statements. As of April 30, 2014, the following funds had overdrafts:

Park Fund	\$275,770
Road & Bridge	190,830
Social Security	202,848
Illinois Municipal Retirement	90,648
RTA	245,494
Audit	71,805
Liability Insurance	324,745
Debt Service	75,788
Pool	558,199

City of Harvard, Illinois

Notes to Financial Statements

Note 3 Deposits and Investments (Continued)

Deposits. At year-end, the carrying amount of the City's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$2,548,328 and the bank balance was \$2,734,765. Of the bank balance, \$2,734,765 was covered by Federal Depository Insurance or by collateral held by pledging bank's trust department or by its agent in the City's name.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. As of April 30, 2014, \$-0- of the City's balance was exposed to custodial credit risk and was uninsured and uncollateralized. The City has no foreign currency risk for deposits at year end.

For financial statement purposes, the City shows long-term certificates of deposits, U.S. Govt. obligations, corporate bonds, common stock, equity mutual funds, and insurance contracts as investments.

Investments. As of April 30, 2014, the City's investments were as follows:

	<u>Fair Value</u>
Investment in State Investment Pool	\$ 14,748
Long-term Certificates of Deposit	646,040
U.S. Government Obligations	3,442,156
Unit trusts	152,669
Municipal Bonds (Library)	15,268
Corporate Bonds (Library)	10,375
Equity Mutual Funds (Includes Library)	<u>4,678,757</u>
Total	<u>\$8,960,013</u>

Pension Funds own all the investments in U.S. Government Obligations and Equity Mutual Funds.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no specific policy on the interest rate risk at year-end.

City of Harvard, Illinois

Notes to Financial Statements

Note 3 Deposits and Investments (Continued)

Interest Rate Risk (Continued):

Information about the sensitivity of the fair values of the City investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	
External investment pool	\$14,748	\$ -	\$ -	\$ 14,748
Long-term Certificates of Deposit	-	646,040	-	646,040
U.S. Government obligations	-	274,765	3,167,391	3,442,156
Municipal bonds	-	-	15,268	15,268
Corporate bonds	-	-	10,375	10,375
Total	<u>\$14,748</u>	<u>\$920,805</u>	<u>\$3,193,034</u>	<u>\$4,128,587</u>

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

	<u>Total as of April 30, 2014</u>	<u>AAAm</u>
External investment pool	<u>\$14,748</u>	<u>\$14,748</u>
		<u>AA-/Aa3</u>
Municipal bonds	<u>\$15,268</u>	<u>\$15,268</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 3 Deposits and Investments (Continued)

Concentration of Credit Risk:

The City has no investments, other than mutual funds that are exempted from this requirement, in any one issuer that represent 5% or more of total City's investments.

Custodial Credit Risk:

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of April 30, 2014 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk:

The City has no foreign currency risk for investments at year end.

Note 4 Restricted Fund Balances

The following restrictions of fund balances existed as of April 30, 2014:

Special Revenue Funds:

Highways & Streets	<u>\$265,926</u>
Police Protection	<u>\$602,274</u>
Off Street Parking	<u>\$223,752</u>
Special Recreation	<u>\$150,587</u>
Welfare	<u>\$16,542</u>
Revolving Loan	<u>\$167,292</u>
Debt Service Fund	<u>\$781,216</u>
Capital Projects Fund	<u>\$123,729</u>
Harvard Diggins Library	<u>\$1,392,349</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment

Capital assets, which include buildings and improvements, equipment and vehicles are reported in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 for equipment and vehicles, \$10,000 for building and improvements, and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. Donated assets are stated at estimated fair market value as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives:

Buildings & Improvements	50 years
Infrastructure	40 years
Equipment & Vehicles	5 - 20 years

The City has elected to record infrastructure assets on a prospective basis.

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

The governmental activities capital asset activity for the year ended April 30, 2014 is as follows:

	<u>Balance</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Cost:				
Land (not depr.)	\$ 8,544,157	\$ -	\$ -	\$ 8,544,157
Infrastructure	6,341,404	514,755	-	6,856,159
Buildings & improvements	4,944,893	43,786	-	4,988,679
Machinery & equipment	653,955	-	-	653,955
Office equipment	97,129	52,205	-	149,334
Vehicles	981,010	81,797	-	1,062,807
Harvard Diggins Library				
Fixed Assets	<u>185,661</u>	<u>-</u>	<u>-</u>	<u>185,661</u>
	<u>\$21,748,209</u>	<u>\$692,543</u>	<u>\$ -</u>	<u>\$22,440,752</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

	<u>Balance May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Accumulated Depreciation:				
Infrastructure	\$ 628,828	\$178,320	\$ -	\$ 807,148
Buildings & improvements	950,186	96,491	-	1,046,677
Machinery & equipment	617,763	18,505	-	636,268
Office equipment	67,492	16,552	-	84,044
Vehicles	881,713	52,065	-	933,778
Harvard Diggins				
Library Fixed Assets	<u>146,569</u>	<u>10,456</u>	<u>-</u>	<u>157,025</u>
	<u>\$3,292,552</u>	<u>\$372,389</u>	<u>\$ -</u>	<u>\$3,664,940</u>
Total Capital Assets, Net:				
Land	\$ 8,544,157	\$ -	\$ -	\$ 8,544,157
Infrastructure	5,712,576	336,435	-	6,049,011
Buildings & improvements	3,994,707	(52,705)	-	3,942,002
Machinery & equipment	36,191	(18,505)	-	17,686
Office equipment	29,637	35,653	-	65,290
Vehicles	99,297	29,732	-	129,029
Harvard Diggins				
Library Fixed Assets	<u>39,093</u>	<u>(10,456)</u>	<u>-</u>	<u>28,637</u>
	<u>\$18,455,658</u>	<u>\$320,154</u>	<u>\$ -</u>	<u>\$18,775,812</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

The business-type activities capital asset activity for the year ended April 30, 2014 is as follows:

	<u>Balance May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Cost:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	1,730,663	-	-	1,730,663
Buildings & improvements	9,852,596	-	-	9,852,596
Swimming pool	2,094,816	-	-	2,094,816
Machinery & equipment	1,396,427	111,209	-	1,507,636
Furniture & office equipment	44,106	-	-	44,106
Vehicles	<u>140,750</u>	<u>-</u>	<u>-</u>	<u>140,750</u>
	<u>\$15,387,538</u>	<u>\$111,209</u>	<u>\$ -</u>	<u>\$15,498,567</u>
Accumulated Depreciation:				
Infrastructure	\$ 182,188	\$ 41,703	\$ -	\$ 223,891
Buildings & improvements	4,106,296	197,052	-	4,303,348
Swimming pool	608,676	51,782	-	660,458
Machinery & equipment	1,291,421	25,465	-	1,316,886
Furniture & office equipment	44,106	-	-	44,106
Vehicles	<u>140,750</u>	<u>-</u>	<u>-</u>	<u>140,750</u>
	<u>\$6,373,437</u>	<u>\$316,002</u>	<u>\$ -</u>	<u>\$6,689,439</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

	<u>Balance</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Total Capital Assets, Net:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	1,548,475	(41,703)	-	1,506,772
Buildings & improvements	5,746,300	(197,052)	-	5,549,248
Swimming pool	1,486,140	(51,782)	-	1,434,358
Machinery & equipment	105,006	85,744	-	190,750
Furniture & office Equipment	-	-	-	-
Vehicles	-	-	-	-
	<u>\$9,013,921</u>	<u>\$(204,793)</u>	<u>\$ -</u>	<u>\$8,809,128</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$164,549
Public safety	95,088
Public works	108,756
Culture and recreation	<u>3,996</u>

Total depreciation expense, governmental activities \$372,389

Business-type activities:

Waterworks and Sewerage Department	\$264,220
Swimming Pool	<u>51,782</u>

Total depreciation expense, business-type activities \$316,002

City of Harvard, Illinois

Notes to Financial Statements

Note 6 Risk Management

The City participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is a proprietary agency whose members are Illinois municipalities. IMLRMA manages and funds first party property losses, third party liability claims, Worker's compensation claims, and Public Officials Liability claims of its members. Each member assumes the first \$1,000 of each occurrence, and has self-insurance retention at various amounts. IMLRMA is financed, owned and operated by its participants.

Initial contributions are determined based on the municipality's exposures in areas defined by IMLRMA. Second year and future contributions are determined by utilizing a formula in conjunction with individual municipalities' risk exposure. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year.

Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member.

Settled claims have not exceeded insurance coverage for the past three fiscal years.

Note 7 Short-Term Debt

The City has a revolving loan with a local bank. The following is the activity for the year ended April 30, 2014:

Short-term Debt <u>Issue</u>	Fund Debt <u>Retired By</u>	Balances <u>May 1</u>	<u>Additions</u>	<u>Reductions</u>	Balances <u>April 30</u>
\$1,050,000 Line of Credit with a local bank with a variable Interest rate at 1.25% above prime. Principal and interest due February 7, 2015. Prime rate at 3.25% on April 30, 2014.	General	<u>\$292,500</u>	<u>\$150,000</u>	<u>\$442,500</u>	<u>\$ -</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt

General Obligation Bonds/Notes Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds and notes payable currently outstanding are as follows:

<u>Issue</u>	<u>Fund Debt Retired By</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances April 30</u>
<u>Governmental Activities</u>					
\$2,075,000 General Obligation Bonds, dated April 1, 2011 due in annual installments of \$255,000 to \$285,000 plus interest at 2.00% to 4.00% through December 1, 2018.	Debt Service	\$1,585,000	\$ -	\$245,000	\$1,340,000
\$3,105,000 General Obligation Bonds (Alternate Revenue Source), dated April 2012, due in annual installments of \$95,000 to \$405,000 plus interest at 2.00% to 3.20% through January 15, 2024.	TIF	3,105,000	-	95,000	3,010,000
\$2,290,000 General Obligation Bond (Alternate Revenue Source), dated April 2012, due in annual installments of \$165,000 to \$185,000 plus interest at 2.00% to 5.00% through January 15, 2027.	TIF	2,290,000	-	165,000	2,125,000
\$600,000 Debt Certificates Series 2008B, interest at 5.00% principal and interest paid semi-annually in January and July through January 15, 2019.	TIF	447,068	-	25,722	421,346
\$559,986 Bank loan dated April 2013, interest at 3.90%. Principal and interest paid quarterly through April 17, 2018.	General	559,986	-	18,795	541,191

City of Harvard, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

General Obligation Bonds/Notes Payable (Continued)

<u>Issue</u>	<u>Fund Debt Retired By</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances April 30</u>
<u>Governmental Activities (Continued)</u>					
\$300,000 Bank loan dated July, 2009, interest at 4.50%. Principal and interest paid semiannually through July 15, 2019.	TIF	265,923	-	11,186	254,737
		<u>\$8,252,977</u>	<u>\$ -</u>	<u>\$560,703</u>	<u>\$7,692,274</u>
<u>Business-Type Activities</u>					
\$645,000 General Obligation Alternate Revenue Source Bonds, dated April 1, 2011 due in annual installments of \$145,000 to \$180,000 plus interest at 1.70% to 3.85% through December 1, 2018.	W&S	\$ 500,000	\$ -	\$ 75,000	\$ 425,000
\$1,475,000 W&S Revenue Bonds Series 2004, due in annual installments of \$15,000 to \$160,000 plus interest at 3.00% to 4.40% through May 1, 2019. This was refunded by the bond below.	W&S	855,000	-	855,000	-
\$735,000 W&S Alternate Revenue Source Bonds Series 2014, due in annual Installments of \$140,000 to \$155,000 plus interest at 2.00% to 2.50% through May 1, 2019	W&S	-	735,000	-	735,000
\$1,700,000 W&S Alternate Source Revenue Bonds Series 2006, dated September 12, 2006 due in annual installments of \$60,000 to \$130,000 plus interest at 3.90% to 4.50% through May 1, 2026.	W&S	1,300,000	-	75,000	1,225,000
		<u>\$2,655,000</u>	<u>\$735,000</u>	<u>\$1,005,000</u>	<u>\$2,385,000</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

Annual debt service requirements to maturity for the City's long-term debt are as follows:

Year Ending April 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 569,311	\$ 259,079	\$ 155,000	\$ 80,326
2016	591,743	243,948	300,000	79,800
2017	714,394	228,095	310,000	70,954
2018	1,275,361	205,901	325,000	61,262
2019	1,115,772	157,821	330,000	50,328
2020 - 2023	2,335,693	330,938	560,000	111,385
2024 - 2027	<u>1,090,000</u>	<u>71,410</u>	<u>405,000</u>	<u>44,776</u>
Total	<u>\$7,692,274</u>	<u>\$1,497,192</u>	<u>\$2,385,000</u>	<u>\$498,830</u>

Changes occurred in Long-Term Liabilities

During the fiscal year the following changes occurred in long-term debt:

	Balances May 1	Additions	Reductions	Balances April 30
Bonds payable, including unamortized premium	\$10,158,977	\$742,363	\$1,602,631	\$ 9,298,709
Notes payable	825,909	-	29,981	795,928
Capital lease	44,834	-	44,834	-
Compensated absences	297,209	29,952	-	327,161
Net pension obligation	<u>802,374</u>	<u>93,924</u>	<u>-</u>	<u>896,298</u>
Total	<u>\$12,129,303</u>	<u>\$866,239</u>	<u>\$1,677,446</u>	<u>\$11,318,096</u>

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$101,918,301. As of April 30, 2014, the City had \$7,994,525 of remaining legal debt margin.

Note 9 Noncommitment Debt

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

City of Harvard, Illinois

Notes to Financial Statements

Note 10 Interfund Assets/Liabilities

Due From (To) Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental:		
General		\$1,374,769
Police Protection		306,722
	Non-major governmental funds	(1,124,049)
 Proprietary:		
Water		1,237
	Water	(480)
	Pool	(558,199)

The purpose of the interfund loan is to fund temporary cash deficits in each of the borrowing funds. The loans will be paid back when sufficient cash amounts exist in those funds.

Transfers

Below are the interfund transfers as of April 30, 2014:

	<u>Operating Transfers in</u>	<u>Operating Transfers out</u>
General Fund:		
Non-Major Governmental Funds	<u>\$ 775,094</u>	<u>\$ (666,694)</u>
Total General Fund	<u>775,094</u>	<u>(666,694)</u>
 Police Protection Fund:		
General Fund	<u>-</u>	<u>(632,100)</u>
 Park Fund:		
General Fund	<u>14,402</u>	<u>(6,902)</u>
 Road and Bridge Fund:		
General Fund	<u>-</u>	<u>(79,300)</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 10 Interfund Assets/Liabilities (Continued)

Transfers (continued)

Special Recreation Fund:

General Fund	-	(7,500)
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IMRF Fund:

General Fund	145,000	-
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Insurance Liability Fund:

General Fund	163,000	-
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FICA:

General Fund	175,000	-
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TIF:

General Fund	118,750	(23,750)
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Audit Fund:

General Fund	-	(30,000)
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RTA Fund:

General Fund	15,000	-
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Total Non Major Governmental Funds	631,152	(779,552)
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Pool Fund:

General Fund	40,000	-
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Total Proprietary Funds	40,000	-
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Total all funds	\$1,446,246	\$(1,446,246)
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The purpose of these transfers was to pay for certain fees incurred by the non major governmental funds that were paid out of the general fund.

City of Harvard, Illinois

Notes to Financial Statements

Note 11 Pension Plan

Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the City's Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's contribution rate for calendar year 2013 used by the employer was 16.60 percent of annual covered payroll.

The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For calendar year ending December 31, 2013, the City's actual contributions for pension cost for the Regular were \$272,387. Its required contribution for calendar year 2013 was \$272,387.

Three-Year Trend Information for the Regular Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC (Contributed)</u>	<u>Net Pension Obligation</u>
12/31/13	\$272,387	100%	\$7,396
12/31/12	241,964	100%	7,223
12/31/11	238,811	100%	7,611

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging

City of Harvard, Illinois

Notes to Financial Statements

Note 11 Pension Plan (Continued)

from 0.4% to 10% per year depending on age and service, attributable to seniority/ merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 67.78 percent funded. The actuarial accrued liability for benefits was \$5,241,623 and the actuarial value of assets was \$3,552,959, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,688,664. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,640,884 and the ratio of the UAAL to the covered payroll was 103 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	7
Current employees	<u>16</u>
Total	<u>23</u>

City of Harvard, Illinois

Notes to Financial Statements

Note 11 Pension Plan (Continued)

Police Pension (Continued)

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half 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 pension 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 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension 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 of the amount of pension payable at the time of the increase annually thereafter.

Covered employees are required to contribute 9.91 percent 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 as actuarially determined by an enrolled actuary.

The City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033.

The Statutes also contain a Portability Ruling that may impact the police pension fund. If a police officer transfers to another fund, that officer's former fund may be required to transfer monies to the officer's current fund if one of two requirements are met. The police officer must have either actively served in the police department for two years or the officer was involuntarily terminated for reasons other than fault of the officer. In these cases, the former fund will be required to transfer to the current fund amounts equal to twice the amounts of employee contributions to the plan plus interest at the rate of 6% per year, compounded annually.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

City of Harvard, Illinois

Notes to Financial Statements

Note 11 Pension Plan (Continued)

Police Pension (Continued)

Method Used to Value Investments - Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed-income securities are recognized on the trade date.

Significant Investments - There are no investments (other than U.S. government and U.S. government – guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits.

Related Party Transactions - There were no securities of the employer or any other related parties included in plan assets, including any loans.

Funding Status and Annual Pension Cost

The City's net pension obligation to the Police Pension Plan for the current year were as follows:

Annual required contribution	\$ 250,472
Adjustments to annual required contribution	<u>265,081</u>
Annual pension cost	515,553
Contributions made	<u>(421,802)</u>
Increase (decrease) in net pension obligation	93,751
Net pension obligation, beginning	<u>795,151</u>
Net pension obligation, ending	<u>\$ 888,902</u>

The annual required contribution for the current year was determined as part of the April 30, 2013 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 5.5-6.5% per year. The unfunded actuarial accrued liability is being amortized as a level percent of payroll contributions in accordance with section 3-127 of the Illinois Pension Code. The remaining amortization period at April 30, 2013, was 20 years.

City of Harvard, Illinois

Notes to Financial Statements

Note 11 Pension Plan (Continued)

Police Pension (Continued)

Funding Status and Annual Pension Cost

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/13	\$515,553	81.82%	\$888,902
4/30/12	432,619	93.10%	795,151
4/30/11	393,024	98.98%	765,590

The funded status of the two plans as of December 31, 2013 for IMRF and as of April 30, 2013 for the Police Pension Plan based on actuarial valuations performed as of the same date is as follows.

The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as noted earlier above.

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$5,241,623	\$12,281,663
Actuarial value of plan assets	3,552,959	8,086,337
Unfunded actuarial accrued liability (UAAL)	1,688,664	4,195,326
Funded ratio (actuarial value of plan assets/AAL)	67.78%	65.84%
Covered payroll (active plan Members)	1,640,884	1,348,755
UAAL as a percentage of Covered payroll	102.91%	311.05%

See the schedules of funding progress in the RSI immediately following the notes to the financial statements for additional information related to the funded status of the plans.

City of Harvard, Illinois

Notes to Financial Statements

Note 12 Other Postemployment Benefits

In July 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires a systematic, accrual basis measurement and recognition of other postemployment benefit (OPEB) expense over a period that approximates employees' years of service. The Statement also requires the information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. There has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45. Additionally, the City has no former employees for whom the City was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Accordingly, the City has not recorded any postemployment benefit liability as of April 30, 2014.

Note 13 Current Refunding of Existing Debt

On March 6, 2014 the City issued \$735,000 Alternate Revenue Source Bonds, Series 2014. The bonds bear various fixed rates ranging from 2.00% to 2.50% with annual maturities from May 2014 through May 2019.

The total net proceeds of \$725,000 (after bond premium of \$14,699) were used to refund all of the City's outstanding Debt Certificates, Series 2004, as well as issuance costs associated with these.

The refunding was done in order to reduce debt payments. The refunding decreased the City's total debt service payments by \$30,344. A \$3,393 economic gain occurred as a result of the refunding.

Note 14 Pending GASB Statements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" The City is required to implement this standard for the fiscal year ending April 30, 2016.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement 69 "Government Combinations and Disposals of Government Operations". The City is required to implement this standard for the fiscal year ending April 30, 2015.

City of Harvard, Illinois

Notes to Financial Statements

Note 14 Pending GASB Statements (Continued)

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". The City is required to implement this standard for the fiscal year ending April 30, 2015.

The City has not yet determined the full impact that adoption of these GASB Statements will have on the financial statements.

Note 15 New Accounting Standard Adopted

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

**Required Supplementary Information
(Unaudited)**

City of Harvard, Illinois

Required Supplementary Information

Illinois Municipal Retirement Fund Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/13	\$3,552,959	\$5,241,623	\$1,688,664	67.78%	\$1,640,884	102.91%
12/31/12	3,439,710	5,201,579	1,761,869	66.13%	1,559,047	113.01%
12/31/11	2,988,017	4,807,371	1,819,354	62.15%	1,551,727	117.25%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$4,358,450.
On a market basis, the funded ratio would be 83.15%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Harvard. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

City of Harvard, Illinois

Required Supplementary Information

Police Pension Fund

Analysis of funding progress for the year ended April 30, 2014.

Actuarial Valuation Date <u>April 30</u>	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Funded Ratio <u>(1)/(2)</u>	(4) Unfunded Actuarial Liability <u>(2)-(1)</u>	(5) Annual Covered Payroll	(6) Unfunded Accrued Liability as a Percentage of Covered Payroll <u>(4)/(5)</u>
4/30/13	\$8,086,337	\$12,281,663	65.84%	\$4,195,326	\$1,348,755	311.05%
4/30/12	6,866,459	11,079,284	65.22%	3,852,858	1,413,852	272.51%
4/30/11	7,226,426	11,079,284	65.22%	3,852,858	1,413,852	272.51%
4/30/10	6,585,530	10,100,401	65.20%	3,514,871	1,381,440	254.44%
4/30/09	5,647,824	9,355,613	60.37%	3,707,789	1,428,249	259.60%
4/30/08	4,764,283	8,629,587	55.21%	3,865,304	1,435,233	269.32%
4/30/07	4,756,716	8,060,376	59.01%	3,303,660	1,317,072	250.83%
4/30/06	4,335,514	7,224,106	60.01%	2,888,592	1,166,441	247.64%
4/30/05	3,982,442	6,094,796	65.34%	2,112,354	916,999	230.36%
4/30/04	3,593,823	5,674,158	63.34%	2,080,335	872,922	238.31%

Actuarial Valuations for Police Pension System

Police Pension Fund Employer Contributions

Year Ending <u>April 30</u>	Annual Required Contributions	Employer Contribution	Percent Contributed
4/30/13	\$515,553	\$421,802	81.8%
4/30/12	432,619	403,058	93.1
4/30/11	393,024	389,017	98.9
4/30/10	401,595	345,073	85.9
4/30/09	407,245	240,856	59.1
4/30/08	354,955	209,705	59.1
4/30/07	307,376	209,795	68.3
4/30/06	230,930	179,940	77.9
4/30/05	198,334	171,160	86.3
4/30/04	186,526	120,033	64.4

City of Harvard, Illinois

General Fund Schedule of Revenues Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 554,000	\$ 554,000	\$ 448,489	\$ (105,511)
State income tax	875,000	875,000	1,063,361	188,361
Hotel/motel tax	15,000	15,000	15,880	880
State replacement tax	65,000	65,000	81,588	16,588
Sales tax	1,183,470	1,183,470	1,323,424	139,954
Video gaming tax	50,000	50,000	42,817	(7,183)
Utility tax	528,000	528,000	589,810	61,810
Grant	-	155,300	-	(155,300)
Total taxes	3,270,470	3,425,770	3,565,369	139,599
Licenses and fees:				
Liquor licenses	43,100	43,100	50,145	7,045
Contractors license	9,000	9,000	9,655	655
Building fees and permits	14,030	14,030	34,663	20,633
Parking permits	98,000	98,000	99,744	1,744
Police fines	225,000	225,000	209,156	(15,844)
Telephone franchise	280,000	280,000	239,029	(40,971)
Cable franchise	56,000	56,000	54,942	(1,058)
Mining fees	48,500	48,500	48,750	250
DUI fines	8,200	8,200	3,735	(4,465)
Total licenses and fees	781,830	781,830	749,819	(32,011)
Interest	5,000	5,000	4,573	(427)
Other revenues:				
Miscellaneous	65,300	65,300	144,743	79,443
Police reimbursement	70,000	70,000	82,633	12,633
Zoning hearings and platting fees	5,000	5,000	4,050	(950)
Escrow from developers	8,500	8,500	6,737	(1,763)
Rent	20,000	20,000	20,000	-
Health insurance reimbursement	2,500	2,500	29,999	27,499
Total other revenues	171,300	171,300	288,162	116,862
Total revenues	\$ 4,228,600	\$ 4,383,900	\$ 4,607,923	\$ 224,023

City of Harvard, Illinois

General Fund (Continued) Schedule of Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures				
General government:				
Administration:				
Salaries - officials	\$ 109,000	\$ 109,000	\$ 105,598	\$ (3,402)
Salaries - clerical	78,000	78,000	79,082	1,082
Overtime - clerical	1,000	1,000	-	(1,000)
Health insurance	48,000	48,000	59,561	11,561
Mayoral expense	1,800	1,800	1,800	-
Attorney fees	75,000	75,000	44,314	(30,686)
Engineering fees	12,500	12,500	14,249	1,749
Service agreements	8,500	8,500	10,417	1,917
Equipment maintenance	10,000	10,000	4,790	(5,210)
Building maintenance	35,000	35,000	44,404	9,404
Office supplies	10,000	10,000	7,740	(2,260)
Postage	3,500	3,500	3,088	(412)
Dues and subscriptions	7,500	7,500	6,880	(620)
Public notices	3,000	3,000	2,527	(473)
ZBA notices	2,500	2,500	225	(2,275)
Printing	4,000	4,000	3,634	(366)
Telephone	18,000	18,000	17,743	(257)
Miscellaneous	12,100	12,100	30,934	18,834
Economic development	95,000	95,000	92,039	(2,962)
Professional fees	45,000	45,000	40,000	(5,000)
Interest expense	45,000	45,000	25,073	(19,927)
Debt payment	22,000	22,000	18,795	(3,205)
Total administration	646,400	646,400	612,892	(33,508)
Building services:				
Salaries	121,000	121,000	112,540	(8,460)
Health insurance	49,000	49,000	38,853	(10,147)
Vehicle maintenance	1,200	1,200	1,016	(184)
Nuisance abatement	10,000	10,000	8,870	(1,130)
Training	-	-	69	69
Uniforms	600	600	491	(109)
Contingencies	2,700	2,700	2,289	(411)
Total building services	184,500	184,500	164,128	(20,372)
Total general government	830,900	830,900	777,020	(53,880)

City of Harvard, Illinois

General Fund (Continued) Schedule of Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Public safety:				
Police department:				
Salaries - officers	1,569,000	1,569,000	1,433,307	(135,693)
Salaries - clerical	315,000	315,000	304,937	(10,063)
Crossing guards	13,000	13,000	10,696	(2,304)
Overtime	250,000	250,000	233,059	(16,941)
Health insurance	364,000	364,000	330,577	(33,423)
Health examinations	1,000	1,000	-	(1,000)
Uniforms	25,000	25,000	22,498	(2,502)
Attorney fees	54,000	54,000	38,781	(15,219)
Vehicle maintenance	15,350	15,350	12,839	(2,511)
Equipment maintenance	7,500	7,500	7,802	302
Radio maintenance	2,500	2,500	33	(2,467)
Advertising	1,500	1,500	386	(1,114)
Ammunition	7,000	7,000	3,897	(3,103)
Material purchases	3,500	3,500	1,591	(1,909)
Office supplies	8,500	8,500	9,098	598
Investigation supplies	4,000	4,000	2,688	(1,312)
Dues and subscriptions	2,000	2,000	2,009	9
Telephone	8,500	8,500	8,214	(286)
Gas, oil, and grease	55,000	55,000	46,418	(8,582)
Police commission expense	7,000	7,000	3,014	(3,986)
Special programs	15,000	15,000	5,251	(9,749)
New equipment	43,000	43,000	181,208	138,208
Total public safety	2,790,350	2,790,350	2,663,528	(126,822)

City of Harvard, Illinois

General Fund (Continued) Schedule of Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Public works:				
Highways and streets:				
Salaries	300,000	300,000	232,974	(67,026)
Overtime	20,000	20,000	23,589	3,589
Health insurance	37,000	37,000	45,456	8,456
Uniforms	2,200	2,200	2,791	591
Vehicle maintenance	30,500	30,500	28,960	(1,540)
Building maintenance	128,000	128,000	99,271	(28,729)
Tools	5,000	5,000	4,996	(4)
Material purchases	2,000	2,000	2,252	252
Telephone	3,000	3,000	1,872	(1,128)
Electricity	110,000	110,000	95,815	(14,185)
Gas, oil and grease	35,000	35,000	37,674	2,674
New equipment	15,000	15,000	16,733	1,733
Miscellaneous	61,000	61,000	59,185	(1,815)
Capital projects	-	150,000	146,445	(3,555)
Total public works	748,700	898,700	798,014	(100,686)
Total expenditures	\$ 4,369,950	\$ 4,519,950	\$ 4,238,561	\$ (281,389)
Other financing sources (uses)				
Operating transfers in	\$ 730,000	\$ 730,000	\$ 775,094	\$ 45,094
Operating transfers out	(633,000)	(633,000)	(666,694)	(33,694)
Total other financing sources (uses)	\$ 97,000	\$ 97,000	\$ 108,400	\$ 11,400

City of Harvard, Illinois

Harvard Diggins Library

Schedule of Revenues and Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 212,000	\$ 212,000	\$ 221,379	\$ 9,379
Replacement taxes	13,000	13,000	13,907	907
Book sales	-	-	1,470	1,470
Equipment receipts	5,000	5,000	5,869	869
Fine receipts	5,000	5,000	7,140	2,140
Meeting room rent	800	800	1,090	290
Gifts/donations	1,500	1,500	1,489	(11)
Non-resident fees	9,100	9,100	9,039	(61)
Gain on sale of investments	-	-	30,637	30,637
Unrealized gain on investments	-	-	36,912	36,912
Interest income	58,030	58,030	40,561	(17,469)
Miscellaneous income	1,000	1,000	11,837	10,837
Per capita grant	9,000	9,000	9,709	709
Total revenues	\$ 314,430	\$ 314,430	\$ 391,039	\$ 76,609
Expenditures				
Printed material	\$ 21,250	\$ 21,250	\$ 15,100	\$ (6,150)
Supplies	5,000	5,000	5,722	722
Program and Promotion	3,500	3,500	5,008	1,508
Furniture and equipment	6,050	6,050	2,181	(3,869)
Postage	600	600	558	(42)
Audio-Visual material	11,317	11,317	10,667	(650)
Automation charges	15,000	15,000	10,126	(4,874)
Staff development	250	250	342	92
Contract services	4,700	4,700	4,299	(401)
Memberships/dues	750	750	566	(184)
Technology Charges	1,800	1,800	2,081	281
Salaries	167,000	167,000	158,591	(8,409)
Employment taxes	700	700	427	(273)
Insurance	36,300	36,300	30,678	(5,622)
Utilities	500	500	1,300	800
Telephone	10,200	10,200	12,991	2,791
Accounting & audit fees	6,000	6,000	6,000	-
Staff expenses	150	150	112	(38)
Maintenance	36,208	36,208	37,300	1,092
Electronic resources	4,000	4,000	10,768	6,768
Public information	1,600	1,600	1,246	(354)
Board expenses	150	150	-	(150)
Miscellaneous	100	100	16,828	16,728
Total expenditures	\$ 333,125	\$ 333,125	\$ 332,891	\$ (234)

City of Harvard, Illinois

Police Protection

Schedule of Revenues and Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original & Final Budget	Actual	Over (Under) Budget
<i>Operating revenues</i>			
Property taxes	\$ 620,000	\$ 609,352	\$ (10,648)
Total revenues	\$ 620,000	\$ 609,352	\$ (10,648)
<i>Other financing sources (uses)</i>			
Operating transfers in (out)	\$ (620,000)	\$ (632,100)	\$ (12,100)

City of Harvard, Illinois

TIF #1 Downtown Redevelopment Schedule of Revenues and Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original & Final Budget	Actual	Over (Under) Budget
Operating revenues			
Property taxes	\$ 120,000	\$ 69,785	\$ (50,215)
Interest	-	549	549
Total revenues	\$ 120,000	\$ 70,334	\$ (49,666)
Expenditures			
Debt Service	182,170	182,170	\$ -
Total expenditures	\$ 182,170	\$ 182,170	\$ -
Other financing sources (uses)			
Operating transfers in (out)	\$ 95,000	\$ 95,000	\$ -

City of Harvard, Illinois

TIF #2 Industrial Park Fund

Schedule of Revenues and Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original & Final Budget	Actual	Over (Under) Budget
Operating revenues			
Property taxes	\$ 190,000	\$ 218,037	\$ 28,037
Interest	-	520	520
Total revenues	\$ 190,000	\$ 218,557	\$ 28,557
Expenditures			
Debt Service	233,160	256,160	\$ 23,000
Total expenditures	\$ 233,160	\$ 256,160	\$ 23,000

City of Harvard, Illinois

TIF #3 South

Schedule of Revenues and Expenditures Compared With Budget Required Supplementary Information

Year ended April 30, 2014

	Original & Final Budget	Actual	Over (Under) Budget
Operating revenues			
Property taxes	\$ 200,000	\$ 181,032	\$ (18,968)
Interest	-	547	547
Total revenues	\$ 200,000	\$ 181,579	\$ (18,421)
Expenditures			
Debt Service	47,804	47,804	\$ -
Total expenditures	\$ 47,804	\$ 47,804	\$ -

Other Information

City of Harvard, Illinois

Water and Sewerage Fund

Schedule of Revenues and Expenditures Compared With Budget

Year ended April 30, 2014

	Final Budget	Actual	Over (Under) Budget
Operating revenues			
Charges for water and sewer services			
Water billings	\$ 1,766,876	\$ 1,709,875	\$ (57,001)
Tap on permits	20,000	4,098	(15,902)
Sale of material	2,000	1,068	(932)
Penalties	40,300	41,224	924
Plumbing permits	2,500	3,963	1,463
Maintenance charges	280,000	273,371	(6,629)
Moving charges	2,500	2,905	405
Utility tax	100,000	97,498	(2,502)
EPA License Fee	17,500	17,511	11
Miscellaneous	12,330	7,498	(4,832)
Water tower lease	26,230	26,359	129
Total operating revenues	\$ 2,270,236	\$ 2,185,370	\$ (84,866)
Operating expenses			
Utilities department:			
Salaries	\$ 325,000	\$ 333,988	\$ 8,988
Overtime	18,000	27,038	9,038
Health insurance	85,000	70,015	(14,985)
Uniforms	1,900	1,326	(574)
Professional fees	40,750	18,510	(22,241)
Engineering fees	40,000	96,087	56,087
Building maintenance	20,000	14,899	(5,101)
Maintenance of tower/plant	90,000	87,203	(2,797)
Equipment/water main maintenance	83,500	45,021	(38,479)
Lift station maintenance	45,000	15,693	(29,307)
Lab supplies	10,000	7,496	(2,504)
Material purchases	4,000	400	(3,600)
Dues and subscriptions	750	526	(224)
Telephone	15,000	24,205	9,205
Electricity	180,000	161,434	(18,566)
Fuel for building	8,000	11,927	3,927
Gas, oil and grease	13,000	12,845	(155)
Chemicals	85,000	73,432	(11,568)
Miscellaneous	2,000	4,394	2,394
New equipment	165,000	19,199	(145,801)
Permit fees	17,500	17,500	-
Total utilities department	1,249,400	1,046,569	(202,831)

City of Harvard, Illinois

Water and Sewerage Fund (Continued)

Schedule of Revenues and Expenditures Compared With Budget

Year ended April 30, 2014

	Final Budget	Actual	Over (Under) Budget
Operating expenses			
Maintenance and administration department:			
Salaries	\$ 166,842	\$ 170,599	\$ 3,757
Salaries, clerical	112,000	109,298	(2,702)
Overtime	15,000	20,890	5,890
Health insurance	80,440	70,747	(9,693)
Uniforms	2,200	1,825	(375)
Utility tax	100,000	108,126	8,126
Rent	20,000	20,000	-
Vehicle maintenance	25,000	31,457	6,457
Storm sewer maintenance	15,000	16,981	1,981
Sanitary sewer maintenance	40,000	31,137	(8,863)
Water main maintenance	60,000	68,717	8,717
Material purchases	2,000	2,173	173
Office supplies	2,500	622	(1,878)
Postage	8,000	7,768	(232)
Telephone	2,500	6,181	3,681
Gas, oil and grease	15,000	11,222	(3,778)
Equipment/meters sweeper	102,940	57,603	(45,337)
Miscellaneous	12,300	3,068	(9,232)
Total maintenance and administration department	781,722	738,413	(43,309)
Total operating expenses	\$ 2,031,122	\$ 1,784,982	\$ (246,140)
Nonoperating revenues (expenses)			
Grant for capital improvement	-	-	-
Interest income	2,500	2,394	(106)
Interest expense	(386,000)	(171,006)	214,994
Total nonoperating revenues (expenses)	\$ (383,500)	\$ (168,612)	\$ 214,888
Other financing sources (uses)			
Operating transfers in (out)	\$ -	\$ -	\$ -

City of Harvard, Illinois

Pool Fund

Schedule of Revenues and Expenditures Compared With Budget

Year ended April 30, 2014

	Final Budget	Actual	Over (Under) Budget
Operating revenues			
Charges for pool services:			
Daily tickets	\$ 20,000	\$ 18,632	\$ (1,368)
Pool passes	27,000	17,153	(9,847)
Lessons	10,000	8,650	(1,350)
Pool parties	6,000	3,798	(2,202)
Total pool services revenue	63,000	48,233	(14,767)
Concession sales	10,000	8,070	(1,930)
Total operating revenues	\$ 73,000	\$ 56,303	\$ (16,697)
Operating expenses			
Salaries	\$ 50,000	\$ 67,240	\$ 17,240
Insurance	-	14	14
Maintenance and repairs	12,000	16,770	4,770
Pool supplies	2,000	2,526	526
Telephone	2,000	1,954	(46)
Utilities	16,000	13,141	(2,859)
Fuel for building	6,000	4,772	(1,228)
Water	8,000	7,990	(10)
Chemicals	14,000	13,612	(388)
Concession stand	3,500	4,384	884
Miscellaneous	3,500	1,931	(1,569)
New equipment	4,000	4,942	942
Total operating expenses	\$ 121,000	\$ 139,277	\$ 18,277
Nonoperating revenues (expenses)			
Miscellaneous income	\$ 8,000	\$ 3,283	\$ (4,717)
Total nonoperating revenues (expenses)	\$ 8,000	\$ 3,283	\$ (4,717)
Other financing sources (uses)			
Operating transfers out	\$ -	\$ -	\$ -
Operating transfers in	40,000	40,000	-
Total other financing sources (uses)	\$ 40,000	\$ 40,000	\$ -

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Balance Sheet

April 30, 2014

	Total Nonmajor Governmental Funds	Special	
		Park	Road and Bridge
Assets			
Cash	\$ 454,821	\$ -	\$ -
Investments, at cost	-	-	-
Receivables:			
Property tax	1,061,014	73,888	66,997
Accounts	63,211	-	-
Due from other funds	356,647	-	-
Total assets	\$ 1,935,693	\$ 73,888	\$ 66,997
Liabilities			
Accounts payable	\$ 17,401	\$ 7,260	\$ -
Accrued payroll	4,118	2,310	-
Due to other funds	1,483,795	275,770	190,830
Total liabilities	1,505,314	285,340	190,830
Deferred Inflows of Resources			
Property taxes	530,512	36,944	33,499
Total deferred inflows of resources	530,512	36,944	33,499
Fund Balances			
Fund balance:			
Fund balances, restricted	1,110,966	-	-
Fund balances, unrestricted (unassigned)	(1,211,099)	(248,396)	(157,332)
Total fund balances	(100,133)	(248,396)	(157,332)
Total liabilities and fund equity	\$ 1,935,693	\$ 73,888	\$ 66,997

Revenue			
Social Security	Illinois Municipal Retirement	Off Street Parking	Regional Transportation Authority
\$ -	\$ -	\$ -	\$ -
-	-	-	-
87,601	78,351	-	-
-	6,850	-	-
-	91	223,752	-
\$ 87,601	\$ 85,292	\$ 223,752	\$ -
\$ -	\$ -	\$ -	\$ 232
-	-	-	1,808
203,548	90,648	-	245,494
203,548	90,648	-	247,534
43,801	39,176	-	-
43,801	39,176	-	-
-	-	223,752	-
(159,748)	(44,532)	-	(247,534)
(159,748)	(44,532)	223,752	(247,534)
\$ 87,601	\$ 85,292	\$ 223,752	\$ -

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Balance Sheet (Continued)

April 30, 2014

	Special			
	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation
Assets				
Cash	\$ 216,990	\$ -	\$ -	\$ -
Investments, at cost	-	-	-	-
Receivables:				
Property tax	-	32,062	68,001	39,407
Accounts	56,361	-	-	-
Due from other funds	-	-	-	130,884
Total assets	\$ 273,351	\$ 32,062	\$ 68,001	\$ 170,291
Liabilities				
Accounts payable	\$ 2,258	\$ -	\$ 7,039	\$ -
Accrued payroll	-	-	-	-
Due to other funds	5,167	71,805	324,745	-
Total liabilities	7,425	71,805	331,784	-
Deferred Inflows of Resources				
Property taxes	-	16,031	34,001	19,704
Total deferred inflows of resources	-	16,031	34,001	19,704
Fund Balance				
Fund balance:				
Fund balances, restricted	265,926	-	-	150,587
Fund balances, unrestricted (unassigned)	-	(55,774)	(297,784)	-
Total fund balances	265,926	(55,774)	(297,784)	150,587
Total liabilities and fund equity	\$ 273,351	\$ 32,062	\$ 68,001	\$ 170,291

Revenue		Debt Service	
Welfare	Revolving Loan	Debt Service	
\$ 15,234	\$ 167,292	\$ -	
-	-	-	
-	-	294,750	
-	-	-	
1,920	-	-	
<u>\$ 17,154</u>	<u>\$ 167,292</u>	<u>\$ 294,750</u>	
\$ 612	\$ -	\$ -	
-	-	-	
-	-	75,788	
<u>612</u>	<u>-</u>	<u>75,788</u>	
-	-	147,375	
-	-	147,375	
16,542	167,292	71,587	
-	-	-	
<u>16,542</u>	<u>167,292</u>	<u>71,587</u>	
<u>\$ 17,154</u>	<u>\$ 167,292</u>	<u>\$ 294,750</u>	

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Balance Sheet (Continued)

April 30, 2014

	Debt Service			Capital Projects	
	SSA #1 Park Pointe	SSA #2 Park Pointe 3A	SSA #4 Park Pointe 3B	SSA #3 Shadow- creek	SSA #5 Shadow- creek
Assets					
Cash	\$ 21,522	\$ 10,440	\$ 195	\$ 1,770	\$ 21,378
Investments, at cost	-	-	-	-	-
Receivables:					
Property tax	40,565	36,853	41,375	74,289	126,875
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 62,087	\$ 47,293	\$ 41,570	\$ 76,059	\$ 148,253
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Property taxes	20,283	18,427	20,688	37,145	63,438
Total deferred inflows of resources	20,283	18,427	20,688	37,145	63,438
Fund balance					
Fund balance:					
Fund balances, reserved	41,804	28,866	20,882	38,914	84,815
Fund balances, unrestricted (unassigned)	-	-	-	-	-
Total fund balances	41,804	28,866	20,882	38,914	84,815
Total liabilities and fund equity	\$ 62,087	\$ 47,293	\$ 41,570	\$ 76,059	\$ 148,253

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Year ended April 30, 2014

	Total Nonmajor Governmental Funds	Special	
		Park	Road and Bridge
Revenues			
Taxes	\$ 1,348,704	\$ 76,884	\$ 80,102
Fees	12,036	7,867	-
Intergovernmental	127,929	-	-
Interest	1,907	426	-
Other	90,775	6,225	-
Total revenues	1,581,351	91,402	80,102
Expenditures			
General government	781,590	-	-
Public safety	-	-	-
Public works	473,757	-	-
Culture and recreation	282,587	240,949	-
Debt service	632,514	-	-
Total expenditures	2,170,448	240,949	-
Excess of revenues over (under) expenditures	(589,097)	(149,547)	80,102
Other financing sources (uses)			
Operating transfers in	512,402	14,402	-
Operating transfers out	(123,702)	(6,902)	(79,300)
Total other financing sources (uses)	388,700	7,500	(79,300)
Excess of revenues and other sources over (under) expenditures and other uses	(200,397)	(142,047)	802
Fund balance - May 1, 2013	100,264	(106,349)	(158,134)
Fund balance - April 30, 2014	\$ (100,133)	\$ (248,396)	\$ (157,332)

Revenue			
Social Security	Illinois Municipal Retirement	Off Street Parking	Regional Transportation Authority
\$ 85,291	\$ 109,174	\$ -	\$ -
-	-	-	4,169
-	-	-	8,082
-	-	-	-
-	-	-	-
85,291	109,174	-	12,251
257,239	266,500	-	-
-	-	-	-
-	-	-	20,973
-	-	-	-
-	-	-	-
257,239	266,500	-	20,973
(171,948)	(157,326)	-	(8,722)
175,000	145,000	-	15,000
-	-	-	-
175,000	145,000	-	15,000
3,052	(12,326)	-	6,278
(162,800)	(32,206)	223,752	(253,812)
\$ (159,748)	\$ (44,532)	\$ 223,752	\$ (247,534)

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)

Year ended April 30, 2014

	Special		
	Motor Fuel Tax	Audit	Liability Insurance
Revenues			
Taxes	\$ 244,805	\$ 31,260	\$ 64,952
Fees	-	-	-
Intergovernmental	119,847	-	-
Interest	872	-	-
Other	-	-	24,775
Total revenues	365,524	31,260	89,727
Expenditures			
General government	-	-	257,675
Public safety	-	-	-
Public works	452,384	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Total expenditures	452,384	-	257,675
Excess of revenues over (under) expenditures	(86,860)	31,260	(167,948)
Other financing sources (uses)			
Operating transfers in	-	-	163,000
Operating transfers out	-	(30,000)	-
Total other financing sources (uses)	-	(30,000)	163,000
Excess of revenues and other sources over (under) expenditures and other uses	(86,860)	1,260	(4,948)
Fund balance - May 1, 2013	352,786	(57,034)	(292,836)
Fund balance - April 30, 2014	\$ 265,926	\$ (55,774)	\$ (297,784)

Revenue			Debt Service
Special Recreation	Welfare	Revolving Loan	Debt Service
\$ 41,003	\$ -	\$ -	\$ 295,273
-	-	-	-
-	-	-	-
-	50	470	-
-	19,510	40,265	-
41,003	19,560	40,735	295,273
-	-	-	-
-	-	-	-
-	-	-	-
22,221	19,417	-	-
-	-	12,081	299,625
22,221	19,417	12,081	299,625
18,782	143	28,654	(4,352)
-	-	-	-
(7,500)	-	-	-
(7,500)	-	-	-
11,282	143	28,654	(4,352)
139,305	16,399	138,638	75,939
\$ 150,587	\$ 16,542	\$ 167,292	\$ 71,587

City of Harvard, Illinois

Nonmajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)

Year ended April 30, 2014

	Debt Service			Capital Projects	
	SSA #1	SSA #2	SSA #4	SSA #3	SSA #5
	Park Pointe	Park Pointe 3A	Park Pointe 3B	Shadow- creek	Shadow- creek
Revenues					
Taxes	\$ 40,566	\$ 36,853	\$ 41,375	\$ 74,289	\$ 126,877
Fees	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest	88	52	48	81	(180)
Other	-	-	-	-	-
Total revenues	40,654	36,905	41,423	74,370	126,697
Expenditures					
General government	-	-	176	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	400	-
Culture and recreation	-	-	-	-	-
Debt service	40,818	37,451	41,375	74,289	126,875
Total expenditures	40,818	37,451	41,551	74,689	126,875
Excess of revenues over (under) expenditures	(164)	(546)	(128)	(319)	(178)
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(164)	(546)	(128)	(319)	(178)
Fund balance - May 1, 2013	41,968	29,412	21,010	39,233	84,993
Fund balance - April 30, 2014	\$ 41,804	\$ 28,866	\$ 20,882	\$ 38,914	\$ 84,815

City of Harvard, Illinois

Schedule of Bonds Payable - Governmental Funds

Year ended April 30, 2014

Year ended April 30	General Obligation Recreation Bonds, Series 2011B		General Obligation Bonds Alternate Revenue Source Series 2012A	
	Principal	Interest	Principal	Interest
2015	\$ 250,000	\$ 48,500	\$ 95,000	\$ 85,270
2016	260,000	41,000	100,000	83,370
2017	265,000	33,200	215,000	81,370
2018	280,000	22,600	330,000	75,995
2019	285,000	11,400	350,000	67,745
2020	-	-	365,000	58,995
2021	-	-	375,000	48,045
2022	-	-	385,000	36,795
2023	-	-	390,000	25,245
2024	-	-	405,000	12,960
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
	<u>\$ 1,340,000</u>	<u>\$ 156,700</u>	<u>\$ 3,010,000</u>	<u>\$ 575,790</u>

General Obligation Bonds Alternate Revenue Source Series 2012B		Debt Certificates Series 2008B	
Principal	Interest	Principal	Interest
\$ 170,000	\$ 68,160	\$ 23,075	\$ 24,729
175,000	64,860	24,243	23,560
175,000	61,460	25,470	22,333
145,000	57,960	26,760	21,044
145,000	49,960	321,798	19,689
150,000	46,335	-	-
155,000	41,835	-	-
160,000	37,186	-	-
165,000	32,225	-	-
175,000	23,975	-	-
180,000	17,850	-	-
185,000	11,550	-	-
145,000	5,075	-	-
-	-	-	-
<u>\$ 2,125,000</u>	<u>\$ 518,431</u>	<u>\$ 421,346</u>	<u>\$ 111,355</u>

City of Harvard, Illinois

Schedule of Bonds Payable - Proprietary Funds

Year ended April 30, 2014

Year ended	Waterworks and Sewerage Alternative Revenue Source Series 2014		Waterworks and Sewerage Alternative Revenue Source Series 2006		General Obligation Recreation Waterworks and Sewerage Bonds, Series 2011A	
	Principal	Interest	Principal	Interest	Principal	Interest
April 30						
2015	\$ -	\$ 11,081	\$ -	\$ 41,853	\$ 80,000	\$ 14,295
2016	140,000	15,575	80,000	51,850	80,000	12,375
2017	140,000	12,775	85,000	48,444	85,000	9,735
2018	150,000	9,500	85,000	44,832	90,000	6,930
2019	150,000	5,750	90,000	41,113	90,000	3,465
2020	155,000	1,937	95,000	37,181	-	-
2021	-	-	100,000	32,975	-	-
2022	-	-	105,000	28,491	-	-
2023	-	-	105,000	23,897	-	-
2024	-	-	110,000	19,125	-	-
2025	-	-	115,000	14,063	-	-
2026	-	-	125,000	8,663	-	-
2027	-	-	130,000	2,925	-	-
	<u>\$ 735,000</u>	<u>\$ 56,618</u>	<u>\$ 1,225,000</u>	<u>\$ 395,412</u>	<u>\$ 425,000</u>	<u>\$ 46,800</u>

Independent Auditor's Report on Compliance with State of Illinois Public Act 85-1142

Illinois Department of Revenue
Springfield, Illinois

We have audited the basic financial statements of the City of Harvard, Illinois for the year ended April 30, 2014, and have issued our report thereon dated October 13, 2014. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Downtown TIF District, Industrial Park TIF District, and South TIF District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Harvard, Illinois' management is responsible for the government's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the City of Harvard, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

Wipfli LLP

Rockford, Illinois
October 13, 2014

City of Harvard, Illinois

Schedule of Findings and Responses

	Comment	Corrective Action or Other Explanation
2014 - 1	We noted that the City does not have a complete or adequate segregation of duties.	Due to limited resources the City acknowledges that there is not adequate segregation of duties. City Council will continue an active role in oversight responsibility.
2014 - 2	Due to the limited number of personnel available in the organization, management with the authorization of the City Council has requested that our firm prepare the financial statements and footnote disclosures for them to review and approve.	This does not violate professional independence standards as management and the City Council takes responsibility for the statements and is the most cost effective option for the organization.