

CITY OF HARVEY, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2012

CITY OF HARVEY, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1 - 3
------------------------------------	-------

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	4 - 5
Statement of Activities	6 - 7

Fund Financial Statements

Balance Sheet – Governmental Funds	8 - 9
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11 - 12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Statement of Fiduciary Plan Net Position.....	17
Statement of Changes in Fiduciary Plan Net Position.....	18

Notes to the Financial Statements.....	19 - 64
--	---------

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress and Employer Contributions

Illinois Municipal Retirement Fund.....	65
Police Pension Fund	66
Firefighters' Pension Fund	67
Other Post-Employment Benefit Plan	68

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

General Fund	69
Motor Fuel Tax – Special Revenue Fund	70

CITY OF HARVEY, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule of Revenues – Budget and Actual – General Fund	71 - 72
Schedule of Expenditures – Budget and Actual – General Fund	73 - 76
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Debt Service Fund	77
Economic Development – Capital Projects Fund	78
TIF I Dixie Square – Capital Projects Fund	79
Hotel/Motel – Capital Projects Fund	80
TIF II Center Street – Capital Projects Fund	81
Combining Balance Sheet – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
911 Emergency Surcharge Tax – Special Revenue Fund	84
Combining Balance Sheet – Nonmajor Governmental – Capital Projects Funds	85 - 86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental – Capital Projects Funds	87 - 88
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Community Development – Capital Projects Fund	89
Road – Capital Projects Fund	90
TIF 111 Cresco Business Park – Capital Projects Fund	91
TIF V RPM Business Park – Capital Projects Fund	92
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	
Water – Enterprise Fund	93
Combining Statement of Net Position – Nonmajor Enterprise Funds	94
Combining Statement of Revenues, Expenses and Changes in Net Position	
Nonmajor Enterprise Funds	95
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	96
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	
Pace Bus Terminal Parking – Enterprise Fund	97
Metra Lot – Enterprise Fund	98
Commuter Parking Lot – Enterprise Fund	99
Sewer – Enterprise Fund	100
Combining Statement of Fiduciary Plan Net Position – Pension Trust Funds	101
Combining Statement of Changes in Fiduciary Plan Net Position – Pension Trust Funds	102

CITY OF HARVEY, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements

General Obligation Bonds of 2002B	103
General Obligation Refunding Bonds of 2002C	104
General Obligation Refunding Bonds of 2007A	105
General Obligation Refunding Bonds of 2007B	106
General Obligation Alternate Revenue Bonds of 2008A	107
Tax Increment Allocation Revenue Bonds of 2009A.....	108
Tax Increment Allocation Revenue Bonds of 2010	109
General Obligation Refunding Capital Appreciation Bonds of 2002A.....	110

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

November 13, 2015

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvey, Illinois, as of and for the year ended April 30, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighter's Pension Trust Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighter's Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Qualified Opinion

The City was unable to furnish bank reconciliations and supporting documentation in the General Fund and Water Fund or supply appropriate supporting documentation for the expenditures made from the Center Street TIF as they relate to the TIF Revenue Bonds 2009A and the TIF Revenue Bonds 2010. The effects of those departures on the General Fund, Center Street TIF, Water Fund, Governmental Activities, and Business-Type Activities financial statements are not reasonably determinable. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit and the report of the other auditors, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, 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 Harvey, Illinois, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Matters – Continued

Other Information – Continued

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



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

Our discussion and analysis of the City of Harvey's financial performance provides an overview of the City of Harvey's financial activities for the fiscal year ended April 30, 2012. Please read it in conjunction with the City of Harvey's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The City of Harvey's net position decreased as a result of this year's operations. Net position of business-type activities increased by \$12,744, or less than one percent and net position of the governmental activities decreased by \$7,307,769, or 12.4 percent.
- During the year, government-wide revenues for the primary government totaled \$35,736,560, while expenses totaled \$43,031,585, resulting in a decrease to net position of \$7,295,025.
- The City of Harvey's net position totaled (\$56,871,632) on April 30, 2012, which includes (\$27,299,418) net investment in capital assets, \$12,924,339 subject to external restrictions, and (\$42,496,553) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$4,102,403, resulting in ending fund balance of (\$25,510,606), a decrease of 19.2 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4-7) provide information about the activities of the City of Harvey as a whole and present a longer-term view of the City of Harvey's finances. Fund financial statements begin on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City of Harvey's operations in more detail than the government-wide statements by providing information about the City of Harvey's most significant funds. The remaining statements provide financial information about activities for which the City of Harvey acts solely as a trustee or agent for the benefit of those outside of the government.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Harvey's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4-7 of this report.

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

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

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

Fund Financial Statements

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

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

The City of Harvey maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax Fund, Debt Service Fund, Economic Development Fund, TIF I Dixie Square Fund, Hotel/Motel Fund, and TIF II Center Street Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Harvey adopts an annual appropriated budget for all of the governmental funds except the Road Fund, the Special Assessment Fund, the Motor Fuel Tax Capital Projects Fund, the Dixie Sibley Fund, the TIF IV Wyman Gordon Fund, the Hotel/Motel Fund, and the Economic Development Fund. A budgetary comparison schedule for the budgeted funds has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 8-13 of this report.

Proprietary Funds

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

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, which is considered to be a major fund. Individual fund data for the four nonmajor enterprise funds are provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 14-16 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Harvey's I.M.R.F. and police and fire employee pension obligations, other post-employment benefit plan and budgetary comparison schedule for the General Fund Motor Fuel Tax Fund. Required supplementary information can be found on pages 65-70 of this report. Combining and individual fund statements and schedules can be found on pages 71-102 of this report.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Harvey, liabilities/deferred inflows exceeded assets/deferred outflows by \$56,871,632.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current/Other Assets/Def. Outflows	\$ 12,301,149	11,225,711	17,324,999	15,226,856	29,626,148	26,452,567
Capital Assets	2,456,067	6,003,693	8,532,830	9,110,387	10,988,897	15,114,080
Total Assets	14,757,216	17,229,404	25,857,829	24,337,243	40,615,045	41,566,647
Long-Term Debt	58,036,882	57,296,178	7,425,415	7,914,060	65,462,297	65,210,238
Other Liabilities/Deferred Inflows	22,934,864	18,839,987	9,089,516	7,093,029	32,024,380	25,933,016
Total Liabilities	80,971,746	76,136,165	16,514,931	15,007,089	97,486,677	91,143,254
Net Postion						
Net Investment in Capital Assets	(28,053,616)	(25,298,836)	754,198	825,397	(27,299,418)	(24,473,439)
Restricted	12,924,339	12,028,573	-	-	12,924,339	12,028,573
Unrestricted (Deficit)	(51,085,253)	(45,636,498)	8,588,700	8,504,757	(42,496,553)	(37,131,741)
Total Net Position	(66,214,530)	(58,906,761)	9,342,898	9,330,154	(56,871,632)	(49,576,607)

A large portion of the City of Harvey's net position, (\$27,299,418), reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Harvey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Harvey's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$12,924,339, of the City of Harvey's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$42,496,553) represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 3,427,285	2,984,966	9,974,412	9,280,949	13,401,697	12,265,915
Operating Grants/Contrib.	1,538,856	1,352,151	-	-	1,538,856	1,352,151
General Revenues						
Property Taxes	12,612,581	11,056,401	-	-	12,612,581	11,056,401
Utility Taxes	1,078,205	1,204,805	-	-	1,078,205	1,204,805
Telecommunication Taxes	968,937	1,101,222	-	-	968,937	1,101,222
Sales Taxes	2,111,288	1,992,218	-	-	2,111,288	1,992,218
Income Taxes	2,158,145	2,314,441	-	-	2,158,145	2,314,441
Other General Revenues	1,852,953	1,768,559	13,898	10,649	1,866,851	1,779,208
Total Revenues	25,748,250	23,774,763	9,988,310	9,291,598	35,736,560	33,066,361
Expenses						
General Government	11,852,118	7,242,872	-	-	11,852,118	7,242,872
Public Safety	11,763,989	10,772,681	-	-	11,763,989	10,772,681
Public Works	5,654,427	5,012,818	-	-	5,654,427	5,012,818
Community Development	167,148	2,268,405	-	-	167,148	2,268,405
Interest on Long-Term Debt	2,937,651	3,210,405	-	-	2,937,651	3,210,405
Water	-	-	10,185,303	9,798,677	10,185,303	9,798,677
Sewer	-	-	233,868	262,823	233,868	262,823
Parking	-	-	237,081	922,320	237,081	922,320
Total Expenses	32,375,333	28,507,181	10,656,252	10,983,820	43,031,585	39,491,001
Change in Net Position Before Transfers	(6,627,083)	(4,732,418)	(667,942)	(1,692,222)	(7,295,025)	(6,424,640)
Transfers	(680,686)	(760,419)	680,686	760,419	-	-
Change in Net Position	(7,307,769)	(5,492,837)	12,744	(931,803)	(7,295,025)	(6,424,640)
Net Position - Beginning	(58,906,761)	(53,413,924)	9,330,154	10,261,957	(49,576,607)	(43,151,967)
Net Position - Ending	(66,214,530)	(58,906,761)	9,342,898	9,330,154	(56,871,632)	(49,576,607)

The net position of the City of Harvey's governmental activities decreased by 12.4 percent (a \$66,214,530 deficit in 2012 compared to a \$58,906,761 deficit in 2011). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit \$50,764,592 at April 30, 2012 for the governmental activities.

The net position of business-type activities increased by less than percent (\$9,342,898 in 2012 compared to \$9,330,154 in 2011).

CITY OF HARVEY, ILLINOIS

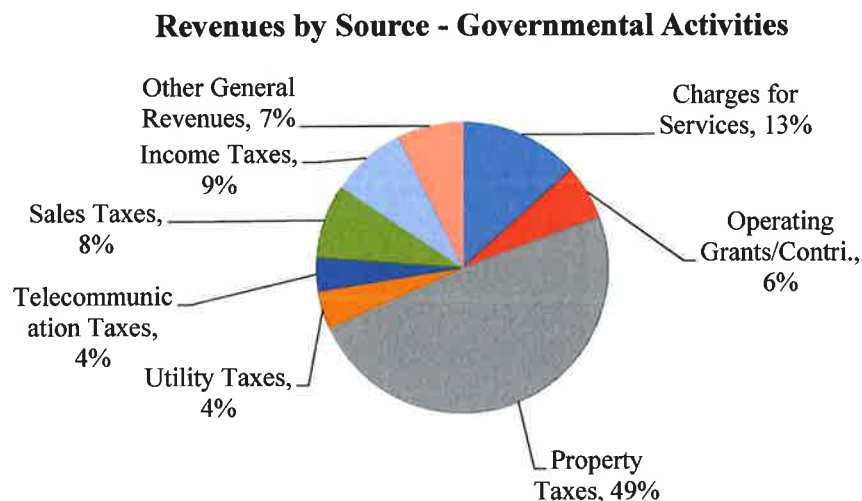
Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

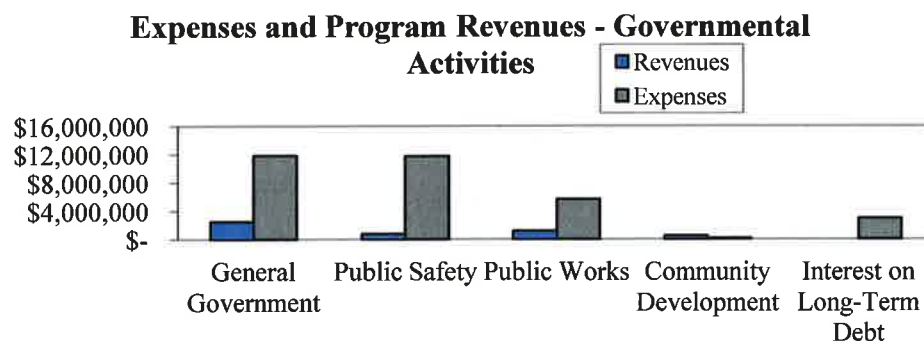
Governmental Activities

Revenues for governmental activities totaled \$25,748,250, while the cost of all governmental functions totaled \$32,375,333. This results in a deficit of \$6,627,083 prior to transfers out of \$680,686. In 2011, expenses of \$28,507,181 exceeded revenues of \$23,774,763 resulting in a deficit of \$4,732,418 prior to transfers out of \$760,419. During 2012, the City increased expenses for the general government, public safety and public works functions. The general government function decrease is primarily due to land that was sold at a loss. Revenues came in \$1,973,487 higher than 2011, primarily due to an increase of property tax revenues.

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



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



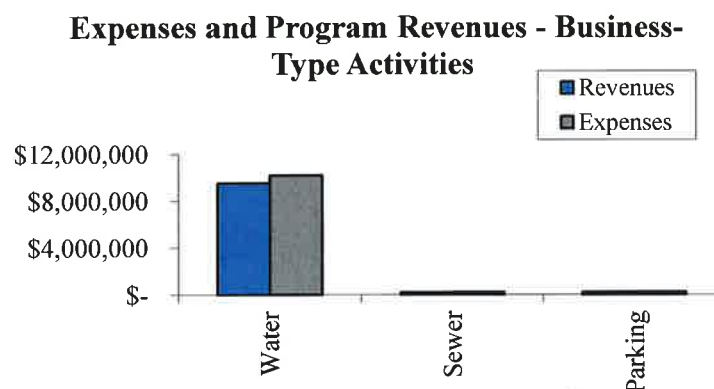
CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type activities

Business-Type activities posted total revenues of \$9,988,310, while the cost of all business-type activities totaled \$10,656,252. This results in a deficit of \$667,942 prior to transfers in of \$680,686. In 2011, expenses of \$10,983,820 exceeded revenues of \$9,291,598, resulting in a deficit of \$1,692,222 prior to transfers in of \$760,419.



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City of Harvey's governmental funds reported combining ending fund balances of (\$8,498,213), which is \$3,236,906 lower than last year's total of \$5,261,307. Of the (\$8,498,213) total, (\$25,611,214) of the fund balance constitutes unrestricted fund balance.

The General Fund reported a deficit in fund balance for the year of \$4,102,403, a decrease of 19.2 percent. This was due in large part to revenues for taxes, intergovernmental items, and charges for services being significantly lower than budgeted. Specifically, the budgeted amount for these three revenue sources totaled \$20,049,483 and the actual amount totaled \$18,135,258. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the Village. At April 30, 2012, unassigned fund balance in the General Fund was (\$25,611,214).

The Debt Service Fund reported a deficit for the year of 467,268, due mainly to transfers out of \$680,686 to the Water Fund.

The Motor Fuel Tax Fund reported a surplus in the current year of \$726,259, due primarily due to a decrease in expenditures in the current year.

The Economic Development Fund reported a surplus of \$26 for the year due to no expenditures in the current year.

The TIF I Dixie Square Fund reported a surplus for the year of \$351,307. This increase was due to property taxes received during the year being greater than the current year expenditures.

The Hotel/Motel Fund reported a deficit of \$3,962 during the year. The Fund had a transfer in from the General Fund of \$556,031 to reimburse for debt service expenditures during the year.

The TIF II Center Street Fund had a deficit of \$112,677. This was due to capital outlay expenditures and debt service payments being greater than property taxes received.

Proprietary Funds

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

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

The City of Harvey intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water Fund during the current fiscal year was \$41,145, while the previous fiscal year reported a deficit of \$202,823. Unrestricted net position in the Water Fund totaled \$8,090,507 at April 30, 2012.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Harvey Council made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$19,998,133, compared to budgeted revenues of \$21,768,358. As stated earlier, revenues for taxes, intergovernmental items and charges for services were significantly lower than budgeted.

The General Fund actual expenditures for the year were \$1,861,947 higher than budgeted (\$23,599,005 actual compared to \$21,737,058 budgeted). This is due mainly to the general government function being over budget by \$1,376,923.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Harvey's investment in capital assets for its governmental and business type activities as of April 30, 2012 was \$10,988,897 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and property, machinery and equipment, vehicles and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 227,134	3,413,129	608,738	608,738	835,872	4,021,867
Construction in Progress	-	-	519,604	519,604	519,604	519,604
Buildings and Property	976,369	1,158,081	317,339	329,204	1,293,708	1,487,285
Machinery and Equipment	714,295	808,706	109,631	178,843	823,926	987,549
Vehicles	538,269	623,777	-	-	538,269	623,777
Infrastructure	-	-	6,977,518	7,473,998	6,977,518	7,473,998
Total	2,456,067	6,003,693	8,532,830	9,110,387	10,988,897	15,114,080

This year's major additions included:

Buildings and Property	\$ 22,931
Machinery and Equipment	22,251
Vehicles	<u>114,245</u>
	<u>159,427</u>

Additional information on the City of Harvey's capital assets can be found in note 3 on pages 37-38 of this report.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Harvey had total outstanding debt of \$50,552,397 as compared to \$51,882,397 the previous year, due to annual repayments on outstanding long-term debt. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 30,282,000	30,490,250	7,743,000	8,244,750	38,025,000	38,735,000
General Obligation Refunding						
Capital Appreciation Bonds	467,397	467,397	-	-	467,397	467,397
Tax Increment Financing						
Revenue Bonds	12,060,000	12,680,000	-	-	12,060,000	12,680,000
Total	42,809,397	43,637,647	7,743,000	8,244,750	50,552,397	51,882,397

Additional information on the City of Harvey's long-term debt can be found in Note 3 on pages 40-46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The City is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation and unemployment rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Harvey's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to City of Harvey, 15320 Broadway Avenue, Harvey, Illinois 60426.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

CITY OF HARVEY, ILLINOIS

**Statement of Net Position
April 30, 2012**

See Following Page

CITY OF HARVEY, ILLINOIS

**Statement of Net Position
April 30, 2012**

	Primary Government		
	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 13,195,486	-	13,195,486
Receivables - Net of Allowances	13,525,313	2,319,854	15,845,167
Due from Other Governments	116,275	-	116,275
Internal Balances	(15,005,145)	15,005,145	-
Inventories/Prepays	100,608	-	100,608
Total Current Assets	11,932,537	17,324,999	29,257,536
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	227,134	1,128,342	1,355,476
Depreciable Capital Assets	17,268,217	24,419,335	41,687,552
Accumulated Depreciation	(15,039,284)	(17,014,847)	(32,054,131)
	2,456,067	8,532,830	10,988,897
Other Assets			
Net Other Post-Employment Benefit Asset	49,006	-	49,006
Total Noncurrent Assets	2,505,073	8,532,830	11,037,903
Total Assets	14,437,610	25,857,829	40,295,439
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	319,606	-	319,606
Total Assets and Deferred Outflows of Resources	14,757,216	25,857,829	40,615,045

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

	Primary Government		
	Governmental Activities	Business- Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 3,600,461	7,965,200	11,565,661
Accrued Payroll	418,333	31,535	449,868
Accrued Interest Payable	1,064,145	148,094	1,212,239
Deposits Payable	594,805	417,856	1,012,661
Checks Paid Exceeding Cash	6,529,274	-	6,529,274
Due to Other Governments	82,192	-	82,192
Current Portion of Long-Term Debt	1,439,969	526,831	1,966,800
Total Current Liabilities	13,729,179	9,089,516	22,818,695
Noncurrent Liabilities			
Compensated Absences Payable	1,963,029	138,891	2,101,920
Net Pension Obligation Payable	9,617,752	-	9,617,752
Self Insurance Claims Payable	2,864,461	-	2,864,461
Settlement Installment Payable	861,042	-	861,042
General Obligation Bonds Payable - Net	30,542,540	7,286,524	37,829,064
Revenues Bonds Payable	11,400,000	-	11,400,000
Capital Appreciation Bonds Payable	467,397	-	467,397
Accretion - Capital Appreciation Bonds Payable	320,661	-	320,661
Total Noncurrent Liabilities	58,036,882	7,425,415	65,462,297
Total Liabilities	71,766,061	16,514,931	88,280,992
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	9,205,685	-	9,205,685
Total Liabilities and Deferred Inflows of Resources	80,971,746	16,514,931	97,486,677
NET POSITION			
Net Investment in Capital Assets	(28,053,616)	754,198	(27,299,418)
Restricted			
Public Safety	3,244,397	-	3,244,397
Capital Projects	9,397,075	-	9,397,075
Debt Service	282,867	-	282,867
Unrestricted (Deficit)	(51,085,253)	8,588,700	(42,496,553)
Total Net Position	(66,214,530)	9,342,898	(56,871,632)

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

CITY OF HARVEY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2012

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 11,852,118	2,143,876	347,099	-
Public Safety	11,763,989	792,922	-	-
Public Works	5,654,427	400,640	772,876	-
Community Development	167,148	89,847	418,881	-
Interest on Long-Term Debt	2,937,651	-	-	-
Total Governmental Activities	32,375,333	3,427,285	1,538,856	-
Business-Type Activities				
Water	10,185,303	9,545,060	-	-
Pace Bus Terminal Parking	7,004	24,926	-	-
Metra Lot	171,557	149,455	-	-
Commuter Parking Lot	58,520	55,198	-	-
Sewer	233,868	199,773	-	-
Total Business-Type Activities	10,656,252	9,974,412	-	-
Total Primary Government	43,031,585	13,401,697	1,538,856	-

General Revenues

Taxes

Property Taxes

Utility Taxes

Telecommunication Taxes

Other Taxes

Intergovernmental - Unrestricted

State Sales Taxes

Income Taxes

Local Use Taxes

Replacement Taxes

Interest Income

Miscellaneous

Transfers - Internal Activity

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense)/Revenue		
Primary Government		
Governmental Activities	Business Type Activities	Totals
(9,361,143)	-	(9,361,143)
(10,971,067)	-	(10,971,067)
(4,480,911)	-	(4,480,911)
341,580	-	341,580
(2,937,651)	-	(2,937,651)
(27,409,192)	-	(27,409,192)
-	(640,243)	(640,243)
-	17,922	17,922
-	(22,102)	(22,102)
-	(3,322)	(3,322)
-	(34,095)	(34,095)
-	(681,840)	(681,840)
(27,409,192)	(681,840)	(28,091,032)
12,612,581	-	12,612,581
1,078,205	-	1,078,205
968,937	-	968,937
300,626	-	300,626
2,111,288	-	2,111,288
2,158,145	-	2,158,145
430,134	-	430,134
665,662	-	665,662
14,370	13,738	28,108
442,161	160	442,321
(680,686)	680,686	-
20,101,423	694,584	20,796,007
(7,307,769)	12,744	(7,295,025)
(58,906,761)	9,330,154	(49,576,607)
(66,214,530)	9,342,898	(56,871,632)

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

CITY OF HARVEY, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2012**

	General	Special Revenue Motor Fuel Tax	Debt Service
ASSETS			
Cash and Investments	\$ -	2,130,412	349,703
Receivables - Net of Allowances			
Taxes	9,530,662	49,082	2,259,501
Accounts	1,475,497	-	-
Other	210,571	-	-
Due from Other Governments	-	-	-
Due from Other Funds	715,405	794,819	1,469,993
Inventories	12,000	-	-
Prepays	88,608	-	-
Total Assets	12,032,743	2,974,313	4,079,197
LIABILITIES			
Accounts Payable	1,948,487	-	-
Accrued Payroll	418,333	-	-
Deposits Payable	594,805	-	-
Checks Paid Exceeding Cash	6,529,274	-	-
Due to Other Governments	82,192	-	-
Due to Other Funds	20,935,280	-	561,478
Total Liabilities	30,508,371	-	561,478
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	7,034,978	-	2,170,707
Total Liabilities and Deferred Inflows of Resources	37,543,349	-	2,732,185
FUND BALANCES			
Nonspendable	100,608	-	-
Restricted	-	2,974,313	1,347,012
Assigned	-	-	-
Unassigned	(25,611,214)	-	-
Total Fund Balances	(25,510,606)	2,974,313	1,347,012
Total Liabilities, Deferred Inflows of Resources and Fund Balances	12,032,743	2,974,313	4,079,197

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

Capital Projects					
Economic Development	TIF I Dixie Square	Hotel/Motel	TIF II Center Street	Nonmajor	Totals
2,414,012	2,885,756	9,897	3,876,672	1,529,034	13,195,486
-	-	-	-	-	11,839,245
-	-	-	-	-	1,475,497
-	-	-	-	-	210,571
-	-	-	89,452	26,823	116,275
253,602	557,000	-	987,000	1,388,892	6,166,711
-	-	-	-	-	12,000
-	-	-	-	-	88,608
2,667,614	3,442,756	9,897	4,953,124	2,944,749	33,104,393
-	-	-	267,445	81,025	2,296,957
-	-	-	-	-	418,333
-	-	-	-	-	594,805
-	-	-	-	-	6,529,274
-	-	-	-	-	82,192
-	-	-	725,000	253,602	22,475,360
-	-	-	992,445	334,627	32,396,921
-	-	-	-	-	9,205,685
-	-	-	992,445	334,627	41,602,606
-	-	-	-	-	100,608
-	3,442,756	-	3,960,679	2,263,724	13,988,484
2,667,614	-	9,897	-	346,398	3,023,909
-	-	-	-	-	(25,611,214)
2,667,614	3,442,756	9,897	3,960,679	2,610,122	(8,498,213)
2,667,614	3,442,756	9,897	4,953,124	2,944,749	33,104,393

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

CITY OF HARVEY, ILLINOIS

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

April 30, 2012

Total Governmental Fund Balances	\$ (8,498,213)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,456,067
A net other post-employment benefit asset is not considered to represent a financial resource and therefore is not reported in the funds.	49,006
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(1,064,145)
Compensated Absences Payable	(2,453,786)
Net Pension Obligation Payable	(9,617,752)
Self Insurance Claims Payable	(2,864,461)
Settlement Installment Payable	(861,042)
General Obligation Bonds Payable - Net	(30,512,146)
General Obligation Refunding Capital Appreciation Bonds Payable	(788,058)
Revenue Bonds Payable	<u>(12,060,000)</u>
Net Position of Governmental Activities	<u>(66,214,530)</u>

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

CITY OF HARVEY, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2012**

See Following Page

CITY OF HARVEY, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2012**

	General	Special Revenue Motor Fuel Tax	Debt Service
Revenues			
Taxes	\$ 10,676,339	-	2,286,088
Licenses and Permits	825,975	-	-
Intergovernmental	5,712,328	772,876	-
Charges for Services	1,746,591	-	-
Fines and Forfeits	585,304	-	-
Interest	9,445	14	35
Miscellaneous	442,151	-	-
Total Revenues	19,998,133	772,890	2,286,123
Expenditures			
Current			
General Government	9,316,273	-	5,425
Public Safety	9,583,316	-	-
Public Works	4,526,768	46,631	-
Community Development	167,148	-	-
Capital Outlay	5,500	-	-
Debt Service			
Principal Retirement	-	-	208,250
Interest and Fiscal Charges	-	-	1,859,030
Total Expenditures	23,599,005	46,631	2,072,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,600,872)	726,259	213,418
Other Financing Sources (Uses)			
Disposal of Capital Assets	54,500	-	-
Transfers In	-	-	-
Transfers Out	(556,031)	-	(680,686)
	(501,531)	-	(680,686)
Net Change in Fund Balances	(4,102,403)	726,259	(467,268)
Fund Balances - Beginning	(21,408,203)	2,248,054	1,814,280
Fund Balances - Ending	(25,510,606)	2,974,313	1,347,012

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

Capital Projects					
Economic Development	TIF I Dixie Square	Hotel/ Motel	TIF II Center Street	Nonmajor	Totals
-	525,809	-	1,286,861	185,252	14,960,349
-	-	-	-	-	825,975
-	-	-	338,503	80,378	6,904,085
-	-	-	-	269,415	2,016,006
-	-	-	-	-	585,304
35	498	38	3,639	666	14,370
-	-	-	-	10	442,161
35	526,307	38	1,629,003	535,721	25,748,250
-	-	-	-	-	9,321,698
-	-	-	-	-	9,583,316
-	-	-	-	48,445	4,621,844
-	-	-	-	-	167,148
9	175,000	4,000	787,980	115,464	1,087,953
-	-	170,000	450,000	-	828,250
-	-	386,031	503,700	-	2,748,761
9	175,000	560,031	1,741,680	163,909	28,358,970
26	351,307	(559,993)	(112,677)	371,812	(2,610,720)
-	-	-	-	-	54,500
-	-	556,031	-	-	556,031
-	-	-	-	-	(1,236,717)
-	-	556,031	-	-	(626,186)
26	351,307	(3,962)	(112,677)	371,812	(3,236,906)
2,667,588	3,091,449	13,859	4,073,356	2,238,310	(5,261,307)
2,667,614	3,442,756	9,897	3,960,679	2,610,122	(8,498,213)

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

CITY OF HARVEY, ILLINOIS

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

For the Fiscal Year Ended April 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ (3,236,906)
---	-----------------------

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	159,427
Depreciation Expense	(521,058)
Disposals - Net of Accumulated Depreciation	(3,185,995)

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

Deductions to Compensated Absences Payable	(236,092)
Additions to Net Pension Obligation Payable	(1,989,898)
Deductions to Net Other Post-Employment Benefit Obligation Payable	77,987
Deductions to Self Insurance Claims	1,846,448
Additions to Settlement Installment Payable	(861,042)
Additions to Accretion - General Obligation Capital Appreciation Bonds	(40,865)
Retirement of Debt	828,250
Amortization of Debt Related Items	(165,060)

Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

17,035

Changes in Net Position of Governmental Activities

(7,307,769)

CITY OF HARVEY, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2012

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ -	-	-
Receivables - Net of Allowances			
Customer Billings	1,837,725	93,104	1,930,829
Unbilled Services	382,209	6,816	389,025
Due from Other Funds	15,828,535	2,258,380	18,086,915
Total Current Assets	18,048,469	2,358,300	20,406,769
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	646,092	482,250	1,128,342
Depreciable Capital Assets	17,253,917	7,165,418	24,419,335
Accumulated Depreciation	(10,686,984)	(6,327,863)	(17,014,847)
Total Noncurrent Assets	7,213,025	1,319,805	8,532,830
Total Assets	25,261,494	3,678,105	28,939,599
LIABILITIES			
Current Liabilities			
Accounts Payable	7,250,882	714,318	7,965,200
Accrued Payroll	25,957	5,578	31,535
Accrued Interest Payable	148,094	-	148,094
Deposits Payable	417,856	-	417,856
Due to Other Funds	1,961,523	1,120,247	3,081,770
Current Portion of Long-Term Debt	522,838	3,993	526,831
Total Current Liabilities	10,327,150	1,844,136	12,171,286
Noncurrent Liabilities			
Compensated Absences Payable	122,920	15,971	138,891
General Obligation Bonds Payable - Net	7,286,524	-	7,286,524
Total Noncurrent Liabilities	7,409,444	15,971	7,425,415
Total Liabilities	17,736,594	1,860,107	19,596,701
NET POSITION			
Net Investment in Capital Assets	(565,607)	1,319,805	754,198
Unrestricted	8,090,507	498,193	8,588,700
Total Net Position	7,524,900	1,817,998	9,342,898

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

CITY OF HARVEY, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2012**

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
Operating Revenues			
Charges for Services	\$ 9,545,060	429,352	9,974,412
Miscellaneous	160	-	160
Total Operating Revenues	9,545,220	429,352	9,974,572
Operating Expenses			
Operations	9,354,918	305,736	9,660,654
Depreciation and Amortization	407,737	165,213	572,950
Total Operating Expenses	9,762,655	470,949	10,233,604
Operating Income (Loss)	(217,435)	(41,597)	(259,032)
Nonoperating Revenues (Expenses)			
Interest Income	542	13,196	13,738
Interest Expense	(422,648)	-	(422,648)
	(422,106)	13,196	(408,910)
Income (Loss) Before Transfers	(639,541)	(28,401)	(667,942)
Transfers In	680,686	-	680,686
Change in Net Position	41,145	(28,401)	12,744
Net Position - Beginning	7,483,755	1,846,399	9,330,154
Net Position - Ending	7,524,900	1,817,998	9,342,898

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

CITY OF HARVEY, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2012**

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 7,596,704	377,443	7,974,147
Payments to Employees	(596,764)	(178,971)	(775,735)
Payments to Suppliers	(6,756,770)	(211,668)	(6,968,438)
	243,170	(13,196)	229,974
Cash Flows from Noncapital Financing Activities			
Transfers In	680,686	-	680,686
Cash Flows from Capital and Related Financing Activities			
Debt Repayment	(501,750)	-	(501,750)
Interest Payments	(422,648)	-	(422,648)
	(924,398)	-	(924,398)
Cash Flows from Investing Activities			
Interest Received	542	13,196	13,738
Net Change in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents - Beginning	-	-	-
Cash and Cash Equivalents - Ending	-	-	-
Reconciliation of Operating Income to Net Cash Provided			
(Used) by Operating Activities			
Operating Income (Loss)	(217,435)	(41,597)	(259,032)
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation and Amortization Expense	407,737	165,213	572,950
(Increase) Decrease in Current Assets	(1,948,516)	(51,909)	(2,000,425)
Increase (Decrease) in Current Liabilities	2,001,384	(84,903)	1,916,481
Net Cash Provided by Operating Activities	243,170	(13,196)	229,974

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

CITY OF HARVEY, ILLINOIS

**Statement of Fiduciary Plan Net Position
April 30, 2012**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 629,439
Investments	
U.S. Government and Agency Securities	10,865,446
Corporate Bonds	2,377,200
Common Stock	2,832,779
Equity Securities	4,440,880
Equity Mutual Funds	1,872,441
Money Market Mutual Funds	6,159,751
Receivables	
Accrued Interest	125,359
Due from Other Funds	1,303,504
Reserve Uncollectible - Interfund	(1,300,440)
Prepays	<u>19,942</u>
Total Assets	29,326,301
LIABILITIES	
Accounts Payable	<u>23,769</u>
NET POSITION	
Held in Trust for Pension Benefits	<u><u>29,302,532</u></u>

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

CITY OF HARVEY, ILLINOIS

Statement of Changes in Fiduciary Plan Net Position For the Fiscal Year Ended April 30, 2012

	Pension Trust
Additions	
Contributions - Employer	\$ -
Contributions - Plan Members	628,631
Total Contributions	628,631
Investment Income	
Interest Earned	1,100,467
Net Change in Fair Value	(494,171)
	606,296
Less Investment Expenses	(181,605)
Net Investment Income	424,691
Total Additions	1,053,322
Deductions	
Administration	165,150
Benefits and Refunds	3,127,034
Total Deductions	3,292,184
Change in Net Position	(2,238,862)
Net Position Held in Trust for Pension Benefits	
Beginning	31,541,394
Ending	29,302,532

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Harvey, Illinois (the City) is located in Cook County and was first incorporated in 1890 under the provisions of the constitution and general statutes of the State of Illinois. The City operates under a Council administrator form of government. The City Council consists of six elected members that exercise all powers of the City but are accountable to their constituents of all their actions. The City provides the following services as authorized by the charter: police protection, fire protection, public works operations, road and bridge maintenance and general administration.

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:

City of Harvey

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

Police Pension Employees Retirement System

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

BASIS OF PRESENTATION

Government-Wide Statements

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

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

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity/net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains two special revenue funds. The Motor Fuel Tax Fund, a major fund, is used to account for the operations of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of gasoline taxes.

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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). The City maintains twelve capital projects funds. The Economic Development Fund, a major fund, is used to account for the proceeds of debt used for the acquisition of construction of capital projects. The TIF I Dixie Square, also a major fund, is used to account for the restricted incremental property taxes of the Dixie Square Tax Incremental Financing District. The Hotel/Motel Fund, a major fund, is used to account for the assigned proceeds of the debt issuance and the uses of those funds. The TIF II Center Street Fund, also a major fund, is used to account for the incremental property taxes of the TIF II Tax Incremental Financing District and the use of those funds.

Proprietary Funds

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

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

Fiduciary Funds

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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

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

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Interfund Receivables, Payables and Activity

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

Receivables

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

Prepays/Inventories

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

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

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

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

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

Buildings and Property	5 - 40 Years
Machinery and Equipment	5 - 40 Years
Vehicles	5 - 20 Years
Infrastructure	15 - 40 Years

Compensated Absences

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

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations

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

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

Net Position

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

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

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

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- Prior to July 31, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the previous May 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
- Subsequently, the budget is legally enacted through passage of an ordinance prior to July 31.
- Formal budgetary integration is employed as a management control device during the year for all funds, except for the Special Assessment Fund, the Motor Fuel Tax Capital Projects Fund, the Dixie Sibley Fund, the TIF IV Wyman Gordon Fund, and the Capital Projects Fund.
- Budgets for those funds were adopted on a basis consistent with generally accepted accounting principles.
- Budgetary authority lapses at year-end.
- State law requires that “expenditures be made in conformity with appropriation/budget.” As under the Budget Act, transfers between line items and department may be made by administrative action. Amounts to be transferred between funds would require City Board approval. The level of legal control is generally considered to be the fund budget in total.
- Budget amounts are as originally adopted.

DEFICIT FUND BALANCE

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

<u>Fund</u>	<u>Deficit</u>
General	\$ (25,510,606)
Metra Lot	(9,051)

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 1,861,947
Economic Development	9
TIF I Dixie Square	50,000
TIF II Center Street	301,949
Hotel/Motel	260,031
TIF V RPM Business Park	25
Water	680,068
Metra Lot	32,611

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The deposits and investments of the Pension Fund are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$12,975,827 and the bank balances totaled \$7,448,116. In addition, the City has \$219,659 invested in IMET at year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not specifically identify limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment in IMET has an average maturity of less than one year to three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk. At year-end, the City's investment in IMET Investment Trust 1-3 Year Fund is rated AAf by Standard & Poor's.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy does not address concentration risk. At year-end, there were no investments that represent more than 5 percent of the total cash and investment portfolio.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not mitigate custodial credit risk for deposits. At year-end, \$5,051,166 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

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

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$551,722 and the bank balances totaled \$551,722.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 2,912,101	-	1,105,500	1,806,601	-
U.S. Agencies	4,314,888	417,832	1,999,115	754,981	1,142,960
Illinois Funds	67,624	67,624	-	-	-
	7,294,613	485,456	3,104,615	2,561,582	1,142,960

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

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing only in investments authorized by Articles 1 and 3 of the Illinois Pension Code, as amended from time to time, and as authorized by other applicable law, including but not limited to Sections 1-113.2 through 1-113.4 of the Illinois Pension Code (40 ILCS 5/1-113.2-1-113.4). The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's or by Moody's Investor Services or were small issues that were unrated.

Custodial Credit Risk. The Fund's investment policy states that except for bank managed money market mutual funds, deposits in excess of federally insured limits in financial institutions will be required to be secured by some form of collateral. At April 30, 2012, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk. The Fund's investment policy states the Fund shall diversify investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. In addition to the securities and fair values listed above, the Fund also has \$5,711,164 invested in equity mutual funds and \$2,832,779 invested in common stock. At April 30, 2012, the Fund has over 5% of plan net position (other than U.S. Government guaranteed obligations) invested in Schwab S & P 500 Select Mutual Funds of \$1,160,183.

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$10,093 and the bank balances totaled \$23,773.

Investments. The Fund assumes any callable securities will not be called. At year-end, the Fund has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 1,729,590	164,526	1,081,163	57,552	426,349
U.S. Agencies	1,908,867	90,112	207,413	2,674	1,608,668
Corporate Bonds	2,377,200	123,045	523,046	1,325,038	406,071
Money Market Mutual Funds	448,587	448,587	-	-	-
	6,464,244	826,270	1,811,622	1,385,264	2,441,088

Interest Rate Risk. In accordance with the Fund's investment policy, the fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Investments in the securities of U.S. governmental agencies were all rated triple A by Standard & Poor's or by Moody's Investors Services or were small issues that were unrated. Unrated investments are listed in the following table.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Unrated investments are listed on the following table:

Investment	Par Value	Interest Rate	Maturity Date
Federal Home Loan Mortgage Corporation	\$ 227,447	5.500%	August 1, 2035
Federal Home Loan Mortgage Corporation	40,904	6.500%	September 1, 2036
Federal Home Loan Mortgage Corporation	39,229	5.000%	February 1, 2039
Federal Home Loan Mortgage Corporation	35,727	6.000%	November 1, 2036
Federal Home Loan Mortgage Corporation	32,904	5.000%	September 1, 2038
Federal Home Loan Mortgage Corporation	29,490	6.500%	August 1, 2036
Federal Home Loan Mortgage Corporation	23,608	6.500%	September 1, 2036
Federal Home Loan Mortgage Corporation	20,459	6.000%	November 1, 1936
Federal Home Loan Mortgage Corporation	19,423	6.500%	November 1, 1937
Federal Home Loan Mortgage Corporation	19,117	4.500%	April 1, 1939
Federal Home Loan Mortgage Corporation	15,947	6.000%	March 1, 1937
Federal Home Loan Mortgage Corporation	13,876	5.500%	May 1, 1938
Federal Home Loan Mortgage Corporation	12,911	6.000%	August 1, 1937
Federal National Mortgage Association	130,814	4.500%	July 1, 1941
Federal National Mortgage Association	109,154	4.000%	July 1, 1941
Federal National Mortgage Association	91,969	5.500%	February 1, 1940
Federal National Mortgage Association	81,199	6.500%	August 1, 1936
Federal National Mortgage Association	80,075	5.000%	June 1, 1940
Federal National Mortgage Association	64,446	5.500%	December 1, 1937
Federal National Mortgage Association	62,497	6.500%	July 1, 1936
Federal National Mortgage Association	59,800	4.000%	November 1, 2041
Federal National Mortgage Association	48,247	5.000%	February 1, 1936
Federal National Mortgage Association	43,673	5.000%	April 1, 1939
Federal National Mortgage Association	41,119	4.500%	July 1, 1939
Federal National Mortgage Association	40,842	6.000%	January 1, 1937
Federal National Mortgage Association	34,697	3.500%	November 1, 1941
Federal National Mortgage Association	32,204	6.000%	April 1, 1937
Federal National Mortgage Association	29,375	6.000%	January 1, 1938
Federal National Mortgage Association	26,754	6.000%	October 1, 1936
Federal National Mortgage Association	23,595	5.500%	November 1, 1936

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Unrated investments are listed on the following table – Continued:

Investment	Par Value	Interest Rate	Maturity Date
Federal National Mortgage Association	\$ 22,536	5.000%	May 1, 1938
Federal National Mortgage Association	18,705	4.500%	June 1, 1941
Federal National Mortgage Association	18,235	4.000%	December 1, 1941
Federal National Mortgage Association	14,364	3.500%	December 1, 1941
Federal National Mortgage Association	12,563	6.000%	February 1, 1938
Federal National Mortgage Association	9,176	6.500%	January 1, 1938
Federal National Mortgage Association	7,973	6.000%	November 1, 1936
Federal National Mortgage Association	7,923	6.000%	September 1, 1937
Federal National Mortgage Association	6,142	5.500%	December 1, 1936
Federal National Mortgage Association	4,957	5.500%	July 1, 1936
Federal National Mortgage Association	4,561	6.000%	December 1, 1936
Federal National Mortgage Association	3,044	5.500%	November 1, 1936

The U.S. Government Backed Securities are guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and are backed by the full faith and credit of the U.S. Government. The details of the FDIC's guarantee is the earlier of the maturity date of the debt or December 31, 2012. The U.S. Government Backed Securities are as follows:

Investment	Par Value
General Electric Bond	<u>\$ 90,662</u>

The Pension Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, nor for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Custodial Credit Risk - Deposits. At April 30, 2012, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. The Fund's investment policy does not require collateral.

Custodial Credit Risk – Investments. Money market mutual funds and equity mutual funds are not subject to custodial credit risk disclosures. The Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Fund, to act as custodial for its securities and collateral.

Concentration Risk. At April 30, 2012, the Fund does not have any investments over 5% of plan net position (other than U.S. Government guaranteed obligations). In addition to the securities and fair values listed above, the Fund also has \$1,872,441 invested in equity mutual funds and \$4,440,880 invested in equity securities. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier, are back by the issuing organization. Although unlike treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Fund's investment policy has a stated target that 55 percent of its portfolio be in fixed income securities and 45 percent in equities. The Pension Board has diversified its equity mutual fund holdings as follows:

Investment	Par Value
Thornburg International Value Fund	\$ 665,462
First Eagle Overseas Fund	528,601
IShares MSCI ETF Fund	440,170
WisdomTree India Earnings ETF Fund	116,231
Market Vectors Russia ETF Fund	65,141
IShares Russell 2000 Value Index ETF Fund	22,995
SPDR S&P Emerging Markets Dividend ETF Fund	11,836
IShares Russell Midcap Index ETF Fund	11,251
IShares Russell 2000 Index ETF Fund	10,754
	<u>1,872,441</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 3,413,129	-	3,185,995	227,134
Depreciable Capital Assets				
Buildings and Property	7,181,995	22,931	-	7,204,926
Machinery and Equipment	3,893,930	22,251	-	3,916,181
Vehicles	6,032,865	114,245	-	6,147,110
	17,108,790	159,427	-	17,268,217
Less Accumulated Depreciation				
Buildings and Property	6,023,914	204,643	-	6,228,557
Machinery and Equipment	3,085,224	116,662	-	3,201,886
Vehicles	5,409,088	199,753	-	5,608,841
	14,518,226	521,058	-	15,039,284
Total Net Depreciable Capital Assets	2,590,564	(361,631)	-	2,228,933
Total Net Capital Assets	6,003,693	(361,631)	3,185,995	2,456,067

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 226,226
Public Safety	190,775
Public Works	104,057
	<u>521,058</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 608,738	-	-	608,738
Construction in Progress	519,604	-	-	519,604
	<u>1,128,342</u>	<u>-</u>	<u>-</u>	<u>1,128,342</u>
Depreciable Capital Assets				
Buildings and Property	836,187	-	-	836,187
Machinery and Equipment	2,168,056	-	-	2,168,056
Infrastructure	21,415,092	-	-	21,415,092
	<u>24,419,335</u>	<u>-</u>	<u>-</u>	<u>24,419,335</u>
Less Accumulated Depreciation				
Buildings and Property	506,983	11,865	-	518,848
Machinery and Equipment	1,989,213	69,212	-	2,058,425
Infrastructure	13,941,094	496,480	-	14,437,574
	<u>16,437,290</u>	<u>577,557</u>	<u>-</u>	<u>17,014,847</u>
Total Net Depreciable Capital Assets	<u>7,982,045</u>	<u>(577,557)</u>	<u>-</u>	<u>7,404,488</u>
Total Net Capital Assets	<u>9,110,387</u>	<u>(577,557)</u>	<u>-</u>	<u>8,532,830</u>

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

Water	\$ 412,344
Commuter Parking Lot	43,278
Sewer	<u>121,935</u>
	<u>577,557</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

Interfund balances are advances in anticipation of receipts. The composition of interfund balances as of the date of this report is as follows:

Receivable Fund	Payable Fund	Amount
General	TIF II Center Street	\$ 2,000
General	Water	491,530
General	Nonmajor Business-Type	221,875
Motor Fuel Tax	General	193,341
Motor Fuel Tax	Debt Service	561,478
Motor Fuel Tax	TIF II Center Street	40,000
Debt Service	Water	1,469,993
Economic Development	Nonmajor Governmental	253,602
TIF I Dixie Square	TIF II Center Street	557,000
TIF II Center Street	General	987,000
Nonmajor Governmental	General	1,262,892
Nonmajor Governmental	TIF II Center Street	126,000
Water	General	15,055,059
Water	Nonmajor Business-Type	773,476
Nonmajor Business-Type	General	2,133,484
Nonmajor Business-Type	Nonmajor Business-Type	124,896
Police Pension	General	630,982
Firefighters' Pension	General	672,522
		<u>25,557,130</u>

Interfund Transfers

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Hotel/Motel	General	\$ 556,031
Water	Debt Service	680,686
		<u>1,236,717</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2000, due in annual installments of \$115,000 to \$320,000 plus interest at 6.00% to 6.50% through February 1, 2012.	Water	\$ 115,000	-	115,000	-
General Obligation Bonds of 2002B, due in annual installments of \$305,000 to \$420,000 plus interest at 5.25% to 5.60% through May 1, 2023.	Debt Service	2,530,000	-	-	2,530,000
General Obligation Refunding Bonds of 2002C, due in annual installments of \$65,000 to \$750,000 plus interest at 2.00% to 5.00% through February 1, 2020.	Debt Service	1,685,250	-	208,250	1,477,000
	Water	3,129,750	-	386,750	2,743,000
General Obligation Refunding Bonds of 2007A, due in annual installments of \$540,000 to \$2,840,000 plus interest at 5.50% to 5.625% through December 1, 2032.	Debt Service	17,275,000	-	-	17,275,000
	Water	5,000,000	-	-	5,000,000

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2007B, due in annual installments of \$295,000 to \$1,275,000 plus interest at 7.25% to 7.75% through December 1, 2024.	Debt Service	\$ 9,000,000	-	-	9,000,000
		38,735,000	-	710,000	38,025,000

Revenue Bonds

The City also issued bonds for which the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Hotel-Motel Tax and Sales Tax Revenue Bonds of 2008A, due in annual installments of \$160,000 to \$525,000 plus interest at 6.875% through August 1, 2028.	General	\$ 5,700,000	-	170,000	5,530,000
Tax Increment Allocation Revenue Bonds of 2009A, due in annual installments of \$420,000 to \$600,000 plus interest of 6.50% through December 1, 2014.	TIF II Center Street	1,980,000	-	450,000	1,530,000

CITY OF HARVEY, ILLINOIS**Notes to the Financial Statements
April 30, 2012****NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued****LONG-TERM DEBT – Continued****Revenue Bonds – Continued**

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
Tax Increment Allocation Revenue Bonds of 2010, due in annual installments of \$860,000 to \$1,150,000 plus interest of 7.50% through December 1, 2019.	TIF II Center Street	\$ 5,000,000	-	-	5,000,000
		12,680,000	-	620,000	12,060,000

General Obligation Refunding Capital Appreciation Bonds

The City has issued general obligation refunding capital appreciation bonds for the acquisition and construction of major capital improvements. General obligation refunding capital appreciation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
General Obligation Refunding Capital Appreciation Bonds of 2002A, due in annual installments of \$145,701 to \$166,017 plus interest of 5.30% to 5.50% through May 1, 2015.	Debt Service	\$ 467,397	-	-	467,397

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 2,217,694	472,184	236,092	2,453,786	490,757
Net Pension Obligation	7,627,854	1,989,898	-	9,617,752	-
Net Other Post-Employment Benefit Obligation	28,981	-	77,987	(49,006)	-
Settlement Installment Payable	-	861,042	-	861,042	-
Self Insurance Claims	4,710,909	382,572	2,229,020	2,864,461	-
General Obligation Bonds	30,490,250	-	208,250	30,282,000	262,500
Plus/Less Unamortized Items:					
Premium	576,464	-	26,712	549,752	26,712
General Obligation Refunding Capital Appreciation Bonds	467,397	-	-	467,397	-
Accretion - General Obligation Refunding Capital Appreciation Bonds	279,796	40,865	-	320,661	-
Revenue Bonds	12,680,000	-	620,000	12,060,000	660,000
	<u>59,079,345</u>	<u>3,746,561</u>	<u>3,398,061</u>	<u>59,427,845</u>	<u>1,439,969</u>
Business-Type Activities					
Compensated Absences	\$ 98,722	149,784	74,892	173,614	34,723
General Obligation Bonds	8,244,750	-	501,750	7,743,000	487,500
Plus Unamortized Items:					
Premium	40,240	-	4,608	35,632	4,608
	<u>8,383,712</u>	<u>149,784</u>	<u>581,250</u>	<u>7,952,246</u>	<u>526,831</u>

For the governmental activities, the compensated absences, the net pension obligation, and the net other post-employment benefit obligation are generally liquidated by the General Fund. The general obligation bonds, general obligation refunding capital appreciation bonds, and tax increment financing revenue bonds are being paid by the Debt Service, Hotel/Motel, and TIF II Center Street Funds.

For the business-type activities, the Water, Metra Lot and Sewer Funds liquidate the compensated absences. The Water Fund makes payments on the general obligation bonds.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 262,500	1,851,325	660,000	848,450	-	-
2014	443,750	1,838,856	705,000	804,359	300,000	-
2015	817,500	1,810,404	745,000	757,459	300,000	-
2016	861,250	1,754,679	1,080,000	707,750	300,000	-
2017	1,213,250	1,695,978	1,160,000	627,610	-	-
2018	1,292,000	1,619,227	1,250,000	541,392	-	-
2019	1,159,000	1,536,901	1,340,000	448,719	-	-
2020	1,232,750	1,461,210	1,440,000	349,219	-	-
2021	1,543,176	1,380,002	310,000	242,344	-	-
2022	1,731,751	1,278,814	330,000	220,344	-	-
2023	1,845,527	1,165,507	355,000	196,797	-	-
2024	1,520,426	1,044,682	375,000	171,703	-	-
2025	1,693,788	940,808	405,000	144,890	-	-
2026	1,504,534	818,962	430,000	116,187	-	-
2027	1,589,843	736,214	460,000	85,594	-	-
2028	1,675,151	648,772	490,000	52,938	-	-
2029	1,768,215	556,638	525,000	18,047	-	-
2030	1,869,035	457,176	-	-	-	-
2031	1,973,731	352,044	-	-	-	-
2032	2,082,306	241,030	-	-	-	-
2033	2,202,517	123,892	-	-	-	-
Total	30,282,000	23,313,121	12,060,000	6,333,802	900,000	-

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year	Business-Type Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2013	\$ 487,500	406,654
2014	276,250	383,498
2015	292,500	370,376
2016	308,750	355,751
2017	321,750	340,314
2018	338,000	326,479
2019	351,000	311,269
2020	367,250	295,473
2021	126,824	278,580
2022	158,249	271,606
2023	169,473	262,902
2024	179,574	253,580
2025	121,212	243,704
2026	435,466	237,038
2027	460,157	213,086
2028	484,849	187,778
2029	511,785	161,112
2030	540,965	132,324
2031	571,269	101,894
2032	602,694	69,760
2033	637,483	35,860
Total	7,743,000	5,239,038

Defeased Debt

In prior years the City defeased general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. Defeased bonds of \$1,445,000 remain outstanding as of the date of this report.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2012:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,456,067
Plus: Unspent Bond Proceeds	469,860
Less Capital Related Debt:	
General Obligation Bonds of 2002B	(2,530,000)
General Obligation Refunding Bonds of 2002C	(1,477,000)
General Obligation Refunding Bonds of 2007A	(17,275,000)
General Obligation Refunding Bonds of 2007B	(9,000,000)
Unamortized Premium	(549,752)
Unamortized Loss on Refunding	319,606
General Obligation Refunding Capital Appreciation Bonds of 2002A	(467,397)
Net Investment in Capital Assets	<u>(28,053,616)</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	8,532,830
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2002C	(2,743,000)
General Obligation Refunding Bonds of 2007A	(5,000,000)
Unamortized Premium	(35,632)
Net Investment in Capital Assets	<u>754,198</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications

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

Assigned Fund Balance. The City reports assigned fund balance in the Economic Development and Hotel/Motel Funds, both major funds, and in the Road Fund, a nonmajor fund. The City's management, under authority of the Council, has assigned these funds to future improvement projects and equipment and vehicle purchases based on approved management expenditures as determined through the annual budget process.

	General	Special Revenue Motor Fuel Tax	Debt Service	Economic Development	Capital Projects TIF I Dixie Square	Hotel/ Motel	TIF II Center Street	Nonmajor	Totals
Fund Balances									
Nonspendable									
Inventories	\$ 12,000	-	-	-	-	-	-	-	12,000
Prepays	88,608	-	-	-	-	-	-	-	88,608
	100,608	-	-	-	-	-	-	-	100,608
Restricted									
Public Safety	-	2,974,313	-	-	-	-	-	270,084	3,244,397
Capital Projects	-	-	-	-	3,442,756	-	3,960,679	1,993,640	9,397,075
Debt Service	-	-	1,347,012	-	-	-	-	-	1,347,012
	-	2,974,313	1,347,012	-	3,442,756	-	3,960,679	2,263,724	13,988,484
Assigned									
Capital Projects	-	-	-	2,667,614	-	9,897	-	346,398	3,023,909
Unassigned	(25,611,214)	-	-	-	-	-	-	-	(25,611,214)
Total Fund Balances	(25,510,606)	2,974,313	1,347,012	2,667,614	3,442,756	9,897	3,960,679	2,610,122	(8,498,213)

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees.

The City is self-insured for a portion of its general liability and property damage claims. Under this program, the City has a self-insurance retention of between \$75,000 and \$100,000 for each general liability and property damage claim based on type of claim. A purchased insurance policy covers losses after the self-retention portion is paid up to \$1,000,000 each property damage claim. All administration and claim processing is done by an independent administrator.

The City carries commercial coverage for its workers' compensation and employee health insurance claims. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The City currently reports all of its risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported that was determined using historical claims data.

As of April 30, 2012 the amount of these liabilities total \$2,864,461 which is the City's best estimate based on available information. Changes in the reported liability since April 30, 2011 resulted in the following:

Claims Payable - April 30, 2010	\$ 6,400,076
Incurred Claims	881,162
Claims Paid	<u>(2,570,329)</u>
Claims Payable - April 30, 2011	4,710,909
Incurred Claims	382,572
Claims Paid	<u>(2,229,020)</u>
Claims Payable - April 30, 2012	<u><u>2,864,461</u></u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

The City is a defendant in various lawsuits as outlined below:

City of Chicago vs. City of Harvey

On January 20, 2015, a settlement was reached between the City and the City of Chicago (“Chicago”) for balances owed by the City for past water purchases. The settlement dictates that the City will pay to Chicago the outstanding balance of \$18,506,313, plus 3% simple interest per annum, over the course of seven years in equal monthly installments of \$243,920 due on the first of each month beginning on February 1, 2015. In addition, the City will pay to Chicago 50% of any Water Fund surplus based on the audited financial statements. The City has also agreed to pay all current invoices by the due date, provide access to Chicago of the City’s financial system for the Water Fund, and provide quarterly financial statements and the annual audited financial statements to Chicago.

The outstanding balance owed from the City to Chicago will be recorded as a current liability in the Water Fund until the date of the settlement. Upon the date of the settlement, the amount will be considered a long-term liability of the Water Fund and paid in accordance with the settlement. Any current invoices after the date of the settlement that are outstanding will be recorded as a current liability. As of the fiscal year ended April 30, 2012, the current liability outstanding from the City to Chicago is \$6,998,666.

U.S. Securities and Exchange Commission vs. City of Harvey, Illinois and Joseph T. Letke

In relation to the development project at 17040 South Halsted Street, the City issued the Hotel-Motel Tax and Sales Tax Bonds 2008, TIF Revenue Bonds 2009A, and TIF Revenue Bonds 2010 in the fiscal years ended April 30, 2009, April 30, 2010, and April 30, 2011, respectively. On June 24, 2014, the SEC filed a complaint in federal court against the City and its now-former Comptroller, alleging that: the Comptroller and the City engaged in a scheme to defraud investors in connection with these bond offerings; and the City misled investors in the offering documents for the 2009 and 2010 bonds as well as for a prospective 2014 bond offering.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Litigation – Continued

U.S. Securities and Exchange Commission vs. City of Harvey, Illinois and Joseph T. Letke – Continued

On December 10, 2014, the court entered an agreed-upon final judgment, settling the lawsuit. Pursuant to the terms of the agreement between the SEC and the City, the City “consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint.” The City’s ongoing obligations for a three-year period under the Final Judgment include retaining: (a) an Independent Consultant to recommend policies and procedures intended to strengthen internal controls and oversight over City’s financial reporting, use of proceeds from the issuance of municipal bonds, and disclosures in connection with preliminary and final offerings of any future securities offering for which City is an issuer or obligated person, and to evaluate and report to the court regarding City’s implementation of these recommendations; (b) an Independent Auditing Firm to assist the City in completing annual audits of financial statements and to provide the court annual audits and evaluations of the effectiveness of the City’s internal controls over financial reporting; and (c) an Independent Disclosure Counsel to make recommendations designed to ensure that any preliminary and final offering documents are accurate and complete and to ensure that the terms of the final judgment are disclosed in any such offering documents. The Court will continue to monitor that the City will follow the terms of the Final Judgment through the remainder of the three-year term.

City of Harvey Board of Trustees of the Firefighters’ Pension Fund v. City of Harvey, Case Nos. 10 CH 53364 & 93 CH 1459, Circuit Court of Cook County, Illinois.

In 1993, the Firefighters’ Pension sued the City, alleging that the City failed to adequately fund the Firefighters’ Pension in prior years in violation of the Illinois Pension Code. In 1995, the parties entered into a settlement agreement, which required the City to pay \$912,652 to the Firefighters’ Pension for the property taxes levied or personal property replacement taxes received on behalf of the Firefighters’ Pension. On December 17, 2010, the Firefighters’ Pension filed another lawsuit, alleging that the City failed to levy and fund the Firefighters’ Pension as required by the Illinois Pension Code and filed a motion to compel enforcement of the 1995 settlement agreement.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Litigation – Continued

City of Harvey Board of Trustees of the Firefighters' Pension Fund v. City of Harvey, Case Nos. 10 CH 53364 & 93 CH 1459, Circuit Court of Cook County, Illinois – Continued

After the preliminary ruling on June 25, 2015, on September 22, 2015, the Court issued its final judgment ruled in favor of the Firefighters' Pension and reached a judgment that the City owes the Firefighters' Pension an amount of \$12,376,489 plus 6% interest. The interest begins to accrue on the final judgment date. The judgment from the Court includes the following: (1) \$11,561,117 owed due to the City's failure to levy or failure to levy an amount sufficient to cover the actuarial required contributions from the 2005 to 2013 levies; (2) \$809,952 owed due to past personal property replacement tax collections that have been unpaid; and (3) \$5,480 owed for attorney fees and costs incurred by the Firefighters' Pension during the prosecution of this matter. On October 30, 2015, the City appealed the ruling. While the matter is appealed, execution of the judgment is customarily stayed pursuant to Illinois Supreme Court Rule 305(h) (i) because the City is a municipality. The Appellate Court trial is expected to begin on January 28, 2016. A ruling on the case is not expected to occur until late 2016.

A net pension obligation for the Firefighters' Pension has been recorded in the City's Government-Wide financial statements and the unfunded liability of the fund is disclosed in the financial statement footnotes (Note 4). The interfund balance for the outstanding personal property replacement taxes owed to the Firefighters' Pension is \$672,522 as of April 30, 2012. The Firefighters' Pension has recorded the interfund receivable and a corresponding reserve-uncollectible balance, due to the uncertainty of the payments from the City. No other liability has been recorded as it is uncertain how the Appellate Court will rule, and any unfavorable ruling against the City expects to appeal.

Board of Trustees of the Harvey Police Pension Fund v. City of Harvey, Case No. 06 CH 15468, Circuit Court of Cook County, Illinois.

On August 2, 2006, the Police Pension filed a complaint, alleging that the City failed to levy and distribute to the Police Pension statutorily required property taxes since the fiscal year ending April 30, 2002 in violation of the Illinois Pension Code. On February 18, 2008, the parties entered into a settlement agreement, which required Harvey to pay the then-past-due sum of \$551,080. On January 20, 2011, the Police Pension filed a motion to compel enforcement of the settlement agreement as the City had not paid the entire balance outstanding. In addition, the Police Pension alleged that the City has failed to levy or failed to levy an amount sufficient to cover the actuarial required contributions.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Litigation – Continued

Board of Trustees of the Harvey Police Pension Fund v. City of Harvey, Case No. 06 CH 15468, Circuit Court of Cook County, Illinois – Continued

After the preliminary ruling on April 3, 2015, on September 28, 2015, the Court issued its final judgment ruled in favor of the Police Pension and reached a judgment that the City owes the Police Pension an amount of \$7,380,051, which includes \$45,869 of attorney fees and costs incurred by the Police Pension during the prosecution of this matter. On October 28, 2015, the City appealed the ruling. While the matter is appealed, execution of the judgment is customarily stayed pursuant to Illinois Supreme Court Rule 305(h) (i) because the City is a municipality. The Appellate Court trial is expected to begin February 3, 2016. A ruling on the case is not expected to occur until late 2016.

A net pension obligation for the Police Pension has been recorded in the City's Government-Wide financial statements and the unfunded liability of the fund is disclosed in the financial statement footnotes (Note 4). The interfund balance between the Police Pension and the City's General Fund includes the beginning settlement balances, payments made from the City, and additional personal property replacement taxes owed to the Police Pension. The balance outstanding at April 30, 2012 is \$630,982. The Police Pension has recorded the interfund receivable and a corresponding reserve-uncollectible balance, due to the uncertainty of the payments from the City. No other liability has been recorded as it is uncertain how the Appellate Court will rule, and any unfavorable ruling against the City expects to appeal.

Doe v. City of Harvey, Case Nos. 12-CV-1094, 12-CV-2069, and 14-CV-8424, United States District Court for the Northern District of Illinois.

In August 2015, the City agreed to a settlement in connection with the cases for a total of \$1,441,250 to be paid to the plaintiffs for incidents that occurred from 1997 to 2008. Insurance will cover \$580,208 of the balance. The remaining \$861,042 will be paid by the City in forty-two installments of \$20,501. The payments begin in August 2015, and the final payment will be in January 2019. The amount has been recorded in the Government-Wide financial statements as a long-term liability. Balance outstanding at April 30, 2012 is \$861,042.

Grants

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the City at 15320 Broadway Avenue, Harvey, Illinois 60426. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. For the calendar year 2011, the employer contribution rate used by the employer was equal to the employer annual required contribution rate of 7.00 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

At April 30, 2011, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	42
Current Employees	
Vested	25
Nonvested	<u>33</u>
	<u>100</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or $\frac{1}{2}$ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Fund

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2012, the date of the latest actuarial valuation, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	65
Current Employees	
Vested	38
Nonvested	<u>6</u>
	<u>109</u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered 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 monthly salary attached to the rank at the date of retirement.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by $\frac{1}{12}$ of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or $\frac{1}{2}$ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' 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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters – Continued

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

The Police Pension Plan has \$1,160,183 invested in Schwab S & P 500 Select Mutual Funds that represent 5 percent or more of net position available for benefits. There are no investments in any one organization that represent 5 percent or more of net position available for benefits for the Firefighters' Pension Plan. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

The pension liability as determined in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers." The pension obligation for the Police and Firefighters' Pension Plans is as follows:

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 331,719	1,558,762	1,890,481
Interest on Net Pension Obligation	18,519	515,174	533,693
Adjustment to Annual Required Contribution	(14,816)	(419,460)	(434,276)
Annual Pension Cost	335,422	1,654,476	1,989,898
Actual Contribution	-	-	-
Change in NPO	335,422	1,654,476	1,989,898
NPO - Beginning	246,924	7,380,930	7,627,854
NPO - Ending	582,346	9,035,406	9,617,752

CITY OF HARVEY, ILLINOIS**Notes to the Financial Statements
April 30, 2012****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Annual Pension Cost and Net Pension Obligation – Continued**

The City's actuarial assumptions and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	7.00%	0.000%	0.005%
Employee	4.50%	9.940%	9.455%
Actuarial Valuation Date	12/31/2012	4/30/2011	4/30/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	22 Years	21 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.50%	5.50%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

CITY OF HARVEY, ILLINOIS**Notes to the Financial Statements
April 30, 2012****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Trend Information**

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2010	\$ 48,590	\$ N/A	\$ 1,171,018
	2011	236,535	18,385	1,675,876
	2012	211,666	335,422	1,654,476
Actual Contributions	2010	48,590	N/A	5,143
	2011	236,535	-	-
	2012	211,666	-	-
Percentage of APC Contributed	2010	100.00%	N/A	0.44%
	2011	100.00%	0.00%	0.00%
	2012	100.00%	0.00%	0.00%
Net Pension Obligation	2010	-	228,539	5,705,054
	2011	-	246,924	7,380,930
	2012	-	582,346	9,035,406

N/A – Information for the Police Pension was not available at April 30, 2010.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The City's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2011	4/30/2011	4/30/2012
Percent Funded	115.83%	82.16%	34.68%
Actuarial Accrued Liability for Benefits	\$10,293,930	\$21,088,519	\$40,005,184
Actuarial Value of Assets	\$11,923,717	\$17,326,535	\$13,874,161
Over (Under) Funded Actuarial Accrued Liability (UAAL)	\$1,629,787	(\$3,761,984)	(\$26,131,023)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$3,023,794	\$3,327,595	\$2,686,676
Ratio of UAAL to Covered Payroll	0.00%	113.05%	972.62%

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the City offers post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's General Fund.

The City offers post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are not eligible for benefits.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan, except in the case of disability and workers comp claims, where retirees do not contribute or only contribute a portion of their health insurance, respectively. For the fiscal year ending April 30, 2012, retirees contributed \$61,406 to the plan. Active employees do not contribute to the post-employment health care plan until retirement.

At April 30, 2012 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	28
Active Employees	<u>181</u>
Total	<u>209</u>
Participating Employers	1

The City does not currently have a funding policy.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation/(asset) as of April 30, 2012 was calculated as follows:

Annual Required Contribution	\$ 237,172
Interest on the Net OPEB Obligation	1,159
Adjustment to the ARC	<u>(966)</u>
Annual OPEB Cost	237,365
Actual Contribution	<u>(315,352)</u>
Change in the Net OPEB Obligation	(77,987)
Net OPEB Obligation - Beginning	<u>28,981</u>
Net OPEB Asset - Ending	<u><u>(49,006)</u></u>

Trend Information

The City's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation/(Asset)
2010	\$ 310,516	\$ 301,043	96.95%	\$ 18,582
2011	329,504	319,106	96.84%	28,981
2012	237,365	315,352	132.86%	(49,006)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress – Continued

The funded status of the plan as of April 30, 2012 was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,359,086
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,359,086
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 7,521,722
UAAL as a Percentage of Covered Payroll	84.54%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 3.3%, with an ultimate rate of 5.5%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2012 was 30 years.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2012

NOTE 4 – OTHER INFORMATION – Continued

SUBSEQUENT EVENTS

On July 9, 2012, the City entered into an intergovernmental agreement with the municipalities of Alsip, Blue Island, Calumet Park, Markham, Midlothian, and Robbins to create the South Suburban Joint Action Water Agency (SSJAWA). On August 16, 2012, the members combined to issue \$5,500,000 of Variable Rate Demand Bonds, Series 2012. The Bonds included an Indenture of Trust with a corresponding Letter of Credit and Reimbursement Agreement with the bank. These bonds were subject to a feasibility study to determine the economics and viability of the project. Should the project be deemed not feasible, each member community would be responsible for paying their proportionate share of the debt service through the final maturity date. If the project would be deemed feasible, SSJAWA intends on issuing Water Revenue Bonds secured by purchase contracts from the member municipalities and their wholesale customers. Proceeds from these Water Revenue Bonds issued by the Agency will retire the remaining balance on the \$5,500,000 Variable Rate Demand bonds. The City's portion of these bonds is \$2,130,000. The City's bonds had a variable interest rate and were due in installments from \$95,950 to \$337,730 through February 1, 2025. In May 2015, the bank informed the members that the project was no longer deemed feasible and that a mandatory purchase of the bonds became necessary as a result of the expiration of the Letter of Credit and the failure of SSJAWA to provide an Alternate Letter of Credit. At the direction of the bank, the balance in SSJAWA's project fund was used to pay a portion of the outstanding balance. The remaining outstanding bonds balance would be repaid in monthly interest payments with 7.5% to 9.5% interest and May and November principal payments through May 2018. The City's remaining portion at May 2015 was \$1,251,494 with annual principal payments due of \$208,582. In May 2015, various members began to leave SSJAWA, and the intergovernmental agreement has dissolved. The City is still obligated to pay the outstanding debt and will be repaid with property taxes levied.

On January 28, 2013 the City established the Dixie Highway Corridor Redevelopment Projects Tax Increment Finance District.

On September 29, 2014, the Illinois Metropolitan Investment Fund (IMET) notified its member agencies of a potential default of certain guaranteed USDA repurchase agreement investments of the United States Department of Agriculture (USDA). IMET is working to collect on the USDA guarantees of these loans. As of the opinion date, the amount of the potential exposure is not determinable.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedules of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund (IMRF)
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan (OPEB)
- Budgetary Comparison Schedules
 - General Fund
 - Motor Fuel Tax – Special Revenue Fund

Notes to the Required Supplementary Information

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

CITY OF HARVEY, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions**

April 30, 2012

Funding Progress

Actuarial Valuation Date Dec. 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 13,980,368	\$ 8,818,911	158.53%	\$ (5,161,457)	\$ 3,465,304	0.00%
2007	13,963,661	8,742,775	159.72%	(5,220,886)	3,453,715	0.00%
2008	10,037,147	8,887,231	112.94%	(1,149,916)	3,461,845	0.00%
2009	11,053,155	9,725,714	113.65%	(1,327,441)	3,546,703	0.00%
2010	11,707,495	9,604,067	121.90%	(2,103,428)	3,096,013	0.00%
2011	11,923,717	10,293,930	115.83%	(1,629,787)	3,023,794	0.00%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 127,870	\$ 127,870	100.00%
2008	39,027	39,027	100.00%
2009	35,311	35,311	100.00%
2010	48,590	48,590	100.00%
2011	236,535	236,535	100.00%
2012	211,666	211,666	100.00%

CITY OF HARVEY, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Funding Progress and Employer Contributions

April 30, 2012

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 17,978,808	\$ 18,731,804	95.98%	\$ 752,996	\$ 1,695,449	44.41%
2008	17,886,230	19,727,769	90.67%	1,841,539	2,017,677	91.27%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	17,326,535	21,088,519	82.16%	3,761,984	3,327,595	113.05%
2012	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 250,781	\$ 250,781	100.00%
2008	232,672	240,869	96.60%
2009	18,084	331,719	5.45%
2010	N/A	N/A	N/A
2011	-	331,719	0.00%
2012	-	331,719	0.00%

N/A - Not Available

CITY OF HARVEY, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions**

April 30, 2012

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 17,715,906	\$ 29,943,558	59.16%	\$ 12,227,652	\$ 2,336,973	523.23%
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	14,876,420	34,923,004	42.60%	20,046,584	2,482,440	807.54%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	13,874,161	40,005,184	34.68%	26,131,023	2,686,676	972.62%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ 615,407	\$ 1,061,219	57.99%
2008	771,471	1,077,837	71.58%
2009	18,181	1,077,837	1.69%
2010	5,143	1,077,837	0.48%
2011	-	1,558,762	0.00%
2012	-	1,558,762	0.00%

N/A - Not Available

CITY OF HARVEY, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

April 30, 2012

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	7,342,645	0.00%	7,342,645	10,844,820	67.71%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	7,783,204	0.00%	7,783,204	11,495,509	67.71%
2012	-	6,359,086	0.00%	6,359,086	7,521,722	84.54%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2007	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A
2009	301,043	310,152	97.06%
2010	301,043	310,152	97.06%
2011	319,106	328,761	97.06%
2012	315,352	237,172	132.96%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The City is required to have an actuarial valuation performed biennially.

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 11,153,000	11,153,000	10,676,339
Licenses and Permits	584,150	584,150	825,975
Intergovernmental	6,395,213	6,395,213	5,712,328
Charges for Services	2,501,270	2,501,270	1,746,591
Fines and Forfeitures	705,125	705,125	585,304
Interest	10,000	10,000	9,445
Miscellaneous	419,600	419,600	442,151
Total Revenues	21,768,358	21,768,358	19,998,133
Expenditures			
General Government	7,939,350	7,939,350	9,316,273
Public Safety	9,110,886	9,110,886	9,583,316
Public Works	4,547,822	4,547,822	4,526,768
Community Development	36,200	36,200	167,148
Capital Outlay	102,800	102,800	5,500
Total Expenditures	21,737,058	21,737,058	23,599,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,300	31,300	(3,600,872)
Other Financing Sources (Uses)			
Disposal of Capital Assets	100,000	100,000	54,500
Transfers Out	-	-	(556,031)
	100,000	100,000	(501,531)
Net Change in Fund Balance	131,300	131,300	(4,102,403)
Fund Balance - Beginning			(21,408,203)
Fund Balance - Ending			(25,510,606)

CITY OF HARVEY, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 638,000	638,000	772,876
Interest	120	120	14
Total Revenues	638,120	638,120	772,890
Expenditures			
Public Works			
Contractual Services	365,000	365,000	46,631
Net Change in Fund Balance	273,120	273,120	726,259
Fund Balance - Beginning			2,248,054
Fund Balance - Ending			2,974,313

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the operations of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of gasoline taxes.

911 Emergency Surcharge Tax Fund

The 911 Emergency Surcharge Tax Fund is used to account for expenditures for the emergency dispatch center. Financing is provided by the 911 emergency system fee collected on phone bills addressed in the City of Harvey.

DEBT SERVICE FUND

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

Debt Service Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Economic Development Fund

The Economic Development Fund is used to account for the proceeds of debt used for the acquisition of construction of capital projects.

TIF I Dixie Square Fund

The TIF I Dixie Square Fund is used to account for the incremental property taxes of the Dixie Square Tax Incremental Financing District and the use of those funds.

Hotel/Motel Fund

The Hotel Motel Fund is used to account for the proceeds of the debt issuance and the uses of those funds.

TIF II Center Street Fund

The TIF II Center Street Fund is used to account for the incremental property taxes of the TIF II Tax Incremental Financing District and the use of those funds.

Community Development Fund

The Community Development Fund is used to account for expenditures associated with redevelopment projects within the City of Harvey. Financing is provided by grant revenue.

Road Fund

The Road Fund is used to account for the proceeds of debt used for the acquisition or construction of capital projects.

Special Assessment Fund

The Special Assessment Fund is used to account for revenue from prior special assessments and expenditures associated with improvements to specific assessment areas.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS – Continued

Motor Fuel Tax Capital Project Fund

The Motor Fuel Tax Capital Project Fund is used to account for revenue and expenditures associated with the design, construction, and maintenance of streets and sidewalks. Expenditures must meet criteria established by the State.

Dixie Sibley Fund

The Dixie Sibley Capital Project Fund is used to account for the incremental property taxes of the Dixie Sibley Tax Incremental Financing District and the use of those funds.

TIF III Cresco Business Park Fund

The TIF III Cresco Business Park Fund is used to account for the incremental property taxes of the Cresco Business Park Tax Incremental Financing District and the use of those funds.

TIF IV Wyman Gordon Fund

The TIF IV Wyman Gordon Fund is used to account for the incremental property taxes of the Wyman Gordon Tax Incremental Financing District and the use of those funds.

TIF V RPM Business Park Fund

The TIF V RPM Business Park Fund is used to account for the incremental property taxes of the TIF V RPM Business Park Tax Incremental Financing District and the use of those funds.

ENTERPRISE FUNDS

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

Water Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS – Continued

Pace Bus Terminal Parking Fund

The Pace Bus Terminal Parking Fund is used to account for the receipt of parking charges and for related expenses.

Metra Lot Fund

The Metra Lot Fund is used to account for the receipt of parking charges at the 147th Street parking lot and for related expenses.

Commuter Parking Lot Fund

The Commuter Parking Lot Fund is used to account for the receipt of parking charges at the 155th Street lot and for related expenses.

Sewer Fund

The Sewer Fund is used to account for the provision of sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations and maintenance, billing, and collections.

PENSION TRUST FUNDS

Police Pension Fund

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

Firefighters' Pension Fund

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

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Taxes			
Property	\$ 6,600,000	6,600,000	7,292,185
RE Transaction Tax	100,000	100,000	82,691
Utility	1,600,000	1,600,000	1,078,205
Telecommunication	1,050,000	1,050,000	968,937
Casino	1,600,000	1,600,000	1,036,386
Franchise	160,000	160,000	146,228
Hotel/Motel	43,000	43,000	71,707
	<u>11,153,000</u>	<u>11,153,000</u>	<u>10,676,339</u>
Licenses and Permits			
Licenses			
Amusement	100	100	-
Vehicles	250,000	250,000	245,610
Liquor	52,000	52,000	74,745
Business	65,000	65,000	64,743
Landlord	300	300	-
Vending Machines	7,700	7,700	11,305
Contractors	26,000	26,000	28,550
Other	750	750	382
Permits			
Building	165,000	165,000	382,291
Electric	10,000	10,000	6,282
Public Hearing/Special Use	1,500	1,500	1,375
Plumbing	2,200	2,200	4,220
Other	3,600	3,600	6,472
	<u>584,150</u>	<u>584,150</u>	<u>825,975</u>
Intergovernmental			
Federal/State Grant	416,628	416,628	347,099
Replacement Tax	800,000	800,000	665,662
State Sales Tax	2,353,585	2,353,585	2,111,288
State Income Tax	2,400,000	2,400,000	2,158,145
State Use Tax	425,000	425,000	430,134
	<u>6,395,213</u>	<u>6,395,213</u>	<u>5,712,328</u>

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Charges for Services			
Debris Usage/Mowing Fees	\$ 600	600	1,285
Refuse Collection Fees	1,475,000	1,475,000	1,427,344
Garbage Can Replacement Fee	4,000	4,000	5,303
Towing Collection Fees	31,150	31,150	41,281
Vacant Property Registration Fees	35,000	35,000	54,411
Public Safety Registration	28,000	28,000	37,613
Inspection Point of Sale	38,000	38,000	39,200
Birth/Death Certificate Fees	51,000	51,000	45,383
Zoning Fees	1,000	1,000	1,539
Lift Fees	720,000	720,000	-
Civil Service Testing Fees	4,100	4,100	-
Rental Unit Inspections	48,000	48,000	38,702
Photostats	13,800	13,800	14,776
Rents	45,000	45,000	35,293
Special Events	5,500	5,500	1,050
Other	1,120	1,120	3,411
	<u>2,501,270</u>	<u>2,501,270</u>	<u>1,746,591</u>
Fines and Forfeitures			
Housing Court	105,000	105,000	61,297
Police	600,000	600,000	523,507
Other	125	125	500
	<u>705,125</u>	<u>705,125</u>	<u>585,304</u>
Interest			
Investment Income	<u>10,000</u>	<u>10,000</u>	<u>9,445</u>
Miscellaneous			
Refunds/Reimbursements	123,000	123,000	410,945
Miscellaneous	<u>296,600</u>	<u>296,600</u>	<u>31,206</u>
	<u>419,600</u>	<u>419,600</u>	<u>442,151</u>
Total Revenues	<u>21,768,358</u>	<u>21,768,358</u>	<u>19,998,133</u>

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
General Government			
Mayor			
Personnel Services	\$ 60,000	60,000	57,922
Other Services/Expenditures	23,000	23,000	12,225
	83,000	83,000	70,147
Mayor's Office			
Personnel Services	155,000	155,000	147,658
Commodities	6,200	6,200	6,122
Contractual Services	3,000	3,000	59,307
Other Services/Expenditures	31,400	31,400	50,719
Equipment	5,000	5,000	2,810
	200,600	200,600	266,616
Legal Department			
Personnel Services	179,000	179,000	172,903
Commodities	1,000	1,000	427
Contractual Services	40,100	40,100	68,965
	220,100	220,100	242,295
Aldermen			
Personnel Services	150,000	150,000	149,502
Other Services/Expenditures	90,000	90,000	70,002
	240,000	240,000	219,504
City Clerk			
Personnel Services	97,000	97,000	100,162
Commodities	2,000	2,000	3,059
Contractual Services	6,200	6,200	2,649
Other Services/Expenditures	10,500	10,500	3,969
Equipment	3,000	3,000	5,352
	118,700	118,700	115,191

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
General Government - Continued			
City Treasurer			
Personnel Services	\$ 16,800	16,800	16,686
Contractual Services	1,250	1,250	2,964
Other Services/Expenditures	1,300	1,300	1,296
	19,350	19,350	20,946
Finance Department			
Commodities	300	300	866
Contractual Services	429,000	429,000	421,972
Other Services/Expenditures	13,100	13,100	21,137
Equipment	2,200	2,200	3,362
	444,600	444,600	447,337
Planning and Development			
Personnel Services	400,000	400,000	349,203
Commodities	14,500	14,500	17,016
Contractual Services	100,000	100,000	45,739
Other Services/Expenditures	13,500	13,500	15,415
Equipment	10,000	10,000	150
	538,000	538,000	427,523
Miscellaneous Grant			
Other Services/Expenditures	30,000	30,000	261,025
Miscellaneous Appropriations/Specific Purpose			
Personnel Services	648,000	648,000	648,135
Contractual Services	3,731,000	3,731,000	3,816,191
Other Services/Expenditures	1,666,000	1,666,000	2,781,363
	6,045,000	6,045,000	7,245,689
Total General Government	7,939,350	7,939,350	9,316,273

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Personnel Services	\$ 5,360,000	5,360,000	5,256,831
Commodities	116,500	116,500	203,803
Contractual Services	269,000	269,000	274,966
Other Services/Expenditures	42,000	42,000	314,393
Equipment	15,000	15,000	56,785
	<u>5,802,500</u>	<u>5,802,500</u>	<u>6,106,778</u>
Fire Department			
Personnel Services	3,115,060	3,115,060	3,277,776
Commodities	27,250	27,250	15,701
Contractual Services	122,376	122,376	140,437
Other Services/Expenditures	31,500	31,500	23,927
Equipment	12,200	12,200	18,697
	<u>3,308,386</u>	<u>3,308,386</u>	<u>3,476,538</u>
Total Public Safety	<u>9,110,886</u>	<u>9,110,886</u>	<u>9,583,316</u>
Public Works			
Streets Administration			
Personnel Services	60,000	60,000	66,849
Commodities	1,500	1,500	2,183
Contractual Services	2,000	2,000	2,079
Other Services/Expenditures	1,000	1,000	781
	<u>64,500</u>	<u>64,500</u>	<u>71,892</u>
Street Maintenance Department			
Personnel Services	415,000	415,000	423,775
Commodities	97,000	97,000	204,183
Contractual Services	2,175,422	2,175,422	2,216,838
Other Services/Expenditures	387,000	387,000	316,230
Equipment	14,700	14,700	7,251
	<u>3,089,122</u>	<u>3,089,122</u>	<u>3,168,277</u>

CITY OF HARVEY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Public Works - Continued			
Vehicle Maintenance Division			
Personnel Services	\$ 167,000	167,000	146,790
Commodities	30,000	30,000	11,138
Contractual Services	5,000	5,000	9,034
Other Services/Expenditures	186,000	186,000	331,442
Equipment	4,000	4,000	2,890
	<u>392,000</u>	<u>392,000</u>	<u>501,294</u>
Public Property/Utility Maintenance			
Personnel Services	92,000	92,000	95,610
Commodities	12,000	12,000	2,954
Contractual Services	487,000	487,000	353,271
Other Services/Expenditures	411,200	411,200	333,470
	<u>1,002,200</u>	<u>1,002,200</u>	<u>785,305</u>
Total Public Works	<u>4,547,822</u>	<u>4,547,822</u>	<u>4,526,768</u>
Community Development			
Community Center			
Personnel Services	35,000	35,000	15,124
Commodities	100	100	213
Contractual Services	1,100	1,100	12,289
Other Services/Expenditures	-	-	139,522
Total Community Development	<u>36,200</u>	<u>36,200</u>	<u>167,148</u>
Capital Outlay			
General Government			
City Wide Capital Projects	100,000	100,000	-
Public Works			
Curb, Gutters and Sidewalks	2,800	2,800	5,500
Total Capital Outlay	<u>102,800</u>	<u>102,800</u>	<u>5,500</u>
Total Expenditures	<u>21,737,058</u>	<u>21,737,058</u>	<u>23,599,005</u>

CITY OF HARVEY, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 3,067,010	3,067,010	2,286,088
Interest	-	-	35
Total Revenues	3,067,010	3,067,010	2,286,123
Expenditures			
General Government			
Contractual Services	6,000	6,000	5,425
Debt Service			
Principal Retirement	1,330,000	1,330,000	208,250
Interest and Fiscal Charges	3,176,741	3,176,741	1,859,030
Total Expenditures	4,512,741	4,512,741	2,072,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,445,731)	(1,445,731)	213,418
Other Financing Sources (Uses)			
Transfers In	1,445,731	1,445,731	-
Transfers Out	-	-	(680,686)
	1,445,731	1,445,731	(680,686)
Net Change in Fund Balance	-	-	(467,268)
Fund Balance - Beginning			1,814,280
Fund Balance - Ending			1,347,012

CITY OF HARVEY, ILLINOIS

Economic Development - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 145	145	35
Expenditures			
Capital Outlay	-	-	9
Net Change in Fund Balance	145	145	26
Fund Balance - Beginning			2,667,588
Fund Balance - Ending			2,667,614

CITY OF HARVEY, ILLINOIS

TIF I Dixie Square - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 325,000	325,000	525,809
Interest	400	400	498
Total Revenues	325,400	325,400	526,307
Expenditures			
Capital Outlay	125,000	125,000	175,000
Net Change in Fund Balance	200,400	200,400	351,307
Fund Balance - Beginning			3,091,449
Fund Balance - Ending			3,442,756

CITY OF HARVEY, ILLINOIS**Hotel/Motel - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	38
Expenditures			
Capital Outlay	300,000	300,000	4,000
Debt Service			
Principal Retirement	-	-	170,000
Interest and Fiscal Charges	-	-	386,031
Total Expenditures	300,000	300,000	560,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,000)	(300,000)	(559,993)
Other Financing Sources			
Transfers In	3,000	3,000	556,031
Net Change in Fund Balance	(297,000)	(297,000)	(3,962)
Fund Balance - Beginning			13,859
Fund Balance - Ending			9,897

CITY OF HARVEY, ILLINOIS

TIF II Center Street - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 2,015,000	2,015,000	1,286,861
Intergovernmental			
Grant	-	-	338,503
Interest	400	400	3,639
Total Revenues	2,015,400	2,015,400	1,629,003
Expenditures			
Capital Outlay	1,439,731	1,439,731	787,980
Debt Service			
Principal Retirement	-	-	450,000
Interest and Fiscal Charges	-	-	503,700
Total Expenditures	1,439,731	1,439,731	1,741,680
Net Change in Fund Balance	575,669	575,669	(112,677)
Fund Balance - Beginning			4,073,356
Fund Balance - Ending			3,960,679

CITY OF HARVEY, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2012

	Special Revenue 911 Emergency Surcharge Tax	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 270,984	1,258,050	1,529,034
Due from Other Governments	-	26,823	26,823
Due from Other Funds	-	1,388,892	1,388,892
Total Assets	270,984	2,673,765	2,944,749
LIABILITIES			
Accounts Payable	900	80,125	81,025
Due to Other Funds	-	253,602	253,602
Total Liabilities	900	333,727	334,627
FUND BALANCES			
Restricted	270,084	1,993,640	2,263,724
Assigned	-	346,398	346,398
Total Fund Balances	270,084	2,340,038	2,610,122
Total Liabilities and Fund Balances	270,984	2,673,765	2,944,749

CITY OF HARVEY, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2012

	Special Revenue 911 Emergency Surcharge Tax	Capital Projects	Totals
Revenues			
Taxes	\$ -	185,252	185,252
Intergovernmental	-	80,378	80,378
Charges for Services	269,415	-	269,415
Interest	-	666	666
Miscellaneous	-	10	10
Total Revenues	269,415	266,306	535,721
Expenditures			
Public Works	-	48,445	48,445
Capital Outlay	73,996	41,468	115,464
Total Expenditures	73,996	89,913	163,909
Net Change in Fund Balances	195,419	176,393	371,812
Fund Balances - Beginning	74,665	2,163,645	2,238,310
Fund Balances - Ending	270,084	2,340,038	2,610,122

CITY OF HARVEY, ILLINOIS

911 Emergency Surcharge Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grant	\$ 10,000	10,000	-
Charges for Services			
911 Tax on Users	150,000	150,000	269,415
Total Revenues	160,000	160,000	269,415
Expenditures			
Public Works	180	180	-
Capital Outlay	80,000	80,000	73,996
Total Expenditures	80,180	80,180	73,996
Net Change in Fund Balance	79,820	79,820	195,419
Fund Balance - Beginning			74,665
Fund Balance - Ending			270,084

CITY OF HARVEY, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Balance Sheet
April 30, 2012**

See Following Page

CITY OF HARVEY, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

April 30, 2012

	Community Development	Road	Special Assessment
ASSETS			
Cash and Investments	\$ 24,410	-	-
Due from Other Governments	26,823	-	-
Due from Other Funds	-	600,000	28,892
Total Assets	51,233	600,000	28,892
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	51,233	-	28,892
Due to Other Funds	-	253,602	-
Total Liabilities	51,233	253,602	28,892
Fund Balances			
Restricted	-	-	-
Assigned	-	346,398	-
Total Fund Balances	-	346,398	-
Total Liabilities and Fund Balances	51,233	600,000	28,892

Motor Fuel Tax	Dixie Sibley	TIF III Cresco Business Park	TIF IV Wyman Gordon	TIF V RPM Business Park	Totals
465,401	193,893	352,017	126,339	95,990	1,258,050
-	-	-	-	-	26,823
-	-	360,000	-	400,000	1,388,892
465,401	193,893	712,017	126,339	495,990	2,673,765
-	-	-	-	-	80,125
-	-	-	-	-	253,602
-	-	-	-	-	333,727
465,401	193,893	712,017	126,339	495,990	1,993,640
-	-	-	-	-	346,398
465,401	193,893	712,017	126,339	495,990	2,340,038
465,401	193,893	712,017	126,339	495,990	2,673,765

CITY OF HARVEY, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2012**

	Community Development	Road	Special Assessment
Revenues			
Taxes	\$ -	-	-
Intergovernmental	80,378	-	-
Interest	11	191	-
Miscellaneous	10	-	-
Total Revenues	80,399	191	-
Expenditures			
Public Works	38,931	9,489	-
Capital Outlay	41,468	-	-
Total Expenditures	80,399	9,489	-
Net Change in Fund Balances	-	(9,298)	-
Fund Balances - Beginning	-	355,696	-
Fund Balances - Ending	-	346,398	-

Motor Fuel Tax	Dixie Sibley	TIF III Cresco Business Park	TIF IV Wyman Gordon	TIF V RPM Business Park	Totals
-	-	185,252	-	-	185,252
-	-	-	-	-	80,378
-	-	448	-	16	666
-	-	-	-	-	10
-	-	185,700	-	16	266,306
-	-	-	-	25	48,445
-	-	-	-	-	41,468
-	-	-	-	25	89,913
-	-	185,700	-	(9)	176,393
465,401	193,893	526,317	126,339	495,999	2,163,645
465,401	193,893	712,017	126,339	495,990	2,340,038

CITY OF HARVEY, ILLINOIS**Community Development - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Federal/State Grant	\$ 120,000	120,000	80,378
Interest	30	30	11
Miscellaneous	-	-	10
Total Revenues	120,030	120,030	80,399
Expenditures			
Public Works			
Contractual Services	-	-	38,931
Capital Outlay	85,000	85,000	41,468
Total Expenditures	85,000	85,000	80,399
Net Change in Fund Balance	35,030	35,030	-
Fund Balance - Beginning			-
Fund Balance - Ending			-

CITY OF HARVEY, ILLINOIS

Road - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 210	210	191
Expenditures			
Public Works	100,000	100,000	9,489
Net Change in Fund Balance	<u>(99,790)</u>	<u>(99,790)</u>	(9,298)
Fund Balance - Beginning			<u>355,696</u>
Fund Balance - Ending			<u>346,398</u>

CITY OF HARVEY, ILLINOIS

TIF III Cresco Business Park - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 66,500	66,500	185,252
Interest	175	175	448
Total Revenues	66,675	66,675	185,700
Expenditures			
Public Works	-	-	-
Net Change in Fund Balance	66,675	66,675	185,700
Fund Balance - Beginning			526,317
Fund Balance - Ending			712,017

CITY OF HARVEY, ILLINOIS

TIF V RPM Business Park - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 5,000	5,000	-
Interest	165	165	16
Total Revenues	5,165	5,165	16
Expenditures			
Public Works	-	-	25
Net Change in Fund Balance	5,165	5,165	(9)
Fund Balance - Beginning			495,999
Fund Balance - Ending			495,990

CITY OF HARVEY, ILLINOIS

Water - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2012

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 8,300,000	8,300,000	9,284,893
Other	214,700	214,700	260,167
Miscellaneous	1,000	1,000	160
Total Operating Revenues	8,515,700	8,515,700	9,545,220
Operating Expenses			
Operations			
Personnel Services	752,500	752,500	655,616
Commodities	124,050	124,050	131,891
Contractual Services	7,506,800	7,506,800	8,437,818
Other Services/Expenses	16,500	16,500	11,872
Equipment	70,000	70,000	8,934
Permanent Improvements	205,000	205,000	108,787
Depreciation and Amortization	400,000	400,000	407,737
Total Operating Expenses	9,074,850	9,074,850	9,762,655
Operating Income (Loss)	(559,150)	(559,150)	(217,435)
Nonoperating Revenues (Expenses)			
Interest Income	625	625	542
Interest Expense	(440,000)	(440,000)	(422,648)
	(439,375)	(439,375)	(422,106)
Income (Loss) Before Transfers	(998,525)	(998,525)	(639,541)
Transfers In	-	-	680,686
Change in Net Position	(998,525)	(998,525)	41,145
Net Position - Beginning			7,483,755
Net Position - Ending			7,524,900

CITY OF HARVEY, ILLINOIS

Nonmajor Enterprise Funds

**Combining Statement of Net Position
April 30, 2012**

	Pace Bus Terminal Parking	Metra Lot	Commuter Parking Lot	Sewer	Totals
ASSETS					
Current Assets					
Cash and Investments	\$ -	-	-	-	-
Receivables - Net of Allowances					
Customer Billings	-	-	-	93,104	93,104
Unbilled Services	-	-	-	6,816	6,816
Due from Other Funds	27,944	931,852	639,390	659,194	2,258,380
Total Current Assets	27,944	931,852	639,390	759,114	2,358,300
Noncurrent Assets					
Capital Assets					
Nondepreciable Capital Assets	-	-	482,250	-	482,250
Depreciable Capital Assets	-	175,246	1,307,969	5,682,203	7,165,418
Accumulated Depreciation	-	(175,246)	(1,189,384)	(4,963,233)	(6,327,863)
Total Noncurrent Assets	-	-	600,835	718,970	1,319,805
Total Assets	27,944	931,852	1,240,225	1,478,084	3,678,105
LIABILITIES					
Current Liabilities					
Accounts Payable	-	696,830	452	17,036	714,318
Accrued Payroll	-	2,234	2,234	1,110	5,578
Due to Other Funds	-	221,875	124,896	773,476	1,120,247
Compensated Absences	-	3,993	-	-	3,993
Total Current Liabilities	-	924,932	127,582	791,622	1,844,136
Noncurrent Liabilities					
Compensated Absences	-	15,971	-	-	15,971
Total Liabilities	-	940,903	127,582	791,622	1,860,107
NET POSITION					
Investment in Capital Assets	-	-	600,835	718,970	1,319,805
Unrestricted	27,944	(9,051)	511,808	(32,508)	498,193
Total Net Position	27,944	(9,051)	1,112,643	686,462	1,817,998

CITY OF HARVEY, ILLINOIS

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended April 30, 2012

	Pace Bus Terminal Parking	Metra Lot	Commuter Parking Lot	Sewer	Totals
Operating Revenues					
Charges for Services	\$ 24,926	149,455	55,198	199,773	429,352
Operating Expenses					
Operations					
Personnel Services	-	132,157	10,291	42,258	184,706
Commodities	-	581	-	-	581
Contractual Services	7,004	38,819	4,951	69,675	120,449
Depreciation	-	-	43,278	121,935	165,213
Total Operating Expenses	7,004	171,557	58,520	233,868	470,949
Operating Income (Loss)	17,922	(22,102)	(3,322)	(34,095)	(41,597)
Nonoperating Revenues					
Interest Income	27	13,051	118	-	13,196
Change in Net Position	17,949	(9,051)	(3,204)	(34,095)	(28,401)
Net Position - Beginning	9,995	-	1,115,847	720,557	1,846,399
Net Position - Ending	27,944	(9,051)	1,112,643	686,462	1,817,998

CITY OF HARVEY, ILLINOIS

Combining Statement of Cash Flows - Nonmajor Enterprise Funds For the Fiscal Year Ended April 30, 2012

	Pace Bus Terminal Parking	Metra Lot	Commuter Parking Lot	Sewer	Totals
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 9,877	130,171	13,442	223,953	377,443
Payments to Employees	-	(114,672)	(20,796)	(43,503)	(178,971)
Payments to Suppliers	(9,904)	(28,550)	7,236	(180,450)	(211,668)
	(27)	(13,051)	(118)	-	(13,196)
Cash Flows from Investing Activities					
Interest Received	27	13,051	118	-	13,196
Net Change in Cash and Cash Equivalents	-	-	-	-	-
Cash and Cash Equivalents - Beginning	-	-	-	-	-
Cash and Cash Equivalents - Ending	-	-	-	-	-
Reconciliation of Operating Income to Net Cash					
Provided (Used) by Operating Activities					
Operating Income (Loss)	17,922	(22,102)	(3,322)	(34,095)	(41,597)
Adjustments to Reconcile Operating					
Income to Net Income to Net Cash					
Provided by (Used in) Operating Activities					
Depreciation Expense	-	-	43,278	121,935	165,213
(Increase) Decrease in Current Assets	(15,049)	(19,284)	(41,756)	24,180	(51,909)
Increase (Decrease) in Current Liabilities	(2,900)	28,335	1,682	(112,020)	(84,903)
Net Cash Provided by Operating Activities	(27)	(13,051)	(118)	-	(13,196)

CITY OF HARVEY, ILLINOIS**Pace Bus Terminal Parking - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 19,500	19,500	24,926
Operating Expenses			
Operations			
Commodities	300	300	-
Contractual Services	15,500	15,500	7,004
Total Operating Expenses	15,800	15,800	7,004
Operating Income	3,700	3,700	17,922
Nonoperating Revenues			
Interest Income	10	10	27
Change in Net Position	3,710	3,710	17,949
Net Position - Beginning			9,995
Net Position - Ending			27,944

CITY OF HARVEY, ILLINOIS**Metra Lot - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 155,000	155,000	149,455
Operating Expenses			
Operations			
Personnel Services	129,321	129,321	132,157
Commodities	1,500	1,500	581
Contractual Services	8,125	8,125	38,819
Total Operating Expenses	138,946	138,946	171,557
Operating Income (Loss)	16,054	16,054	(22,102)
Nonoperating Revenues			
Interest Income	7,400	7,400	13,051
Change in Net Position	23,454	23,454	(9,051)
Net Position - Beginning			-
Net Position - Ending			(9,051)

CITY OF HARVEY, ILLINOIS**Commuter Parking Lot - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 65,000	65,000	55,198
Operating Expenses			
Operations			
Personnel Services	26,500	26,500	10,291
Commodities	700	700	-
Contractual Services	3,875	3,875	4,951
Depreciation	-	-	43,278
Total Operating Expenses	31,075	31,075	58,520
Operating Income (Loss)	33,925	33,925	(3,322)
Nonoperating Revenues			
Interest Income	60	60	118
Change in Net Position	33,985	33,985	(3,204)
Net Position - Beginning			1,115,847
Net Position - Ending			1,112,643

CITY OF HARVEY, ILLINOIS

Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2012**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 682,505	682,505	199,773
Operating Expenses			
Operations			
Personnel Services	57,700	57,700	42,258
Contractual Services	492,000	492,000	69,675
Depreciation	-	-	121,935
Total Operating Expenses	549,700	549,700	233,868
Change in Net Position	132,805	132,805	(34,095)
Net Position - Beginning			720,557
Net Position - Ending			686,462

CITY OF HARVEY, ILLINOIS**Pension Trust Funds****Combining Statement of Fiduciary Plan Net Position
April 30, 2012**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 619,346	10,093	629,439
Investments			
U.S. Government and Agency Securities	7,226,989	3,638,457	10,865,446
Corporate Bonds	-	2,377,200	2,377,200
Common Stock	2,832,779	-	2,832,779
Equity Securities	-	4,440,880	4,440,880
Equity Mutual Funds	-	1,872,441	1,872,441
Money Market Mutual Funds	5,711,164	448,587	6,159,751
Receivables			
Accrued Interest	75,297	50,062	125,359
Due from Other Funds	630,982	672,522	1,303,504
Reserve Uncollectible - Interfund	(630,982)	(669,458)	(1,300,440)
Prepays	-	19,942	19,942
Total Assets	16,465,575	12,860,726	29,326,301
LIABILITIES			
Accounts Payable	11,761	12,008	23,769
NET POSITION			
Held in Trust for Pension Benefits	16,453,814	12,848,718	29,302,532

CITY OF HARVEY, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Plan Net Position For the Fiscal Year Ended April 30, 2012

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ -	-	-
Contributions - Plan Members	359,100	269,531	628,631
Total Contributions	359,100	269,531	628,631
Investment Income			
Interest Income	738,357	362,110	1,100,467
Net Change in Fair Value	53,884	(548,055)	(494,171)
	792,241	(185,945)	606,296
Less Investment Expenses	(65,290)	(116,315)	(181,605)
Net Investment Income	726,951	(302,260)	424,691
Total Additions	1,086,051	(32,729)	1,053,322
Deductions			
Administration	127,138	38,012	165,150
Benefits and Refunds	1,337,626	1,789,408	3,127,034
Total Deductions	1,464,764	1,827,420	3,292,184
Change in Net Position	(378,713)	(1,860,149)	(2,238,862)
Net Position Held in Trust for Pension Benefits			
Beginning	16,832,527	14,708,867	31,541,394
Ending	16,453,814	12,848,718	29,302,532

SUPPLEMENTAL SCHEDULES

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements General Obligation Bonds of 2002B

April 30, 2012

Date of Issue	July 1, 2002
Date of Maturity	May 1, 2023
Authorized Issue	\$2,530,000
Denomination of Bonds	\$5,000
Interest Rates	5.25% to 5.60%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	LaSalle Bank National Association, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2013	\$ -	138,218	138,218	2012	69,109	2012	69,109
2014	-	138,218	138,218	2013	69,109	2013	69,109
2015	-	138,218	138,218	2014	69,109	2014	69,109
2016	-	138,218	138,218	2015	69,109	2015	69,109
2017	305,000	138,218	443,218	2016	69,109	2016	69,109
2018	325,000	122,204	447,204	2017	61,102	2017	61,102
2019	340,000	104,980	444,980	2018	52,490	2018	52,490
2020	360,000	86,620	446,620	2019	43,310	2019	43,310
2021	380,000	66,820	446,820	2020	33,410	2020	33,410
2022	400,000	45,920	445,920	2021	22,960	2021	22,960
2023	420,000	23,520	443,520	2022	11,760	2022	11,760
	<u>2,530,000</u>	<u>1,141,154</u>	<u>3,671,154</u>		<u>570,577</u>		<u>570,577</u>

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2002C

April 30, 2012

Date of Issue	December 1, 2002
Date of Maturity	February 1, 2020
Authorized Issue	\$7,000,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 5.00%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	LaSalle Bank National Association, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2013	\$ 750,000	197,038	947,038	2012	98,519	2013	98,519
2014	425,000	161,412	586,412	2013	80,706	2014	80,706
2015	450,000	141,224	591,224	2014	70,612	2015	70,612
2016	475,000	118,726	593,726	2015	59,363	2016	59,363
2017	495,000	94,976	589,976	2016	47,488	2017	47,488
2018	520,000	73,690	593,690	2017	36,845	2018	36,845
2019	540,000	50,290	590,290	2018	25,145	2019	25,145
2020	565,000	25,990	590,990	2019	12,995	2020	12,995
	<u>4,220,000</u>	<u>863,346</u>	<u>5,083,346</u>		<u>431,673</u>		<u>431,673</u>
	1,477,000	Governmental Activities					
	<u>2,743,000</u>	Business-Type Activities					
	<u>4,220,000</u>						

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2007A

April 30, 2012

Date of Issue	July 15, 2007
Date of Maturity	December 1, 2032
Authorized Issue	\$22,275,000
Denomination of Bonds	\$5,000
Interest Rates	5.50% to 5.625%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Depository Trust Company, New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ -	1,241,074	1,241,074	2012	620,537	2012	620,537
2014	-	1,241,076	1,241,076	2013	620,538	2013	620,538
2015	-	1,241,074	1,241,074	2014	620,537	2014	620,537
2016	-	1,241,076	1,241,076	2015	620,538	2015	620,538
2017	-	1,241,074	1,241,074	2016	620,537	2016	620,537
2018	-	1,241,076	1,241,076	2017	620,538	2017	620,538
2019	-	1,241,074	1,241,074	2018	620,537	2018	620,537
2020	-	1,241,074	1,241,074	2019	620,537	2019	620,537
2021	565,000	1,241,074	1,806,074	2020	620,537	2020	620,537
2022	705,000	1,210,000	1,915,000	2021	605,000	2021	605,000
2023	755,000	1,171,226	1,926,226	2022	585,613	2022	585,613
2024	800,000	1,129,700	1,929,700	2023	564,850	2023	564,850
2025	540,000	1,085,700	1,625,700	2024	542,850	2024	542,850
2026	1,940,000	1,056,000	2,996,000	2025	528,000	2025	528,000
2027	2,050,000	949,300	2,999,300	2026	474,650	2026	474,650
2028	2,160,000	836,550	2,996,550	2027	418,275	2027	418,275
2029	2,280,000	717,750	2,997,750	2028	358,875	2028	358,875
2030	2,410,000	589,500	2,999,500	2029	294,750	2029	294,750
2031	2,545,000	453,938	2,998,938	2030	226,969	2030	226,969
2032	2,685,000	310,782	2,995,782	2031	155,391	2031	155,391
2033	2,840,000	159,750	2,999,750	2032	79,875	2032	79,875
	<u>22,275,000</u>	<u>20,839,868</u>	<u>43,114,868</u>		<u>10,419,934</u>		<u>10,419,934</u>
	17,275,000	Governmental Activities					
	5,000,000	Business-Type Activities					
	<u>22,275,000</u>						

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2007B

April 30, 2012

Date of Issue	July 15, 2007
Date of Maturity	December 1, 2024
Authorized Issue	\$9,000,000
Denomination of Bonds	\$5,000
Interest Rates	7.25% to 7.75%
Interest Date	December 1
Principal Maturity Date	December 1
Payable at	Depository Trust Company, New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2013	\$ -	681,650	681,650
2014	295,000	681,650	976,650
2015	660,000	660,263	1,320,263
2016	695,000	612,413	1,307,413
2017	735,000	562,025	1,297,025
2018	785,000	508,737	1,293,737
2019	630,000	451,825	1,081,825
2020	675,000	403,000	1,078,000
2021	725,000	350,688	1,075,688
2022	785,000	294,500	1,079,500
2023	840,000	233,663	1,073,663
2024	900,000	168,562	1,068,562
2025	1,275,000	98,812	1,373,812
	9,000,000	5,707,788	14,707,788

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

Hotel-Motel Tax and Sales Tax Revenue Bonds of 2008A

April 30, 2012

Date of Issue	August 27, 2008
Date of Maturity	August 1, 2028
Authorized Issue	\$6,025,000
Denomination of Bonds	\$5,000
Interest Rate	6.875%
Interest Dates	August 1 and February 1
Principal Maturity Date	August 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2013	\$ 180,000	374,000	554,000	2012	190,094	2013	183,906
2014	195,000	361,109	556,109	2013	183,906	2014	177,203
2015	205,000	347,359	552,359	2014	177,203	2015	170,156
2016	220,000	332,750	552,750	2015	170,156	2016	162,594
2017	235,000	317,110	552,110	2016	162,594	2017	154,516
2018	255,000	300,266	555,266	2017	154,516	2018	145,750
2019	270,000	282,219	552,219	2018	145,750	2019	136,469
2020	290,000	262,969	552,969	2019	136,469	2020	126,500
2021	310,000	242,344	552,344	2020	126,500	2021	115,844
2022	330,000	220,344	550,344	2021	115,844	2022	104,500
2023	355,000	196,797	551,797	2022	104,500	2023	92,297
2024	375,000	171,703	546,703	2023	92,297	2024	79,406
2025	405,000	144,890	549,890	2024	79,406	2025	65,484
2026	430,000	116,187	546,187	2025	65,484	2026	50,703
2027	460,000	85,594	545,594	2026	50,703	2027	34,891
2028	490,000	52,938	542,938	2027	34,891	2028	18,047
2029	525,000	18,047	543,047	2028	18,047	2029	-
	<u>5,530,000</u>	<u>3,826,626</u>	<u>9,356,626</u>		<u>2,008,360</u>		<u>1,818,266</u>

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

Tax Increment Allocation Revenue Bonds of 2009A

April 30, 2012

Date of Issue	August 1, 2009
Date of Maturity	December 1, 2014
Authorized Issue	\$3,000,000
Denomination of Bonds	\$5,000
Interest Rate	6.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 480,000	99,450	579,450	2012	49,725	2012	49,725
2014	510,000	68,250	578,250	2013	34,125	2013	34,125
2015	540,000	35,100	575,100	2014	17,550	2014	17,550
	<u>1,530,000</u>	<u>202,800</u>	<u>1,732,800</u>		<u>101,400</u>		<u>101,400</u>

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

Tax Increment Allocation Revenue Bonds of 2010

April 30, 2012

Date of Issue	September 27, 2010
Date of Maturity	December 1, 2019
Authorized Issue	\$5,000,000
Denomination of Bonds	\$5,000
Interest Rate	7.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ -	375,000	375,000	2012	187,500	2012	187,500
2014	-	375,000	375,000	2013	187,500	2013	187,500
2015	-	375,000	375,000	2014	187,500	2014	187,500
2016	860,000	375,000	1,235,000	2015	187,500	2015	187,500
2017	925,000	310,500	1,235,500	2016	155,250	2016	155,250
2018	995,000	241,126	1,236,126	2017	120,563	2017	120,563
2019	1,070,000	166,500	1,236,500	2018	83,250	2018	83,250
2020	1,150,000	86,250	1,236,250	2019	43,125	2019	43,125
	<u>5,000,000</u>	<u>2,304,376</u>	<u>7,304,376</u>		<u>1,152,188</u>		<u>1,152,188</u>

CITY OF HARVEY, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Capital Appreciation Bonds of 2002A

April 30, 2012

Date of Issue	July 1, 2002
Date of Maturity	May 1, 2015
Denomination of Bonds	\$5,000
Interest Rates	5.30% to 5.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	LaSalle Bank National Association, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Beginning Principal Balance</u>	<u>Accretion</u>	<u>Principal Payment</u>	<u>Ending Principal Balance</u>
2013	\$ 788,058	43,099	-	831,157
2014	831,157	37,508	300,000	568,665
2015	568,665	23,306	300,000	291,971
2016	291,971	8,029	300,000	-
		<u>111,942</u>	<u>900,000</u>	