

CITY OF HARVARD, ILLINOIS

ANNUAL FINANCIAL REPORT

April 30, 2008

CITY OF HARVARD, ILLINOIS

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS	1 - 2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	3 - 4
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	5
Statement of Activities	6
Statement of Assets, Liabilities and Fund Balances - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Assets – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14

CITY OF HARVARD, ILLINOIS

TABLE OF CONTENTS

	<u>Page Numbers</u>
BASIC FINANCIAL STATEMENTS (CONTINUED)	
Statement of Fiduciary Net Assets – Fiduciary Funds	15
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	16
Notes to Financial Statements	17 - 41
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	42
Actuarial Valuations for Police Pension System	43 - 44
General Fund:	
Schedule of Revenues Compared with Budget	45
Schedule of Expenditures Compared with Budget	46 - 48
OTHER SUPPLEMENTARY INFORMATION	
Water and Sewerage Fund:	
Schedule of Revenues and Expenses Compared with Budget	49 - 50
Pool Fund:	
Schedule of Revenues and Expenses Compared with Budget	51
Combining Balance Sheet - Nonmajor Governmental Funds	52 - 54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	55 - 57
Schedule of Bonds Payable - Governmental and Proprietary Funds	58 - 59
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ILLINOIS PUBLIC ACT 85-1142	
	60
Schedule of Findings and Questioned Costs	61

**INDEPENDENT AUDITOR'S REPORT ON THE
BASIC FINANCIAL STATEMENTS**

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

We have audited the accompanying financial statements of the governmental activities, 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Harvard, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not included a management's discussion and analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with Government Auditing Standards, we have also issued a report dated March 9, 2009 on our consideration of City of Harvard, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of City of Harvard, Illinois taken as a whole. The schedules listed in the table of contents as "Other Supplementary Information" are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sindgen, Calliken, Van Osdel, Co., Att.

Rockford, Illinois
March 9, 2009

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the City of Harvard as of and for the year ended April 30, 2008, which collectively comprise the City of Harvard's basic financial statements and have issued our report thereon dated March 9, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harvard's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harvard's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Harvard's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Harvard's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Harvard's financial

statements that is more than inconsequential will not be prevented or detected by the City of Harvard's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Harvard's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harvard's financial statements are free of 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*.

The City of Harvard's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Harvard's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, members of the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Svingen, Callahan, Van Driel & Co., Ltd.

Rockford, Illinois
March 9, 2009

BASIC FINANCIAL STATEMENTS

CITY OF HARVARD, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2008

ASSETS

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,326,627	\$ 373,329	\$ 1,699,956
Investments	1,111,457	-	1,111,457
Receivables:			
Taxes	2,833,727	-	2,833,727
Accounts	84,442	279,007	363,449
Due from other governments	523,787	-	523,787
Internal balances	<u>(1,237)</u>	<u>1,237</u>	<u>-</u>
Total current assets	<u>5,878,803</u>	<u>653,573</u>	<u>6,532,376</u>
Bond issuance costs	-	48,215	48,215
Capital Assets (net of accumulated depreciation):			
Land (non-depreciable)	8,092,500	128,000	8,220,500
Infrastructure	274,690	722,316	997,006
Buildings and improvements	3,916,856	8,474,208	12,391,064
Machinery and equipment	330,702	567,278	897,980
Furniture and office equipment	8,541	14,771	23,312
Vehicles	<u>164,501</u>	<u>28,166</u>	<u>192,667</u>
Total noncurrent assets	<u>12,787,790</u>	<u>9,982,954</u>	<u>22,770,744</u>
Total assets	<u>18,666,593</u>	<u>10,636,527</u>	<u>29,303,120</u>

LIABILITIES

Current liabilities:			
Accounts payable	169,121	38,047	207,168
Accrued payroll	11,298	1,987	13,285
Due to fiduciary fund	26,337	-	26,337
Deferred revenues	1,406,744	-	1,406,744
Net pension obligation	393,512	-	393,512
Notes payable	741,974	-	741,974
Capital lease payable	3,914	-	3,914
Current portion long term debt	325,248	155,000	480,248
Total current liabilities	3,078,148	195,034	3,273,182
Noncurrent liabilities:			
Compensated absences	141,218	16,335	157,553
Bonds payable	4,588,699	3,835,000	8,423,699
Total noncurrent liabilities	4,729,917	3,851,335	8,581,252
Total liabilities	7,808,065	4,046,369	11,854,434
NET ASSETS			
Invested in capital assets, net of related debt	7,869,929	5,944,739	13,814,668
Restricted for highways and streets	28,793	-	28,793
Restricted for debt service	366,460	604,520	970,980
Restricted for capital projects	200,583	-	200,583
Unrestricted	2,392,763	40,899	2,433,662
Total net assets	\$ 10,858,528	\$ 6,590,158	\$ 17,448,686

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF ACTIVITIES
Year ended April 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General Government	\$ 2,604,750	\$ 476,399	\$ 14,719	\$ -
Public Safety	2,839,989	194,105	-	-
Public Works	2,625,571	254,969	251,600	-
Culture and Recreation	531,613	39,423	17,108	-
Interest expense	<u>592,693</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 9,194,616</u>	<u>\$ 964,896</u>	<u>\$ 283,427</u>	<u>\$ -</u>
Business-type activities:				
Swimming Pool	\$ 151,730	\$ 62,302	\$ -	\$ -
Waterworks and Sewerage	<u>2,212,850</u>	<u>1,759,282</u>	<u>110,000</u>	<u>-</u>
Total business-type activities	<u>\$ 2,364,580</u>	<u>\$ 1,821,584</u>	<u>\$ 110,000</u>	<u>\$ -</u>

General revenues:

- Taxes:
 - Property taxes
 - State taxes
 - Miscellaneous taxes
- Interest
- Miscellaneous
- Total general revenues

Transfers

Change in net assets

Net assets - beginning

Net assets - ending

See Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,113,632)	\$ -	\$ (2,113,632)
(2,645,884)	-	(2,645,884)
(2,119,002)	-	(2,119,002)
(475,082)	-	(475,082)
(592,693)	-	(592,693)
<u>(7,946,293)</u>	<u>-</u>	<u>(7,946,293)</u>
-	(89,428)	(89,428)
-	(343,568)	(343,568)
<u>-</u>	<u>(432,996)</u>	<u>(432,996)</u>
2,749,022	-	2,749,022
1,948,442	-	1,948,442
747,868	-	747,868
1,471,728	43,728	1,515,456
581,828	48,276	630,104
<u>7,498,888</u>	<u>92,004</u>	<u>7,590,892</u>
(71,031)	71,031	-
(518,436)	(269,961)	(788,397)
11,376,964	6,860,119	18,237,083
<u>\$ 10,858,528</u>	<u>\$ 6,590,158</u>	<u>\$ 17,448,686</u>

CITY OF HARVARD, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
April 30, 2008

	General Fund	Harvard Diggins Library	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 240,123	\$ 1,086,504	\$ 1,326,627
Investments	-	1,067,826	43,631	1,111,457
Receivables, net of allowances				
Property tax	860,430	229,065	1,744,232	2,833,727
Accounts	577,565	-	30,664	608,229
Due from other funds	595,630	-	215,024	810,654
Total assets	\$ 2,033,625	\$ 1,537,014	\$ 3,120,055	\$ 6,690,694
 LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 72,787	\$ -	\$ 96,334	\$ 169,121
Accrued payroll	10,058	665	575	11,298
Due to other funds	23,717	-	814,511	838,228
Notes payable	741,974	-	-	741,974
Deferred revenue	421,563	113,060	872,111	1,406,734
Total liabilities	1,270,099	113,725	1,783,531	3,167,355
 Fund balances:				
Unreserved, reported in:				
General funds	763,526	41,686	-	805,212
Special revenue funds	-	1,381,603	769,481	2,151,084
Debt service funds	-	-	366,460	366,460
Capital projects funds	-	-	200,583	200,583
Total fund balances	763,526	1,423,289	1,336,524	3,523,339
Total liabilities and fund balances	\$ 2,033,625	\$ 1,537,014	\$ 3,120,055	\$ 6,690,694

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
April 30, 2008

Total fund balances - governmental funds	\$ 3,523,339
Amounts reported for governmental activities in the statement of net assets 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 \$14,369,147 and the accumulated depreciation is \$1,581,357.	12,787,790
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.	<u>(5,452,601)</u>
Total net assets - governmental activities	<u>\$ 10,858,528</u>

CITY OF HARVARD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2008

	General Fund	Harvard Diggins Library	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,172,086	\$ 233,482	\$ 1,816,563	\$ 5,222,131
Licenses and fees	749,615	22,359	125,444	897,418
Intergovernmental	-	-	51,067	51,067
Investment Income	-	25,846	-	25,846
Interest	14,794	-	24,350	39,144
Other	293,159	12,802	2,193,579	2,499,540
Total revenues	<u>4,229,654</u>	<u>294,489</u>	<u>4,211,003</u>	<u>8,735,146</u>
EXPENDITURES				
General government	1,155,522	44,759	1,250,769	2,451,050
Public safety	2,491,593	-	134,781	2,626,374
Public works	658,114	-	2,037,551	2,695,665
Culture and recreation	-	279,181	364,843	644,024
Debt service	-	-	915,434	915,434
Total expenditures	<u>4,305,229</u>	<u>323,940</u>	<u>4,703,378</u>	<u>9,332,547</u>
Excess (deficiency) of revenues over expenditures	(75,575)	(29,451)	(492,375)	(597,401)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,281	-	113,185	120,466
Transfers out	(131,972)	-	(59,525)	(191,497)
Total other financing sources and uses	<u>(124,691)</u>	<u>-</u>	<u>53,660</u>	<u>(71,031)</u>
Net change in fund balances	(200,266)	(29,451)	(438,715)	(668,432)
Fund balances - beginning	963,792	1,452,740	1,775,239	4,191,771
Fund balances - ending	<u>\$ 763,526</u>	<u>\$ 1,423,289</u>	<u>\$ 1,336,524</u>	<u>\$ 3,523,339</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended April 30, 2008

Excess (deficiency) of revenues received and other sources over (under)
expenditures disbursed and other uses - Governmental funds \$ (668,432)

Amounts reported for governmental activities in the statement of activities
are different because:

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 \$245,152 exceeds (is less than) depreciation expense of
\$296,408 in the period. (51,256)

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. (97,581)

Debt payments are reported in governmental funds as expenditures. However,
only the interest on debt is recorded in the statement of activities. This is the
amount of debt payments in the period. 298,833

Change in net assets of governmental activities \$ (518,436)

CITY OF HARVARD, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2008

	Business-type Activities-Enterprise Funds		
<u>ASSETS</u>	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Current assets:			
Cash	\$ 373,329	\$ -	\$ 373,329
Receivables, net of allowance for uncollectible:			
Accounts	279,007	-	279,007
Due from other funds	478,565	-	478,565
Total current assets	1,130,901	-	1,130,901
Bond issuance costs	48,215	-	48,215
Land	128,000	-	128,000
Property, plant and equipment (net of accumulated depreciation)	8,037,715	1,769,024	9,806,739
Total noncurrent assets	8,213,930	1,769,024	9,982,954
Total assets	9,344,831	1,769,024	11,113,855
 <u>LIABILITIES</u>			
Current liabilities:			
Due to other funds	-	477,325	477,325
Accounts payable	38,047	-	38,047
Accrued payroll	1,935	52	1,987
Current portion long term debt	155,000	-	155,000
Total current liabilities	194,982	477,377	672,359
Noncurrent liabilities:			
Compensated absences payable	15,616	719	16,335
General obligation bonds payable	3,835,000	-	3,835,000
Total noncurrent liabilities	3,850,616	719	3,851,335
Total liabilities	4,045,598	478,096	4,523,694
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	4,175,715	1,769,024	5,944,739
Restricted for debt service	604,520	-	604,520
Unrestricted	518,998	(478,099)	40,899
Total net assets	\$ 5,299,233	\$ 1,290,925	\$ 6,590,158

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended April 30, 2008

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Operating revenues:			
Charges for services	\$ 1,759,282	\$ 62,302	\$ 1,821,584
Operating expenses:			
Operating	1,613,518	94,698	1,708,216
Depreciation	412,105	57,032	469,137
Total operating expenses	2,025,623	151,730	2,177,353
Operating income (loss)	(266,341)	(89,428)	(355,769)
Nonoperating revenues (expenses):			
Motor fuel tax	6,745	-	6,745
Grant for capital improvement	110,000	-	110,000
Rent receipts	22,075	-	22,075
Miscellaneous income	18,671	782	19,453
Interest income	43,726	2	43,728
Interest expense	(187,224)	-	(187,224)
Total nonoperating revenues	13,993	784	14,777
Other financing sources (uses)			
Operating transfers in (out)	20,731	50,300	71,031
Net income (loss)	(231,617)	(38,344)	(269,961)
Net assets - May 1, 2007	5,530,850	1,329,269	6,860,119
Net assets - April 30, 2008	\$ 5,299,233	\$ 1,290,925	\$ 6,590,158

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended April 30, 2008

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,700,672	\$ 62,302	\$ 1,762,974
Payments to suppliers	(1,695,332)	(59,516)	(1,754,848)
Payments to employees	(18,637)	(35,130)	(53,767)
Net cash used in operations	(13,297)	(32,344)	(45,641)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	43,726	2	43,728
Net cash provided by investing activities	43,726	2	43,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(187,224)	-	(187,224)
Miscellaneous receipts	157,491	782	158,273
Transfers in (out)	1,991	31,560	33,551
Principal payments on general obligation bonds	(165,000)	-	(165,000)
Proceeds from sale of general obligation bonds	-	-	-
Purchase of property and equipment	(337,049)	-	(337,049)
Net cash provided by (used in) capital and related financing activities	(529,791)	32,342	(497,449)
Net increase (decrease) in cash and cash equivalents	(499,362)	-	(499,362)
Beginning cash and cash equivalents	872,691	-	872,691
Ending cash and cash equivalents	\$ 373,329	\$ -	\$ 373,329

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year ended April 30, 2008

	Business-type Activities-Enterprise Funds		
	Waterworks and Sewerage Fund	Swimming Pool Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (266,341)	\$ (89,428)	\$ (355,769)
Adjustments to reconcile operating income to net cash provided by (used in) operations			
Depreciation	412,105	57,032	469,137
Changes in assets and liabilities:			
Accounts receivable	(58,610)	-	(58,610)
Due from other funds	-	-	-
Accounts payable	(81,814)	-	(81,814)
Accrued payroll	(19,168)	52	(19,116)
Compensated absences	531	-	531
	<u>\$ (13,297)</u>	<u>\$ (32,344)</u>	<u>\$ (45,641)</u>
Net cash provided by (used in) operations	<u>\$ (13,297)</u>	<u>\$ (32,344)</u>	<u>\$ (45,641)</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
April 30, 2008

<u>ASSETS</u>	<u>Police Pension Trust Fund</u>	<u>Non-expendable Trust Fund Apartment Fund</u>	<u>Expendable Trust Fund Scholarship Fund</u>
Cash	\$ 108,723	\$ 11,937	\$ 69
Investments	4,606,453	-	20,624
Receivables, net of allowance for uncollectible:			
Note receivable	-	109,108	-
Accrued interest	8,050	-	-
Receivable from City	33,490	-	-
Total assets	<u>4,756,716</u>	<u>121,045</u>	<u>20,693</u>
<u>LIABILITIES</u>			
Accounts payable	-	-	-
<u>NET ASSETS</u>			
Held in trust for pension benefits and other purposes	<u>\$ 4,756,716</u>	<u>\$ 121,045</u>	<u>\$ 20,693</u>

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended April 30, 2008

	Police Pension Trust Fund	Non-expendable Trust Fund Apartment Fund	Expendable Trust Fund Scholarship Fund
Additions:			
Contributions-employer taxes	\$ 127,778	\$ -	\$ -
Contributions-employee	254,586	-	-
Investment income:			
Gain on sale of property	-	124,436	-
Net appreciation (depreciation) in fair value of investments	-	-	-
Interest and dividends	186,959	7,342	702
Total additions	569,323	131,778	702
Deductions:			
Benefits and refunds	144,263	-	-
Other charges and services	3,858	12,437	1,500
Total deductions	148,121	12,437	1,500
Net increase	421,202	119,341	(798)
Net assets - beginning	4,335,514	1,704	21,491
Net assets - ending	\$ 4,756,716	\$ 121,045	\$ 20,693

See Notes to Financial Statements.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2008

A. 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 (CONTINUED)
April 30, 2008

A. 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 Assets 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 (CONTINUED)
April 30, 2008

A. 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 assets, 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 basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Standards Board Statement No. 20.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

A. Summary of Significant Accounting Policies (Continued):

GOVERNMENT WIDE, FUND FINANCIAL STATEMENTS AND BASIS OF ACCOUNTING (CONTINUED)

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.

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.

Swimming Pool Fund To account for the costs related to the operation of the City's swimming pool. Funding is provided by user fees.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

A. Summary of Significant Accounting Policies (Continued):

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, 2008. 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.

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, 2008 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

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

A. Summary of Significant Accounting Policies (Continued):

CASH AND INVESTMENTS (CONTINUED)

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 2007 was allocated fifty percent for each of the two years after the levy year.

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 EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

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. No liability for sick pay has been accrued in the government-wide and proprietary fund financial statements.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

A. Summary of Significant Accounting Policies (Continued):

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.

B. 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.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2008, expenditures exceed appropriations in the General fund by \$318,323. These over expenditures were funded by greater than anticipated revenues in that fund.

DEFICIT FUND BALANCES/RETAINED EARNINGS OF INDIVIDUALS FUNDS

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

<u>Fund</u>	<u>Deficit Balance</u>
Park Fund	\$(187,019)
Road & Bridge Fund	(179,132)
Regional Transportation Authority	(240,287)
Capital Improvement Fund	(610)

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

C. Deposits and Investments:

The City maintains a cash and investment pool that is mainly used by 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. As of April 30, 2008, the following funds had overdrafts:

Park Fund	\$286,791
Road & Bridge	202,578
Pool	478,140
RTA	242,304
Debt Service	77,061

Deposits. At year-end, the carrying amount of the City's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$3,112,346 and the bank balance was \$3,487,175. Of the bank balance, \$3,460,899 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 and \$26,276 was uninsured.

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, 2008, \$26,276 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, equity mutual funds, and insurance contracts as investments.

Investments. As of April 30, 2008, the City's investments were as follows:

	<u>Fair Value</u>
Investment in State Investment Pool	\$ 17,826
U.S. Government Obligations	2,643,518
Corporate Bonds	141,161
Common Stock	663,544
Equity Mutual Funds	659,030
Insurance contracts	<u>534,898</u>
Total	<u>\$4,659,977</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

C. Deposits and Investments (Continued):

Pension Funds own all the investments in U.S. Government Obligations, Equity Mutual Funds and Insurance Contracts. Subsequent to year-end, there was a significant drop in the fair market value of investments.

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.

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>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	<u>Total</u>
External investment pool	\$ 17,826	\$ -	\$ -	\$ 17,826
U.S. Government obligations	-	723,032	1,546,319	2,269,351
Insurance contracts	<u>534,898</u>	<u>-</u>	<u>-</u>	<u>534,898</u>
Total	<u>\$552,724</u>	<u>\$723,032</u>	<u>\$1,546,319</u>	<u>\$2,822,075</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, 2008</u>	<u>AAAm</u>	<u>Unrated</u>
External investment pool	<u>\$17,826</u>	<u>\$17,826</u>	<u>\$ -</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

C. 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, 2008 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.

D. Reserved Fund Balances/Retained Earnings:

The following reservations of fund balances/retained earnings existed as of April 30, 2008:

Enterprise:

Water & Sewer Fund:	
Reserved due to bond ordinance	<u>\$604,520</u>

Fiduciary:

Non Expendable Trust Fund:	
Apartment Fund	<u>\$121,045</u>

Pension Trust Funds:

Police Pension Fund:	
Reserved for employees retirement system	<u>\$4,756,716</u>

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2008

E. 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. Such assets are recorded at historical cost if purchased or constructed. For those assets for which historical cost is not available, the City has estimated historical cost by using current costs and adjusting for inflation. 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	8 - 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, 2008 is as follows:

	<u>Balance</u> <u>May 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2008</u>
Cost:				
Land (not depr.)	\$ 8,092,500	\$ -	\$ -	\$ 8,092,500
Infrastructure	178,766	105,538	-	284,304
Buildings & improvements	4,401,725	-	-	4,401,725
Machinery & equipment	546,639	81,239	5,480	622,398
Office equipment	50,956	-	-	50,956
Vehicles	776,776	57,147	45,975	787,948
Harvard Diggins				
Library Fixed Assets	<u>128,088</u>	<u>1,228</u>	<u>-</u>	<u>129,316</u>
	<u>\$14,175,450</u>	<u>\$245,152</u>	<u>\$51,455</u>	<u>\$14,369,147</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

E. Property, Plant and Equipment (Continued):

	<u>Balance</u> <u>May 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2008</u>
Accumulated Depreciation:				
Infrastructure	\$ 2,945	\$ 6,669	\$ -	\$ 9,614
Buildings & improvements	402,435	82,434	-	484,869
Machinery & equipment	229,486	88,414	5,480	312,420
Office equipment	39,604	2,811	-	42,415
Vehicles	559,643	109,779	45,975	623,447
Harvard Diggins				
Library Fixed Assets	<u>102,291</u>	<u>6,301</u>	<u>-</u>	<u>108,592</u>
	<u>\$1,336,404</u>	<u>\$296,408</u>	<u>\$51,455</u>	<u>\$1,581,357</u>
Total Capital Assets, Net:				
Land	\$ 8,092,500	\$ -	\$ -	\$ 8,092,500
Infrastructure	175,821	98,869	-	274,690
Buildings & improvements	3,999,290	(82,434)	-	3,916,856
Machinery & equipment	317,153	(7,175)	-	309,978
Office equipment	11,352	(2,811)	-	8,541
Vehicles	217,133	(52,632)	-	164,501
Harvard Diggins				
Library Fixed Assets	<u>25,797</u>	<u>(5,073)</u>	<u>-</u>	<u>20,724</u>
	<u>\$12,839,046</u>	<u>\$(51,256)</u>	<u>\$ -</u>	<u>\$12,787,790</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

E. Property, Plant and Equipment (Continued):

The business-type activities capital asset activity for the year ended April 30, 2008 is as follows:

	<u>Balance</u> <u>May 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2008</u>
Cost:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	503,255	236,818	-	740,073
Buildings & improvements	9,992,596	-	140,000	9,852,596
Swimming pool	2,094,816	-	-	2,094,816
Machinery & equipment	1,179,330	83,068	12,420	1,249,978
Furniture & office equipment	44,106	-	-	44,106
Vehicles	<u>128,490</u>	<u>12,260</u>	<u>-</u>	<u>140,750</u>
	<u>\$14,070,593</u>	<u>\$ 332,146</u>	<u>\$152,420</u>	<u>\$14,250,319</u>

Accumulated Depreciation:

Infrastructure	\$ 3,161	\$ 14,597	\$ -	\$ 17,758
Buildings & improvements	3,063,984	197,052	140,000	3,121,036
Swimming pool	268,760	57,032	-	325,792
Machinery & equipment	546,393	175,104	12,420	709,077
Furniture & office equipment	24,790	4,545	-	29,335
Vehicles	<u>91,776</u>	<u>20,806</u>	<u>-</u>	<u>112,582</u>
	<u>\$3,998,864</u>	<u>\$ 469,136</u>	<u>\$152,420</u>	<u>\$4,315,580</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

E. Property, Plant and Equipment (Continued):

	<u>Balance</u> <u>May 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2008</u>
Total Capital Assets, Net:				
Land (not depr.)	\$ 128,000	\$ -	\$ -	\$ 128,000
Infrastructure	500,094	222,221	-	722,315
Buildings & improvements	6,928,612	(197,052)	-	6,731,560
Swimming pool	1,826,056	(57,032)	-	1,769,024
Machinery & equipment	632,937	(92,036)	-	540,901
Furniture & office Equipment	19,316	(4,545)	-	14,771
Vehicles	<u>36,714</u>	<u>(8,546)</u>	<u>-</u>	<u>28,168</u>
	<u>\$10,071,729</u>	<u>\$(136,993)</u>	<u>\$ -</u>	<u>\$9,934,739</u>

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

Governmental activities:

General government	\$ 69,730
Public safety	166,932
Public works	52,047
Culture and recreation	<u>7,699</u>
Total depreciation expense, governmental activities	<u>\$296,408</u>

Business-type activities:

Waterworks and Sewerage Department	\$412,107
Swimming Pool	<u>57,032</u>
Total depreciation expense, business-type activities	<u>\$469,139</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2008

F. 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.

G. Short-Term Debt:

The City has a revolving loan with a local bank. The following is the activity for the year ended April 30, 2008:

Short-term Debt Issue	Balances Retired By	May 1	Balances Additions	Reductions	April 30
\$800,000 Line of Credit with a local bank with a variable interest rate at 1% below prime. Principal and interest due March 17, 2010. Prime rate at 5.00% on April, 30 2008.	General	\$265,000	\$741,974	\$265,000	\$741,974

H. Long-Term Debt:

GENERAL OBLIGATION BONDS

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

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

H. Long-Term Debt (Continued):

GENERAL OBLIGATION BONDS (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</u>					
\$1,300,000 Debt Certificates Series 2005, interest at 4.75%. principal and interest paid semiannually in February and August through August 1, 2025.	General	\$1,300,000	\$ -	\$ 45,172	\$1,254,828
\$2,000,000 General Obligation Bond Library Bonds, dated March 1, 1999 due in annual installments of \$80,000 to \$150,000 plus interest at 4.375% to 5.750% through March 1, 2019.	Debt Service	1,435,000	-	100,000	1,335,000
\$1,900,000 General Obligation Bond Recreation Bonds, dated July 15, 1999 due in annual installments of \$85,000 to \$150,000 plus interest at 5.00% through March 15, 2019.	Debt Service	1,390,000	-	90,000	1,300,000
\$1,000,000 Debt Certificates Series 2002, interest at 5.75%. principal and interest paid semiannually in January and July through July 1, 2022.	TIF	958,053	-	39,467	918,586
\$300,000 Bank loan dated May, 2003, interest at 3.99%. Principal and interest paid quarterly through May 10, 2010.	MFT	138,755	-	33,222	105,533
		<u>\$5,221,808</u>	<u>\$ -</u>	<u>\$307,861</u>	<u>\$4,913,947</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

H. Long-Term Debt (Continued):

GENERAL OBLIGATION BONDS (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>Business-Type Activities</u>					
\$3,000,000 W&S Revenue Bonds Series 2000, due in annual installments of \$55,000 to \$135,000 plus interest at 5.50% to 6.00% through May 1, 2019					
	W&S	\$1,065,000	\$ -	\$135,000	\$ 930,000
\$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					
	W&S	1,435,000	-	15,000	1,420,000
\$1,700,000 W&S Alternate Source 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	<u>1,700,000</u>	<u>-</u>	<u>60,000</u>	<u>1,640,000</u>
		<u>\$4,200,000</u>	<u>\$ -</u>	<u>\$210,000</u>	<u>\$3,990,000</u>

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

<u>Year Ending April 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 324,834	\$ 247,469	\$ 210,000	\$ 181,191
2010	336,581	231,275	220,000	169,451
2011	315,881	214,265	235,000	160,238
2012	319,159	197,892	245,000	150,243
2013	334,595	181,493	255,000	139,440
2014 - 2017	1,515,557	551,333	1,135,000	438,559
2018 - 2021	1,206,618	238,728	1,105,000	211,755
2022 - 2026	<u>560,722</u>	<u>71,230</u>	<u>585,000</u>	<u>81,769</u>
Total	<u>\$4,913,947</u>	<u>\$1,933,685</u>	<u>\$3,990,000</u>	<u>\$1,532,646</u>

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

H. Long-Term Debt (Continued):

CAPITALIZED LEASES

The City is obligated under certain leases accounted for as capital leases.

The following is a schedule of future minimum lease payments under capital leases:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>
2009	<u>\$3,914</u>	<u>\$ -</u>

CHANGES IN LONG-TERM LIABILITIES

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

	Balances <u>May 1</u>	<u>Additions</u>	<u>Reductions</u>	Balances <u>April 30</u>
Capitalized leases	\$ 19,570	\$ -	\$ 15,656	\$ 3,914
Bonds payable	9,421,808	-	517,861	8,903,947
Compensated absences	<u>128,237</u>	<u>29,316</u>	<u>-</u>	<u>157,553</u>
Total	<u>\$9,569,615</u>	<u>\$29,316</u>	<u>\$533,517</u>	<u>\$9,065,414</u>

I. 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 (CONTINUED)
 April 30, 2008

J. Interfund Assets/Liabilities:

DUE FROM/TO OTHER FUNDS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental:		
General		\$ 595,630
	Debt service	(77,061)
	RTA	(242,304)
	Motor Fuel Tax	(5,167)
Welfare		1,920
	Capital improvement	(610)
Police Pension	General	(23,717)
	Park	(286,791)
	Road & Bridge	(202,578)
Revolving Loan		213,104
Fiduciary:		
Police Pension	General and other	26,337
Proprietary:		
Water		1,237

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, 2008:

	<u>Operating Transfers in</u>	<u>Operating Transfers out</u>
General Fund:		
Water and Sewer Fund	\$ 28,012	\$ -
RTA Fund	-	(51,672)
Pool Fund	-	(50,300)
Road and Bridge Fund	-	-
Non Major Governmental Funds	<u>-</u>	<u>(30,000)</u>
Total General Fund	<u>28,012</u>	<u>(131,972)</u>

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2008

J. Interfund Assets/Liabilities (Continued):

TRANSFERS (CONTINUED)

	<u>Operating Transfers in</u>	<u>Operating Transfers out</u>
RTA Fund:		
General Fund	51,672	-
Pool Fund:		
General Fund	50,30	-
Motor Fuel Tax Fund:		
General Fund	30,000	(7,281)
Water & Sewer	-	(20,731)
 Total all funds	 <u>\$159,984</u>	 <u>\$(159,984)</u>

The purpose of these transfers was to subsidize special revenue funds and the swimming pool fund and reimburse the general fund for administrative support for police protection and park operations.

K. 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 2007 was 10.81 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.

CITY OF HARVARD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 April 30, 2008

K. Pension Plan (Continued):

ANNUAL PENSION COST

For 2007, the City's annual pension cost of \$176,200 for the Regular plan was equal to the City's required and actual contributions.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC (Contributed)	Net Pension Obligation
12/31/07	\$176,200	100%	\$-0-
12/31/06	178,013	100%	-0-
12/31/05	157,331	100%	-0-

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, 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 from .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 15% corridor between the actuarial and market value of assets. The City's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 25 years.

As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 77.69 percent funded. The actuarial accrued liability for benefits was \$4,109,251 and the actuarial value of assets was \$3,192,393 resulting in an overfunded actuarial accrued liability (UAAL) of \$916,858. The covered payroll (annual payroll of active employees covered by the plan) was \$1,629,971 and the ratio of the UAAL to the covered payroll was 56 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.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

K. Pension Plan (Continued):

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, 2008, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	4
Current employees	<u>18</u>
Total	<u>22</u>

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 2034.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

K. Pension Plan (Continued):

Police Pension (Continued)

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.

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.

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

K. Pension Plan (Continued):

Police Pension (Continued)

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	\$307,376
Adjustments to annual required contribution	<u> -</u>
Annual pension cost	307,376
Contributions made	<u>(209,795)</u>
Increase (decrease) in net pension obligation	97,581
Net pension obligation, beginning	<u>295,931</u>
Net pension obligation, ending	<u><u>\$393,512</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2007 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% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll in accordance with section 3-127 of the Illinois Pension Code. The remaining amortization period at April 30, 2007, was 26.1699 years.

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>
4/30/07	\$307,376	68.25%	\$393,512
4/30/06	230,930	77.92%	295,931
4/30/05	198,334	86.30%	244,941

CITY OF HARVARD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
April 30, 2008

L. Litigation:

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

M. Subsequent Event:

The City signed an unsecured loan from a local bank in November, 2008 for approximately \$650,000 for the purchase and remodeling of a building in which will be the future location of City Hall.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF HARVARD, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 April 30, 2008

**Illinois Municipal Retirement Fund
 Schedule of Funding Progress**

Actuarial Valuation Date <u>December 31</u>	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) <u>Entry Age</u>	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Accrued Liability as a Percentage of Covered Payroll (4)/(5)
12/31/07	\$3,192,393	\$4,109,251	77.69%	\$916,858	\$1,629,971	56.25%
12/31/06	3,174,741	3,855,595	82.34	680,854	1,479,966	46.00
12/31/05	2,947,801	3,636,315	81.07	688,514	1,387,398	49.63

CITY OF HARVARD, ILLINOIS
 Required Supplementary Information
 April 30, 2008

ACTUARIAL VALUATIONS FOR POLICE PENSION SYSTEMS

The required supplementary information does not include required disclosures relating to the Employee Retirement Systems for 1997 – 1998 since this information, which would have been provided by actuarial valuations, wasn't provided to the Government from the State of Illinois Department of Insurance. This information was expected, but the State has been unable to produce the actuarial valuations due to computer reporting problems.

Police Pension Fund

Analysis of funding progress for the year ended April 30, 2007.

Actuarial Valuation Date <u>April 30</u>	(1) Actuarial Value of Plan <u>Assets</u>	(2) Actuarial Accrued Liability (AAL) <u>Entry Age</u>	(3) Funded Ratio <u>(1)/(2)</u>	(4) Unfunded Actuarial Accrued Liability <u>(2)-(1)</u>	(5) Annual Covered <u>Payroll</u>	(6) Unfunded Accrued Liability as a Percentage of Covered Payroll <u>(4)/(5)</u>
4/30/07	\$4,335,514	\$7,224,106	60.01%	\$2,888,592	\$1,166,441	247.64%
4/30/06	3,982,442	6,094,796	65.34%	2,112,354	916,999	230.36%
4/30/05	3,593,823	5,674,158	63.34%	2,080,335	872,922	238.31%
4/30/04	3,351,143	5,057,717	66.26%	1,706,574	836,808	203.94%
4/30/03	3,082,561	4,584,532	67.24%	1,501,971	838,512	179.12%
4/30/02	2,931,194	4,182,029	70.09%	1,250,835	818,290	152.86%
4/30/01	2,808,747	3,693,049	76.05%	884,302	813,456	108.71%
4/30/00	2,687,119	3,193,766	84.14%	506,641	667,959	75.85%
4/30/99	2,510,356	2,821,304	88.98%	310,948	683,856	45.47%

CITY OF HARVARD, ILLINOIS
Required Supplementary Information
April 30, 2008

ACTUARIAL VALUATIONS FOR POLICE PENSION SYSTEM

**Police Pension Fund
Employer Contributions**

<u>Year Ending April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
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
4/30/03	171,898	118,447	68.9
4/30/02	157,244	109,512	69.6
4/30/01	123,132	105,557	85.7
4/30/00	106,735	103,986	97.4

CITY OF HARVARD, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$ 350,000	\$ 350,000	\$ 751,693	\$ 401,693
State income tax	775,000	775,000	843,086	68,086
Hotel/motel tax	27,500	27,500	16,676	(10,824)
State replacement tax	80,000	80,000	93,124	13,124
Sales tax	990,000	990,000	959,516	(30,484)
Utility tax	535,000	535,000	507,991	(27,009)
Total taxes	<u>2,757,500</u>	<u>2,757,500</u>	<u>3,172,086</u>	<u>414,586</u>
Licenses and fees:				
Liquor licenses	56,000	56,000	72,265	16,265
Contractors license	15,000	15,000	17,550	2,550
Building fees and permits	375,000	375,000	197,964	(177,036)
Parking permits	-	-	10,458	10,458
Police fines	165,000	165,000	168,069	3,069
Telephone franchise	215,000	215,000	223,201	8,201
Cable franchise	46,500	46,500	50,545	4,045
Mining fees	30,000	30,000	8,603	(21,397)
DUI fines	2,200	2,200	960	(1,240)
Total licenses and fees	<u>904,700</u>	<u>904,700</u>	<u>749,615</u>	<u>(155,085)</u>
Interest	<u>15,000</u>	<u>15,000</u>	<u>14,794</u>	<u>(206)</u>
Other revenues:				
Miscellaneous	42,500	42,500	41,428	(1,072)
Police reimbursement	30,000	30,000	22,076	(7,924)
Zoning hearings and platting fees	100,000	100,000	97,619	(2,381)
Escrow from developers	152,000	152,000	106,798	(45,202)
Rent	10,000	10,000	10,000	-
Health insurance reimbursement	30,000	30,000	15,238	(14,762)
Total other revenues	<u>364,500</u>	<u>364,500</u>	<u>293,159</u>	<u>(71,341)</u>
Total revenues	<u>\$ 4,041,700</u>	<u>\$ 4,041,700</u>	<u>\$ 4,229,654</u>	<u>\$ 187,954</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures:				
General government:				
Administration:				
Salaries - officials	\$ 97,000	\$ 97,000	\$ 96,983	\$ (17)
Salaries - clerical	67,250	67,250	67,664	414
Overtime - clerical	2,750	2,750	3,669	919
Health insurance	80,000	80,000	70,205	(9,795)
Mayoral expense	1,800	1,800	1,800	-
Attorney fees	125,000	125,000	68,567	(56,433)
Engineering fees	105,564	105,564	349,108	243,544
Service agreements	7,500	7,500	8,105	605
Equipment maintenance	12,000	12,000	14,656	2,656
Building maintenance	18,000	18,000	27,136	9,136
Office supplies	15,000	15,000	10,413	(4,587)
Postage	19,000	19,000	12,785	(6,215)
Dues and subscriptions	9,000	9,000	6,611	(2,389)
Public notices	8,000	8,000	3,254	(4,746)
ZBA notices	10,000	10,000	1,582	(8,418)
Printing	5,000	5,000	2,014	(2,986)
Telephone	23,000	23,000	25,138	2,138
Miscellaneous	10,750	10,750	84,945	74,195
Economic development	31,500	31,500	34,824	3,324
Professional fees	25,000	25,000	18,673	(6,327)
Interest expense	5,500	5,500	9,084	3,584
Contingencies	192,500	192,500	-	(192,500)
Total administration	<u>871,114</u>	<u>871,114</u>	<u>917,216</u>	<u>46,102</u>
Building services:				
Salaries	175,020	175,020	172,637	(2,383)
Health insurance	33,000	33,000	44,679	11,679
Training	5,000	5,000	3,371	(1,629)
Uniforms	900	900	453	(447)
Contingencies	19,000	19,000	17,166	(1,834)
Total building services	<u>232,920</u>	<u>232,920</u>	<u>238,306</u>	<u>5,386</u>
Total general government	<u>1,104,034</u>	<u>1,104,034</u>	<u>1,155,522</u>	<u>51,488</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued):				
Public safety (Continued):				
Police department:				
Salaries - officers	1,267,440	1,267,440	1,349,495	82,055
Salaries - clerical	239,285	239,285	250,668	11,383
Crossing guards	50,750	50,750	45,792	(4,958)
Overtime	210,000	210,000	206,438	(3,562)
Pension expense	-	-	209,795	209,795
Health insurance	265,000	265,000	250,032	(14,968)
Health examinations	1,200	1,200	1,719	519
Uniforms	25,000	25,000	23,680	(1,320)
Attorney fees	47,000	47,000	40,251	(6,749)
Vehicle maintenance	15,000	15,000	20,301	5,301
Equipment maintenance	15,000	15,000	6,929	(8,071)
Radio maintenance	5,000	5,000	416	(4,584)
Advertising	1,000	1,000	500	(500)
Ammunition	3,500	3,500	3,369	(131)
Material purchases	8,000	8,000	3,782	(4,218)
Office supplies	8,000	8,000	7,050	(950)
Investigation supplies	6,000	6,000	2,527	(3,473)
Dues and subscriptions	2,000	2,000	1,610	(390)
Telephone	20,000	20,000	6,423	(13,577)
Gas, oil, and grease	32,000	32,000	50,181	18,181
Police commission expense	1,500	1,500	1,550	50
Miscellaneous	2,000	2,000	2,772	772
Special programs	2,000	2,000	2,012	12
Data base user fees	3,400	3,400	2,580	(820)
New equipment	35,000	35,000	1,721	(33,279)
Contingencies	-	-	-	-
Total public safety	<u>2,265,075</u>	<u>2,265,075</u>	<u>2,491,593</u>	<u>226,518</u>

CITY OF HARVARD, ILLINOIS
GENERAL FUND (CONTINUED)
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
REQUIRED SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued):				
Public works:				
Highways and streets:				
Salaries	247,397	247,397	274,929	27,532
Overtime	18,000	18,000	36,056	18,056
Health insurance	87,000	87,000	66,084	(20,916)
Uniforms	5,200	5,200	3,284	(1,916)
Vehicle maintenance	29,000	29,000	58,267	29,267
Building maintenance	5,000	5,000	4,293	(707)
Radio maintenance	1,000	1,000	110	(890)
Tools	2,500	2,500	817	(1,683)
Material purchases	10,000	10,000	12,662	2,662
Telephone	3,000	3,000	7,278	4,278
Electricity	95,000	95,000	110,816	15,816
Gas, oil and grease	28,000	28,000	50,610	22,610
New equipment	80,200	80,200	10,703	(69,497)
Miscellaneous	3,500	3,500	19,128	15,628
Fuel for building	3,000	3,000	3,077	77
Contingencies	-	-	-	-
Total public works	<u>617,797</u>	<u>617,797</u>	<u>658,114</u>	<u>40,317</u>
Total expenditures	<u>\$ 3,986,906</u>	<u>\$ 3,986,906</u>	<u>\$4,305,229</u>	<u>\$ 318,323</u>
Other financing sources (uses):				
Operating transfers in	\$ 138,178	\$ 138,178	\$ 7,281	\$ (130,897)
Operating transfers out	<u>(192,972)</u>	<u>(192,972)</u>	<u>(131,972)</u>	<u>61,000</u>
Total other financing sources (uses)	<u>\$ (54,794)</u>	<u>\$ (54,794)</u>	<u>\$ (124,691)</u>	<u>\$ (69,897)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARVARD, ILLINOIS
WATER AND SEWERAGE FUND
SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
OTHER SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues:				
Charges for water and sewer services				
Water billings	\$ 1,400,000	\$ 1,400,000	\$ 1,305,169	\$ (94,831)
Tap on permits	217,000	217,000	192,791	(24,209)
Penalties	40,000	40,000	34,790	(5,210)
Plumbing permits	40,000	40,000	26,447	(13,553)
Maintenance charges	167,000	167,000	172,778	5,778
Moving charges	6,000	6,000	24,726	18,726
Sale of material	-	-	2,581	2,581
Total operating revenues	<u>\$ 1,870,000</u>	<u>\$ 1,870,000</u>	<u>\$ 1,759,282</u>	<u>\$ (110,718)</u>
Operating expenses:				
Utilities department:				
Salaries	\$ 242,000	\$ 242,000	\$ 276,781	\$ 34,781
Overtime	7,200	7,200	19,522	12,322
Compensated absences expense	-	-	-	-
Health insurance	50,000	50,000	37,713	(12,287)
Training	2,000	2,000	580	(1,420)
Travel expense	800	800	111	(689)
Uniforms	1,850	1,850	2,275	425
Professional fees	13,592	13,592	32,391	18,799
Engineering fees	67,250	67,250	63,362	(3,888)
Building maintenance	1,500	1,500	7,065	5,565
Maintenance of tower/plant	5,150	5,150	40,493	35,343
Equipment/water main maintenance	4,300	4,300	16,293	11,993
Lift station maintenance	4,200	4,200	18,727	14,527
Lab supplies	2,700	2,700	8,830	6,130
Material purchases	4,200	4,200	4,441	241
Dues and subscriptions	1,000	1,000	89	(911)
Electricity	155,000	155,000	169,121	14,121
Fuel for building	18,541	18,541	24,863	6,322
Gas, oil and grease	3,000	3,000	4,136	1,136
Chemicals	16,125	16,125	95,154	79,029
Miscellaneous	3,000	3,000	(26,700)	(29,700)
New equipment	51,000	51,000	19,581	(31,419)
Permit fees	-	-	17,500	17,500
Contingencies	-	-	-	-
Total utilities department	<u>654,408</u>	<u>654,408</u>	<u>832,328</u>	<u>177,920</u>

CITY OF HARVARD, ILLINOIS
WATER AND SEWERAGE FUND (CONTINUED)
SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
OTHER SUPPLEMENTARY INFORMATION
Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses:				
Maintenance and administration department:				
Salaries	\$ 155,566	\$ 155,566	\$ 120,164	\$ (35,402)
Salaries, clerical	75,000	75,000	88,488	13,488
Overtime	18,000	18,000	31,068	13,068
Health insurance	56,000	56,000	44,278	(11,722)
Attorney fees	-	-	-	-
Uniforms	2,000	2,000	1,925	(75)
Vehicle maintenance	2,000	2,000	24,221	22,221
Storm sewer maintenance	100,000	100,000	13,036	(86,964)
Sanitary sewer maintenance	40,000	40,000	25,539	(14,461)
Water main maintenance	40,000	40,000	46,948	6,948
Office supplies	4,500	4,500	1,053	(3,447)
Material purchases	2,000	2,000	4,746	2,746
Gas, oil and grease	10,000	10,000	3,510	(6,490)
Postage	13,640	13,640	1,368	(12,272)
Miscellaneous	1,500	1,500	231	(1,269)
Telephone	18,000	18,000	54,876	36,876
Infrastructure	1,314,000	1,314,000	268,234	(1,045,766)
Equipment/meters sweeper	204,400	204,400	41,325	(163,075)
Plant expansion	-	-	-	-
Rent	10,000	10,000	10,180	180
Engineering fees	-	-	-	-
Contingencies	-	-	-	-
Total maintenance and administration department	<u>2,066,606</u>	<u>2,066,606</u>	<u>781,190</u>	<u>(1,285,416)</u>
Total operating expenses	<u>\$ 2,721,014</u>	<u>\$ 2,721,014</u>	<u>\$ 1,613,518</u>	<u>\$ (1,107,496)</u>
Nonoperating revenues (expenses):				
Motor fuel tax	\$ -	\$ -	\$ 6,745	\$ 6,745
Grant for capital improvement	110,000	110,000	110,000	-
Rent receipts	-	-	22,075	22,075
Miscellaneous income	1,000	1,000	18,671	17,671
Interest income	47,000	47,000	43,726	(3,274)
Interest expense	-	-	(187,224)	(187,224)
Total nonoperating revenues (expenses)	<u>\$ 158,000</u>	<u>\$ 158,000</u>	<u>\$ 13,993</u>	<u>\$ (144,007)</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>\$ (223,900)</u>	<u>\$ (223,900)</u>	<u>\$ 20,731</u>	<u>\$ 244,631</u>

CITY OF HARVARD, ILLINOIS
 POOL FUND
 SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
 OTHER SUPPLEMENTARY INFORMATION
 Year ended April 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues:				
Charges for pool services:				
Daily tickets	\$ 18,000	\$ 18,000	\$ 21,143	\$ 3,143
Pool passes	17,500	17,500	20,723	3,223
Lessons	8,200	8,200	6,325	(1,875)
Pool parties	5,500	5,500	4,722	(778)
Total pool services revenue	49,200	49,200	52,913	3,713
Concession sales	15,000	15,000	9,389	(5,611)
Total operating revenues	\$ 64,200	\$ 64,200	\$ 62,302	\$ (1,898)
Operating expenses:				
Salaries	\$ 38,000	\$ 38,000	\$ 35,182	\$ (2,818)
Maintenance and repairs	15,000	15,000	2,372	(12,628)
Concession stand	6,500	6,500	7,738	1,238
Pool supplies	-	-	-	-
Utilities	33,000	33,000	32,448	(552)
Miscellaneous	1,000	1,000	1,703	703
Chemicals	8,000	8,000	5,838	(2,162)
Water	5,000	5,000	5,288	288
New equipment	9,000	9,000	4,129	(4,871)
Contingencies	-	-	-	-
Total operating expenses	\$ 115,500	\$ 115,500	\$ 94,698	\$ (20,802)
Nonoperating revenues (expenses):				
Donations	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	1,000	1,000	782	(218)
Interest income	-	-	2	2
Total nonoperating revenues (expenses)	\$ 1,000	\$ 1,000	\$ 784	\$ (216)
Other financing sources (uses):				
Operating transfers in	\$ 50,300	\$ 50,300	\$ 50,300	\$ -

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2008

	<u>Total</u>	<u>Special</u>	
	Nonmajor Governmental Funds	Park	Road and Bridge
<u>ASSETS</u>			
Cash	\$ 1,086,504	\$ -	\$ -
Investments, at cost	43,631	43,631	-
Receivables:			
Property tax	1,744,232	113,060	65,962
Accounts	30,664	-	-
Due from other funds	<u>215,024</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 3,120,055</u>	 <u>\$ 156,691</u>	 <u>\$ 65,962</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 96,334	\$ -	\$ 9,535
Accrued payroll	575	389	-
Due to other funds	814,511	286,791	202,578
Deferred revenues	<u>872,111</u>	<u>56,530</u>	<u>32,981</u>
 Total liabilities	 <u>1,783,531</u>	 <u>343,710</u>	 <u>245,094</u>
<u>FUND EQUITY</u>			
Fund equity:			
Fund balances, reserved	-	-	-
Fund balances, unreserved	<u>1,336,524</u>	<u>(187,019)</u>	<u>(179,132)</u>
 Total fund balances	 <u>1,336,524</u>	 <u>(187,019)</u>	 <u>(179,132)</u>
 Total liabilities and fund equity	 <u>\$ 3,120,055</u>	 <u>\$ 156,691</u>	 <u>\$ 65,962</u>

Revenue				
<u>Social Security</u>	<u>Police Protection</u>	<u>Illinois Municipal Retirement</u>	<u>Off Street Parking</u>	<u>Regional Transportation Authority</u>
\$ 51,613	\$ 155,404	\$ 180,982	\$ 174,673	\$ -
-	-	-	-	-
176,223	233,356	55,023	-	-
-	-	7,152	-	2,203
-	-	-	-	-
<u>\$ 227,836</u>	<u>\$ 388,760</u>	<u>\$ 243,157</u>	<u>\$ 174,673</u>	<u>\$ 2,203</u>
\$ 986	\$ -	\$ 675	\$ -	\$ -
-	-	-	-	186
-	-	-	-	242,304
<u>88,112</u>	<u>116,678</u>	<u>27,512</u>	<u>-</u>	<u>-</u>
<u>89,098</u>	<u>116,678</u>	<u>28,187</u>	<u>-</u>	<u>242,490</u>
-	-	-	-	-
<u>138,738</u>	<u>272,082</u>	<u>214,970</u>	<u>174,673</u>	<u>(240,287)</u>
<u>138,738</u>	<u>272,082</u>	<u>214,970</u>	<u>174,673</u>	<u>(240,287)</u>
<u>\$ 227,836</u>	<u>\$ 388,760</u>	<u>\$ 243,157</u>	<u>\$ 174,673</u>	<u>\$ 2,203</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
April 30, 2008

	Special			
	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation
<u>ASSETS</u>				
Cash	\$ 12,651	\$ 54,119	\$ 92,878	\$ 95,103
Investments, at cost	-	-	-	-
Receivables:				
Property tax	-	15,075	114,417	26,531
Accounts	21,309	-	-	-
Due from other funds	-	-	-	-
 Total assets	 <u>\$ 33,960</u>	 <u>\$ 69,194</u>	 <u>\$ 207,295</u>	 <u>\$ 121,634</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 85,138	\$ -
Accrued payroll	-	-	-	-
Due to other funds	5,167	-	-	-
Deferred revenues	-	7,538	57,209	13,266
 Total liabilities	 <u>5,167</u>	 <u>7,538</u>	 <u>142,347</u>	 <u>13,266</u>
<u>FUND EQUITY</u>				
Fund equity:				
Fund balances, reserved	-	-	-	-
Fund balances, unreserved	28,793	61,656	64,948	108,368
 Total fund balances	 <u>28,793</u>	 <u>61,656</u>	 <u>64,948</u>	 <u>108,368</u>
 Total liabilities and fund equity	 <u>\$ 33,960</u>	 <u>\$ 69,194</u>	 <u>\$ 207,295</u>	 <u>\$ 121,634</u>

Revenue			Debt Service
Welfare	Economic Development	Revolving Loan	Debt Service
\$ 19,761	\$ 9,155	\$ 67,751	\$ -
-	-	-	-
-	-	-	320,940
-	-	-	-
<u>1,920</u>	<u>-</u>	<u>213,104</u>	<u>-</u>
<u>\$ 21,681</u>	<u>\$ 9,155</u>	<u>\$ 280,855</u>	<u>\$ 320,940</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	77,061
-	-	-	160,470
<u>-</u>	<u>-</u>	<u>-</u>	<u>237,531</u>
-	-	-	-
<u>21,681</u>	<u>9,155</u>	<u>280,855</u>	<u>83,409</u>
<u>21,681</u>	<u>9,155</u>	<u>280,855</u>	<u>83,409</u>
<u>\$ 21,681</u>	<u>\$ 9,155</u>	<u>\$ 280,855</u>	<u>\$ 320,940</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
April 30, 2008

	Debt			
	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park Fund	TIF #3 South	SSA #1 Park Pointe
<u>ASSETS</u>				
Cash	\$ 7,928	\$ 20,947	\$ 3,477	\$ 21,332
Investments, at cost	-	-	-	-
Receivables:				
Property tax	177,624	127,864	2,862	40,565
Accounts	-	-	-	-
Due from other funds	-	-	-	-
 Total assets	 <u>\$ 185,552</u>	 <u>\$ 148,811</u>	 <u>\$ 6,339</u>	 <u>\$ 61,897</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	88,812	63,922	1,431	20,283
 Total liabilities	 <u>88,812</u>	 <u>63,922</u>	 <u>1,431</u>	 <u>20,283</u>
<u>FUND EQUITY</u>				
Fund equity:				
Fund balances, reserved	-	-	-	-
Fund balances, unreserved	96,740	84,889	4,908	41,614
 Total fund balances	 <u>96,740</u>	 <u>84,889</u>	 <u>4,908</u>	 <u>41,614</u>
 Total liabilities and fund equity	 <u>\$ 185,552</u>	 <u>\$ 148,811</u>	 <u>\$ 6,339</u>	 <u>\$ 61,897</u>

Service		Capital Projects		
SSA #2 Park Pointe 3A	SSA #4 Park Pointe 3B	Capital Improvement Fund	SSA #3 Shadowcreek	SSA #5 Shadowcreek
\$ 13,841	\$ 1,696	\$ -	\$ 81,872	\$ 21,321
-	-	-	-	-
36,853	41,875	-	68,009	127,993
-	-	-	-	-
-	-	-	-	-
<u>\$ 50,694</u>	<u>\$ 43,571</u>	<u>\$ -</u>	<u>\$ 149,881</u>	<u>\$ 149,314</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	610	-	-
18,427	20,938	-	34,005	63,997
<u>18,427</u>	<u>20,938</u>	<u>610</u>	<u>34,005</u>	<u>63,997</u>
-	-	-	-	-
32,267	22,633	(610)	115,876	85,317
<u>32,267</u>	<u>22,633</u>	<u>(610)</u>	<u>115,876</u>	<u>85,317</u>
<u>\$ 50,694</u>	<u>\$ 43,571</u>	<u>\$ -</u>	<u>\$ 149,881</u>	<u>\$ 149,314</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year ended April 30, 2008

	Total	Special	
	Nonmajor Governmental Funds	Park	Road and Bridge
Revenues:			
Taxes	\$ 1,816,563	\$ 109,436	\$ 77,914
Fees	125,444	16,369	-
Intergovernmental	51,067	6,250	17,860
Interest	24,350	2,359	-
Other	2,193,579	1,287	120
Total revenues	<u>4,211,003</u>	<u>135,701</u>	<u>95,894</u>
Expenditures:			
General government	1,250,769	-	-
Public safety	134,781	-	-
Public works	2,037,551	-	104,640
Culture and recreation	364,843	191,583	-
Debt service	915,434	-	-
Total expenditures	<u>4,703,378</u>	<u>191,583</u>	<u>104,640</u>
Excess of revenues over (under) expenditures	<u>(492,375)</u>	<u>(55,882)</u>	<u>(8,746)</u>
Other financing sources (uses):			
Operating transfers in	113,185	-	-
Operating transfers out	<u>(59,525)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>53,660</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(438,715)	(55,882)	(8,746)
Fund balance - May 1, 2007	<u>1,775,239</u>	<u>(131,137)</u>	<u>(170,386)</u>
Fund balance - April 30, 2008	<u>\$ 1,336,524</u>	<u>\$ (187,019)</u>	<u>\$ (179,132)</u>

Revenue				
<u>Social Security</u>	<u>Police Protection</u>	<u>Illinois Municipal Retirement</u>	<u>Off Street Parking</u>	<u>Regional Transportation Authority</u>
\$ 191,667	\$ 199,635	\$ 158,701	\$ -	\$ -
-	-	-	91,207	13,868
-	3,000	-	-	23,957
64	52	58	-	-
-	-	-	-	-
<u>191,731</u>	<u>202,687</u>	<u>158,759</u>	<u>91,207</u>	<u>37,825</u>
251,223	-	178,162	-	-
-	90,533	-	-	-
-	-	-	25,327	113,250
-	-	-	-	-
-	-	-	-	-
<u>251,223</u>	<u>90,533</u>	<u>178,162</u>	<u>25,327</u>	<u>113,250</u>
<u>(59,492)</u>	<u>112,154</u>	<u>(19,403)</u>	<u>65,880</u>	<u>(75,425)</u>
-	-	-	-	51,672
-	-	-	-	-
-	-	-	-	<u>51,672</u>
(59,492)	112,154	(19,403)	65,880	(23,753)
<u>198,230</u>	<u>159,928</u>	<u>234,373</u>	<u>108,793</u>	<u>(216,534)</u>
<u>\$ 138,738</u>	<u>\$ 272,082</u>	<u>\$ 214,970</u>	<u>\$ 174,673</u>	<u>\$ (240,287)</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
Year ended April 30, 2008

	Special			
	Motor Fuel Tax	Audit	Liability Insurance	Special Recreation
Revenues:				
Taxes	\$ -	\$ 18,401	\$ 119,425	\$ 26,245
Fees	-	-	-	-
Intergovernmental	-	-	-	-
Interest	1,706	7	39	8
Other	318,451	-	290	-
Total revenues	<u>320,157</u>	<u>18,408</u>	<u>119,754</u>	<u>26,253</u>
Expenditures:				
General government	-	29,536	332,176	-
Public safety	-	-	-	-
Public works	339,356	-	-	-
Culture and recreation	-	-	-	22,419
Debt service	-	-	-	-
Total expenditures	<u>339,356</u>	<u>29,536</u>	<u>332,176</u>	<u>22,419</u>
Excess of revenues over (under) expenditures	<u>(19,199)</u>	<u>(11,128)</u>	<u>(212,422)</u>	<u>3,834</u>
Other financing sources (uses):				
Operating transfers in	30,000	-	-	-
Operating transfers out	<u>(28,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,988</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(17,211)</u>	<u>(11,128)</u>	<u>(212,422)</u>	<u>3,834</u>
Fund balance - May 1, 2007	<u>46,004</u>	<u>72,784</u>	<u>277,370</u>	<u>104,534</u>
Fund balance - April 30, 2008	<u>\$ 28,793</u>	<u>\$ 61,656</u>	<u>\$ 64,948</u>	<u>\$ 108,368</u>

Revenue			Debt Service
Welfare	Economic Development	Revolving Loan	Debt Service
\$ -	\$ -	\$ -	\$ 324,094
-	-	-	-
-	-	-	-
605	965	10,418	101
7,592	384,978	27,117	-
<u>8,197</u>	<u>385,943</u>	<u>37,535</u>	<u>324,195</u>
-	384,978	-	69,026
-	-	-	-
-	-	-	-
5,606	-	-	-
-	-	41,000	330,190
<u>5,606</u>	<u>384,978</u>	<u>41,000</u>	<u>399,216</u>
<u>2,591</u>	<u>965</u>	<u>(3,465)</u>	<u>(75,021)</u>
-	-	-	-
-	-	-	-
-	-	-	-
2,591	965	(3,465)	(75,021)
<u>19,090</u>	<u>8,190</u>	<u>284,320</u>	<u>158,430</u>
<u>\$ 21,681</u>	<u>\$ 9,155</u>	<u>\$ 280,855</u>	<u>\$ 83,409</u>

CITY OF HARVARD, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
Year ended April 30, 2008

	Debt Service			
	TIF #1 Downtown Redevelopment	TIF #2 Industrial Park Fund	TIF #3 South	SSA #1 Park Pointe
Revenues:				
Taxes	\$ 162,780	\$ 110,646	\$ 2,496	\$ 40,565
Fees	4,000	-	-	-
Intergovernmental	-	-	-	-
Interest	2,022	3,932	54	216
Other	64,320	-	-	-
Total revenues	<u>233,122</u>	<u>114,578</u>	<u>2,550</u>	<u>40,781</u>
Expenditures:				
General government	-	5,668	-	-
Public safety	44,248	-	-	-
Public works	-	-	-	-
Culture and recreation	67,876	77,359	-	-
Debt service	94,742	106,392	-	40,565
Total expenditures	<u>206,866</u>	<u>189,419</u>	<u>-</u>	<u>40,565</u>
Excess of revenues over (under) expenditures	<u>26,256</u>	<u>(74,841)</u>	<u>2,550</u>	<u>216</u>
Other financing sources (uses):				
Operating transfers in	-	31,513	-	-
Operating transfers out	(31,513)	-	-	-
Total other financing sources (uses)	<u>(31,513)</u>	<u>31,513</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(5,257)	(43,328)	2,550	216
Fund balance - May 1, 2007	<u>101,997</u>	<u>128,217</u>	<u>2,358</u>	<u>41,398</u>
Fund balance - April 30, 2008	<u>\$ 96,740</u>	<u>\$ 84,889</u>	<u>\$ 4,908</u>	<u>\$ 41,614</u>

Debt Service		Capital Projects		
SSA #2 Park Pointe 3A	SSA #4 Park Pointe 3B	Capital Improvement Fund	SSA #3 Shadowcreek	SSA #5 Shadowcreek
\$ 36,863	\$ 39,787	\$ -	\$ 68,740	\$ 129,168
-	-	-	-	-
-	-	-	-	-
(219)	361	-	830	772
-	16,618	-	-	1,372,806
<u>36,644</u>	<u>56,766</u>	<u>-</u>	<u>69,570</u>	<u>1,502,746</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	17,017	1,437,961
-	-	-	-	-
<u>37,237</u>	<u>101,175</u>	<u>-</u>	<u>31,129</u>	<u>133,004</u>
<u>37,237</u>	<u>101,175</u>	<u>-</u>	<u>48,146</u>	<u>1,570,965</u>
<u>(593)</u>	<u>(44,409)</u>	<u>-</u>	<u>21,424</u>	<u>(68,219)</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(593)	(44,409)	-	21,424	(68,219)
<u>32,860</u>	<u>67,042</u>	<u>(610)</u>	<u>94,452</u>	<u>153,536</u>
<u>\$ 32,267</u>	<u>\$ 22,633</u>	<u>\$ (610)</u>	<u>\$ 115,876</u>	<u>\$ 85,317</u>

CITY OF HARVARD, ILLINOIS
 SCHEDULE OF BONDS PAYABLE - GOVERNMENTAL FUNDS
 Year ended April 30, 2008

Year ended <u>April 30</u>	General Obligation Library Bonds, Series 1999		General Obligation Recreation Bonds, Series 1999	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 100,000	\$ 65,690	\$ 90,000.0	\$ 65,000
2010	100,000	60,690	95,000	60,500
2011	105,000	54,940	100,000	55,750
2012	110,000	48,903	105,000	50,750
2013	115,000	43,128	110,000	45,500
2014	120,000	37,952	115,000	40,000
2015	125,000	32,433	125,000	34,250
2016	130,000	26,682	130,000	28,000
2017	135,000	20,572	135,000	21,500
2018	145,000	14,160	145,000	14,750
2019	150,000	7,200	150,000	7,500
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
	<u>\$ 1,335,000</u>	<u>\$ 412,350</u>	<u>\$ 1,300,000</u>	<u>\$ 423,500</u>

Debt Certificates Series 2002		Debt Certificates Series 2005	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 41,650	\$ 53,092	\$ 47,343	\$ 60,147
44,264	50,477	49,619	57,925
46,883	47,859	52,004	55,594
49,656	45,086	54,503	53,153
52,472	42,270	57,123	50,595
55,696	39,045	59,868	47,912
58,990	35,751	62,746	45,102
62,480	32,261	65,762	42,156
66,092	28,649	68,923	39,068
70,085	24,657	72,235	35,832
74,230	20,512	75,707	32,442
78,620	16,121	79,346	28,887
83,235	11,506	83,160	25,161
88,194	6,548	87,157	21,257
46,039	1,331	91,345	17,165
-	-	95,736	12,877
-	-	100,337	8,381
-	-	51,914	3,671
<u>\$ 918,586</u>	<u>\$ 455,165</u>	<u>\$ 1,254,828</u>	<u>\$ 637,325</u>

CITY OF HARVARD, ILLINOIS
 SCHEDULE OF BONDS PAYABLE - PROPRIETARY FUNDS
 Year ended April 30, 2008

Year ended <u>April 30</u>	Waterworks and Sewerage Revenue Refunding Bonds, Series 2000		Waterworks and Sewerage Revenue Refunding Bonds, Series 2004	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 135,000	\$ 54,140	\$ 15,000	\$ 57,196
2010	55,000	46,715	100,000	55,221
2011	60,000	43,690	105,000	51,568
2012	65,000	40,390	110,000	47,603
2013	65,000	36,750	115,000	43,240
2014	65,000	33,110	120,000	38,540
2015	70,000	29,405	130,000	33,540
2016	75,000	25,345	135,000	28,240
2017	80,000	20,920	135,000	22,671
2018	85,000	16,200	145,000	16,721
2019	90,000	11,100	150,000	10,340
2020	85,000	5,700	160,000	3,520
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
	<u>\$ 930,000</u>	<u>\$ 363,465</u>	<u>\$ 1,420,000</u>	<u>\$ 408,400</u>

**Waterworks and Sewerage
Alternative Revenue Source,
Series 2006**

<u>Principal</u>	<u>Interest</u>
\$ 60,000	\$ 69,855
65,000	67,515
70,000	64,980
70,000	62,250
75,000	59,450
75,000	56,450
80,000	53,450
85,000	50,250
85,000	46,638
90,000	43,025
95,000	39,200
100,000	35,162
105,000	30,787
105,000	26,194
110,000	21,600
115,000	16,650
125,000	11,475
130,000	5,850
<u>\$ 1,640,000</u>	<u>\$ 760,781</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE OF ILLINOIS PUBLIC ACT 85-1142Illinois Department of Revenue
Springfield, Illinois

We have audited the basic financial statements of the City of Harvard, Illinois for the year ended April 30, 2008, and have issued our report thereon dated March 9, 2009. 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.

Rockford, Illinois
March 9, 2009Lindgren, Callihan, Van Osdol & Co., Ltd.
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CITY OF HARVARD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
April 30, 2008

	<u>Comment</u>	<u>Corrective Action or Other Explanation</u>
2008 - 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.
2008 - 2	The current format of the bank reconciliation makes reconciliation of the general ledger balance and the bank balance difficult. This is a significant deficiency in the system of controls over cash.	The City will continue to improve on the preparation of the bank reconciliations.