

CITY OF HARVEY, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2019

CITY OF HARVEY, ILLINOIS

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FINANCIAL SECTION

This section includes:

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



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Harvey, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harvey, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Harvey, Illinois' 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 Firefighters' Pension Fund, which represent 30.4 percent, 30.3 percent and 37.9 percent, respectively, of the assets, fund balance/net position, and revenues of the aggregate remaining fund information. 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 Firefighters' Pension 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Firefighters' Pension Fund were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2019, 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.

Emphasis of Matters

As discussed in Note 5 to the financial statements, the City of Harvey, Illinois adjusted beginning net position of governmental activities and the water fund as a result of the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In addition, beginning fund balance of the general fund and TIF 1 and beginning net position of governmental activities were adjusted as a result of prior period errors. Our opinion is not modified with respect to these matters.

As discussed in Note 2 to the financial statements, the City of Harvey, Illinois has an accumulated unassigned deficit in the General Fund of \$60.0 million as of April 30, 2019, has borrowed extensively from other funds such as the Water Fund and TIF Funds without an apparent means of repayment, has defaulted on several bond payments and has experience difficulty in paying its bills. This situation raises significant liquidity risks. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other post-employment benefits liability, schedules of employer contributions, schedules of changes in the employer's net pension liability, schedules of investment returns, and budgetary comparison information on pages 4–14 and 80–91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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' basic financial statements. The combining and individual fund financial statements and schedules and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021, on our consideration of the City of Harvey, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harvey, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harvey, Illinois' internal control over financial reporting and compliance.

JW & Associates, P.C.

Hillside, Illinois

March 22, 2021

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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, 2019. Please read it in conjunction with the City of Harvey's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The City of Harvey's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$3,272,563, or 2.1 percent and net position of business-type activities decreased by \$979,087, or 34.7 percent.
- Due to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and the correction of prior year errors, net position as of April 30, 2018 was restated downward for governmental activities by \$1,827,875 and for business-type activities by \$663,875.
- During the year, government-wide revenues for the primary government totaled \$46,694,481, while expenses totaled \$44,401,005, resulting in an increase to net position of \$2,293,476.
- The City of Harvey's net position totaled (\$149,907,607) on April 30, 2019, which includes (\$13,840,924) net investment in capital assets, \$23,456,824 subject to external restrictions, and (\$159,883,507) unrestricted net position.
- The General Fund reported a deficit this year of \$1,898,799, resulting in ending fund balance of (\$57,586,274), a decrease of 3.4 percent.
- As a result of errors in prior year financial statements, General Fund fund balance and TIF #1 fund balance as of April 30, 2018 were restated upward by \$2,037,560 and \$4,120,464, respectively.

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 15-18) 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 19. 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.

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 15-18 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.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis
April 30, 2019

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements - Continued

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.

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, Capital Projects Fund, TIF I Dixie Square 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 Hotel/Motel Fund, the TIF VI Dixie Highway Corridor Fund, and the Community 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 19-22 of this report.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis
April 30, 2019

USING THIS ANNUAL REPORT – Continued

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.

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 three nonmajor enterprise funds are provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-25 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 26-27 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 28-79 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 and Motor Fuel Tax Fund. Required supplementary information can be found on pages 80-91 of this report. Combining and individual fund statements and schedules can be found on pages 92-116 of this report.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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 \$149,907,607.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities (Restated)		Activities (Restated)			
	2019	2018	2019	2018	2019	2018
Current/Other Assets	\$ (10,677,949)	\$ (8,894,067)	\$ 38,908,806	\$ 40,133,791	\$ 28,230,857	\$ 31,239,724
Capital Assets	5,748,726	6,205,225	6,056,102	5,711,666	11,804,828	11,916,891
Total Assets	(4,929,223)	(2,688,842)	44,964,908	45,845,457	40,035,685	43,156,615
Deferred Outflows of Resources	12,527,413	12,832,228	751,481	38,057	13,278,894	12,870,285
Total Assets/Deferred Outflows	7,598,190	10,143,386	45,716,389	45,883,514	53,314,579	56,026,900
Long-Term Debt	115,599,873	122,755,485	31,989,074	23,732,866	147,588,947	146,488,351
Other Liabilities	11,902,857	10,905,935	8,765,362	15,567,058	20,668,219	26,472,993
Total Liabilities	127,502,730	133,661,420	40,754,436	39,299,924	168,257,166	172,961,344
Deferred Inflows of Resources	34,849,442	34,508,511	115,578	758,129	34,965,020	35,266,640
Total Liabilities and Deferred Inflows	162,352,172	168,169,931	40,870,014	40,058,053	203,222,186	208,227,984
Net Position						
Net Investment in Capital Assets	(13,472,792)	(11,882,690)	(8,132)	(14,568)	(13,480,924)	(11,897,258)
Restricted	23,456,824	16,616,704	-	-	23,456,824	16,616,704
Unrestricted (Deficit)	(164,738,014)	(160,932,684)	4,854,507	6,503,904	(159,883,507)	(154,428,780)
Total Net Position	\$ (154,753,982)	\$ (158,026,545)	\$ 4,846,375	\$ 5,825,461	\$ (149,907,607)	\$ (152,201,084)

The negative Current/Other Assets for Governmental Activities reflects balances owed by Governmental Activities to Business Type Activities of \$35,400,526. This amount is shown as internal balances under current assets - positive for Business Type Activities and Negative for Governmental Activities.

The City of Harvey's net investment in capital assets of (\$13,480,924), reflects its investment in capital assets (for example, land, buildings, machinery, and equipment) after depreciation, less any related debt used to acquire those assets that is still outstanding. The amount is negative due to the fact that the debt used to acquire the assets has not been paid off as quickly as the capital assets have been depreciated. 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, \$23,456,824, of the City of Harvey's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$159,883,507) represents unrestricted net position which, if positive, would be able to be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities (Restated)		Activities (Restated)			
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 5,626,553	\$ 5,604,582	\$ 17,958,258	\$ 18,138,250	\$ 23,584,811	\$ 23,742,832
Operating Grants/Contributions	812,124	705,626	-	-	812,124	705,626
Capital Grants/Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	12,053,287	13,848,151	-	-	12,053,287	13,848,151
Utility Taxes	1,277,121	1,262,113	-	-	1,277,121	1,262,113
Telecommunication Taxes	370,236	427,043	-	-	370,236	427,043
Sales Taxes	2,283,916	2,157,244	-	-	2,283,916	2,157,244
Income Taxes	2,613,948	2,285,700	-	-	2,613,948	2,285,700
Other General Revenues	3,699,002	1,885,288	36	(642)	3,699,038	1,884,646
Total Revenues	28,736,187	28,175,747	17,958,294	18,137,608	46,694,481	46,313,355
Expenses						
General Government	12,373,367	7,539,433	-	-	12,373,367	7,539,433
Public Safety	6,942,889	8,765,127	-	-	6,942,889	8,765,127
Public Works	3,912,722	4,863,905	-	-	3,912,722	4,863,905
Community Development	95,209	63,849	-	-	95,209	63,849
Interest on Long-Term Debt	2,155,252	2,112,964	-	-	2,155,252	2,112,964
Water	-	-	18,753,971	19,212,055	18,753,971	19,212,055
Sewer	-	-	85,195	84,347	85,195	84,347
Parking	-	-	82,400	447,629	82,400	447,629
Total Expenses	25,479,439	23,345,278	18,921,566	19,744,031	44,401,005	43,089,309
Change in Net Position Before Transfers	3,256,748	4,830,469	(963,272)	(1,606,423)	2,293,476	3,224,046
Transfers	15,815	(556,281)	(15,815)	556,281	-	-
Change in Net Position	3,272,563	4,274,188	(979,087)	(1,050,142)	2,293,476	3,224,046
Net Position - Beginning (Restated)	(158,026,545)	(162,300,733)	5,825,462	6,875,603	(152,201,083)	(155,425,130)
Net Position - Ending	\$ (154,753,982)	\$ (158,026,545)	\$ 4,846,375	\$ 5,825,461	\$ (149,907,607)	\$ (152,201,084)

The net position of the City of Harvey's governmental activities increased by just over 2% (\$158,026,545 deficit in 2018 compared to a \$154,753,982 deficit in 2019). However, beginning net position was reduced from what was reported in the prior year's financial statements due to the implementation of the new OPEB GASB accounting pronouncement. This reduction was partially offset by corrections of prior year errors resulting in a net reduction of \$1,827,875 to the beginning net position.

The net position of business-type activities decreased by 16.89 percent (\$5,825,462 in 2018 compared to \$4,846,375 in 2019).

CITY OF HARVEY, ILLINOIS

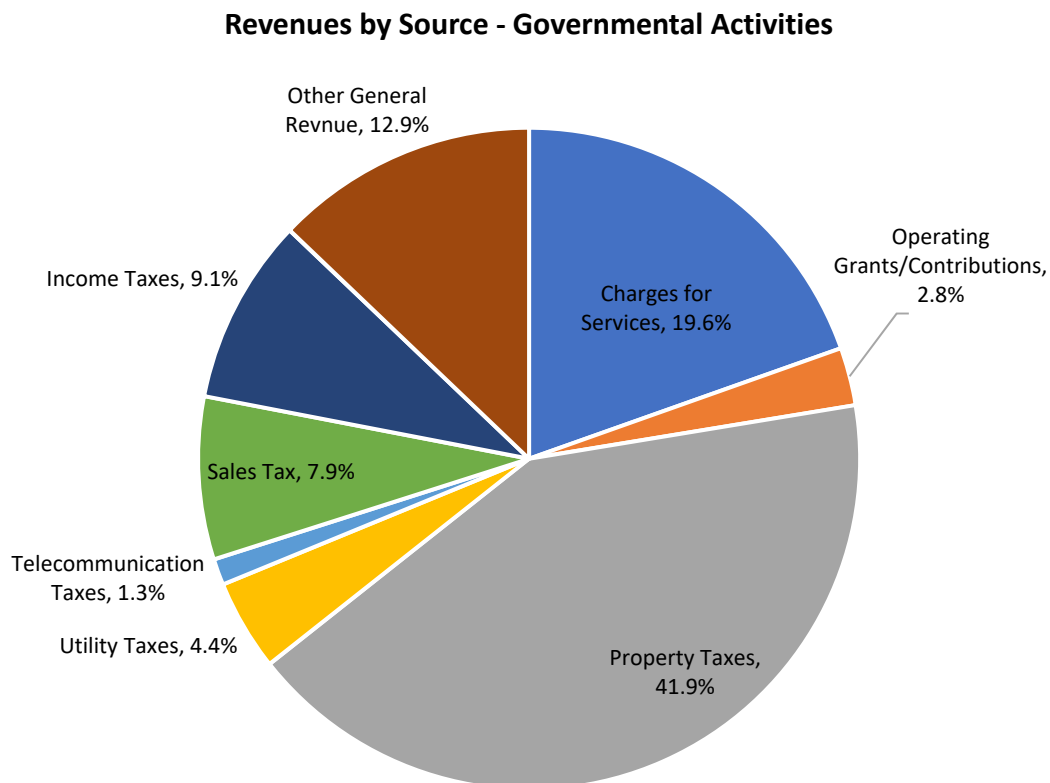
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities

Revenues for governmental activities totaled \$28,736,187, while the cost of all governmental functions totaled \$25,479,439. This results in a surplus of \$3,526,748 prior to transfers in of \$15,815. In 2018, revenues of \$28,175,747 exceeded expenses of \$23,345,278 resulting in a surplus of \$4,830,469 prior to transfers out of \$556,281. Property tax revenues were down \$1,794,864 or 13% from the prior year as a result of casino revenues being classified in this line item in the prior year but in other general revenues in the current year. Overall governmental activities' revenues increased about 2%. General government expenses increased primarily due to the recording of self-insured claims for workers compensation and liability claims. Expenses for the public safety function decreased due mainly to the impact of a large decrease in the net pension liability and/or related deferrals of the public safety pensions.

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.

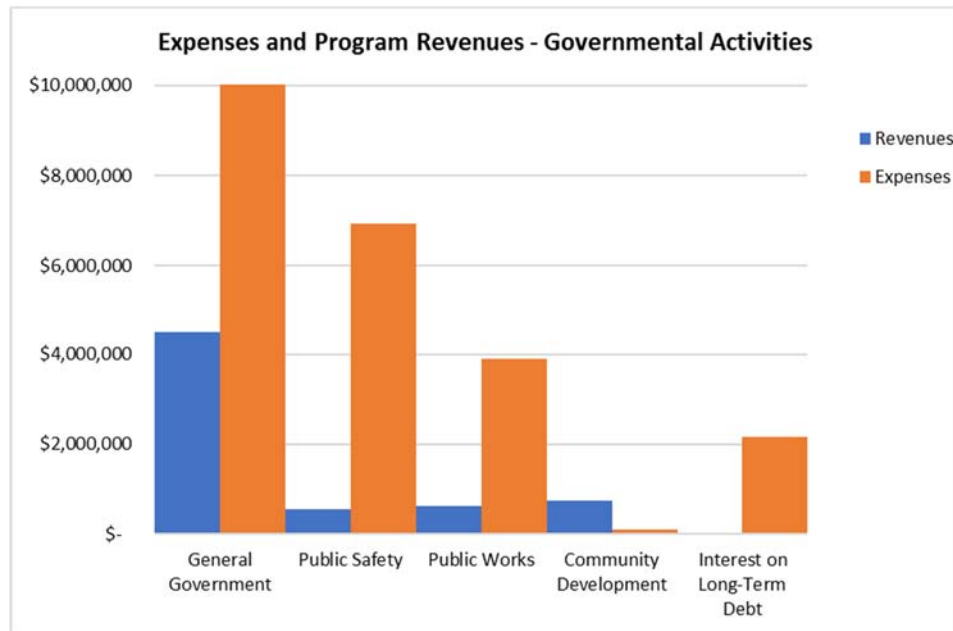


CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis
April 30, 2019

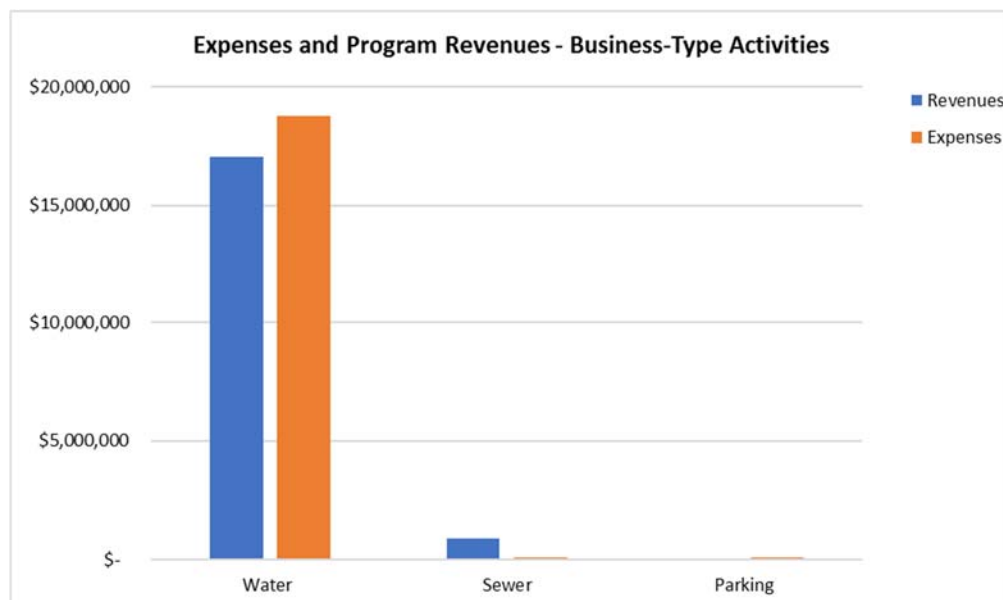
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The "Expenses and Program Revenues" Table identifies those governmental functions where program expenses greatly exceeds revenue.



Business-Type activities

Business-Type activities posted total revenues of \$17,958,294, while the cost of all business-type activities totaled \$18,921,566. This results in a deficit of \$963,272 prior to transfers out of \$15,815. In 2018, expenses of \$19,744,031 exceeded revenues of \$18,137,608, resulting in a deficit of \$1,606,423 prior to transfers in of \$556,281. Revenues were down about 1% but expenses were down over 4%.



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

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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 combined ending fund balances of (\$34,143,615), which is \$375,130 lower than last year's total of (\$33,768,485). Of the (\$34,143,615) total, (\$60,278,454) of the fund balance constitutes unrestricted fund balance.

The General Fund reported a deficit in fund balance for the year of \$1,898,799, a decrease of 3.4 percent. The City had budgeted for a deficit of \$6,860,360, but came in \$880,431 under budget in revenues and \$5,905,873 dollars under budget in expenditures which contributed to the overall deficit of \$1.9 million. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the City. At April 30, 2019, unassigned fund balance in the General Fund was (\$57,966,667).

The Motor Fuel Tax Fund reported a deficit in the current year of \$72,917, due primarily due to actual expenditures exceeding planned expenditures in the current year by \$63,644.

The Debt Service Fund reported a decrease in fund balance of \$733,098 in the current year as actual transfers from other funds to cover the debt service expenditures were \$384,185 below budget.

Beginning fund balance of the TIF I Dixie Square Fund was increased by \$4,120,464 due to the correction of a prior year error. The TIF was believed to have expired in 2016 with subsequent incremental sales tax revenues being reported as a payable due back to the County. However, the TIF had actually been extended. Current year revenues increased fund balance by an additional \$391,165.

The TIF II Center Street Fund had a surplus of \$1,015,201. This was due to property taxes received being greater than capital outlay expenditures and debt service payments.

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 City 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 deficit in the Water Fund during the current fiscal year was \$1,722,270, while the previous fiscal year reported a deficit of \$1,482,280. Unrestricted net position in the Water Fund totaled \$2,132,989 at April 30, 2019.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

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 \$22,503,569, compared to budgeted revenues of \$23,384,000. Revenues for intergovernmental revenues and charges for services were \$639,367 higher than budgeted while taxes and licenses and permits were \$1,689,624 under budget.

The General Fund actual expenditures for the year were \$5,905,873 lower than budgeted (\$23,786,487 actual compared to \$29,692,360 budgeted). This is due mainly to the general government and public safety expenditures that were under budget in the current fiscal year.

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, 2019 was \$11,804,828 (net of accumulated depreciation). This investment in capital assets includes land, buildings and property, machinery and equipment, vehicles and infrastructure.

Capital Assets - Net of Depreciation							
	Governmental Activities (Restated)		Business-Type Activities		Totals		
	2019	2018	2019	2018	2019	2018	
Land	\$ 227,134	\$ 227,134	\$ 608,738	\$ 608,738	\$ 835,872	\$ 835,872	
Construction in Progress	-	-	-	-	-	-	
Buildings and Property	1,263,960	1,327,955	641,062	670,575	1,905,022	1,998,530	
Machinery and Equipment	397,839	528,321	840,492	86,908	1,238,331	615,229	
Vehicles	461,937	624,657	-	-	461,937	624,657	
Infrastructure	3,397,856	3,497,158	3,965,810	4,345,445	7,363,666	7,842,603	
Total	\$ 5,748,726	\$ 6,205,225	\$ 6,056,102	\$ 5,711,666	\$ 11,804,828	\$ 11,916,891	

This year's major additions included:

Land	\$ -
Construction in Progress	-
Buildings and Property	-
Machinery and Equipment	942,581
Vehicles	41,911
Infrastructure	-
	<u>\$ 984,492</u>

It was determined that a road construction project included in construction in progress in 2018 had actually been completed in prior years. Therefore, the 2018 infrastructure and construction in progress balances have been restated by \$3,093,042.

Additional information on the City of Harvey's capital assets can be found in Note 3 on pages 47 - 48 of this report.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis April 30, 2019

Debt Administration

At year-end, the City of Harvey had total outstanding debt of \$65,337,070 as compared to \$67,607,398 in the previous year, due to annual repayments on outstanding long-term debt and the demand bonds being called by the bank. During the current and prior year, the City of Harvey defaulted on interest and principal payments due on certain general obligation bond issues. In the prior year, bond principal payments due but unpaid were shown as reductions of principal and added to accounts payable in both the fund statements and government wide statements. The government wide statements, the notes and the below schedule were restated in the current year to reflect the unpaid principal amounts as still outstanding. The 2018 general obligation bond balance was increased by \$1,292,000 for governmental activities and \$338,000 for business type activities. The 2018 balance of installment contracts was also increased by \$10,537,280 to reflect amounts due that were previously classified as accounts payable. Interest and principal payments due but unpaid during 2019 amounted to \$3,305,680.

During 2019, principal payments on general obligation bonds amounted to \$325,000, principal payments on revenue bonds were \$1,340,000 and principal payments on demand bonds were \$208,582. Principal payments on installment contracts for business type activities representing amounts owed to the City of Chicago were \$568,124.

The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities (Restated)		Activities (Restated)			
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 26,358,750	\$ 26,683,750	\$ 6,056,250	\$ 6,056,250	\$ 32,415,000	\$ 32,740,000
Tax Increment Financing					-	-
Revenue Bonds	5,120,000	6,460,000	-	-	5,120,000	6,460,000
Demand Bonds			-	208,582	-	208,582
Installment Contracts	171,378	-	27,630,692	28,198,816	27,802,070	28,198,816
Total	<u>\$ 31,650,128</u>	<u>\$ 33,143,750</u>	<u>\$ 33,686,942</u>	<u>\$ 34,463,648</u>	<u>\$ 65,337,070</u>	<u>\$ 67,607,398</u>

Additional information on the City of Harvey's long-term debt can be found in Note 3 on pages 50-53 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 2020 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.

CITY OF HARVEY, ILLINOIS

Management's Discussion and Analysis
April 30, 2019

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, requests for additional information or requests for financial statements for the police or firefighters pension funds 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 the user's understanding of the basic financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 5,133,368	\$ 448,756	\$ 5,582,124
Cash at Paying Agent	-	-	-
Receivables - Net of Allowances	17,548,872	2,063,464	19,612,336
Due from Other Governments	5,384	-	5,384
Internal Balances	(35,400,526)	35,400,526	-
Prepays/Inventories	112,004	98,608	210,612
Total Current Assets	<u>(12,600,898)</u>	<u>38,011,354</u>	<u>25,410,456</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	227,134	608,738	835,872
Depreciable	23,786,093	25,780,303	49,566,396
Accumulated Depreciation	<u>(18,264,501)</u>	<u>(20,332,939)</u>	<u>(38,597,440)</u>
Total capital assets	<u>5,748,726</u>	<u>6,056,102</u>	<u>11,804,828</u>
Other Assets			
Net Pension Asset - IMRF	<u>1,922,949</u>	<u>897,452</u>	<u>2,820,401</u>
Total Noncurrent Assets	<u>7,671,675</u>	<u>6,953,554</u>	<u>14,625,229</u>
Total Assets	<u>(4,929,223)</u>	<u>44,964,908</u>	<u>40,035,685</u>
Deferred Outflows of Resources			
Deferred Items - IMRF	1,563,465	729,678	2,293,143
Deferred Items - Police Pension	6,271,547	-	6,271,547
Deferred Items - Firefighters' Pension	4,436,472	-	4,436,472
Deferred Items - OPEB	255,929	21,803	277,732
Total Deferred Outflows of Resources	<u>12,527,413</u>	<u>751,481</u>	<u>13,278,894</u>
Total Assets and Deferred Outflows of Resources	<u>7,598,190</u>	<u>45,716,389</u>	<u>53,314,579</u>

See accompanying notes to financial statements

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,792,526	5,362,854	8,155,380
Accrued Payroll	244,147	20,394	264,541
Accrued Interest Payable	3,270,199	708,292	3,978,491
Deposits Payable	2,384	242,739	245,123
Due to Other Governments	77,151	-	77,151
Current Portion of Long-Term Debt	5,516,450	2,431,083	7,947,533
Total Current Liabilities	<u>11,902,857</u>	<u>8,765,362</u>	<u>20,668,219</u>
Noncurrent Liabilities			
Compensated Absences Payable	1,820,133	\$ 3,687	\$ 1,823,820
Net Pension Liability - Police Pension	20,637,301	-	20,637,301
Net Pension Liability - Firefighters' Pension	49,756,941	-	49,756,941
OPEB Liability	8,523,594	726,152	9,249,746
Self Insurance Claims Payable	7,819,136	-	7,819,136
General Obligation Bonds Payable - Net	23,362,768	5,003,376	28,366,144
Installment Contracts	-	26,255,859	26,255,859
Revenue Bonds Payable	3,680,000	-	3,680,000
Total Noncurrent Liabilities	<u>115,599,873</u>	<u>31,989,074</u>	<u>147,588,947</u>
Total Liabilities	<u>127,502,730</u>	<u>40,754,436</u>	<u>168,257,166</u>
Deferred Inflows of Resources			
Deferred Items - IMRF	247,647	115,578	363,225
Deferred Items - Police Pension	15,647,089	-	15,647,089
Deferred Items - Firefighters' Pension	4,939,610	-	4,939,610
Property Taxes	14,015,096	-	14,015,096
Total Deferred Inflows of Resources	<u>34,849,442</u>	<u>115,578</u>	<u>34,965,020</u>
Total Liabilities and Deferred Inflows of Resources	<u>162,352,172</u>	<u>40,870,014</u>	<u>203,222,186</u>

See accompanying notes to financial statements

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net Position			
Net Investment in Capital Assets	(13,472,792)	(8,132)	(13,480,924)
Restricted			
Grant	5,086	-	5,086
Public Safety	252,939	-	252,939
Public Works	5,155,613	-	5,155,613
Capital Projects	18,043,186	-	18,043,186
Unrestricted (deficit)	<u>(164,738,014)</u>	<u>4,854,507</u>	<u>(159,883,507)</u>
Total Net Position	<u>\$ (154,753,982)</u>	<u>\$ 4,846,375</u>	<u>\$ (149,907,607)</u>

See accompanying notes to financial statements

CITY OF HARVEY, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues			
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General Government	12,373,367	\$ 4,336,059	\$ 166,397	\$ -	\$ (7,870,911)	\$ -	\$ (7,870,911)	
Public Safety	6,942,889	556,827	-	-	(6,386,062)	-	(6,386,062)	
Public Works	3,912,722	622,190	-	-	(3,290,532)	-	(3,290,532)	
Community Development	95,209	111,477	645,727	-	661,995	-	661,995	
Interest on Long-Term Debt	2,155,252	-	-	-	(2,155,252)	-	(2,155,252)	
Total Governmental Activities	25,479,439	5,626,553	812,124	-	(19,040,762)	-	(19,040,762)	
Business-Type Activities								
Water	18,753,971	17,047,480	-	-	-	(1,706,491)	(1,706,491)	
Pace Bus Terminal Parking	29,596	2,505	-	-	-	(27,091)	(27,091)	
Commuter Parking Lot	52,804	26,080	-	-	-	(26,724)	(26,724)	
Sewer	85,195	882,193	-	-	-	796,998	796,998	
Total Business-Type Activities	18,921,566	17,958,258	-	-	-	(963,308)	(963,308)	
Total Primary Government	44,401,005	23,584,811	812,124	-	(19,040,762)	(963,308)	(20,004,070)	
General Revenues								
Taxes								
Property Taxes					12,053,287	-	12,053,287	
Utility Taxes					1,277,121	-	1,277,121	
Telecommunications Taxes					370,236	-	370,236	
Other Taxes					1,900,288	-	1,900,288	
Intergovernmental - Unrestricted								
State Sales Taxes					2,283,916	-	2,283,916	
State Income Taxes					2,613,948	-	2,613,948	
Local Use Tax					768,651	-	768,651	
Replacement Taxes					710,714	-	710,714	
Interest Income					71,558	36	71,594	
Miscellaneous					209,453	-	209,453	
Sale of Property					38,338	-	38,338	
Transfers - Internal Activity					15,815	(15,815)	-	
Total General Revenues					22,313,325	(15,779)	22,297,546	
Change in Net Position					3,272,563	(979,087)	2,293,476	
Net Position - Beginning (Restated)					(158,026,545)	5,825,462	(152,201,083)	
Net Position - Ending					\$ (154,753,982)	\$ 4,846,375	\$ (149,907,607)	

CITY OF HARVEY, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2019

		Special Revenue		Capital Projects				
	General	Motor Fuel Tax	Debt Service	Capital Projects	TIF I Dixie Square	TIF II Center Street	Nonmajor	Totals
Assets								
Cash and Investments	\$ 658,499	\$ -	\$ 1,447,980	\$ 9,695	\$ 742	\$ 2,636,014	\$ 380,438	\$ 5,133,368
Receivables - Net of Allowances								
Taxes	13,025,689	-	3,203,687	-	-	-	-	16,229,376
Accounts	846,779	55,961	-	-	-	-	-	902,740
Other	416,756	-	-	-	-	-	-	416,756
Due from Other Governments	-	-	-	-	-	-	5,384	5,384
Advances to Other Funds	10,364	5,908,258	417,793	2,579,382	4,510,887	5,701,670	4,859,698	23,988,052
Prepays/Inventories	112,004	-	-	-	-	-	-	112,004
Total Assets	<u>15,070,091</u>	<u>5,964,219</u>	<u>5,069,460</u>	<u>2,589,077</u>	<u>4,511,629</u>	<u>8,337,684</u>	<u>5,245,520</u>	<u>46,787,680</u>
Liabilities								
Accounts Payable	1,889,973	808,606	4,425,667	33,430	-	46,263	-	7,203,939
Accrued Payroll	244,147	-	-	-	-	-	-	244,147
Deposits Payable	2,384	-	-	-	-	-	-	2,384
Due to Other Governments	77,151	-	-	-	-	-	-	77,151
Advances from Other Funds	59,378,214	-	-	-	-	-	10,364	59,388,578
Total Liabilities	<u>61,591,869</u>	<u>808,606</u>	<u>4,425,667</u>	<u>33,430</u>	<u>-</u>	<u>46,263</u>	<u>10,364</u>	<u>66,916,199</u>
Deferred Inflows of Resources								
Property Taxes	11,064,496	-	2,950,600	-	-	-	-	14,015,096
Total Liabilities and Deferred Inflows of Resources	<u>72,656,365</u>	<u>808,606</u>	<u>7,376,267</u>	<u>33,430</u>	<u>-</u>	<u>46,263</u>	<u>10,364</u>	<u>80,931,295</u>
Fund Balances								
Nonspendable	122,368	-	-	-	-	-	-	122,368
Restricted	258,025	5,155,613	-	-	4,511,629	8,291,421	5,240,136	23,456,824
Assigned	-	-	-	2,555,647	-	-	-	2,555,647
Unassigned	(57,966,667)	-	(2,306,807)	-	-	-	(4,980)	(60,278,454)
Total Fund Balances	<u>(57,586,274)</u>	<u>5,155,613</u>	<u>(2,306,807)</u>	<u>2,555,647</u>	<u>4,511,629</u>	<u>8,291,421</u>	<u>5,235,156</u>	<u>(34,143,615)</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,070,091</u>	<u>\$ 5,964,219</u>	<u>\$ 5,069,460</u>	<u>\$ 2,589,077</u>	<u>\$ 4,511,629</u>	<u>\$ 8,337,684</u>	<u>\$ 5,245,520</u>	<u>\$ 46,787,680</u>

CITY OF HARVEY, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2019

Total Governmental Fund Balances	\$ (34,143,615)
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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.	5,748,726
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The net pension assets of the pension funds are included in the governmental activities in the Statement of Net Position. Net Pension Asset - IMRF	1,922,949
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - OPEB	255,929
Deferred Items - IMRF	1,315,818
Deferred Items - Police Pension	(9,375,542)
Deferred Items - Firefighters' Pension	(503,138)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Interest Payable	(3,270,199)
Compensated Absences Payable	(2,366,455)
Net Pension Liability - Police Pension	(20,637,301)
Net Pension Liability - Firefighters' Pension	(49,756,941)
Total OPEB Liability	(8,523,594)
Self Insurance Claims Payable	(7,819,136)
Settlement Installment Payable	(171,378)
General Obligation Bonds Payable - Net	(26,721,518)
Less: Defaulted Bonds Payable Included in Accounts Payable in the funds	2,126,000
Defaulted accrued interest included in the debt service fund	2,285,413
Revenue Bonds Payable	<u>(5,120,000)</u>

Net Position of Governmental Activities	<u>\$ (154,753,982)</u>
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CITY OF HARVEY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

		Special Revenue			Capital Projects			
	General	Motor Fuel Tax	Debt Service	Capital Projects	TIF I Dixie Square	TIF II Center Street	Nonmajor	Total
Revenues								
Taxes	\$ 10,112,099	\$ -	\$ 1,937,324	\$ -	\$ 391,165	\$ 2,237,287	\$ 923,057	\$ 15,600,932
Licenses and Permits	1,423,277	-	-	-	-	-	-	1,423,277
Intergovernmental	6,543,626	645,727	-	-	-	-	-	7,189,353
Charges for Services	3,844,741	-	-	-	-	-	-	3,844,741
Fines and Forfeitures	358,535	-	-	-	-	-	-	358,535
Interest	11,838	-	11,904	267	-	47,549	-	71,558
Miscellaneous	209,453	-	-	-	-	-	-	209,453
Total Revenues	<u>22,503,569</u>	<u>645,727</u>	<u>1,949,228</u>	<u>267</u>	<u>391,165</u>	<u>2,284,836</u>	<u>923,057</u>	<u>28,697,849</u>
Expenditures								
Current								
General Government	5,705,848	-	2,240	-	-	-	-	5,708,088
Public Safety	14,943,748	-	-	-	-	-	-	14,943,748
Public Works	2,999,771	718,644	-	-	-	33,135	102,006	3,853,556
Community Development	95,209	-	-	-	-	-	-	95,209
Capital Outlay	41,911	-	-	-	-	-	-	41,911
Debt Service								
Principal Retirement	-	-	1,159,000	-	-	1,070,000	270,000	2,499,000
Interest and Fiscal Charges	-	-	1,536,901	-	-	166,500	282,219	1,985,620
Total Expenditures	<u>23,786,487</u>	<u>718,644</u>	<u>2,698,141</u>	<u>-</u>	<u>-</u>	<u>1,269,635</u>	<u>654,225</u>	<u>29,127,132</u>
Excess (Deficiency) Of Revenue	<u>(1,282,918)</u>	<u>(72,917)</u>	<u>(748,913)</u>	<u>267</u>	<u>391,165</u>	<u>1,015,201</u>	<u>268,832</u>	<u>(429,283)</u>
Other Financing Sources (Uses)								
Disposal of Capital Assets	38,338	-	-	-	-	-	-	38,338
Transfers In	-	-	15,815	-	-	-	654,219	670,034
Transfers Out	(654,219)	-	-	-	-	-	-	(654,219)
Total Other Financing Source (Uses)	<u>(615,881)</u>	<u>-</u>	<u>15,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,219</u>	<u>54,153</u>
Net Change In Fund Balances	<u>(1,898,799)</u>	<u>(72,917)</u>	<u>(733,098)</u>	<u>267</u>	<u>391,165</u>	<u>1,015,201</u>	<u>923,051</u>	<u>(375,130)</u>
Fund Balances - Beginning (Restated)	<u>(55,687,475)</u>	<u>5,228,530</u>	<u>(1,573,709)</u>	<u>2,555,380</u>	<u>4,120,464</u>	<u>7,276,220</u>	<u>4,312,105</u>	<u>(33,768,485)</u>
Fund Balances - Ending	<u>\$ (57,586,274)</u>	<u>\$ 5,155,613</u>	<u>\$ (2,306,807)</u>	<u>\$ 2,555,647</u>	<u>\$ 4,511,629</u>	<u>\$ 8,291,421</u>	<u>\$ 5,235,156</u>	<u>\$ (34,143,615)</u>

See accompanying notes to financial statements

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	(375,130)
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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 are allocated over their estimated useful lives and
reported as depreciation expense.

Capital Outlays		83,860
Depreciation Expense		(540,359)

A decrease in a net pension asset is not considered to be a decrease in financial asset in the governmental funds.		(2,527,325)
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Deferred outflows (inflows) of resources related to the pensions
not reported in the funds.

Change in Deferred Items - OPEB		255,929
Change in Deferred Items - IMRF		2,858,699
Change in Deferred Items - Police Pension		(8,192,647)
Change in Deferred Items - Firefighters' Pension		4,924,019

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 Net Pension Liability - Police Pension		11,723,396
(Additions) to Net Pension Liability - Firefighters' Pension		(67,728)
(Additions) to Total OPEB Liability		(731,010)
Deductions to Compensated Absences Payable		365,156
(Additions) to Self Insurance Claims		(6,833,664)
Retirement of Debt		2,499,000
Amortization of Debt Related Items		26,712

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.

		(196,345)
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Changes in Net Position of Governmental Activities	\$	3,272,563
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CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
APRIL 30, 2019

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
Assets			
Current Assets			
Cash and Investments	448,756	\$ -	\$ 448,756
Receivables - Net of Allowances			
Customer Billings and Unbilled Services	1,928,123	135,341	2,063,464
Advances to Other Funds	32,711,410	2,689,116	35,400,526
Prepays	98,608	-	98,608
Total Current Assets	<u>35,186,897</u>	<u>2,824,457</u>	<u>38,011,354</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	126,488	482,250	608,738
Depreciable	18,702,631	7,077,672	25,780,303
Accumulated Depreciation	<u>(13,567,553)</u>	<u>(6,765,386)</u>	<u>(20,332,939)</u>
Total Capital Assets	<u>5,261,566</u>	<u>794,536</u>	<u>6,056,102</u>
Other Assets			
Net Pension Asset - IMRF	<u>897,452</u>	<u>-</u>	<u>897,452</u>
Total Noncurrent Assets	<u>6,159,018</u>	<u>794,536</u>	<u>6,953,554</u>
Total Assets	<u>41,345,915</u>	<u>3,618,993</u>	<u>44,964,908</u>
Deferred Outflow of Resources			
Deferred Items - OPEB	21,803	-	21,803
Deferred Items - IMRF	<u>729,678</u>	<u>-</u>	<u>729,678</u>
Total Deferred Outflow of Resources	<u>751,481</u>	<u>-</u>	<u>751,481</u>
Total Assets and Deferred Outflow of Resources	<u>42,097,396</u>	<u>3,618,993</u>	<u>45,716,389</u>
Liabilities			
Current liabilities			
Accounts Payable	5,261,228	101,626	5,362,854
Accrued Payroll	19,081	1,313	20,394
Accrued Interest Payable	708,292	-	708,292
Deposits Payable	242,739	-	242,739
Current Portion of Long-Term Debt	<u>2,431,083</u>	<u>-</u>	<u>2,431,083</u>
Total Current Liabilities	<u>8,662,423</u>	<u>102,939</u>	<u>8,765,362</u>
Noncurrent Liabilities			
Compensated Absences Payable	3,687	-	3,687
Total OPEB Liability	726,152	-	726,152
General Obligation Bonds Payable - Net	5,003,376	-	5,003,376
Installment Contract	<u>26,255,859</u>	<u>-</u>	<u>26,255,859</u>
Total Noncurrent Liabilities	<u>31,989,074</u>	<u>-</u>	<u>31,989,074</u>
Total Liabilities	<u>40,651,497</u>	<u>102,939</u>	<u>40,754,436</u>
Deferred Inflow of Resources			
Deferred Items - IMRF	<u>115,578</u>	<u>-</u>	<u>115,578</u>
Total Liabilities and Deferred Inflow of Resources	<u>40,767,075</u>	<u>102,939</u>	<u>40,870,014</u>
Net Position			
Net Investment in Capital Assets	(802,668)	794,536	(8,132)
Unrestricted	<u>2,132,989</u>	<u>2,721,518</u>	<u>4,854,507</u>
Total Net Position	<u>\$ 1,330,321</u>	<u>\$ 3,516,054</u>	<u>\$ 4,846,375</u>

CITY OF HARVEY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
Operating Revenues			
Charges for Services	\$ 17,047,480	\$ 910,778	\$ 17,958,258
Operating Expenses			
Operations	15,841,561	126,135	15,967,696
Depreciation and Amortization	514,736	41,460	556,196
Total Operating Expenses	16,356,297	167,595	16,523,892
Operating Income	691,183	743,183	1,434,366
Non-Operating Revenue/(Expense)			
Interest Income	36	-	36
Other Income - Penalties & Fees	(914,867)	-	(914,867)
Interest Expense	(1,482,807)	-	(1,482,807)
Total Non-Operating Revenue/(Expense)	(2,397,638)	-	(2,397,638)
Income Before Transfers	(1,706,455)	743,183	(963,272)
Transfers Out	(15,815)	-	(15,815)
Change in Net Position	(1,722,270)	743,183	(979,087)
Net Position - Beginning (Restated)	3,052,591	2,772,871	5,825,462
Net Position - Ending	\$ 1,330,321	\$ 3,516,054	\$ 4,846,375

CITY OF HARVEY, ILLINOIS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	Business-Type Activities - Enterprise		
	Water	Nonmajor	Totals
Cash Flows From Operating Activities			
Receipts from Customers and Users	\$ 17,242,629	\$ 933,060	\$ 18,175,689
Payments to Employees	(679,000)	(40,463)	(719,463)
Payments to Suppliers	(23,350,292)	(182,489)	(23,532,781)
Net Cash Provided by Operating Activities	(6,786,663)	710,108	(6,076,555)
Cash Flows From Noncapital Financing Activities			
Reduction (Increase) in Advances to Other Funds	474,147	(622,608)	(148,461)
Transfers Out	(15,815)	-	(15,815)
Net Cash Provided by Noncapital Financing Activities	458,332	(622,608)	(164,276)
Cash Flows From Capital And Related Financing Activities			
(Purchase) Sale of Capital Assets	(813,132)	(87,500)	(900,632)
Principal Retirement	(221,245)	-	(221,245)
Debt Issuance	9,054,289	-	9,054,289
Interest Payments	(1,668,115)	-	(1,668,115)
Net Cash Used by Capital and Related Financing Activities	6,351,797	(87,500)	6,264,297
Cash Flows From Investing Activities			
Interest Received	36	-	36
Net Change in Cash and Cash Equivalents	23,502	-	23,502
Cash and Cash Equivalents - Beginning	425,254	-	425,254
Cash and Cash Equivalents - Ending	448,756	-	448,756
Reconciliation Of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	691,183	743,183	1,434,366
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities			
Depreciation and Amortization Expense	514,736	41,460	556,196
(Increase) Decrease in Receivables	224,549	22,255	246,804
(Increase) Decrease in Prepaids	(29,400)	27	(29,373)
(Increase) Decrease in Net Pension Asset	(154,655)	-	(154,655)
Increase (Decrease) in Accounts Payable	(7,771,399)	(96,937)	(7,868,336)
Increase (Decrease) in Accrued Payroll	(34,051)	120	(33,931)
Increase (Decrease) in Other Current Liabilities	(227,626)	-	(227,626)
Net Cash Provided by Operating Activities	\$ (6,786,663)	\$ 710,108	\$ (6,076,555)

CITY OF HARVEY, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
APRIL 30, 2019

	Pension Trust
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 2,952,482
Investments	
U.S. Treasuries	5,625,307
U.S. Agencies	1,219,903
Corporate Bonds	1,594,517
Common Stock	6,588,397
Equity Mutual Funds	9,879,825
Total Investments	<u>24,907,949</u>
Receivables	
Accrued Interest	49,171
Due from Other	31,437
Due from Other Funds	23,425,291
Reserve Uncollectible - Interfund	<u>(23,425,291)</u>
Total Receivables	<u>80,608</u>
Prepays	<u>18,137</u>
Total Assets	<u>27,959,176</u>
Liabilities	
Accounts payable	<u>76,878</u>
Net Position	
Net Position Restricted for Pensions	<u><u>\$ 27,882,298</u></u>

See accompanying notes to financial statements

CITY OF HARVEY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	Pension Trust
Additions	
Contributions - Employer	\$ 5,411,098
Contributions - Plan Members	482,732
Total Contributions	<u>5,893,830</u>
Investment Income	
Interest Earned	847,250
Net Change in Fair Value	684,516
	<u>1,531,766</u>
Less Investment Expenses	(139,906)
Net Investment Income	<u>1,391,860</u>
Total Additions	<u>7,285,690</u>
Deductions	
Administration	622,702
Benefits and Refunds	4,826,172
Total Deductions	<u>5,448,874</u>
Change in Fiduciary Net Position	1,836,816
Net Position Restricted for Pensions	
Beginning	<u>26,045,482</u>
Ending	<u><u>\$ 27,882,298</u></u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Harvey (the City), Illinois 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 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.

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's Mayor, 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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

The City does not allocate indirect costs.

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

- Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

Governmental Funds

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

The *General Fund* is the primary 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 one special revenue fund. 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 governmental long-term debt. The City's Debt Service Fund is a major fund.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 ten capital projects funds. The Capital Projects Fund, a major fund, is used to account for the proceeds of debt used for the acquisition or construction of capital projects. The TIF I Dixie Square Fund, also a major fund, is used to account for the restricted incremental property taxes of the Dixie Square Tax Increment Financing District and the use 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 Increment 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 (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains four enterprise funds. The Water Fund is the only major enterprise fund. It 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.

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 police force 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 or other sources. The Firefighters' Pension Fund accounts for the accumulation of resources to pay pension costs for sworn members of the City's Fire Department. Resources are contributed by firefighters at rates fixed by state statutes and by the government through an annual property tax levy or other sources. 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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

In 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.

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. 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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Cash and Investments

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

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

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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Prepays/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.

Capital Assets

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

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

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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Deferred Outflows/Inflows of Resources

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

Net Position

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

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

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

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

In cases where either restricted or unrestricted net position can be used to pay expenses, restricted funds will be used first until exhausted.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

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 General, Motor Fuel Tax, Debt Service, TIF I Dixie Square, TIF II Center Street, Hotel/Motel, TIF IV Dixie Sibley, TIF III Cresco Business Park, TIF V RPM Wyman Gordon, TIF VII Arco/147th Street, Water, Pace Bus Terminal Parking, Commuter Parking Lot and Sewer Funds.
- 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 Council approval. The level of legal control is generally considered to be the fund budget in total
- Budget amounts are as originally adopted.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
MFT	\$ 63,644
Hotel/Motel	96,353
Water	1,215,861
Commuter Parking Lot	7,807
Pace Bus Terminal Parking	5,596
TIF VII Arco/147th Street	6

DEFICIT FUND BALANCE

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

Fund	Deficit
General	\$57,586,274
Debt Service	2,306,807
TIF VI Dixie Highway Corridor	4,980

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

LIQUIDITY RISK

Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they come due. The City faces significant risks threatening its ability to generate cash from revenues sufficient to pay operating expenditures and debt service. Four of the City's largest revenue streams, distributable state aid, property taxes, municipal income taxes, and municipal sales taxes, are especially susceptible during times of major economic downturns and have declined in recent years. Also, the number of residents leaving the City and home foreclosures has adversely impacted City property valuations and property and income tax collections. Further stressing the City's liquidity are legacy costs such as pension retirement benefits and debt service. As the City's tax base and revenues decline, the legacy costs become an increasing percentage of the General Fund budget, reducing funding available for essential services such as public safety.

As a result of the ongoing operating deficits over the past several years, the City had an accumulated unassigned General Fund deficit of \$57.6 million at April 30, 2019.

In addition, the City's General Fund has borrowed a total of \$59.4 million from other City funds, such as the Water Fund and TIF Funds (See Note 3 Interfund Receivables, Payables, and Transfers), over the past several fiscal years to provide additional liquidity. Due to the General Fund being unable to pay back the Water Fund, the City has also been unable to maintain its payments to the City of Chicago for the current water invoices and settlement payments (See Note 4 Contingent Liabilities - Litigation). Also, the lack of payments to the pension funds has caused the pension funds to file litigation against the City (See Note 4 Contingent Liabilities - Litigation). In addition, the City defaulted on several bond payments during the year (See Note 4 Contingent Liabilities - Bond Default).

Liquidity improvement is dependent upon the elimination of the City's accumulated deficit, reduction of operating and legacy costs, effectuating financial restructuring measures, improving revenues or enhancing collections, and improvement in the local economy and tax base. If the City is unable to make improvements in these areas, the City's financial status could deteriorate further and its options to improve its fiscal health may be limited.

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.

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

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

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.

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 \$5,559,593 and the bank balances totaled \$6,322,111. In addition, the City has \$22,531 invested in IMET at year-end, which is measured at net asset value per share as determined by the Pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy 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 one year to three years.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

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 Aaa by Moody'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.

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, \$5,322,111 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 \$1,926,920 and the bank balances totaled \$2,232,572.

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	\$4,380,551	\$ 953,520	\$ 1,853,260	\$ 1,573,771	\$ -
U.S. Agencies	651,648	-	551,685		99,963
Corporate Bonds	433,600	84,850	348,749	-	-
Illinois Funds	76,627	76,627	-	-	-
Total	5,542,426	1,114,998	2,753,694	1,573,771	99,963

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

The Fund has the following recurring fair value measurements as of April 30, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 4,380,551	\$ 4,380,551	\$ -	\$ -
U.S. Agencies	651,648	-	651,648	-
Corporate Bonds	433,600	-	433,600	-
Equity Securities				
Common Stock	4,831,369	4,831,369	-	-
Equity Mutual Funds	5,615,320	5,615,320	-	-
 Total Investments by Fair Value Level	 15,912,488	 \$ 14,827,240	 \$ 1,085,248	 \$ -
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	<u>76,627</u>			
 Total Investments Measured at Fair Value	 <u>\$15,989,115</u>			

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

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). Illinois Funds are rated AAA by Standard & Poor's. The investments in the securities of U.S. Agencies were all rated Aaa by Moody's Investor Services or were small issues that were unrated and the investments in the corporate bonds were rated Baa1 to A3 by Moody's Investor Services. The investments in the securities of the U.S. Treasuries were not rated.

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, 2019, \$1,808,873 of the bank balance of deposits was not covered by federal depository or equivalent insurance.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (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 \$5,615,320 invested in equity mutual funds and \$4,831,369 invested in common stock. At year-end, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net plan position available for retirement benefits. Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income, Government	32.00%	0.40%
Corporate Investment Grade	8.00%	0.90%
Domestic Equities	45.00%	6.40%
International Equities	15.00%	5.15%

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the table above.

Rate of Return

For the fiscal year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 \$1,025,562 and the bank balances totaled \$1,016,080.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 1,244,756	\$ -	\$ 603,246	\$ 341,934	\$ 299,576
U.S. Agencies	568,255	30	32,508	23,354	512,363
Corporate Bonds	1,160,917	70,224	451,495	476,276	162,922
Total	<u>\$ 2,973,928</u>	<u>\$ 70,254</u>	<u>\$ 1,087,249</u>	<u>\$ 841,564</u>	<u>\$ 974,861</u>

The Fund has the following recurring fair value measurements as of April 30, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 1,244,756	\$ 1,244,756	\$ -	\$ -
U.S. Agencies	568,255	-	568,255	-
Corporate Bonds	1,160,917	-	1,160,917	-
Equity Securities				
Equity Securities	1,757,028	1,757,028	-	-
Equity Mutual Funds	4,264,505	4,264,505	-	-
Total Investments by Fair Value Level	<u>\$ 8,995,461</u>	<u>\$ 7,266,289</u>	<u>\$ 1,729,172</u>	<u>\$ -</u>

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

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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

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 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. Government Agencies were all rated AAA, and Corporate Bonds are rated BBB or better by Standard & Poor's or by Moody's Investors Services or were small issues that were unrated or underrated. Unrated (N/R) and underrated investments are listed in the following table:

Investment Type	Par Value	Interest Rate	Maturity Date	Standard and Poor's	Moody's Investors Services
Columbia Pipeline Group	\$ 10,000	4.50%	June 1, 2025	NR	Baa1
Federal Home Loan Mortgage Corp.	2,204	5.50%	August 1, 2035	NR	NR
Federal Home Loan Mortgage Corp.	6,378	6.50%	August 1, 2036	NR	NR
Federal Home Loan Mortgage Corp.	10,462	6.50%	September 1, 2036	NR	NR
Federal Home Loan Mortgage Corp.	2,226	6.50%	September 1, 2036	NR	NR
Federal Home Loan Mortgage Corp.	2,881	6.00%	November 1, 2036	NR	NR
Federal Home Loan Mortgage Corp.	928	6.00%	March 1, 2037	NR	NR
Federal Home Loan Mortgage Corp.	487	6.00%	August 1, 2037	NR	NR
Federal Home Loan Mortgage Corp.	1,168	6.50%	November 1, 2037	NR	NR
Federal Home Loan Mortgage Corp.	1,115	5.50%	May 1, 2038	NR	NR
Federal Home Loan Mortgage Corp.	2,734	5.00%	September 1, 2038	NR	NR
Federal Home Loan Mortgage Corp.	3,139	5.00%	February 1, 2039	NR	NR
Federal Home Loan Mortgage Corp.	2,017	4.50%	April 1, 2039	NR	NR
Federal Home Loan Mortgage Corp.	23,975	3.50%	July 1, 2044	NR	NR
Federal Home Loan Mortgage Corp.	14,160	3.50%	December 1, 2044	NR	NR
Federal Home Loan Mortgage Corp.	20,547	3.50%	December 1, 2045	NR	NR
Federal Home Loan Mortgage Corp.	15,679	3.50%	December 1, 2045	NR	NR
Federal Home Loan Mortgage Corp.	3,007	3.00%	March 1, 2046	NR	NR
Federal Home Loan Mortgage Corp.	22,171	3.00%	December 1, 2046	NR	NR
Federal Home Loan Mortgage Corp.	19,154	3.50%	October 1, 2047	NR	NR
Federal Home Loan Mortgage Corp.	37,579	3.50%	January 1, 2048	NR	NR
Federal Home Loan Mortgage Corp.	18,352	4.00%	February 1, 2048	NR	NR
Federal Home Loan Mortgage Corp.	28,449	4.00%	August 1, 2048	NR	NR
Federal Home Loan Mortgage Corp.	29,761	4.00%	September 1, 2048	NR	NR

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Investment Type	Par Value	Interest Rate	Maturity Date	Standard and Poor's	Moody's Investors Services
Federal National Mortgage Assoc.	2,481	3.50%	August 1, 2032	NR	NR
Federal National Mortgage Assoc.	627	5.50%	July 1, 2036	NR	NR
Federal National Mortgage Assoc.	20,711	6.00%	July 1, 2036	NR	NR
Federal National Mortgage Assoc.	17,461	6.50%	August 1, 2036	NR	NR
Federal National Mortgage Assoc.	1,505	6.00%	October 1, 2036	NR	NR
Federal National Mortgage Assoc.	1,766	5.50%	November 1, 2036	NR	NR
Federal National Mortgage Assoc.	853	6.00%	November 1, 2036	NR	NR
Federal National Mortgage Assoc.	89	5.50%	November 1, 2036	NR	NR
Federal National Mortgage Assoc.	371	5.50%	December 1, 2036	NR	NR
Federal National Mortgage Assoc.	347	6.00%	December 1, 2036	NR	NR
Federal National Mortgage Assoc.	4,801	6.00%	January 1, 2037	NR	NR
Federal National Mortgage Assoc.	2,553	6.00%	April 1, 2037	NR	NR
Federal National Mortgage Assoc.	600	6.00%	September 1, 2037	NR	NR
Federal National Mortgage Assoc.	608	6.50%	January 1, 2038	NR	NR
Federal National Mortgage Assoc.	2,107	5.00%	May 1, 2038	NR	NR
Federal National Mortgage Assoc.	4,185	5.00%	April 1, 2039	NR	NR
Federal National Mortgage Assoc.	2,909	4.50%	July 1, 2039	NR	NR
Federal National Mortgage Assoc.	17,986	5.50%	February 1, 2040	NR	NR
Federal National Mortgage Assoc.	14,735	5.00%	June 1, 2040	NR	NR
Federal National Mortgage Assoc.	18,466	3.50%	September 1, 2045	NR	NR
Federal National Mortgage Assoc.	26,433	3.50%	November 1, 2045	NR	NR
Federal National Mortgage Assoc.	22,438	3.00%	April 1, 2046	NR	NR
Federal National Mortgage Assoc.	29,536	3.50%	January 1, 2048	NR	NR
Federal National Mortgage Assoc.	28,448	4.00%	May 1, 2048	NR	NR

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."

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2019, \$733,292 of the bank balance of the deposits was uninsured and uncollateralized. The Pension Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. While not required by the investment policy, the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. In accordance with the investment policy, "Risk management is achieved primarily through asset allocation established by the Board, thus dampening individual asset risk. Since the Board has chosen to use a multiple manager approach across multiple asset classes, the need for broad diversification within individual portfolios, although not entirely eliminated, is somewhat reduced." In addition to the securities and fair values listed previously, the Fund also has \$1,757,028 invested in various individual equity securities. At April 30, 2019, the Pension Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net plan position available for retirement benefits. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed 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 Pension Board has diversified its equity mutual fund holdings as follows:

Equity Mutual Funds	Fair Value
iShares Core MSCI Emerging Markets ETF Fund	\$ 981,609 *
MFS International Diversification Fund	576,900 *
MFS International New Discovery Fund	573,602 *
Vanguard Extended Market Index ETF Fund	573,362 *
iShares Russell 1000 Growth ETF Fund	560,868 *
First Trust North America Energy Infrastructure ETF Fund	420,078
BlackRock Strategic Income Fund	293,184
RiverFront Asset Allocation Growth & Income	252,452
iShares Russell 2000 ETF Fund	32,450
Total Equity Mutual Funds	<u>\$ 4,264,505</u>

* represents over 5% of net position

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	42%	6.7%
U.S. Small Cap Equity	12%	8.5%
International Equity	6%	6.5%
Fixed Income	40%	1.7%

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in July 2019 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the table above.

Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2018 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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances (Restated)	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 227,134	\$ -	\$ -	\$ 227,134
Construction in Progress	-	-	-	-
Total Nondepreciable Capital Assets	227,134	-	-	227,134
Depreciable Capital Assets				
Buildings and Property	7,943,103	-	-	7,943,103
Machinery and Equipment	4,687,596	41,949	-	4,729,545
Vehicles	7,315,136	41,911	-	7,357,047
Infrastructure	3,756,398	-	-	3,756,398
Total Depreciable Capital Assets	23,702,233	83,860	-	23,786,093
Less Accumulated Depreciation				
Buildings and Property	6,615,148	63,995	-	6,679,143
Machinery and Equipment	4,159,275	172,431	-	4,331,706
Vehicles	6,690,479	204,631	-	6,895,110
Infrastructure	259,240	99,302	-	358,542
Total Accumulated Depreciation	17,724,142	540,359	-	18,264,501
Total Net Depreciable Capital Assets	5,978,091	(456,499)	-	5,521,592
Total Net Capital Assets	\$ 6,205,225	\$ (456,499)	\$ -	\$ 5,748,726

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 101,927
Public Safety	235,251
Public Works	203,181
Total	<u>\$ 540,359</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (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
Total Nondepreciable Capital Assets	608,738	-	-	608,738
Depreciable Capital Assets				
Buildings and Property	1,365,626	-	-	1,365,626
Machinery and Equipment	2,181,954	900,632	-	3,082,586
Infrastructure	21,332,091	-	-	21,332,091
Total Depreciable Capital Assets	24,879,671	900,632	-	25,780,303
Less Accumulated Depreciation				
Buildings and Property	695,051	29,513	-	724,564
Machinery and Equipment	2,095,046	147,048	-	2,242,094
Infrastructure	16,986,646	379,635	-	17,366,281
Total Accumulated Depreciation	19,776,743	556,196	-	20,332,939
Total Net Depreciable Capital Assets	5,102,928	-	-	5,102,928
Total Net Capital Assets	\$ 5,711,666	\$ 344,436	\$ -	\$ 6,056,102

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

Water	\$ 514,737
Sewer	<u>41,459</u>
	<u>\$ 556,196</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS****Interfund Advances**

Interfund advances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	10,364
Motor Fuel Tax	General	5,908,258
Debt Service	General	417,793
Capital Projects	General	2,579,382
TIF I Dixie Square	General	4,510,887
TIF II Center Street	General	5,701,670
Nonmajor Governmental	General	4,859,698
Water	General	32,711,410
Nonmajor Business-Type	General	2,689,116
	Total	<u>59,388,578</u>

Interfund advances primarily represent borrowings by the general fund for operating needs. These amounts will be paid over several years as funds become available.

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Nonmajor Governmental	General	\$ 654,219
Debt Service	Water	<u>15,815</u>
	Total	<u>\$ 670,034</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

LONG-TERM DEBT

Demand Bonds

The South Suburban Joint Action Water Agency, which the City was a part of, issued variable-rate demand bonds. Once the project was deemed not feasible, the bank called the bonds and the City was responsible for the payment of their share of the bonds. The amount recorded as a long-term liability includes the amount of principal paid by the City on the bonds and the total remaining called balance of the bonds. See Intergovernmental Agreement footnote disclosure. The outstanding balance of the bonds at April 30, 2019 is as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Demand Bonds of 2012, due in semi-annual installments of \$208,582 to \$417,165 plus interest at 7.50% to 9.50% through May 5, 2018.	Water	\$ 208,582	\$ -	\$ 208,582	\$ -

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances- Restated	Issuances	Retirements	Ending Balances
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	\$ 2,225,000	\$ -	\$ 325,000	\$ 1,900,000
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 Water	568,750 1,056,250	- -	- -	568,750 1,056,250
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 Water	17,275,000 5,000,000	- -	- -	17,275,000 5,000,000
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	6,615,000	-	-	6,615,000
		<u>\$ 32,740,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 32,415,000</u>

As noted below, the City defaulted on scheduled principal payments in the prior and current year. In the prior year, the scheduled principal payments which were not made were reflected as retirements and reclassified to

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

accounts payable in the Statement of Net Position. Beginning balances have been restated to add back those unpaid principal payments and to reflect them as current portion of long-term debt rather than as accounts payable.

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.	Hotel/Motel	\$ 4,240,000		\$ 270,000	\$ 3,970,000
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	2,220,000		1,070,000	1,150,000
		<u>\$ 6,460,000</u>	<u>\$ -</u>	<u>\$ 1,340,000</u>	<u>\$ 5,120,000</u>

Installment Payable

The installment payable relates to the settlement reached between the City and the City of Chicago ("Chicago") for balances owed by the City for past water purchases. See Litigation footnote disclosure for additional details. As of April 30, 2019, there is no set repayment schedule for the installment payable. In the prior year, the current portion of the liability was included in accounts payable and has been reclassified to installment payable. The outstanding balance of the installment payable at April 30, 2019 is as follows:

Issue	Fund Debt Retired by	Beginning Balances (Restated)	Issuances	Retirements	Ending Balances
City of Chicago Installment Payable	Water	<u>\$ 28,198,816</u>	<u>\$ -</u>	<u>\$ 568,124</u>	<u>\$ 27,630,692</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Long-Term Liability Activity

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

Type of Debt	Beginning Balances (Restated)	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 2,731,611	\$ -	\$ 365,156	\$ 2,366,455	\$ 546,322
Net pension Liability - Police Pension	32,360,697	-	11,723,396	20,637,301	-
Net Pension Liability - Firefighters' Pension	49,689,213	67,728	-	49,756,941	-
Total OPEB Liability	7,792,584	731,010	-	8,523,594	-
Self Insurance Claims Payable	985,472	7,454,088	620,424	7,819,136	-
Settlement Installment Payable	171,378	-	-	171,378	171,378
General Obligation Bonds	26,683,750	-	325,000	26,358,750	3,358,750
Plus/Less Unamortized Items:					
Premium	389,480	-	26,712	362,768	-
Revenue Bonds	6,460,000	-	1,340,000	5,120,000	1,440,000
Total Governmental Activities	127,264,185	8,252,826	14,400,688	121,116,323	5,516,450
Business-Type Activities					
Compensated Absences	40,276	-	36,589	3,687	-
General Obligation Bonds	6,056,250	-	-	6,056,250	1,056,250
Plus Unamortized Items:					
Premium	7,984	-	4,608	3,376	-
Demand Bonds	208,582	-	208,582	-	-
Total OPEB Liability	663,875	62,277	-	726,152	-
Installment Payable	28,198,816	-	568,124	27,630,692	1,374,833
Total Business-Type Activities	\$ 35,175,783	\$ 62,277	\$ 817,903	\$ 34,420,157	\$ 2,431,083

For the governmental activities, the compensated absences, the net pension liabilities, the self-insurance claims, and the settlement installment payable are liquidated by the General Fund. The general obligation bonds and revenue bonds are being paid by the Debt Service, TIF II Center Street and Hotel/Motel Funds.

For the business-type activities, the Water Fund liquidates the compensated absences. The Water Fund makes payments on the general obligation bonds, the demand bonds, and the installment payable.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Revenue Bonds		General Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,232,750	\$ 1,461,210	1,440,000	\$ 349,219	\$ 367,250	\$ 295,473
2021	1,543,176	1,380,002	310,000	242,344	126,824	278,580
2022	1,731,751	1,278,814	330,000	220,344	158,249	271,606
2023	1,845,527	1,165,507	375,000	196,797	169,473	262,902
2024	1,520,426	1,044,682	355,000	171,703	179,574	253,580
2025	1,693,788	940,808	405,000	144,890	121,212	243,704
2026	1,504,534	818,962	430,000	116,187	435,466	237,038
2027	1,589,843	736,214	460,000	85,594	460,157	213,086
2028	1,675,151	648,772	490,000	52,938	484,849	187,778
2029	1,768,215	556,638	525,000	18,047	511,785	161,112
2030	1,869,035	457,176	-	-	540,965	132,324
2031	1,973,731	352,044	-	-	571,269	101,894
2032	2,082,306	241,030	-	-	602,694	69,760
2033	2,202,517	123,892	-	-	637,483	35,860
Scheduled	\$ 24,232,750	\$ 11,205,751	\$ 5,120,000	\$ 1,598,063	\$ 5,367,250	\$ 2,744,697
Plus:Defaulted						
Payments	2,126,000	2,285,412	-	-	689,000	474,508
Total	\$ 26,358,750	\$ 13,491,163	\$ 5,120,000	\$ 1,598,063	\$ 6,056,250	\$ 3,219,205

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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2019:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation	\$ 5,748,726
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Less Capital Related Debt:

General Obligation Bonds of 2002B	(1,900,000)
General Obligation Bonds of 2002C	(568,750)
General Obligation Bonds of 2007A	(9,775,000)
General Obligation Bonds of 2007B	(6,615,000)
Unamortized Premium	<u>(362,768)</u>

Net Investment in Capital Assets	<u><u>\$(13,472,792)</u></u>
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Business-Type Activities

Capital Assets - Net of Accumulated Depreciation	\$ 6,056,102
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Less Capital Related Debt:

General Obligation Refunding Bonds of 2002C	(1,056,250)
General Obligation Refunding Bonds of 2007A	(5,000,000)
Unamortized Premium	<u>(7,984)</u>

Net Investment in Capital Assets	<u><u>\$ (8,132)</u></u>
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Fund Balance Classifications

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available. *Nonspendable Fund Balance*. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

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

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

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

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue			Capital Projects				Totals
	General	Motor Fuel Tax	Debt Service	Capital Projects	TIF I Dixie Square	TIF II Center Street	Nonmajor	
Fund Balances								
Nonspendable								
Advances	\$ 10,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,364
Prepays/Inventories	112,004	-	-	-	-	-	-	112,004
Total Nonspendable	122,368	-	-	-	-	-	-	122,368
Restricted								
Grant	5,086	-	-	-	-	-	-	5,086
Public Safety	252,939	-	-	-	-	-	-	252,939
Public Works	-	5,155,613	-	-	-	-	-	5,155,613
Capital Projects	-	-	-	-	4,511,629	8,291,421	5,240,136	18,043,186
Debt Services	-	-	-	-	-	-	-	-
Total Restricted	258,025	5,155,613	-	-	4,511,629	8,291,421	5,240,136	23,456,824
Assigned								
Capital Projects	-	-	-	2,555,647	-	-	-	2,555,647
Unassigned	(57,966,667)	-	(2,306,807)	-	-	-	(4,980)	(60,278,454)
Total Fund Balances	\$ (57,586,274)	\$ 5,155,613	\$ (2,306,807)	\$ 2,555,647	\$ 4,511,629	\$ 8,291,421	\$ 5,235,156	\$ (34,143,615)

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION

INTERGOVERNMENTAL AGREEMENT – SOUTH SUBURBAN JAWA

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 \$5,550,000 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 would issue 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 would 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 it will be repaid with property taxes levied.

Due to the SSJAWA project not being deemed feasible by the bank, the bonds have been recorded as a long-term liability in the Water Fund and the remaining balance of \$208,582 was paid off during fiscal 2019 (Note 3).

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, workers' compensation 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 are done by an independent administrator.

The City carries commercial coverage for its 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.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

As of April 30, 2019, the amount of these liabilities total \$7,819,136 which is the City's best estimate based on available information. Changes in the reported liability since April 30, 2019 resulted in the following:

Claims Payable - April 30, 2017	\$ 819,690
Incurred Claims	1,708,677
Claims Paid	<u>(1,542,895)</u>
Claims Payable - April 30, 2018	985,472
Incurred Claims	7,454,088
Claims Paid	<u>(620,424)</u>
Claims Payable - April 30, 2019	<u><u>7,819,136</u></u>

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 dictated 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 Chicago access to the City's financial system for the Water Fund, and provide quarterly financial statements and the annual audited financial statements to Chicago.

Starting in September 2016, the City stopped making payments to Chicago for the settlement. In January 2017, the Court decreed that the penalties and fees would be reinstated resulting in the balance due to be \$21,724,071 with 6% interest accruing per 735 ILCS 5/2-1303 for interest paid on default judgments. In addition, the communities that would be provided water from the City (the "Downstream Communities") that used to pay the City for its water would now pay Chicago directly. The amounts paid would be used to reduce the settlement liability rather than the current bills with no formal repayment schedule. The City would be required to pay the entire current bills. In addition, the Downstream Communities would keep up to 15% in an escrow that the City could request when repairs or capital costs were to occur that affected the Downstream Communities. In February 2017, the Court decreed that the amount of the current water bills owed from the City to Chicago for September 2016 through November 2016 of \$2,961,844 would be added to the settlement liability balance.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

On August 4, 2017, the court ordered the appointment of a third-party receiver to be put in charge of the City's Water Fund operations, accounting, and cash handling. On December 7, 2017, the receiver negotiated an updated repayment agreement for the City to make payments monthly of \$100,000 toward the outstanding balance of the settlement along with the current water bill owed by the City and an additional payment of \$50,000 to \$100,000 per month for the non-arrearage portion until it is fully paid. This agreement also permitted the Downstream Communities to begin paying the receiver in full and no longer withholding a portion in escrow.

On December 19, 2018, the City of Chicago obtained an additional amended judgment that added \$10,676,839 to the settlement liability balance for unpaid water charges and penalties from March 2018 through December 2018. The amount also included \$239,691 of unpaid interest on the existing liability.

As of the opinion date, the receiver and Chicago are still negotiating the final terms of the repayment to determine if the previous interest and fees will be waived. At fiscal year ended April 30, 2019, the balance of the installment payable in the Water Fund is \$27,630,692, which includes all outstanding interest and fees owed to Chicago by the City.

On December 18, 2020, the court ordered the discharge of the third-party receiver effective December 31, 2020 thereby returning control of the Water Fund operations to the City.

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.

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 that expired on January 15, 2018.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Settlement Agreement for the City of Harvey Board of Trustees of the Firefighters' Pension Fund, City of Harvey Board of Trustees of the Police Pension Fund, Amalgamated Bank of Chicago, not individually but as Trustee for the holders of the City of Harvey Series 2008A Hotel- Motel and Sales Tax Revenue Bonds, the Comptroller of the State of Illinois and the City of Harvey, Illinois

In prior years, the Firefighters' Pension and Police Pension have sued the City for inadequately funding the pension funds to statutorily required amounts, which is a violation of the Illinois Pension Code. In September 2015, the Courts ruled in favor of the pension funds in both cases. The final judgment for the Firefighters' Pension was \$12,376,489 and for the Police Pension was \$7,334,182. The balances included both property taxes that were not levied for the pensions as well as Personal Property Replacement Tax (PPRT) owed to the pension funds that were collected by the City. The Illinois Comptroller office began to withhold 100% of the Home Rule Taxes and other Local Share State Taxes from the City until an agreement had been reached for how to allocate these dollars as other stakeholders including Amalgamated Bank and the Illinois Municipal Retirement Fund (IMRF) were also being impacted.

On July 23, 2018, a settlement agreement was entered into by and between the Board of Trustees of the Harvey Police Pension Fund, the Board of Trustees of the Harvey Firefighters Pension Fund, Amalgamated Bank of Chicago, not individually but as Trustee for the holders of the City of Harvey Series 2008A Hotel-Motel and Sales Tax Revenue Bonds (the "Trustee"), Comptroller of the State of Illinois (the "Comptroller"), and the City of Harvey. Under the terms of the settlement agreement, the City authorized and directed that all PPRT paid to the City be remitted to Amalgamated Bank of Chicago, not individually but as escrow agent for the City (the "Escrow Agent"). The Escrow Agent is to pay 12.2% of the PPRT directly to both the Police Pension Fund and to the Firefighters' Pension Fund. The Comptroller will also intercept and remit to the Escrow Agent all payments from (1) the Local Government Distributive Fund, which consists of the Local Share of State Income Tax and the Local Share of State Use Tax, that would otherwise be remitted to the City pursuant to 30 ILCS 115/2, (2) the Municipal Telecommunications Tax Fund that would otherwise be remitted to the City pursuant to 35 ILCS 636/5-50, and (3) the Local Government Video Gaming Distributive Fund that would otherwise be remitted to the City pursuant to 230 ILCS 40/75 (collectively, the "Other State Payments"). The Escrow Agent is to remit 25% of the Other State Payments directly to the Police Pension Fund and 10% to the Firefighters' Pension Fund until the Police Pension Fund's amended claim has been paid in full, and at that time the Firefighters' Pension Fund's share will increase to 35%. The remaining 65% is remitted to the City.

Also, in the terms of the settlement agreement, the Trustee shall accumulate all Hotel-Motel Taxes of the City, all sales, use, and occupation taxes that would otherwise be remitted to the City for the purpose of paying the principal and interest payments due on the Hotel/Motel and Sales Tax Revenue Bonds, Series 2008A. On a quarterly basis, the Trustee shall calculate the Excess Pledged Revenues, as defined as any amounts accumulated in excess of the amount sufficient to make said principal and interest payments, and remit 25% of the Excess Pledged Revenues directly to the Police Pension Fund, 10% to the Firefighters' Pension Fund, and the remaining 65%, less amounts needed to establish or replenish a separate \$30,000 IMRF reserve fund, to the City or its designee. Upon satisfaction of the Police Pension Fund's amended claim, the Firefighters' Pension fund will receive 35% of the Excess Pledged Revenues until its claim is satisfied.

As of April 30, 2019, the City of Harvey owed (1) the Police Pension Fund \$7,890,241, (2) the Firefighters' Pension Fund \$15,535,050. The receivable balance in the pension funds has been offset by an allowance for doubtful accounts in order to recognize revenue when the cash is received.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

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, 2019 is \$171,378.

Bond Default

During fiscal years 2018 and 2019, the City defaulted on bond payments which totaled as follows:

1. 2002B GO Bonds - \$340,000 of principal and \$104,980 of interest;
2. 2002C GO Bonds - \$1,060,000 of principal and \$87,136 of interest. The bond insurer has made these payments and the City must reimburse them;
3. 2007A GO Bonds - \$1,861,611 of interest;
4. 2007B GO Bonds - \$1,415,000 of principal and \$706,194 of interest.

The outstanding balance of the portion related to governmental activities is included as accounts payable in the Debt Service fund and as current portion of long term debt or accrued interest payable in the Government-Wide Statement of Net Position at April 30, 2019. The portion related to the Water fund is included as current portion of long term debt for the principal amount and accrued interest payable for the interest amount.

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, 2019

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.

The aggregate amount of pension related balances recognized for the three pension plans is:

Net Pension Liability	\$ 70,394,242
Net Pension Asset	2,820,401
Deferred outflows of Resources	13,001,162
Deferred inflows of Resources	20,949,924
Pension Expense	<u>1,241,387</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	121
Inactive Plan Members Entitled to but not yet Receiving Benefits	67
Active Plan Members	<u>56</u>
Total	<u><u>244</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2019, the City's contribution was 0.83% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.50%
Inflation	2.50%

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28%	3.75%
Domestic Equities	37%	7.15%
International Equities	18%	7.25%
Real Estate	9%	6.25%
Blended	7%	3.20% - 8.50%
Cash and Cash Equivalents	1%	2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, compared to 7.50% in the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Discount Rate Sensitivity

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

		Current	
	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Net Pension (Asset)	\$ (196,980)	\$ (2,820,401)	\$ (4,986,777)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A)-(B)
Balances at December 31, 2017	\$ 24,124,471	\$ 30,651,714	\$ (6,527,243)
Changes for the Year:			
Service Cost	292,144	-	292,144
Interest on the Total Pension Liability	1,757,643	-	1,757,643
Difference Between Expected and Actual Experience of the Total Pension Liability	(72,492)	-	(72,492)
Changes of Assumptions	582,979	-	582,979
Contributions - Employer	-	52,092	(52,092)
Contributions - Employees	-	116,480	(116,480)
Net Investment Income	-	(1,871,649)	1,871,649
Benefit Payments, Including Refunds of Employee Contributions	(1,670,597)	(1,670,597)	-
Other (Net Transfer)	-	556,509	(556,509)
Net Changes	889,677	(2,817,165)	3,706,842
Balances at December 31, 2018	\$ 25,014,148	\$ 27,834,549	\$ (2,820,401)

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense/(income) of (\$454,467). At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	\$ 180,899	\$ (180,899)
Change in Assumptions	351,270	182,325	168,945
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,759,881	1,835,897	1,923,984
	4,111,151	2,199,121	1,912,030
Pension Contributions made Subsequent to the Measurement Date	17,889	-	17,889
Total Deferred Amounts Related to IMRF	\$ 4,129,040	\$ 2,199,121	\$ 1,929,919

\$17,889 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2020	\$ 516,252
2021	353,714
2022	215,049
2023	827,015
2024	-
Thereafter	-
Total	\$ 1,912,030

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2019, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	49
Inactive Plan Members Entitled to but not yet Receiving Benefits	9
Active Plan Members	<u>42</u>
Total	<u><u>100</u></u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2019, the City's contribution was 95.27% of covered payroll.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	Service -Based
Cost of Living Adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment projected to valuation date using Scale BB. The actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

Discount Rate

A Single Discount Rate of 6.75% was used to measure the total pension liability, and the discount rate in the prior valuation was 4.34%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.21%, and the resulting single discount rate is 6.75%.

Discount Rate Sensitivity

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 25,906,668	\$ 20,637,301	\$ 16,319,535

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2018	\$ 48,496,571	\$ 16,135,874	\$ 32,360,697
Changes for the Year:			
Service Cost	1,474,134	-	1,474,134
Interest on the Total Pension Liability	2,119,930	-	2,119,930
Difference Between Expected and Actual Experience of the Total Pension Liability	413,250	-	413,250
Changes of Assumptions	(11,754,103)	-	(11,754,103)
Contributions - Employer	-	2,890,705	(2,890,705)
Contributions - Employees	-	277,417	(277,417)
Net Investment Income	-	1,006,081	(1,006,081)
Benefit Payments, Including Refunds of Employee Contributions	(2,248,778)	(2,248,778)	-
Administrative Expense	-	(197,596)	197,596
Net Changes	(9,995,567)	1,727,829	(11,723,396)
Balances at April 30, 2019	\$ 38,501,004	\$ 17,863,703	\$ 20,637,301

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

For the year ended April 30, 2019, the City recognized pension expense/(income) of (\$640,044). At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 553,106	\$ (482,921)	\$ 70,185
Change in Assumptions	5,546,086	(15,164,168)	(9,618,082)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	172,355	-	172,355
Total Deferred Amounts Related to Police Pension	\$ 6,271,547	\$ (15,647,089)	\$ (9,375,542)

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (3,051,314)
2021	(3,247,121)
2022	(830,426)
2023	(2,246,681)
2024	-
Thereafter	-
Total	<u>\$ (9,375,542)</u>

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At April 30, 2019, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	64
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>37</u>
Total	<u>105</u>

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ 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 annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

Contributions. Covered employees 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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2019, the City's contribution was 90.09% of covered payroll.

Significant Investments. At year-end, the Firefighters' Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net plan position available for retirement benefits.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.50%
Salary Increases	3.75% - 46.23%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates are based on the assumption study prepared by the independent actuary in 2017. The table combines observed experience of Illinois Firefighters with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

A Single Discount Rate of 5.83% was used to measure the total pension liability and the prior year used 5.32%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.50%, the municipal bond rate is 3.79%, and the resulting single discount rate is 5.83%.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)**Discount Rate Sensitivity**

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

	1% Decrease (4.83%)	Current Discount Rate (5.83%)	1% Increase (6.83%)
Net Pension Liability	\$58,394,099	\$ 49,756,941	\$ 42,724,714

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2018	\$ 59,598,821	\$ 9,909,608	\$ 49,689,213
Changes for the Year:			
Service Cost	788,433	-	788,433
Interest on the Total Pension Liability	3,102,099	-	3,102,099
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	3,040,688	-	3,040,688
Changes of Assumptions	(4,177,112)	-	(4,177,112)
Contributions - Employer	-	2,520,393	(2,520,393)
Contributions - Employees	-	205,315	(205,315)
Net Investment Income	-	385,779	(385,779)
Benefit Payments, Including Refunds of Employee Contributions	(2,577,394)	(2,577,394)	-
Administrative Expense	-	(425,107)	425,107
Net Changes	176,714	108,986	67,728
Balances at April 30, 2019	\$ 59,775,535	\$ 10,018,594	\$ 49,756,941

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended April 30, 2019, the City recognized pension revenue of \$2,335,898. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 2,400,623	\$ -	\$2,400,623
Change in Assumptions	1,568,048	4,939,610	(3,371,562)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	467,801	-	467,801
Total Deferred Amounts Related to Firefighters' Pension	<u>\$ 4,436,472</u>	<u>\$4,939,610</u>	<u>\$ (503,138)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ 229,617
2021	(665,340)
2022	(117,285)
2023	49,870
2024	-
Thereafter	-
Total	<u>\$ (503,138)</u>

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions

The City provides other post-employment benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any 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.

Employees may continue Employer sponsored insurance in retirement. They are responsible for the full cost of coverage including coverage for any eligible spouse/dependent. Additionally, public safety officers who qualify for duty disability have their health insurance paid by the City for the remainder of their life including the cost of coverage for any eligible spouse/dependent.

All health benefits are provided through the City's health plan. The benefits include medical, dental, vision, and life insurance.

As of April 30, 2019 membership consisted of:

Total Active employees	153
Inactive Employees Currently Receiving Benefit Payments	29
Inactive Employees Entitled to But Not Yet Receiving Benefits	<u>0</u>
Total	182

The City does not have a funding policy.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Actuarial Assumptions

Actuarial Valuation Date	4/30/2019
Measurement Date	4/30/2019
Actuarial Cost Method	Entry Age Normal
Assumptions	
Discount Rate	3.79%
Long-Term Expected Rate of Return on Plan Assets	N/A
Total Payroll Increases	3.00%
Healthcare Cost Trend Rates	

	Life				
<u>Period</u>	<u>PPO</u>	<u>HMO</u>	<u>Dental</u>	<u>Vision</u>	<u>Insurance</u>
FY 19 to FY 20	-0.64%	-20.10%	-3.40%	0.00%	0.00%
FY 20 to FY 21	6.00%	6.00%	3.00%	3.00%	0.00%
FY 21 to FY 22	6.00%	6.00%	3.00%	3.00%	0.00%
FY 22 to FY 23	5.50%	5.50%	3.00%	3.00%	0.00%
FY 23 to FY 24	5.50%	5.50%	3.00%	3.00%	0.00%
FY 24 to FY 25	5.00%	5.00%	3.00%	3.00%	0.00%
Ultimate	5.00%	5.00%	3.00%	3.00%	0.00%

Asset Valuation Method Market Value of Assets

Discount Rate

The discount rate used to measure the total OPEB liability as of April 30, 2019 was 3.79% which was a change from the discount rate of 3.97% that was used as of April 30, 2018. Because plans benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Changes in Net OPEB Liability

	Total OPEB Liability
Balance at May 1, 2018	\$ 8,456,459
Service Cost	495,479
Interest on Total OPEB Liability	328,915
Differences between Expected and Actual Experience of Total OPEB Liability	-
Change of Assumptions	311,789
Plan Changes	-
Benefit Payments, including Refunds of Employee Contributions	(342,898)
Net Investment Income	-
Other (Net Transfer)	-
	<hr/>
Balance at April 30, 2019	<u><u>\$ 9,249,744</u></u>

Discount Rate Sensitivity

The Total OPEB liability has been determined using the end of year discount rate listed above. Below is a table illustrating the sensitivity of the total OPEB liability to the discount rate assumption:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB Liability	\$ 11,285,485	\$ 9,249,744	\$ 7,687,910

Healthcare Cost Trend Rates Sensitivity

Below is a table illustrating the sensitivity of the total OPEB liability to the Healthcare Cost Trend Rates assumption:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 7,297,286	\$ 9,249,744	\$ 11,751,395

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

For the year ended April 30, 2019, the City recognized OPEB expense of \$858,452. At April 30, 2019, the City reported the following deferred outflows of resources and deferred inflows related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes of Assumptions	277,731	-	277,731
Total Deferred Amounts Related to OPEB	\$ 277,731	\$ -	\$ 277,731

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ 34,058
2021	34,058
2022	34,058
2023	34,058
2024	34,058
Thereafter	107,441
Total	\$ 277,731

CITY OF HARVEY, ILLINOIS

Notes to the Financial Statements April 30, 2019

NOTE 5 – PRIOR PERIOD ADJUSTMENT

In 2019, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard requires the City to recognize a liability in its government wide financial statements and its propriety fund for the total liability associated with post-employment benefits other than pensions (OPEB) that are provided to its active and inactive members. Beginning net position was required to be restated as a result.

In addition, errors were noted in prior year financial statements which resulted in restatement of beginning fund balance/net position. Specifically, TIF 1-Dixie Square was originally scheduled to expire on July 1, 2016. Property taxes continued to be received by the TIF after that date and were recorded as a liability to the County. However, during 2019 it was discovered that the City had extended the TIF prior to expiration and no liability should have been recorded.

Finally, in 2019 it was determined that infrastructure improvements which had been shown as construction in progress as of the year ended April 30, 2019 had actually been completed and put into use in 2016 and should have been depreciated at that time.

The effects of these matters on beginning fund balance/net position are as follows:

The following summarizes the prior period adjustments:

	Governmental Activities	General	Water	TIF 1
Beginning Fund balance/net position	<u>\$ (156,198,670)</u>	<u>\$ (57,725,035)</u>	<u>\$ 3,716,466</u>	<u>\$ -</u>
To establish the beginning total OPEB balance	(7,792,584)	-	(663,875)	-
Eliminate erroneous payable in TIF	4,120,464	-	-	4,120,464
Eliminate erroneous payables to pension funds	2,037,560	2,037,560	-	-
Correct depreciation for move of CIP to infrastructure	<u>(193,315)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Prior Period Adjustment	<u>(1,827,875)</u>	<u>2,037,560</u>	<u>(663,875)</u>	<u>4,120,464</u>
Restated beginning fund balance/net position	<u><u>\$ (158,026,545)</u></u>	<u><u>\$ (55,687,475)</u></u>	<u><u>\$ 3,052,591</u></u>	<u><u>\$ 4,120,464</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Changes in Total Other Post-Employment Benefits Liability
- Schedule of Employer Contributions
 - Other Post-Employment Benefits Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund
- 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
OTHER POST-EMPLOYMENT BENEFIT LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY
APRIL 30, 2019

	Last 10 Fiscal Years									
	4/30/19	4/30/18	4/30/17	4/30/16	4/30/15	4/30/14	4/30/13	4/30/12	4/30/11	4/30/10
Total OPEB Liability										
Service Cost	\$ 495,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	328,915	-	-	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	-	-	-	-
Changes of Assumptions	311,789	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(342,898)	-	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	793,285	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Beginning	8,456,459	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Ending (a)	\$ 9,249,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 342,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Members	-	-	-	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(342,898)	-	-	-	-	-	-	-	-	-
Other (Net Transfer)	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability (a)-(b)	\$ 9,249,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	Not Available	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Total OPEB Liability as a Percentage of Covered Payroll	Not Available	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF HARVEY, ILLINOIS
OTHER POST-EMPLOYMENT BENEFITS LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
APRIL 30, 2019

	Last 10 Fiscal Years									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially										
Determined Contribution		-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of										
Covered Payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

There is no Actuarially Determined Contribution (ADC) or Employer Contribution in relation to the ADC as there is not trust that exists for funding the OPEB liability. However, the City did make contributions from other City resources in the current year in the amount of \$342,898

CITY OF HARVEY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
APRIL 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 189,788	\$ 189,788	\$ -	\$ 3,323,783	5.71%
2016	147,806	249,956	102,150	3,199,267	7.81%
2017	49,684	49,684	-	3,073,264	1.62%
2018	26,937	56,916	29,979	2,937,752	1.94%
2019	20,631	31,734	11,103	2,540,408	1.25%

Notes to the Required Supplementary Information:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level % Pay (Closed)
Remaining Amortization Period:	25 Years
Asset Valuation Methods:	5-Year Smoothed Market, 20% Corridor
Inflation:	2.75%
Salary Increases:	3.75% - 14.50%
Investment Rate of Return:	7.50%
Retirement Age:	See the Notes to the Financial Statements
Mortality:	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

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

CITY OF HARVEY, ILLINOIS
POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
APRIL 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,031,559	\$ 216,675	\$ (814,884)	\$ 3,646,731	5.94%
2016	1,220,938	110,219	(1,110,719)	3,776,616	2.92%
2017	1,890,827	1,105,604	(785,223)	3,574,929	30.93%
2018	1,975,917	735,723	(1,240,194)	3,102,749	23.71%
2019	2,059,039	2,890,705	831,666	3,034,141	95.27%

Notes to the Required Supplementary Information:

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level % Pay (Closed)
Remaining Amortization Period:	22 Years
Asset Valuation Methods:	5-Year Smoothed Market
Inflation:	2.50%
Salary Increases:	Service Based
Investment Rate of Return:	6.75%
Retirement Age:	50-70
Mortality:	PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2018.

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

**CITY OF HARVEY, ILLINOIS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
APRIL 30, 2019**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 2,070,500	\$ 720,764	\$ (1,349,736)	\$ 3,188,558	22.60%
2016	2,405,480	398,566	(2,006,914)	3,297,935	12.09%
2017	2,599,894	1,849,026	(750,868)	3,254,289	56.82%
2018	2,648,040	1,756,758	(891,282)	2,002,048	87.75%
2019	2,895,120	2,520,393	(374,727)	2,797,720	90.09%

Notes to the Required Supplementary Information:

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level % Pay (Closed)
Remaining Amortization Period:	23 Years
Asset Valuation Methods:	5-Year Smoothed Market
Inflation:	2.50%
Salary Increases:	3.75% - 46.23%
Investment Rate of Return:	6.50%
Retirement Age:	See Notes to the Financial Statements
Mortality:	RP-2014 Mortality Table for Blue Collar Workers

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

CITY OF HARVEY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
APRIL 30, 2019

	Last 10 Fiscal Years									
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
Total pension liability										
Service Cost	\$ 292,144	\$ 303,898	\$ 325,564	\$ 356,490	\$ 363,143	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,757,643	1,814,498	1,744,053	1,716,206	1,636,718	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(72,492)	(553,605)	315,214	(371,551)	(505,541)	-	-	-	-	-
Changes of Assumptions	582,979	(735,581)	-	-	819,879	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,670,597)	(1,492,184)	(1,377,296)	(1,251,483)	(1,250,577)	-	-	-	-	-
Net Change in Total Pension Liability	889,677	(662,974)	1,007,535	449,662	1,063,622	-	-	-	-	-
Total Pension Liability - Beginning	24,124,471	24,787,445	23,779,910	23,330,248	22,266,626	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 25,014,148	\$ 24,124,471	\$ 24,787,445	\$ 23,779,910	\$ 23,330,248	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 52,092	\$ 30,593	\$ 68,613	\$ 249,956	\$ 189,788	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Members	116,480	144,510	139,875	143,948	155,726	-	-	-	-	-
Net Investment Income	(1,871,649)	5,063,740	1,812,338	138,881	1,651,805	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,670,597)	(1,492,184)	(1,377,296)	(1,251,483)	(1,250,577)	-	-	-	-	-
Other (Net Transfer)	556,509	(944,594)	384,889	(664,991)	(73,127)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ (2,817,165)	\$ 2,802,065	\$ 1,028,419	\$ (1,383,689)	\$ 673,615	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Net Position - Beginning	30,651,714	27,849,649	26,821,230	28,204,919	27,531,304	-	-	-	-	-
Plan Net Position - Ending (b)	\$ 27,834,549	\$ 30,651,714	\$ 27,849,649	\$ 26,821,230	\$ 28,204,919	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (a)-(b)	\$ (2,820,401)	\$ (6,527,243)	\$ (3,062,204)	\$ (3,041,320)	\$ (4,874,671)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.28%	127.06%	112.35%	112.79%	120.89%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 2,560,937	\$ 3,021,932	\$ 3,109,423	\$ 3,199,267	\$ 3,323,783	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered Payroll	-110.13%	-216.00%	-98.48%	-95.06%	-146.66%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF HARVEY, ILLINOIS
POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
APRIL 30, 2019

	Last 10 Fiscal Years									
	4/30/19	4/30/18	4/30/17	4/30/16	4/30/15	4/30/14	4/30/13	4/30/12	4/30/11	4/30/10
Total pension liability										
Service Cost	\$ 1,474,134	\$ 1,309,289	\$ 2,399,513	\$ 2,014,804	\$ 1,970,450	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,119,930	2,272,694	1,868,801	1,830,616	1,764,538	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	413,250	(536,895)	(206,516)	667,515	(469,066)	-	-	-	-	-
Changes of Assumptions	(11,754,103)	7,644,069	(14,402,209)	2,878,930	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,248,778)	(1,771,853)	(1,845,994)	(1,584,446)	(1,630,027)	-	-	-	-	-
Net Change in Total Pension Liability	(9,995,567)	8,917,304	(12,186,405)	5,807,419	1,635,895	-	-	-	-	-
Total Pension Liability - Beginning	48,496,571	39,579,267	51,765,672	45,958,253	44,322,358	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 38,501,004	\$ 48,496,571	\$ 39,579,267	\$ 51,765,672	\$ 45,958,253	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,890,705	\$ 801,584	\$ 1,105,604	\$ 110,219	\$ 216,675	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Members	277,417	308,865	376,040	324,861	361,391	-	-	-	-	-
Contributions - Other	-	75	-	-	-	-	-	-	-	-
Net Investment Income	1,006,081	1,072,235	1,427,291	(292,842)	1,036,455	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,248,778)	(1,771,853)	(1,845,994)	(1,584,446)	(1,630,027)	-	-	-	-	-
Administrative Expense	(197,596)	(216,111)	(153,766)	(114,811)	(116,692)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 1,727,829	\$ 194,795	\$ 909,175	\$ (1,557,019)	\$ (132,198)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Net Position - Beginning	16,135,874	15,941,079	15,031,904	16,588,923	16,721,121	-	-	-	-	-
Plan Net Position - Ending (b)	\$ 17,863,703	\$ 16,135,874	\$ 15,941,079	\$ 15,031,904	\$ 16,588,923	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (a)-(b)	\$ 20,637,301	\$ 32,360,697	\$ 23,638,188	\$ 36,733,768	\$ 29,369,330	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.40%	33.27%	40.28%	29.04%	36.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 3,034,141	\$ 3,102,749	\$ 3,574,929	\$ 3,776,616	\$ 3,645,731	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered Payroll	680.17%	1042.97%	661.22%	972.66%	805.58%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**CITY OF HARVEY, ILLINOIS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
APRIL 30, 2019**

	Last 10 Fiscal Years									
	4/30/19	4/30/18	4/30/17	4/30/16	4/30/15	4/30/14	4/30/13	4/30/12	4/30/11	4/30/10
Total pension liability										
Service Cost	\$ 788,433	\$ 1,176,309	\$ 1,734,576	\$ 1,789,745	\$ 1,583,616	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	3,102,099	2,835,849	2,963,146	2,149,985	2,290,794	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	3,040,688	(3,809,025)	486,306	255,396	-	-	-	-	-	-
Changes of Assumptions	(4,177,112)	(11,971,175)	(6,220,396)	10,044,000	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,577,394)	(2,322,485)	(2,116,128)	(2,012,611)	(2,011,098)	-	-	-	-	-
Net Change in Total Pension Liability	176,714	(14,090,527)	(3,152,496)	12,226,515	1,863,312	-	-	-	-	-
Total Pension Liability - Beginning	59,598,821	73,689,348	76,841,844	64,615,329	62,752,017	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 59,775,535	\$ 59,598,821	\$ 73,689,348	\$ 76,841,844	\$ 64,615,329	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,520,393	\$ 1,756,758	\$ 1,849,026	\$ 398,566	\$ 720,764	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Members	205,315	279,256	277,574	325,795	343,183	-	-	-	-	-
Contributions - Other	-	-	4,321	-	-	-	-	-	-	-
Net Investment Income	385,779	427,920	705,977	(281,071)	561,902	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,577,394)	(2,322,485)	(2,116,128)	(2,012,611)	(2,011,098)	-	-	-	-	-
Administrative Expense	(425,107)	(119,277)	(123,936)	(94,296)	(82,327)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 108,986	\$ 22,172	\$ 596,834	\$ (1,663,617)	\$ (467,576)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Net Position - Beginning	9,909,608	9,887,436	9,290,602	10,954,219	11,421,795	-	-	-	-	-
Plan Net Position - Ending (b)	\$ 10,018,594	\$ 9,909,608	\$ 9,887,436	\$ 9,290,602	\$ 10,954,219	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (a)-(b)	\$ 49,756,941	\$ 49,689,213	\$ 63,801,912	\$ 67,551,242	\$ 53,661,110	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	16.76%	16.63%	13.42%	12.09%	16.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 2,797,720	\$ 2,002,048	\$ 3,254,289	\$ 3,297,935	\$ 3,188,558	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered Payroll	1778.48%	2481.92%	1960.55%	2048.29%	1682.93%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF HARVEY, ILLINOIS
POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
APRIL 30, 2019

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.05%
2016	-1.63%
2017	10.04%
2018	7.54%
2019	N/A

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

**CITY OF HARVEY, ILLINOIS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
APRIL 30, 2019**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	5.19%
2016	-2.73%
2017	7.64%
2018	4.49%
2019	4.22%

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

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes	\$ 11,607,000	\$ 10,112,099
Licenses and Permits	1,618,000	1,423,277
Intergovernmental	6,460,000	6,543,626
Charges for Services	3,289,000	3,844,741
Fines and Forfeitures	305,000	358,535
Interest	5,000	11,838
Miscellaneous	100,000	209,453
Total Revenues	<u>23,384,000</u>	<u>22,503,569</u>
Expenditures		
General Government	8,211,431	5,705,848
Public Safety	17,798,388	14,943,748
Public Works	3,362,541	2,999,771
Community Development	90,000	95,209
Capital Outlay	230,000	41,911
Total Expenditures	<u>29,692,360</u>	<u>23,786,487</u>
Excess (Deficiency) Of Revenue		
Over (Under) Expenditures	<u>(6,308,360)</u>	<u>(1,282,918)</u>
Other Financing Sources (Uses)		
Disposal of Capital Assets	-	38,338
Transfers In	-	-
Transfers Out	(552,000)	(654,219)
Total Other Financing Source (Uses)	<u>(552,000)</u>	<u>(615,881)</u>
Net Change In Fund Balance	<u>(6,860,360)</u>	<u>(1,898,799)</u>
Fund Balance - Beginning		<u>(55,687,475)</u>
Fund Balance - Ending		<u>\$ (57,586,274)</u>

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Intergovernmental		
Motor Fuel Tax Allotments	\$ 645,000	\$ 645,727
Expenditures		
Public Works		
Personnel Services	-	269,231
Commodities	50,000	75,142
Contractual Services	605,000	374,271
Total Expenditures	655,000	718,644
Net Change In Fund Balance	<u>(10,000)</u>	<u>(72,917)</u>
Fund Balance - Beginning		<u>5,228,530</u>
Fund Balance - Ending		<u>\$ 5,155,613</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison 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 is used to account all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUND

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

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.

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.

CAPITAL PROJECTS FUNDS

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

Capital Projects Fund

The Capital Projects 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.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS - Continued

Hotel/Motel Fund

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

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 Dixie Sibley Fund

The TIF IV 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 V RPM Wyman Gordon Fund

The TIF V RPM Wyman Gordon 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.

TIF VI Dixie Highway Fund

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

TIF VII Arco/147th Street Fund

The TIF VII Arco/147th Street Fund is used to account for the incremental property taxes of the TIF VII Arco/147th Street Tax Incremental Financing District and the use of those funds.

ENTERPRISE FUNDS

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS – Continued

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.

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.

Commuter Parking 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, 2019

	<u>Budget</u>	
	<u>Original and</u>	
	<u>Final</u>	<u>Actual</u>
Taxes		
Property	\$ 8,050,000	\$ 6,564,454
RE Transaction Tax	120,000	109,994
Utility	1,275,000	1,277,121
Telecommunication	427,000	370,236
Video Gaming Tax	85,000	95,131
Casino	1,380,000	1,429,116
Franchise	130,000	129,404
Hotel/Motel	140,000	136,643
Total Taxes	<u>11,607,000</u>	<u>10,112,099</u>
Licenses and Permits		
Licenses		
Vehicles	400,000	347,016
Liquor	115,000	134,000
Business	195,000	214,180
Vending Machines	80,000	59,816
Contractors	50,000	46,075
Permits		
Building	750,000	597,328
Electric	10,000	12,135
Plumbing	14,000	9,615
Other	4,000	3,112
Total Licenses and Permits	<u>1,618,000</u>	<u>1,423,277</u>
Intergovernmental		
Federal/State Grant	695,000	166,397
Replacement Tax	700,000	710,714
State Sales Tax	2,200,000	2,283,916
State Income Tax	2,200,000	2,613,948
State Use Tax	665,000	768,651
Total Intergovernmental	<u>6,460,000</u>	<u>6,543,626</u>

CITY OF HARVEY, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u>	
	<u>Original and</u>	
	<u>Final</u>	<u>Actual</u>
Charges for Services		
Debris Usage/Mowing Fees	\$ -	\$ 350
Refuse Collection Fees	1,850,000	1,890,361
Towing Collection Fees	275,000	87,775
Vacant Property Registration Fees	60,000	54,200
Public Safety Registration	65,000	114,264
Inspection Point of Sale	80,000	89,400
Birth/Death Certificate Fees	30,000	29,230
Fire Service Fees	250,000	249,998
Fuel Tax Distributors	150,000	130,915
Rental Unit Inspections	50,000	35,150
Photostats	24,000	4,751
Rents	40,000	33,347
Special Events	25,000	13,000
911 Tax on Users	-	263,694
Other	390,000	848,306
Total Charges for Services	<u>3,289,000</u>	<u>3,844,741</u>
Fines and Forfeitures		
Housing Court	85,000	65,402
Police	220,000	293,133
Total Fines and Forfeitures	<u>305,000</u>	<u>358,535</u>
Interest Income		
Investment Income	<u>5,000</u>	<u>11,838</u>
Miscellaneous		
Refunds/Reimbursements	100,000	144,880
Miscellaneous	-	64,573
Total Miscellaneous	<u>100,000</u>	<u>209,453</u>
Total Revenues	<u><u>\$ 23,384,000</u></u>	<u><u>\$ 22,503,569</u></u>

CITY OF HARVEY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
General Government		
Mayor		
Personnel Services	\$ 76,168	\$ 73,695
Other Services/Expenditures	15,500	11,902
Total Mayor	<u>91,668</u>	<u>85,597</u>
Mayor's Office		
Personnel Services	232,021	124,208
Commodities	12,000	41
Contractual Services	43,900	55,591
Other Services/Expenditures	51,000	(11,192)
Equipment	2,000	-
Total Mayor's Office	<u>340,921</u>	<u>168,648</u>
Legal Department		
Personnel Services	-	-
Contractual Services	250,000	598,646
Other Services/Expenditures	-	35
Total Legal Department	<u>250,000</u>	<u>598,681</u>
Aldermen		
Personnel Services	350,002	353,680
Other Services/Expenditures	150,000	5,876
Total Alderman	<u>500,002</u>	<u>359,556</u>
City Clerk		
Personnel Services	205,854	193,737
Commodities	4,000	1,857
Contractual Services	6,000	8,499
Other Services/Expenditures	3,100	2,050
Equipment	2,500	-
Total City Clerk	<u>221,454</u>	<u>206,143</u>
City Treasurer		
Personnel Services	27,043	28,010
Commodities	-	-
Contractual Services	1,950	1,491
Other Services/Expenditures	750	465
Total City Treasurer	<u>29,743</u>	<u>29,966</u>

CITY OF HARVEY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Finance Department		
Commodities	\$ 600	\$ 3,939
Contractual Services	638,800	587,425
Other Services/Expenditures	60,000	109,991
Equipment	60,000	-
Total Finance Department	<u>759,400</u>	<u>701,355</u>
Planning and Development		
Personnel Services	499,443	412,562
Commodities	5,000	4,272
Contractual Services	363,300	198,580
Other Services/Expenditures	8,500	(50)
Equipment	12,000	-
Total Planning and Development	<u>888,243</u>	<u>615,364</u>
Miscellaneous Grant		
Personnel Services	<u>-</u>	<u>-</u>
Miscellaneous Appropriations/Specific Purpose		
Personnel Services	-	412,720
Contractual Services	2,080,000	1,434,722
Other Services/Expenditures	3,050,000	1,093,096
Total Miscellaneous Appropriations/ Specific Purpose	<u>5,130,000</u>	<u>2,940,538</u>
Total General Government	<u>8,211,431</u>	<u>5,705,848</u>
Public Safety		
Police Department		
Personnel Services	8,946,859	8,174,027
Commodities	145,000	119,942
Contractual Services	562,700	606,370
Other Services/Expenditures	60,000	25,514
Equipment	24,000	16,950
Total Police Department	<u>9,738,559</u>	<u>8,942,803</u>

CITY OF HARVEY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Fire Department		
Personnel Services	\$ 7,353,570	\$ 5,446,396
Commodities	16,600	3,403
Contractual Services	207,800	267,717
Other Services/Expenditures	15,000	25,150
Equipment	10,000	25,124
Total Fire Department	<u>7,602,970</u>	<u>5,767,790</u>
E911 Emergency Surcharge		
Personnel Services	428,959	220,682
Contractual Services	24,700	11,558
Other Services/Expenditures	3,200	915
Total E911 Emergency Surcharge	<u>456,859</u>	<u>233,155</u>
Total Public Safety	<u>17,798,388</u>	<u>14,943,748</u>
Public Works		
Streets Administration		
Personnel Services	116,203	115,707
Commodities	-	-
Contractual Services	-	-
Total Streets Administration	<u>116,203</u>	<u>115,707</u>
Street Maintenance Department		
Personnel Services	854,394	293,362
Commodities	162,000	123,206
Contractual Services	1,757,000	2,214,737
Other Services/Expenditures	-	71
Equipment	5,000	-
Total Street Maintenance Department	<u>2,778,394</u>	<u>2,631,376</u>
Public Property/Utility Maintenance		
Personnel Services	368,244	224,174
Commodities	-	(305)
Contractual Services	99,700	28,819
Equipment	-	-
Total Public Property/Utility Maintenance	<u>467,944</u>	<u>252,688</u>
Total Public Works	<u>3,362,541</u>	<u>2,999,771</u>

CITY OF HARVEY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Community Development		
Community Center		
Personnel Services	\$ 90,000	\$ 93,066
Contractual Services	-	2,143
	<u>90,000</u>	<u>95,209</u>
Total Community Development	90,000	95,209
Capital Outlay		
Public Safety		
Vehicles	150,000	21,247
Public Works		
Vehicles	80,000	20,664
Total Capital Outlay	<u>230,000</u>	<u>41,911</u>
	<u>\$ 29,692,360</u>	<u>\$ 23,786,487</u>
Total Expenditures	\$ 29,692,360	\$ 23,786,487

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	\$ 2,138,957	\$ 1,937,324
Interest	-	11,904
	<u>2,138,957</u>	<u>1,949,228</u>
Expenditures		
General Government		
Other Services/Expenditures	2,700	2,240
Debt Service		
Principal Retirement	1,305,000	1,159,000
Interest and Fiscal Charges	<u>1,823,501</u>	<u>1,536,901</u>
Total Expenditures	<u>3,131,201</u>	<u>2,698,141</u>
Excess (Deficiency) of Revenues Over		
 (Under) Expenditures	<u>(992,244)</u>	<u>(748,913)</u>
Other Financing (Uses)		
Transfers In	<u>(400,000)</u>	<u>15,815</u>
Net Change In Fund Balance	<u>(1,392,244)</u>	<u>(733,098)</u>
Fund Balance - Beginning		<u>(1,573,709)</u>
Fund Balance - Ending		<u>\$ (2,306,807)</u>

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	<u>\$ 317,000</u>	<u>\$ 391,165</u>
Expenditures		
Public Works	<u>2,200</u>	<u>-</u>
Net Change In Fund Balance	<u><u>314,800</u></u>	<u>391,165</u>
Fund Balance - Beginning		<u>4,120,464</u>
Fund Balance - Ending		<u><u>\$ 4,511,629</u></u>

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, 2019

	<u>Budget</u>	
	<u>Original and</u>	
	<u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	\$ 2,385,000	\$ 2,237,287
Interest	14,000	47,549
Total Revenues	<u>2,399,000</u>	<u>2,284,836</u>
Expenditures		
Public Works	52,000	33,135
Debt Service		
Principal Retirement	995,000	1,070,000
Interest and Fiscal Charges	241,126	166,500
Total Expenditures	<u>1,288,126</u>	<u>1,269,635</u>
Net Change In Fund Balance	<u><u>1,110,874</u></u>	<u>1,015,201</u>
Fund Balance - Beginning		<u>7,276,220</u>
Fund Balance - Ending		<u><u>\$ 8,291,421</u></u>

CITY OF HARVEY, ILLINOIS
NONMAJOR GOVERNMENTAL - CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
APRIL 30, 2019

	Hotel/ Motel	Community Development	TIF III Cresco Business Park	TIF IV Dixie Sibley	TIF V RPM Wyman Gordon	TIF VI Dixie Highway Corridor	TIF VII Arco/147th Street	Totals
Assets								
Cash and Investments	\$ -	-	\$ 87,990	\$ 138,873	\$ 7,107	\$ -	\$ 146,468	\$ 380,438
Due from Other Governments	-	5,384	-	-	-	-	-	5,384
Advances to Other Funds	697	-	1,361,988	2,298,830	782,096	-	416,087	4,859,698
Total Assets	<u>697</u>	<u>5,384</u>	<u>1,449,978</u>	<u>2,437,703</u>	<u>789,203</u>	<u>-</u>	<u>562,555</u>	<u>5,245,520</u>
Liabilities								
Advances from Other Funds	-	5,384	-	-	-	4,980	-	10,364
Fund Balances								
Restricted	697	-	1,449,978	2,437,703	789,203	-	562,555	5,240,136
Unassigned	-	-	-	-	-	(4,980)	-	(4,980)
Total Fund Balances	<u>697</u>	<u>-</u>	<u>1,449,978</u>	<u>2,437,703</u>	<u>789,203</u>	<u>(4,980)</u>	<u>562,555</u>	<u>5,235,156</u>
Total Liabilities and Fund Balances	<u>\$ 697</u>	<u>\$ 5,384</u>	<u>\$ 1,449,978</u>	<u>\$ 2,437,703</u>	<u>\$ 789,203</u>	<u>\$ -</u>	<u>\$ 562,555</u>	<u>\$ 5,245,520</u>

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, 2019

	Hotel/ Motel	Community Development	TIF III Cresco Business Park	TIF IV Dixie Sibley	TIF V RPM Wyman Gordon	TIF VI Dixie Highway Corridor	TIF VII Arco/147th Street	Totals
Revenues								
Taxes	\$ -	\$ -	\$ 184,974	\$ 273,125	\$ 31,529	\$ -	\$ 433,429	\$ 923,057
Interest	-	-	-	-	-	-	-	-
Total Revenues	-	-	184,974	273,125	31,529	-	433,429	923,057
Expenditures								
Public Works	102,000	-	-	-	-	-	6	102,006
Debt Service								
Principal Retirement	270,000	-	-	-	-	-	-	270,000
Interest and Fiscal Charges	282,219	-	-	-	-	-	-	282,219
Total Expenditures	654,219	-	-	-	-	-	6	654,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(654,219)	-	184,974	273,125	31,529	-	433,423	268,832
Other Financing Sources								
Transfers In	654,219	-	-	-	-	-	-	654,219
Net Change In Fund Balance	-	-	184,974	273,125	31,529	-	433,423	923,051
Fund Balance - Beginning	697	-	1,265,004	2,164,578	757,674	(4,980)	129,132	4,312,105
Fund Balance - Ending	\$ 697	\$ -	\$ 1,449,978	\$ 2,437,703	\$ 789,203	\$ (4,980)	\$ 562,555	\$ 5,235,156

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Interest	\$ -	\$ -
Expenditures		
Public Works	2,600	102,000
Debt Service		
Principal Retirement	255,000	270,000
Interest and Fiscal Charges	300,266	282,219
Total Expenditures	<u>557,866</u>	<u>654,219</u>
Excess (Deficiency) of Revenues Over		
 (Under) Expenditures	<u>(557,866)</u>	<u>(654,219)</u>
Other Financing (Uses)		
Transfers In	<u>560,000</u>	<u>654,219</u>
Net Change In Fund Balance	<u><u>2,134</u></u>	<u>-</u>
Fund Balance - Beginning		<u>697</u>
Fund Balance - Ending		<u><u>\$ 697</u></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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	<u>\$ 179,000</u>	<u>\$ 184,974</u>
Expenditures		
Public Works	<u>2,200</u>	<u>-</u>
Net Change In Fund Balance	<u><u>(2,200)</u></u>	<u>184,974</u>
Fund Balance - Beginning		<u>1,265,004</u>
Fund Balance - Ending		<u><u>\$ 1,449,978</u></u>

CITY OF HARVEY, ILLINOIS
TIF IV DIXIE SIBLEY- CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	\$ 317,000	\$ 273,125
Expenditures		
Public Works	2,200	-
Net Change In Fund Balance	<u>314,800</u>	<u>273,125</u>
Fund Balance - Beginning		<u>2,164,578</u>
Fund Balance - Ending		<u>\$ 2,437,703</u>

CITY OF HARVEY, ILLINOIS
TIF V RPM WYMAN GORDON - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	\$ 215,000	\$ 31,529
Expenditures		
Public Works	2,200	-
Net Change In Fund Balance	<u>212,800</u>	<u>31,529</u>
Fund Balance - Beginning		<u>757,674</u>
Fund Balance - Ending		<u>\$ 789,203</u>

CITY OF HARVEY, ILLINOIS
TIF VII ARCO/147TH STREET - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property	\$ 300,000	\$ 433,429
Expenditures		
Public Works	-	6
Net Change In Fund Balance	<u>300,000</u>	<u>433,423</u>
Fund Balance - Beginning		<u>129,132</u>
Fund Balance - Ending		<u>\$ 562,555</u>

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Operating Revenues		
Charges for Services		
Water Sales	\$ 17,100,000	\$ 16,090,697
Other	523,500	956,783
Total Operating Revenues	<u>17,623,500</u>	<u>17,047,480</u>
Operating Expenses		
Operations		
Personnel Services	1,297,017	871,288
Commodities	143,000	417,875
Contractual Services	13,190,680	14,446,454
Other Services/Expenses	50,500	93,535
Equipment	80,000	12,409
Depreciation and Amortization	379,239	514,736
Total Operating Expenses	<u>15,140,436</u>	<u>16,356,297</u>
Operating Income	<u>2,483,064</u>	<u>691,183</u>
Non-Operating Revenues (Expense)		
Interest Income		36
Other - Penalties & Fees	-	(914,867)
Principal Expense	-	-
Interest Expense	(900,000)	(1,482,807)
Total Non-Operating Revenues (Expense)	<u>(900,000)</u>	<u>(2,397,638)</u>
Income (Loss) Before Transfers	1,583,064	(1,706,455)
Transfers In	737,000	-
Transfers Out	<u>-</u>	<u>(15,815)</u>
Change in Net Position	<u>2,320,064</u>	<u>(1,722,270)</u>
Net Position - Beginning		<u>3,052,591</u>
Net Position - Ending		<u>\$ 1,330,321</u>

CITY OF HARVEY, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
APRIL 30, 2019

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Totals
Assets				
Current Assets				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables - Net of Allowances				-
Customer Billings and Unbilled Services	-	-	135,341	135,341
Advances to Other Funds	66,282	378,704	2,244,130	2,689,116
Prepays	-	-	-	-
Total Current Assets	<u>66,282</u>	<u>378,704</u>	<u>2,379,471</u>	<u>2,824,457</u>
Noncurrent Assets				
Capital assets				
Nondepreciable	-	482,250	-	482,250
Depreciable	-	1,307,969	5,769,703	7,077,672
Accumulated Depreciation	-	(1,307,969)	(5,457,417)	(6,765,386)
Total Noncurrent Assets	<u>-</u>	<u>482,250</u>	<u>312,286</u>	<u>794,536</u>
Total Assets	<u>66,282</u>	<u>860,954</u>	<u>2,691,757</u>	<u>3,618,993</u>
Liabilities				
Current liabilities				
Accounts Payable	40,708	28,763	32,155	101,626
Accrued Payroll	-	1,313	-	1,313
Advances From Other Funds	-	-	-	-
Total Current Liabilities	<u>40,708</u>	<u>30,076</u>	<u>32,155</u>	<u>102,939</u>
Net Position				
Investment in Capital Assets	-	482,250	312,286	794,536
Unrestricted	25,574	348,628	2,347,316	2,721,518
Total Net Position	<u>\$ 25,574</u>	<u>\$ 830,878</u>	<u>\$ 2,659,602</u>	<u>\$ 3,516,054</u>

CITY OF HARVEY, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED APRIL 30, 2019

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Totals
Operating Revenues				
Charges for Services	<u>\$ 2,505</u>	<u>\$ 26,080</u>	<u>\$ 882,193</u>	<u>\$ 910,778</u>
Operating Expenses				
Operations				
Personnel Services	-	52,804	-	52,804
Commodities	-	-	-	-
Contractual Services	29,596	-	43,735	73,331
Other Services/Expenses	-	-	-	-
Equipment	-	-	-	-
Depreciation and Amortization	-	-	41,460	41,460
Total Operating Expenses	<u>29,596</u>	<u>52,804</u>	<u>85,195</u>	<u>167,595</u>
Change in Net Position	<u>(27,091)</u>	<u>(26,724)</u>	<u>796,998</u>	<u>743,183</u>
Net Position - Beginning	<u>52,665</u>	<u>857,602</u>	<u>1,862,604</u>	<u>2,772,871</u>
Net Position - Ending	<u><u>\$ 25,574</u></u>	<u><u>\$ 830,878</u></u>	<u><u>\$ 2,659,602</u></u>	<u><u>\$ 3,516,054</u></u>

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Totals
Cash Flows From Operating Activities				
Receipts from Customers and Users	\$ 2,505	\$ 26,107	\$ 904,448	\$ 933,060
Payments to Employees	-	(40,463)	-	(40,463)
Payments to Suppliers	1	(15,073)	(167,417)	(182,489)
Net Cash Provided by Operating Activities	<u>2,506</u>	<u>(29,429)</u>	<u>737,031</u>	<u>710,108</u>
Cash Flows From Capital And Related Financing Activities				
Purchase (Sale) of Capital Assets	-	-	(87,500)	(87,500)
Cash Flows From Non-capital Financing Activities				
(Increase) Decrease in Advances to Other Funds	<u>(2,506)</u>	<u>29,429</u>	<u>(649,531)</u>	<u>(622,608)</u>
Net Change in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents - Beginning	-	-	-	-
Cash and Cash Equivalents - Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation Of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(27,091)	(26,724)	796,998	743,183
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization Expense	-	-	41,460	41,460
(Increase) Decrease in Receivables	-	-	22,255	22,255
(Increase) Decrease in Prepaids	-	27	-	27
Increase (Decrease) in Accounts Payable	29,597	(2,852)	(123,682)	(96,937)
Increase (Decrease) in Accrued Payroll	-	120	-	120
Net Cash Provided by Operating Activities	<u>\$ 2,506</u>	<u>\$ (29,429)</u>	<u>\$ 737,031</u>	<u>\$ 710,108</u>

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, 2019

	<u>Budget</u> Original and Final	<u>Actual</u>
Operating Revenues		
Charges for Services	\$ 18,800	\$ 2,505
Operating Expenses		
Operations		
Contractual Services	24,000	29,596
Change in Net Position	<u>(5,200)</u>	<u>(27,091)</u>
Net Position - Beginning		<u>52,665</u>
Net Position - Ending		<u>\$ 25,574</u>

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Operating Revenues		
Charges for Services	\$ 35,000	\$ 26,080
Operating Expenses		
Operations		
Personnel Services	44,997	52,804
Contractual Services	-	-
Total Operating Expenses	<u>44,997</u>	<u>52,804</u>
Change in Net Position	<u>35,000</u>	<u>(26,724)</u>
Net Position - Beginning		<u>857,602</u>
Net Position - Ending		<u>\$ 830,878</u>

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, 2019

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>
Operating Revenues		
Charges for Services	\$ 842,000	\$ 882,193
Operating Expenses		
Operations		
Personnel Services	263,459	-
Commodities	-	-
Contractual Services	140,000	43,735
Other Services/Expenses	-	-
Equipment	50,000	-
Depreciation	27,626	41,460
Total Operating Expenses	<u>481,085</u>	<u>85,195</u>
Change in Net Position	<u>360,915</u>	<u>796,998</u>
Net Position - Beginning		<u>1,862,604</u>
Net Position - Ending		<u>\$ 2,659,602</u>

CITY OF HARVEY, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
APRIL 30, 2019

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Assets			
Cash and Cash Equivalents	\$ 1,926,920	\$ 1,025,562	\$ 2,952,482
Investments			
U.S. Treasuries	4,380,551	1,244,756	5,625,307
U.S. Agencies	651,648	568,255	1,219,903
Corporate Bonds	433,600	1,160,917	1,594,517
Common Stock	4,831,369	1,757,028	6,588,397
Equity Mutual Funds	5,615,320	4,264,505	9,879,825
Total Investments	<u>15,912,488</u>	<u>8,995,461</u>	<u>24,907,949</u>
Receivables			
Accrued Interest	29,865	19,306	49,171
Due from Other	-	31,437	31,437
Due from Other Funds	7,890,241	15,535,050	23,425,291
Reserve Uncollectible - Interfund	<u>(7,890,241)</u>	<u>(15,535,050)</u>	<u>(23,425,291)</u>
Total Receivables	<u>29,865</u>	<u>50,743</u>	<u>80,608</u>
Prepays	<u>8,469</u>	<u>9,668</u>	<u>18,137</u>
Total Assets	<u>17,877,742</u>	<u>10,081,434</u>	<u>27,959,176</u>
Liabilities			
Accounts payable	<u>14,038</u>	<u>62,840</u>	<u>76,878</u>
Net Position			
Net Position Restricted for Pensions	<u>\$ 17,863,704</u>	<u>\$ 10,018,594</u>	<u>\$ 27,882,298</u>

CITY OF HARVEY, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Additions			
Contributions - Employer	\$ 2,890,705	\$ 2,520,393	\$ 5,411,098
Contributions - Plan Members	277,417	205,315	482,732
Total Contributions	<u>3,168,122</u>	<u>2,725,708</u>	<u>5,893,830</u>
Investment Income			
Interest Income	545,984	301,266	847,250
Net Change in Fair Value	534,675	149,841	684,516
	1,080,659	451,107	1,531,766
Less Investment Expenses	(74,578)	(65,328)	(139,906)
Net Investment Income	<u>1,006,081</u>	<u>385,779</u>	<u>1,391,860</u>
Total Additions	<u>4,174,203</u>	<u>3,111,487</u>	<u>7,285,690</u>
Deductions			
Administration	197,595	425,107	622,702
Benefits and Refunds	2,248,778	2,577,394	4,826,172
Total Deductions	<u>2,446,373</u>	<u>3,002,501</u>	<u>5,448,874</u>
Change in Fiduciary Net Position	1,727,830	108,986	1,836,816
Net Position Restricted for Pensions			
Beginning	<u>16,135,874</u>	<u>9,909,608</u>	<u>26,045,482</u>
Ending	<u>\$ 17,863,704</u>	<u>\$ 10,018,594</u>	<u>\$ 27,882,298</u>

SUPPLEMENTAL SCHEDULES

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS OF 2002B
APRIL 30, 2019

Date of Issue:	July 1, 2002
Date of Maturity:	May 1, 2022
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
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
Default	340,000	104,980	444,980				
	<u>\$ 1,900,000</u>	<u>\$ 327,860</u>	<u>\$ 2,227,860</u>		<u>\$ 111,440</u>		<u>\$ 111,440</u>

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS OF 2002C
APRIL 30, 2019

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
2020	\$ 565,000	\$ 25,990	\$ 590,990	2019	\$ 12,995	2019	\$ 12,995
Default	1,060,000	87,136	1,147,136				
	<u>\$ 1,625,000</u>	<u>\$ 113,126</u>	<u>\$ 1,738,126</u>		<u>\$ 12,995</u>		<u>\$ 12,995</u>
	568,750	Governmental Activities					
	<u>1,056,250</u>	Business-Type Activities					
	<u><u>1,625,000</u></u>						

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS OF 2007A
APRIL 30, 2019

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	June 1	Amount	Dec. 1	Amount
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
Default	-	1,861,611	1,861,611				
	<u>\$ 22,275,000</u>	<u>\$ 14,013,955</u>	<u>\$ 36,288,955</u>		<u>\$ 6,076,172</u>		<u>\$ 6,076,172</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, 2019

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		
	Principal	Interest	Totals
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
Default	1,415,000	706,194	2,121,194
	<u>\$ 6,615,000</u>	<u>\$ 2,255,419</u>	<u>\$ 8,870,419</u>

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
HOTEL-MOTEL TAX AND SALES TAX REVENUE BONDS OF 2008A
APRIL 30, 2019

Date of Issue:	August 27, 2008
Date of Maturity:	August 1, 2028
Authorized Issue:	\$6,025,000
Denomination of Bonds:	\$5,000
Interest Rates:	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
2020	\$ 290,000	\$ 262,969	\$ 552,969	2019	\$ 136,469	2019	\$ 126,500
2021	310,000	242,344	552,344	2020	126,500	2020	115,844
2022	330,000	220,344	550,344	2021	115,844	2021	104,500
2023	355,000	196,797	551,797	2022	104,500	2022	92,297
2024	375,000	171,703	546,703	2023	92,297	2023	79,406
2025	405,000	144,890	549,890	2024	79,406	2024	65,484
2026	430,000	116,187	546,187	2025	65,484	2025	50,703
2027	460,000	85,594	545,594	2026	50,703	2026	34,891
2028	490,000	52,938	542,938	2027	34,891	2027	18,047
2029	525,000	18,047	543,047	2028	18,047	2028	-
	<u>\$ 3,970,000</u>	<u>\$ 1,511,813</u>	<u>\$ 5,481,813</u>		<u>\$ 824,141</u>		<u>\$ 687,672</u>

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
TAX INCREMENT ALLOCATION REVENUE BONDS OF 2010
APRIL 30, 2019

Date of Issue:	September 27, 2010
Date of Maturity:	December 1, 2019
Authorized Issue:	\$5,000,000
Denomination of Bonds:	\$5,000
Interest Rates:	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	June 1	Amount	Dec. 1	Amount
2020	\$ 1,150,000	\$ 86,250	\$ 1,236,250	2019	\$ 43,125	2019	\$ 43,125
	<u>\$ 1,150,000</u>	<u>\$ 86,250</u>	<u>\$ 1,236,250</u>		<u>\$ 43,125</u>		<u>\$ 43,125</u>