

CITY OF HARVEY, ILLINOIS
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
APRIL 30, 2021

J John Kasperek Co.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF HARVEY, ILLINOIS
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INTRODUCTORY SECTION

CITY OF HARVEY, ILLINOIS
LIST OF PRINCIPAL OFFICIALS
APRIL 30, 2021

Christopher Clark, Honorable Mayor

CITY COUNCIL

Shirley Drewenski, Alderman

Marshun Tolbert, Alderman

Quinton Crudup, Alderman

Tracy L. Key, Alderman

Dominque Randel-El, Alderman

Tyrone Rogers, Alderman

ADMINISTRATION

Aisha Pickett, Treasurer

Rosa M. Arambula, City Clerk

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the 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 (the City) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Motor Fuel Tax Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
TIF I Dixie Square Fund	Unmodified
TIF II Center Street Fund	Unmodified
Enterprise Fund – Water Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Governmental Activities, Business-Type Activities & Enterprise Fund – Water Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and enterprise fund – water fund of the City of Harvey, Illinois, as of April 30, 2021, and the 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.

Unmodified Opinions on General Fund, Motor Fuel Tax Fund, Debt Service Fund, Capital Projects Fund, TIF I Dixie Square Fund, TIF II Center Street Fund and Aggregate Remaining Fund Information

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, motor fuel tax fund, debt service fund, capital projects fund, TIF I Dixie Square fund, TIF II Center Street fund and aggregate remaining fund information governmental of the City of Harvey, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Firefighters' Pension Fund, which represent 28 percent of the assets and 40 percent of the revenues/additions of the aggregate remaining fund information as of April 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities, Business-Type Activities & Enterprise Fund – Water Fund

Management of the City did not adopt a methodology for monitoring the accrued compensated absences. The City was unable to provide a compensated absences report from their payroll system and instead provided detail in an excel spreadsheet of which we were unable to properly test for accurately estimating the required compensated absences liability in accordance with generally accepted accounting principles. The accrued compensation spreadsheets provided by the fire department had significant increases in the beginning liability balances of which required a prior period adjustment to the balance for the fire department. In addition, we were unable to obtain sufficient audit evidence to test the FY21 accrued balances resulting in an opinion qualification. The amount by which this departure would affect the liabilities, net position, expenses and disclosures has not been determined.

Emphasis of Matter

As discussed within Note 2 of the financial statements, the City has an accumulated unassigned deficit in the General Fund of \$62 million as of April 30, 2021. The City has borrowed extensively from other funds such as the Water Fund and TIF Funds, without an apparent means of repayment. Additionally, the City has defaulted on several bond payments and has experienced ongoing difficulties in meeting their financial obligations. The situation raises significant liquidity risks. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the consolidated year-end financial report as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules and the consolidated year-end financial report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other supplementary information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 11, 2023, on our consideration of the City's 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's 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John Kasperuk Co., Inc." The signature is fluid and cursive, with "John" and "Kasperuk" being the first and last names respectively, and "Co., Inc." appearing in a smaller, enclosed script.

Calumet City, Illinois
April 11, 2023

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

The City of Harvey (the City) offers readers of its financial statements this narrative overview and analysis of the financial activity of the City for the year ended April 30, 2021. Please read it in conjunction with the City's financial statements, which begin on page 16.

Financial Highlights

- The City's overall net position increased as a result of this year's operations. Net position of governmental activities increased by \$6,211,469, and net position of the business-type activities decreased by \$616,631.
- During the year, government-wide revenues for the primary government totaled \$31,031,880, while expenses totaled \$24,820,411, resulting in an increase to net position of \$6,211,469.
- The City's net position totaled a deficit \$141,639,509 on April 30, 2021, which consists of a deficit \$13,575,090 net investment in capital assets, \$30,375,784 subject to external restrictions, and a deficit in unrestricted net position of \$158,440,203.
- The General Fund reported a net decrease this year of \$1,493,508, resulting in a deficit fund balance of \$61,638,518.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (pages 16-17 of this report) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 18 of this report. 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's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City 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's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 16-17 of this report as noted in the preceding paragraph. The statement of net position reports information on all the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them 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 is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

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). The government-wide financial statements distinguish functions of the City 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 include general government, community and economic development, public works, and public safety. The business-type activities of the City include water, sewer, and parking lot operations.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City 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, unlike the government-wide financial statements, 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 year. Such information may be useful in evaluating the City'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 this comparison between governmental funds and governmental activities.

The City 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, TIF I Dixie Square, and TIF II Center Street, all of which are considered to be major funds. Data from the other ten governmental funds are aggregated into a single 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 adopts an annual appropriated budget for all of the governmental funds, except the Police Pension Fund and the Firefighters Pension Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds

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

Proprietary funds 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, Sewer Fund, Pace Bus Terminal Parking Fund, and Commuter Parking Fund, which only the Water Fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The method of accounting used for fiduciary funds is similar to that used by proprietary funds. The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

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 28-73 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's other postemployment benefit obligation, IMRF, police and fire employee pension obligations. The required supplementary information also contains the budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 74-99 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 100-117 of this report. Other supplementary information consisting of long-term debt requirements can be found on pages 118-122. Followed with the City's consolidated year-end financial reports on page 123.

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, liabilities/deferred inflows exceeded assets/deferred outflows by \$141,639,509.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ (4,202,669)	\$ (6,605,940)	\$ 41,415,967	\$ 41,201,972	\$ 37,213,298	\$ 34,596,032
Capital assets	5,372,356	5,524,433	5,212,559	5,839,552	10,584,915	11,363,985
Total Assets	1,169,687	(1,081,507)	46,628,526	47,041,524	47,798,213	45,960,017
Deferred outflows	13,686,117	16,866,249	480,714	252,536	14,166,831	17,118,785
Total Assets/ Deferred Outflows	14,855,804	15,784,742	47,109,240	47,294,060	61,965,044	63,078,802
Long-term debt	121,737,242	125,005,549	33,003,698	32,864,555	154,740,940	157,870,104
Other liabilities	14,630,644	12,965,047	8,306,063	8,125,652	22,936,707	21,090,699
Total Liabilities	136,367,886	137,970,596	41,309,761	40,990,207	177,677,647	178,960,803
Deferred inflows	25,301,998	30,240,109	624,908	512,651	25,926,906	30,752,760
Total Liabilities/ Deferred Inflows	161,669,884	168,210,705	41,934,669	41,502,858	203,604,553	209,713,563
Net Position						
Net investment in capital assets	(12,912,969)	(12,885,373)	(662,121)	(216,698)	(13,575,090)	(13,102,071)
Restricted	30,375,784	25,418,026	-	-	30,375,784	25,418,026
Unrestricted (deficit)	(164,276,895)	(164,958,616)	5,836,692	6,007,900	(158,440,203)	(158,950,716)
Total Net Position	\$ (146,814,080)	\$ (152,425,963)	\$ 5,174,571	\$ 5,791,202	\$ (141,639,509)	\$ (146,634,761)

A portion of the City's net position, a deficit \$13,575,090, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion, \$30,375,784, of the City's net position represents resources that are subject to external restrictions on how they may be used, including restrictions for public safety of \$274,308, capital projects of \$2,556,192, street maintenance of \$5,096,254, and economic development of \$22,449,030. The remaining net position is reported as a deficit in unrestricted net position of \$164,276,895. Unrestricted net position represents amounts that may be used to meet the government's ongoing obligations to citizens and creditors.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for services	\$ 4,549,651	\$ 4,370,592	\$ 19,476,586	\$ 17,376,422	\$ 24,026,237	\$ 21,747,014
Operating grants/contrib.	1,740,904	1,257,116	-	-	1,740,904	1,257,116
Capital grants/contrib.	833,092	-	-	-	833,092	-
General Revenues						
Property taxes	12,698,102	13,475,077	-	-	12,698,102	13,475,077
Income taxes	3,284,168	2,486,701	-	-	3,284,168	2,486,701
Utility taxes	1,238,047	1,212,382	-	-	1,238,047	1,212,382
Sales taxes	3,910,105	2,428,625	-	-	3,910,105	2,428,625
Other intergovernmental revenues	2,644,881	315,239	-	-	2,644,881	315,239
Interest	1,373	-	-	-	1,373	-
Other general revenues	131,557	3,467,900	-	-	131,557	3,467,900
Total Revenues	<u>31,031,880</u>	<u>29,013,632</u>	<u>19,476,586</u>	<u>17,376,422</u>	<u>50,508,466</u>	<u>46,390,054</u>
Expenses						
General government	6,365,928	4,525,866	-	-	6,365,928	4,525,866
Community and economic development	(450)	4,691	-	-	(450)	4,691
Public works	3,980,280	4,039,738	-	-	3,980,280	4,039,738
Public safety	13,026,935	16,418,427	-	-	13,026,935	16,418,427
Interest on long-term debt and fiscal charges	1,447,718	1,696,891	-	-	1,447,718	1,696,891
Water	-	-	19,969,413	16,285,892	19,969,413	16,285,892
Sewer	-	-	121,204	115,248	121,204	115,248
Parking	-	-	2,600	30,455	2,600	30,455
Total Expenses	<u>24,820,411</u>	<u>26,685,613</u>	<u>20,093,217</u>	<u>16,431,595</u>	<u>44,913,628</u>	<u>43,117,208</u>
Change in net position	6,211,469	2,328,019	(616,631)	944,827	5,594,838	3,272,846
Net position-beginning (restated)	<u>(153,025,549)</u>	<u>(154,753,982)</u>	<u>5,791,202</u>	<u>4,846,375</u>	<u>(147,234,347)</u>	<u>(149,907,607)</u>
Net position-ending	<u>\$ (146,814,080)</u>	<u>\$ (152,425,963)</u>	<u>\$ 5,174,571</u>	<u>\$ 5,791,202</u>	<u>\$ (141,639,509)</u>	<u>\$ (146,634,761)</u>

Net position of the City's governmental activities decreased from the prior year deficit of \$153,025,549 to a deficit of \$146,814,080 in 2021. In addition, there was a restatement in beginning net position for governmental activities of \$599,586 as a result of adjusting the accrued compensation balance for the City's fire department. Net position of business-type activities decreased by \$616,631.

Governmental Activities

Revenues for governmental activities totaled \$31,031,880 while the cost of all governmental functions totaled \$24,820,411. This resulted in a surplus of \$6,211,469. Governmental revenues increased by 7%, and expenses decreased by 7% from the prior year. The reduction in expense was most notable within public safety. The primary cause for that decrease was because of decreases in the pension liability of Police and Fire of \$3,101,977 and \$2,513,575, respectively.

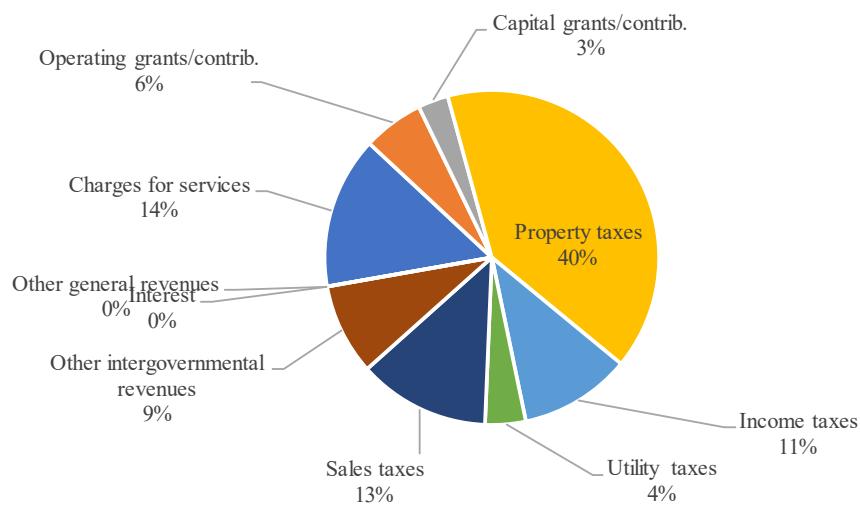
CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

One of the reasons for the reduction in the Police pension liability is because investment earnings were \$4.0 million compared to the prior year investment losses of \$0.3 million. The Fire pensions recognized similar investment earnings of \$2.6 million compared to the prior year \$0.2 million.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of property taxes, utility taxes and intergovernmental taxes (sales, income, other intergovernmental) to fund governmental activities.

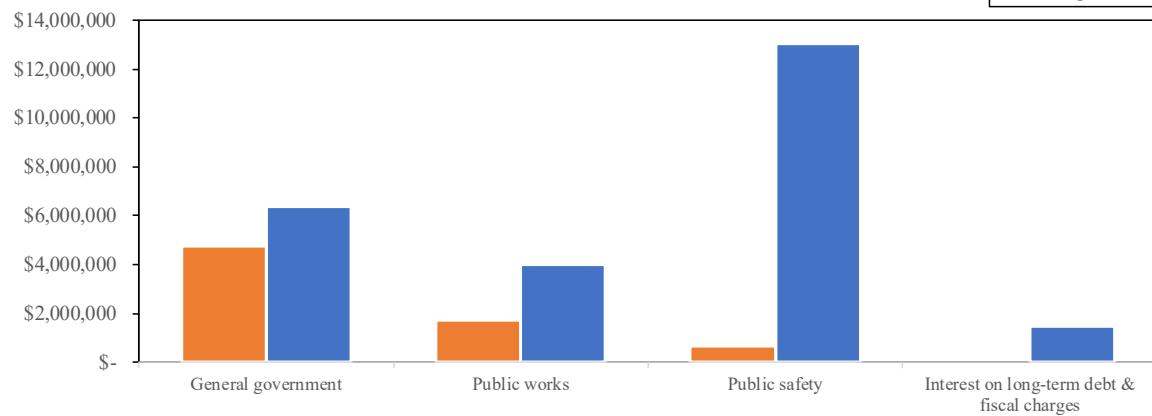
Revenues by Source - Governmental Activities



The following table summarizes the revenue and expenses of the governmental activities and identifies those governmental functions where program expenses greatly exceed revenues. Community and economic development activity was excluded from the table below due to minimal activity.

Expenses and Program Revenues - Governmental Activities

▪ Revenues
▪ Expenses

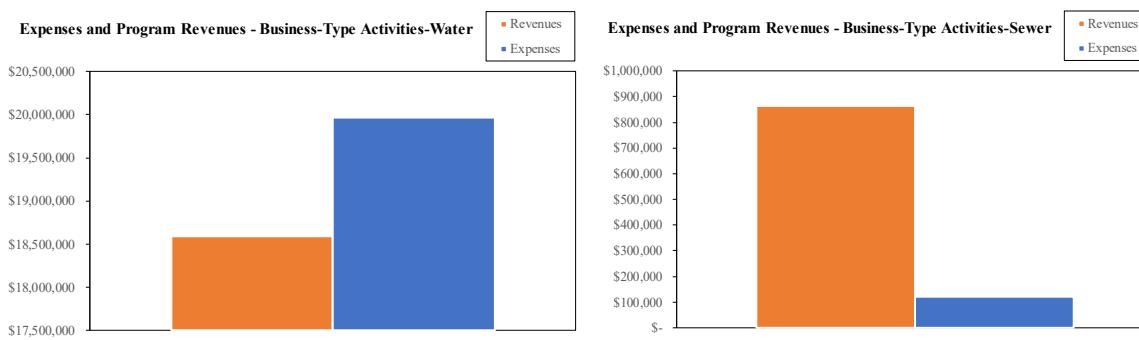


CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities

Business-type activities reported total revenues of \$19,476,586, while the cost of all business-type activities totaled \$20,093,217. This resulted in an operating loss of \$616,631. The primary contributing factor to the loss took place within the Water Fund, where expenses exceeded revenue by \$1,379,513. The decrease in net position within the Water Fund was due primarily to the interest expense incurred on the amount owed to the City of Chicago and the defaulted bond of \$1,912,825. In the subsequent fiscal year, the City is working to refund and consolidate its outstanding debt to reduce its interest expenses See Note 7 and 10 for additional information relating to details of the amount owed to City of Chicago and the outstanding debt.



The above table compares program revenues to expenses for business-type operations for the Water Fund and Sewer Fund. The Pace Bus Terminal Parking and Commuter Parking fund were excluded from the table above as there was a combined total revenue of \$21,227 and \$2,600 expenses within the fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted 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's governmental funds reported combined ending deficit fund balances of \$35,550,279 which is a decrease of \$55,803 from last year's deficit total of \$35,606,082. At April 30, 2021, the total unrestricted fund balance for the governmental funds is reported as a deficit of \$65,982,421.

The General Fund reported a decrease in fund balance for the year of \$1,493,508. The fund balance decrease was partially due to Other Financing uses of \$552,344, resulting from interfund transfers. Within the General Fund, revenues received exceed expectations by \$3,157,499. Also, General Fund expenditures were \$286,403 below budgeted amounts. The Detailed Schedule of Revenues and Expenditures – General Fund can be found on pages 93-98 of the report.

The Debt Service Fund reported a decrease in fund balance for the year of \$827,384, which increased the total deficit fund balance in the Debt Service Fund to \$4,003,787. The overall decrease for the year was due to tax revenues to fund the debt service obligation of \$3,053,307 was not sufficient. Due to the lack of revenues to fund the debt service obligation the City has experienced another year in which it is in default in relation to its bond obligations. Additional information relating to the bond default can be located within Footnote 10 on page 55 of the report.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Capital Project Fund is reported as a major fund of the City and reports the City's capital improvements and the replacement of City equipment. During the fiscal year, the Capital Project Fund reported a surplus for the year of \$55 resulting in an ending fund balance of \$2,556,192.

The Tax Incrementing Financing (TIF) I Dixie Square reported an increase in fund balance of \$201,900 because real estate taxes received from the properties within the TIF were greater than the contractual obligations paid out of the TIF.

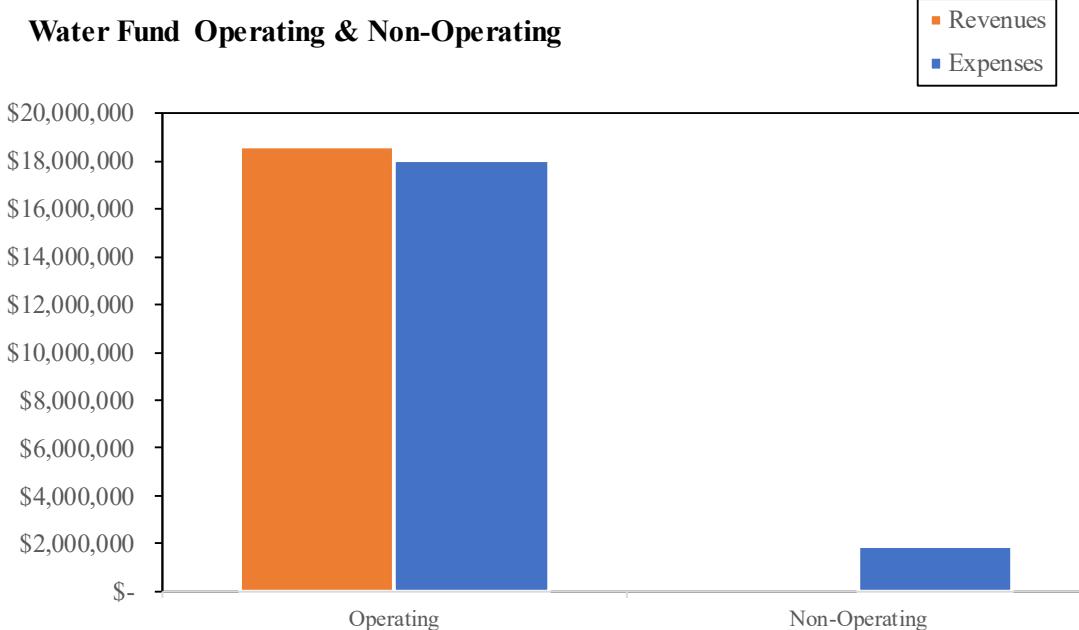
The Tax Incrementing Financing (TIF) II Center Street reported an increase in fund balance of \$1,197,678 because real estate taxes received from the properties within the TIF were greater than the contractual obligations paid out of the TIF.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide financial statements, reporting both short-term and long-term information about financial status.

The City's proprietary funds include the Water, Sewer, Pace Bus Terminal Parking, and Commuter Parking Lot Funds. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

The Water Fund reported a decrease in net position of \$1,379,513. The Sewer, Pace Bus Terminal Parking, Commuter Parking Lot fund reporting operating surpluses of \$744,255, \$14,796, and \$3,831, respectively.



As depicted in the chart above the Water Fund operating expenses were sufficiently funded by operating revenues. The non-operating expenses resulted in the Water Fund decrease in net position. The Water Fund and Sewer Fund reported depreciation and amortization expense of \$588,475 and \$38,518, respectively.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made no amendments to the General Fund budget in 2021. Actual revenues reported in the General Fund exceeded the budget by \$3,157,499. The City budgeted \$6,368,900 in intergovernmental and received \$9,009,227, a \$2,640,327 increase. The large increase was primarily due to sales and use taxes and state income tax revenues greatly exceeding budgeted amounts.

On the expenditure side, General Fund expenditures were \$25,949,313 versus the original and final budget of \$26,235,716. The expenditure variance was largely due to public safety. With respect to public safety, total police and fire department expenditures were over the budget by \$1,028,667 and \$80,718. The amounts over budgeted related to personnel services which consists of salaries and pension contributions. The General Fund public safety over-budgeted amounts were offset by general government expenditures being \$1,514,119 under budget.

The detailed schedule of revenues and expenditures - budget and actual may be found starting on page 93 of this report. A condensed summary of the General Fund budget to actual variances follows:

**CONDENSED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL, YEAR ENDED APRIL 30, 2021**

Fund	Budget	Actual	Actual to Budget Variance
Revenues			
Taxes	\$ 11,189,850	\$ 11,194,431	\$ 4,581
Intergovernmental	6,368,900	9,009,227	2,640,327
Licenses & permits	1,074,600	1,065,983	(8,617)
Charge for services	2,808,800	3,082,976	274,176
Fines & forfeitures	281,000	523,732	242,732
Interest	500	243	(257)
Miscellaneous	127,000	131,557	4,557
 Total revenues	 21,850,650	 25,008,149	 3,157,499
 Expenditures:			
General government	7,478,012	5,963,893	-
Public safety	15,566,354	16,701,986	1,135,632
Public works	2,956,350	2,821,534	(134,816)
Community development	-	(450)	(450)
Capital outlay	235,000	462,350	227,350
 Total expenditures	 26,235,716	 25,949,313	 (286,403)
 Excess of revenues over expenditures	 (4,385,066)	 (941,164)	 3,443,902
 Other financing sources (uses):			
Disposal of capital assets	27,000	-	(27,000)
Transfers (out)	(560,000)	(552,344)	7,656
 Net change in fund balance	 \$ (4,918,066)	 \$ (1,493,508)	 \$ 3,424,558

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2021, was \$10,584,915 (net of accumulated depreciation). This investment in capital assets includes land, buildings, maintenance equipment, and parking lot equipment/improvements, etc.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 227,134	\$ 227,134	\$ 608,738	\$ 608,738	\$ 835,872	\$ 835,872
Buildings and Property	1,135,968	1,199,963	888,918	929,268	2,024,886	2,129,231
Machinery and Equipment	498,293	345,602	508,362	715,370	1,006,655	1,060,972
Vehicles	311,706	453,178	-	-	311,706	453,178
Infrastructure	3,199,255	3,298,556	3,206,541	3,586,176	6,405,796	6,884,732
Total	\$ 5,372,356	\$ 5,524,433	\$ 5,212,559	\$ 5,839,552	\$ 10,584,915	\$ 11,363,985

The overall decrease in net capital assets was due to depreciation exceeding the overall addition of capital assets. The City did purchases \$304,115 of assets related to machinery and vehicles for the public works and fire department.

Additional information on the City's capital assets can be found in Note 4 on pages 45-46 of this report.

Debt Administration

Outstanding general obligation debt as of April 30, 2021 is as follows:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 25,475,981	\$ 25,573,750	\$ 5,874,680	\$ 6,056,250	\$ 31,350,661	\$ 31,630,000
Revenue bonds	3,370,000	3,680,000	-	-	3,370,000	3,680,000
Installment contracts	-	-	26,980,429	26,980,429	26,980,429	26,980,429
Total	\$ 28,845,981	\$ 29,253,750	\$ 32,855,109	\$ 33,036,679	\$ 61,701,090	\$ 62,290,429

Additional information on the City's long-term debt can be found in Note 7 on pages 49-52 of this report.

CITY OF HARVEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

Economic Factors bearing on the City's Future

The City intends to continue to closely monitor expenditures and allocate resources to areas that best meet the needs of its citizenry. The City will continue to actively seek out grants and all other available revenue sources.

Request for Information

This financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, provide transparency to the public, and demonstrate the City's commitment for financial accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the City of Harvey 15320 Broadway Avenue, Harvey, Illinois 60426.

BASIC FINANCIAL STATEMENTS

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 8,148,124	\$ 79,988	\$ 8,228,112
Receivables - net of allowances	15,398,785	4,008,892	19,407,677
Internal balances	(35,545,904)	35,545,904	-
Prepays	44,358	114,727	159,085
Inventories	12,000	-	12,000
Capital assets not being depreciated	227,134	608,738	835,872
Capital assets (net of accumulated depreciation)	5,145,222	4,603,821	9,749,043
Net pension asset	7,739,968	1,666,456	9,406,424
 Total Assets	 1,169,687	 46,628,526	 47,798,213
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	8,176,695	11,382	8,188,077
Deferred outflows related to other postemployment benefits	5,509,422	469,332	5,978,754
 Total Deferred Outflows of Resources	 13,686,117	 480,714	 14,166,831
LIABILITIES			
Accounts payable and other accrued expenses	4,466,986	4,137,343	8,604,329
Accrued salaries and related expenses	495,161	21,417	516,578
Accrued interest payable	3,035,038	2,757,669	5,792,707
Deposits payable	355,780	229,839	585,619
Due to other governments	196,813	-	196,813
Non current liabilities			
Due within one year	6,080,866	1,159,795	7,240,661
Due in more than one year	121,737,242	33,003,698	154,740,940
 Total Liabilities	 136,367,886	 41,309,761	 177,677,647
DEFERRED INFLOWS OF RESOURCES			
Property taxes - net of allowances	11,633,296	-	11,633,296
Deferred inflows related to pensions	12,705,678	542,871	13,248,549
Deferred inflows related to other postemployment benefits	963,024	82,037	1,045,061
 Total Deferred Inflows of Resources	 25,301,998	 624,908	 25,926,906
NET POSITION			
Net investment in capital assets	(12,912,969)	(662,121)	(13,575,090)
Restricted for			
Public safety	274,308	-	274,308
Capital projects	2,556,192	-	2,556,192
Street maintenance	5,096,254	-	5,096,254
Economic development	22,449,030	-	22,449,030
Unrestricted (deficit)	(164,276,895)	5,836,692	(158,440,203)
 Total Net Position	 \$ (146,814,080)	 \$ 5,174,571	 \$ (141,639,509)

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities							
General government	\$ 6,365,928	\$ 3,895,021	\$ 835,705	\$ -	\$ (1,635,202)	\$ -	\$ (1,635,202)
Community and economic development	(450)	-	-	-	450	-	450
Public works	3,980,280	1,947	905,199	833,092	(2,240,042)	-	(2,240,042)
Public safety	13,026,935	652,683	-	-	(12,374,252)	-	(12,374,252)
Interest on long-term debt and fiscal charges	1,447,718	-	-	-	(1,447,718)	-	(1,447,718)
Total governmental activities	<u>24,820,411</u>	<u>4,549,651</u>	<u>1,740,904</u>	<u>833,092</u>	<u>(17,696,764)</u>	<u>-</u>	<u>(17,696,764)</u>
Business-type activities							
Water	19,969,413	18,589,900	-	-	-	(1,379,513)	(1,379,513)
Pace bus terminal parking	2,600	17,396	-	-	-	14,796	14,796
Commuter parking lot	-	3,831	-	-	-	3,831	3,831
Sewer	121,204	865,459	-	-	-	744,255	744,255
Total business-type activities	<u>20,093,217</u>	<u>19,476,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,631)</u>	<u>(616,631)</u>
Total Primary Government	<u>\$ 44,913,628</u>	<u>\$ 24,026,237</u>	<u>\$ 1,740,904</u>	<u>\$ 833,092</u>	<u>(17,696,764)</u>	<u>(616,631)</u>	<u>(18,313,395)</u>
General Revenues							
Property taxes					12,698,102	-	12,698,102
Intergovernmental							
Income tax					3,284,168	-	3,284,168
Utility tax					1,238,047	-	1,238,047
Sales tax					3,910,105	-	3,910,105
Other					2,644,881	-	2,644,881
Interest income					1,373	-	1,373
Miscellaneous					131,557	-	131,557
Total					<u>23,908,233</u>	<u>-</u>	<u>23,908,233</u>
Change in net position					6,211,469	(616,631)	5,594,838
Net position - beginning of year as restated					<u>(153,025,549)</u>	<u>5,791,202</u>	<u>(147,234,347)</u>
Net position, end of year					<u>\$ (146,814,080)</u>	<u>\$ 5,174,571</u>	<u>\$ (141,639,509)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2021

	General Fund	Motor Fuel Tax	Debt Service	Capital Projects	TIF I Dixie Square	TIF II Center Street	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 1,022,866	\$ 607,089	\$ 1,735,831	\$ 10,240	\$ 218,616	\$ 3,352,680	\$ 1,200,802	\$ 8,148,124
Receivables - net of allowances								
Property taxes	9,305,544	-	2,989,808	-	-	-	-	12,295,352
Other taxes	1,847,746	83,287	-	-	-	-	-	1,931,033
Accounts	372,414	-	-	-	-	-	-	372,414
Other	799,986	-	-	-	-	-	-	799,986
Advances from other funds	253,543	5,853,403	533,604	2,545,952	4,964,584	7,008,012	5,750,698	26,909,796
Inventory	12,000	-	-	-	-	-	-	12,000
Prepays	44,358	-	-	-	-	-	-	44,358
Total Assets	<u>\$ 13,658,457</u>	<u>\$ 6,543,779</u>	<u>\$ 5,259,243</u>	<u>\$ 2,556,192</u>	<u>\$ 5,183,200</u>	<u>\$ 10,360,692</u>	<u>\$ 6,951,500</u>	<u>\$ 50,513,063</u>
LIABILITIES								
Accounts payable	\$ 2,992,129	\$ 1,428,944	\$ 6,459,687	\$ -	\$ 6,563	\$ 4,438	\$ 34,831	\$ 10,926,592
Accrued salaries and related expenditures	476,580	18,581	-	-	-	-	-	495,161
Due to other governments	196,813	-	-	-	-	-	-	196,813
Deposits payable	355,780	-	-	-	-	-	-	355,780
Advances to other funds	62,445,720	-	-	-	-	-	9,980	62,455,700
Total Liabilities	<u>66,467,022</u>	<u>1,447,525</u>	<u>6,459,687</u>	<u>-</u>	<u>6,563</u>	<u>4,438</u>	<u>44,811</u>	<u>74,430,046</u>
DEFERRED INFLOWS OF RESOURCES								
Property taxes	8,829,953	-	2,803,343	-	-	-	-	11,633,296
Total Deferred Inflows of Resources	<u>8,829,953</u>	<u>-</u>	<u>2,803,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,633,296</u>
FUND BALANCES								
Nonspendable								
Inventory	12,000	-	-	-	-	-	-	12,000
Prepays	44,358	-	-	-	-	-	-	44,358
Restricted								
Public safety	274,308	-	-	-	-	-	-	274,308
Capital projects	-	-	-	2,556,192	-	-	-	2,556,192
Street maintenance	-	5,096,254	-	-	-	-	-	5,096,254
Economic development	-	-	-	-	5,176,637	10,356,254	6,916,139	22,449,030
Unassigned (deficit)	(61,969,184)	-	(4,003,787)	-	-	-	(9,450)	(65,982,421)
Total Fund Balances (Deficit)	<u>(61,638,518)</u>	<u>5,096,254</u>	<u>(4,003,787)</u>	<u>2,556,192</u>	<u>5,176,637</u>	<u>10,356,254</u>	<u>6,906,689</u>	<u>(35,550,279)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,658,457</u>	<u>\$ 6,543,779</u>	<u>\$ 5,259,243</u>	<u>\$ 2,556,192</u>	<u>\$ 5,183,200</u>	<u>\$ 10,360,692</u>	<u>\$ 6,951,500</u>	<u>\$ 50,513,063</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2021

Total fund balance of governmental funds	\$ (35,550,279)
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.	5,372,356
Deferred outflows (inflows) of resources related to the pensions not reported in the funds:	
Deferred items - IMRF	(2,468,537)
Deferred items - Police pension	(4,767,328)
Deferred items - Firefighters' pension	2,706,882
Deferred items - Other post-employment benefits	4,546,398
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated absences payable	(2,920,803)
Claims payable	(6,196,046)
General obligations bonds payable	(25,475,981)
Alternative revenue bonds payable	(3,370,000)
Bond discount & amortization	(309,344)
Accrued interest payable	(3,035,038)
Less:	
Defaulted bonds payable included in accounts payable in the funds	4,019,139
Defaulted accrued interest included in accounts payable in the debt service funds	2,440,467
Net pension assets and liabilities and other postemployment benefits obligation are not due and payable in the current period and are therefore not reported in the funds.	
Net pension asset- IMRF	7,739,968
Net pension liability - Police pension	(16,147,466)
Net pension liability - Firefighters' pension	(58,219,733)
Net other post-employment benefits liability	<u>(15,178,735)</u>
Net position of governmental activities	<u>\$ (146,814,080)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Motor Fuel Tax	Debt Service	Capital Projects	TIF I Dixie Square	TIF II Center Street	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 11,194,431	\$ 905,199	\$ 2,224,848	\$ -	\$ 218,649	\$ 1,229,625	\$ 734,228	\$ 16,506,980
Intergovernmental	9,009,227	833,092	-	-	-	-	-	9,842,319
Licenses and permits	1,065,983	-	-	-	-	-	-	1,065,983
Charges for services	3,082,976	-	-	-	-	-	-	3,082,976
Fines and forfeitures	523,732	-	-	-	-	-	-	523,732
Interest	243	-	1,075	55	-	-	-	1,373
Miscellaneous	131,557	-	-	-	-	-	-	131,557
Total Revenues	25,008,149	1,738,291	2,225,923	55	218,649	1,229,625	734,228	31,154,920
EXPENDITURES								
Current								
General government	5,963,893	-	31,750	-	-	-	-	5,995,643
Community and economic development	(450)	-	-	-	-	-	-	(450)
Public works	2,821,534	1,449,024	-	-	16,749	31,947	40,036	4,359,290
Public safety	16,701,986	-	-	-	-	-	-	16,701,986
Capital outlay	462,350	6,397	-	-	-	-	-	468,747
Debt service								
Principal retirement	-	-	1,543,176	-	-	-	310,000	1,853,176
Interest and fiscal charges	-	-	1,478,381	-	-	-	242,344	1,720,725
Total Expenditures	25,949,313	1,455,421	3,053,307	-	16,749	31,947	592,380	31,099,117
Excess (deficiency) of revenues over expenditures	(941,164)	282,870	(827,384)	55	201,900	1,197,678	141,848	55,803
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	552,344	552,344
Transfers (out)	(552,344)	-	-	-	-	-	-	(552,344)
Total Other Financing Sources (Uses)	(552,344)	-	-	-	-	-	552,344	-
Net change in fund balances	(1,493,508)	282,870	(827,384)	55	201,900	1,197,678	694,192	55,803
Fund balances (deficits) at beginning of year	(60,145,010)	4,813,384	(3,176,403)	2,556,137	4,974,737	9,158,576	6,212,497	(35,606,082)
Fund balances (deficits) at end of year	\$ (61,638,518)	\$ 5,096,254	\$ (4,003,787)	\$ 2,556,192	\$ 5,176,637	\$ 10,356,254	\$ 6,906,689	\$ (35,550,279)

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Net change in fund balance - total governmental funds \$ 55,803

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 these assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay reported in governmental fund statements	304,115
Depreciation expense reported in the statement of activities	(456,192)

The net effect of deferred outflows (inflows) of resources related to the pensions but not reported in the funds:

Change in deferred items - IMRF	(1,458,978)
Change in deferred items - Police pension	1,869,344
Change in deferred items - Firefighters' pension	(3,796,448)
Change in deferred items - Other post-employment benefits	2,068,884

Deferred inflows of resources recognized as revenues in previous year related to E911 Taxes (123,040)

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

Bond amortization	26,712
Change in compensated absences payable	45,238
Change in net pension liability - IMRF	3,296,004
Change in net pension liability - Police pension	3,101,977
Change in net pension liability - Firefighters' pension	2,513,575
Change in net pension liability - other post-employment benefits	(3,355,221)
Change in claims payable	20,225
Retirement of debt	1,853,176

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.

246,295

Change in net position of governmental activities \$ 6,211,469

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2021

	Water	Nonmajor	Total Proprietary Funds
ASSETS			
Current assets			
Cash and investments	\$ 79,988	\$ -	\$ 79,988
Accounts receivable - net of allowances	3,851,107	157,785	4,008,892
Advances to other funds	31,276,016	4,269,888	35,545,904
Prepaid items	114,727	-	114,727
	<hr/>	<hr/>	<hr/>
Total current assets	35,321,838	4,427,673	39,749,511
Noncurrent assets			
Capital assets			
Nondepreciable	126,488	482,250	608,738
Depreciable	19,108,830	7,077,672	26,186,502
Less: accumulated depreciation	(14,740,258)	(6,842,423)	(21,582,681)
Net pension asset	1,666,456	-	1,666,456
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	6,161,516	717,499	6,879,015
	<hr/>	<hr/>	<hr/>
Total Assets	41,483,354	5,145,172	46,628,526
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	11,382	-	11,382
Deferred outflows related to other postemployment benefits	469,332	-	469,332
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	480,714	-	480,714
LIABILITIES			
Current Liabilities			
Accounts payable	4,011,294	126,049	4,137,343
Accrued salaries	21,417	-	21,417
Accrued interest payable	2,757,669	-	2,757,669
Deposits payable	229,839	-	229,839
Current portion long term debt	1,159,795	-	1,159,795
	<hr/>	<hr/>	<hr/>
Total current liabilities	8,180,014	126,049	8,306,063

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
APRIL 30, 2021

	Water	Nonmajor	Total Proprietary Funds
LIABILITIES (Continued)			
Noncurrent Liabilities			
Compensated absences payable	\$ 15,350	\$ -	\$ 15,350
Bonds payable	4,714,885	-	4,714,885
Installment contract payable	26,980,429	-	26,980,429
OPEB	1,293,034	-	1,293,034
 Total noncurrent liabilities	 33,003,698	 -	 33,003,698
 Total Liabilities	 41,183,712	 126,049	 41,309,761
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	542,871	-	542,871
Deferred inflows related to other postemployment benefits	82,037	-	82,037
 Total Deferred Inflows of Resources	 624,908	 -	 624,908
NET POSITION			
Net investment in capital assets	(1,379,620)	717,499	(662,121)
Unrestricted	1,535,068	4,301,624	5,836,692
 Total Net Position	 \$ 155,448	 \$ 5,019,123	 \$ 5,174,571

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Water	Nonmajor	Total
OPERATING REVENUES			
Charges for services	\$ 18,588,594	\$ 886,686	\$ 19,475,280
Miscellaneous	<u>1,306</u>	<u>-</u>	<u>1,306</u>
Total Operating Revenues	<u>18,589,900</u>	<u>886,686</u>	<u>19,476,586</u>
OPERATING EXPENSES			
Administration	1,481,680	-	1,481,680
Operations	15,986,433	85,286	16,071,719
Depreciation and amortization	<u>588,475</u>	<u>38,518</u>	<u>626,993</u>
Total Operating Expenses	<u>18,056,588</u>	<u>123,804</u>	<u>18,180,392</u>
Operating income	<u>533,312</u>	<u>762,882</u>	<u>1,296,194</u>
NON-OPERATING INCOME (EXPENSE)			
Interest expense	<u>(1,912,825)</u>	<u>-</u>	<u>(1,912,825)</u>
Total Non-Operating Income (Expense)	<u>(1,912,825)</u>	<u>-</u>	<u>(1,912,825)</u>
Change in net position	(1,379,513)	762,882	(616,631)
Net position at beginning of year	<u>1,534,961</u>	<u>4,256,241</u>	<u>5,791,202</u>
Net position at end of year	<u>\$ 155,448</u>	<u>\$ 5,019,123</u>	<u>\$ 5,174,571</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Water	Nonmajor	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 17,543,258	\$ 785,919	\$ 18,329,177
Payment to suppliers	(17,124,394)	(80,334)	(17,204,728)
Payment to employees	(895,528)	-	(895,528)
Net Cash from Operating Activities	<u>(476,664)</u>	<u>705,585</u>	<u>228,921</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts on interfund loans	203,359	-	203,359
Payments on interfund loans	-	(705,585)	(705,585)
Net Cash from Noncapital Financing Activities	<u>203,359</u>	<u>(705,585)</u>	<u>(502,226)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments	(181,570)	-	(181,570)
Interest payments	(570,179)	-	(570,179)
Net Cash from Capital and Related Financing Activities	<u>(751,749)</u>	<u>-</u>	<u>(751,749)</u>
Change in cash and cash equivalents	(1,025,054)	-	(1,025,054)
Cash and cash equivalents at			
Beginning of year	<u>1,105,042</u>	<u>-</u>	<u>1,105,042</u>
End of year	<u>\$ 79,988</u>	<u>\$ -</u>	<u>\$ 79,988</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 533,312	\$ 762,882	\$ 1,296,194
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	588,475	38,518	626,993
Net change in pension and OPEB related items	577,418	-	577,418
Change to asset and liabilities			
Change in customer accounts receivables	(1,033,742)	(100,767)	(1,134,509)
Change in prepaid items	(8,929)	-	(8,929)
Change in accounts payable	(1,129,032)	4,952	(1,124,080)
Change in accrued salaries	(2,929)	-	(2,929)
Change in compensated absences	11,663	-	11,663
Change in other liabilities	<u>(12,900)</u>	<u>-</u>	<u>(12,900)</u>
Net Cash from Operating Activities	<u>\$ (476,664)</u>	<u>\$ 705,585</u>	<u>\$ 228,921</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
APRIL 30, 2021

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 4,832,853
Investments, at fair value	
Money market mutual funds	303,112
U.S. Treasury securities	7,074,596
U.S. Agency securities	2,224,436
State and local obligations	605,018
Corporate bonds	759,781
Mutual funds and equity (stock) securities	20,086,284
Accrued interest	59,306
Prepaid expense	3,871
Due from members	31,437
Due from municipality	20,011,070
Allowance for uncollectibles	<u>(20,011,070)</u>
Total Assets	<u>35,980,694</u>
LIABILITIES	
Accounts payable	<u>67,143</u>
Total Liabilities	<u>67,143</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 35,913,551</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 5,742,904
Plan members	<u>500,622</u>
	<u>6,243,526</u>
Total contributions	<u>6,243,526</u>
Investment income	
Net appreciation in fair value of investments	5,442,850
Interest	1,227,832
Investment fees	<u>(79,997)</u>
	<u>6,590,685</u>
Net investment income	<u>6,590,685</u>
Total Additions	<u>12,834,211</u>
DEDUCTIONS	
Pension benefits and refunds	4,894,454
Administrative expenses	<u>524,213</u>
	<u>5,418,667</u>
Total Deductions	<u>5,418,667</u>
Net change in plan net position	7,415,544
Net position restricted for pensions at beginning of year	<u>28,498,007</u>
Net position restricted for pensions at end of year	<u>\$ 35,913,551</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Harvey, Illinois (City) was incorporated in 1890. The City is located in Cook County and covers an area of approximately 6.21 square miles. 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 for all of their actions. The Mayor serves a four-year term and the Alderman serve four year overlapping terms. Services provided by the City include police protection, fire protection, public improvements, road and bridge maintenance, and general administration.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City's financial reporting entity consists of the City of Harvey, the primary government. In determining the financial reporting entity, the City complies with GAAP and includes all component units that have a significant operational or financial relationship with the City.

The City reports component units in accordance with the provisions of the Governmental Accounting Standard Board ("GASB") Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34" which modifies certain requirements for inclusion of component units in the financial reporting entity. An organization is considered a component unit of the primary government if 1) the government appoints a voting majority of the organization's board and there is a financial benefit or burden relationship or the government is able to impose its will on the organization or 2) the organization is fiscally dependent on the government and there is a financial benefit or burden relationship or 3) the government determines that it would be misleading to exclude the organization from its financial statements. In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as a fiduciary component unit or as a blended component unit.

Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

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

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

Firefighters' Pension Employees Retirement System

The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS 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 firefighter employees constitute the pension board. The City and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary City because its sole purpose is to provide retirement benefits for the City's firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS. The City issues separate fiduciary component unit financial statements for its firefighters' pension trust funds. A copy of this report can be obtained by writing to the City at 15600 Center Avenue, Harvey, IL 60426.

B. BASIS OF PRESENTATION

Government-Wide Financial 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, with the exception of fiduciary activities. 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, sewer, and parking lot 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 – net of allowances 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, community development, public works, and public safety) and business-type activities. The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The statement of activities reduces gross expenses, including depreciation, by related program revenues, which include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits, and charges for services, etc.). 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 FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, reserves, fund equity, 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. Nonmajor funds by category are summarized into a single column.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in a fiduciary capacity or on behalf of others as their agent.

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 City reports the following major governmental funds:

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

The **Motor Fuel Tax Fund** accounts for motor fuel allotments from the State and the spending of these funds on street improvements in the City.

The **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Trust Funds) and replacement of City equipment. The City maintains nine capital projects funds, two of which are considered major funds.

- The TIF I Dixie Square 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 is used to account for the restricted incremental property taxes of the TIF II Center Street Tax Increment Financing District and the use of those funds.

The City reports 4 proprietary funds of which the Water Fund is a major fund:

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

The City reports pension trust funds to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Firefighters' Pension Fund accounts for the accumulation of resources to be used for disability and retirement payments to employees covered by the plan. Since by definition these assets of the fiduciary funds are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

C. MEASUREMENT FOCUS/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. On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

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

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

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Basis of Accounting

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

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

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.

D. 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.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

F. 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 utility charges as their major receivables. Fiduciary fund receivables consist of accrued interest from cash and investments and amounts due from the City relating to litigation settlement for unpaid pension contributions and personal property replacement tax and interest accrued at 6%.

G. PREPAIDS

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepays are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

H. INVENTORIES

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

I. 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.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONTINUED)

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated acquisition value on the date donated.

The following estimated useful lives are used to compute depreciation on a straight-line basis:

Buildings and property	5 - 40 years
Machinery and equipment	5 - 40 years
Vehicles	5 - 20 years
Infrastructure	15 - 40 years

J. 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.

K. 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 type 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.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. FUND BALANCE/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 that do not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. A portion of governmental activities’ net position is restricted for the same purposes as governmental fund balances. A portion of the business-type activities’ and the Proprietary Fund’s net position is restricted for bond and interest reserves. Net investment in capital assets represents the City’s investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital assets. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

The components of fund balance include the following line items:

Nonspendable fund balance – Consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance – Consists of externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.

Committed fund balance – Consists of a self-imposed limitation set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level. For the City, the City Council is the highest level of decision making, and an ordinance by the City Council would be required to establish, modify or rescind a fund balance commitment.

Assigned fund balance – Consists of limitations resulting from intended use, where the intended use is established by the City Council. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither classified as restricted or committed.

Unassigned fund balance – Consists of the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. This also includes any negative fund balance in other funds.

If there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the City will consider committed fund balance to be spent first, then assigned fund balance and finally unassigned fund balance. If there is an expenditure incurred for purposes for which restricted or unrestricted fund balance could be used, then the City will consider restricted fund balance to be spent first, then unrestricted fund balance.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEFICIT FUND BALANCE/NET POSITION

Deficit Fund Balances

The following Funds have deficit balances:

Fund	Deficit
General	\$ (61,638,518)
Debt Service	\$ (4,003,787)
TIF VIII Transit Oriented Development	\$ (9,450)

Funding of these deficits are expected to be repaid from future tax revenues, transfers from other funds, and a reduction of future operating expenditures.

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 abilities 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, residents leaving the City and home foreclosures have 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 services. As the City's tax base and revenues decline, the legacy becomes 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 years, the City had an accumulated General Fund deficit of \$61,638,518 as of April 30, 2021.

In addition, the City's General Fund has borrowed a total of \$62.2 million from other City funds, such as the Water Fund and TIF Funds (See Note 6 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 had also been unable to maintain its payments to the City of Chicago for the current water invoices and settlement payments (See Note 7 Long-term Liabilities- City of Chicago Agreement). Also, the lack of payments to the pension funds has caused the pension fund to file litigation against the City (See Note 10 Commitments & Contingent Liabilities- Litigation). In addition, the City defaulted on several bond payments during the year (See Note 10 Commitments & Contingent Liabilities- Litigation 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 improvements of 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.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS

City Deposits

At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$8,228,112 and the bank balances totaled \$9,053,669. Included in the above, the City has \$23,797 invested in IMET at year-end, which is measured at net asset value per share as determined by the Pool.

Custodial Credit Risk – Deposits. 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 states deposits in excess of FDIC limits be secured by some form of collateral, witnessed by a written agreement and held by an independent third-party institution. As of April 30, 2021, the bank balance of \$3,321,306 was not covered by collateral, federal depository or equivalent insurance.

City Investments

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 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.

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.

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. The City's investment in IMET Investment Trust 1-3 Year Fund was rated AAAf from Moody's.

Custodial Credit – Investments. In the case of 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, however the City's investments in IMET is not subject to custodial credit risk.

Concentration of Credit 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 investments portfolio.

Police Pension Fund Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund's limits its exposure to custodial risk by utilizing an independent, third party institution, to act as custodian for its securities.

At year end, the carrying amount of the Fund's deposits totaled \$4,395,100 and the bank balance was \$4,496,933.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund Deposits (Continued)

Any deposit of an employee benefit plan in an insured depository institution shall be insured on a “pass-through” basis, in the amount of up to the standard maximum deposit insurance amount for the non-contingent interest of each plan participant. The value of an employee’s non-contingent interest in a defined benefit plan shall be deemed to be the present value of the employee’s interest in the plan, evaluated in accordance with the method of calculation ordinary used under such plan, as of the date of default of the insured depository institution.

Police Pension Fund Investments

The Fund is authorized to invest in bonds, notes, and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; and other investment vehicles as set forth in the Illinois Compiled Statutes.

The primary investment policies of the fund, in the order of priority are as follows:

- a. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. Each investment that is made shall seek to insure that capital losses are avoided, whether they are from default or erosion of market values.
- b. Liquidity – The investment portfolio will remain sufficiently liquid to enable the pension fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.
- c. Diversification – The investment portfolio shall diversify investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions.
- d. Return on Investment – The investment portfolio shall be designed with the purpose of outperforming the designated benchmarks. The investment program shall seek returns above these benchmarks, consistent with risk limitation identified herein and in Illinois State Statutes.
- e. Public Confidence – The investment portfolio will avoid any transaction that might impair public confidence. 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. Such standards, therefore, avoid unwarranted speculation. Trading securities for capital gain is permissible provided the purchase is justifiable in a buy and hold scenario where the long-term benefit meets established investment parameters established by the Fund.

The Fund’s performance objective is to meet or exceed the return of the blended market indices for the entire fund and to measure performance of each individual asset class based upon the following:

Asset Class	Target Index	Blended Percentage
Equities		
Domestic Equities	Russell 3000	42%
International Equities	EAFE (Europe, Asia & Far East)	15%
REITs	DJ Wilshire REIT	3%
Fixed Income		
Governmental	Barclays Intermediate Government	35%
Corporate	Barclays A+ 1-5 Year Corporate	5%

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund Investments (Continued)

The Fund's investment policy defines fixed income investments as U.S. Government or U.S. Government agency bonds, certificates of deposit, municipal bonds, dollar denominated investment grade corporate bonds, fixed annuities or guarantee investment contracts of any insurance company and commingled trust accounts, which only invest in the above-described investment vehicles. Investments made in contracts and agreements of life insurance companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moody's, and AA+ rated by Standard and Poor's rating service at the time of purchase. Notwithstanding, the portfolio of the general account of the insurance company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds. Securities issued by the State of Illinois, or any county, township or municipal corporation of the State of Illinois may be held in portfolio. Issuers that are downgraded to less than investment grade by one of the two largest rating services must be sold.

Per the Fund's investment policy, domestic equity investments shall be defined as investments in preferred or common stocks created or existing under the laws of the United States and are listed on a national securities exchange, board of trade or are quoted in the National Association of Securities Dealers Automated Quotations System National Market System. Said issuers shall have been in existence for at least five years. Domestic equities shall also be defined as mutual funds managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, have been in operation for at least five years, have total assets of \$250 million or more and invest in a diversified portfolio of common or preferred stocks, bonds, or money market instruments and exchange traded funds which invest in diversified portfolio of domestic equities.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Portfolio Target Percentage	Long-term Expected Rate of Return
Fixed Income:		
Government	36%	2.90%
Investment Grade Corporate Bonds	4%	0.79%
Equity:		
Domestic	45%	8.75%
International	15%	-0.29%
		<u>100%</u>

The investment policy limits the amount of equity investments to 65% of the total investment portfolio based upon the Funds Net Present Assets stated in its most recent annual filing with the Illinois Department of Insurance. 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 which best-estimate ranges of geometric future real rates of return (net of pension plan investment expense and inflation of 3.45%) 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 expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2021 are listed in the table above.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund Investments (continued)

At April 30, 2021, the Fund's investments are as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
U.S. Treasuries	\$ 4,877,045	\$ 484,269	\$ 3,340,406	\$ 1,052,370	\$ -
U.S. Agencies	73,030	-	-	-	73,030
U.S. Securities	272,812	101,611	171,201	-	-
Corporate Bonds	1,258,298	150,667	395,243	712,388	-
Total	\$ 6,481,185	\$ 736,547	\$ 3,906,850	\$ 1,764,758	\$ 73,030

The Fund has the following recurring fair value measurements as of April 30, 2021: the stock equities, mutual funds, and U.S. Treasury obligations are valued using quoted prices (Level 1 inputs). U.S. agency obligations, and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs). Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. The Fund limits its exposure to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To the extent possible, the Fund attempts to match the maturity schedule of its investments with anticipated cash flow requirements. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Fund limits its exposure to credit risk, the risk that the issuers of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government, state and local obligations and in corporate bonds rated at investment grade by two or more nationally recognized rating agencies. The Fund's investment policy stresses the safety of principal but does not specifically address credit risk.

The Fund's investment policy requires investments be rated as investment grade by one of the largest rating services. Investment grade is defined as BBB- or higher for Standard & Poor's and Baa3 or higher by Moody's Investors Service.

For the year ended April 30, 2021, the Fund's investments in the securities of the U.S. government agencies were rated Aaa and corporate bonds were rated Baa2 or higher by Moody's Investors Services. Standard & Poor's ratings for U.S. government agencies and corporate bonds were all BBB+ or higher ratings.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund Investments (continued)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund's policy is that all bank time deposits which exceed FDIC insurance limits shall be collateralized by the institution holding said assets in an amount of 110% of said assets. Collateral shall consist of U.S. Government Treasury Securities and/or U.S. Government Agency Notes or Bonds as authorized by the Public Funds Investment Act, but excluding the government sponsored agencies prohibited by the Department of Insurance.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and 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 Fund's investment policy limits the amount invested in any one entity for life insurance companies and mutual funds to not exceed 10%.

Investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of Fund's investments as of April 30, 2021 are as follows:

	Investment Amount	% of Assets
T ROWE PRICE NEW AMERICA	\$ 1,080,445	5.54%
VANGUARD TOTAL STOCK ADMIRAL	\$ 983,422	5.05%

Rate of Return. For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Fund's investments are reported at fair value in the accompanying statement of fiduciary net position. Gains and losses (realized and unrealized) included in changes in fiduciary net position for the years ended April 30, 2021, are reported in net appreciation in fair value of investments.

Firefighters' Pension Fund Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

At year end, the entire carrying amount of the Fund's deposits was insured or collateralized.

Any deposit of an employee benefit plan in an insured depository institution shall be insured on a "pass-through" basis, in the amount of up to the standard maximum deposit insurance amount for the non-contingent interest of each plan participant. The value of an employee's non-contingent interest in a defined benefit plan shall be deemed to be the present value of the employee's interest in the plan, evaluated in accordance with the method of calculation ordinary used under such plan, as of the date of default of the insured depository institution.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund Investments

The deposits and investments of the fund are held separately from the City's funds. Statutes authorize the Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTP, 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 fiduciary 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 fiduciary net position of 2.5 million or more may invest up to forty-five percent of fiduciary net position in separate accounts of life insurance companies and mutual funds. Pension funds with fiduciary 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 fiduciary net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with fiduciary net position of at least 10 million that have appointed an investment advisor may invest up to fifty-five percent of its fiduciary net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2012. On August 1, 2012 the Illinois Department of Insurance issued an advisory opinion indicating pension funds with plan net position of at least \$10 million that have an appointed investment advisor, may invest up to sixty-five percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions.

On December 18, 2019, the Governor of Illinois signed into law Public Act (P.A.) 101-0610. The law consolidates the assets of more than 650 municipalities' pension funds, including Harvey Firefighters' Pension Fund, into two consolidated investments funds, one for police officers (Article 3) and one for firefighters (Article 4). The purpose of the consolidation is to improve investment returns while eliminating unnecessary administrative costs. The law became effective January 1, 2020. After one month of the effective date, the Governor appointed two separate nine-member transition boards. No later than 12 months after the effective date, the consolidated investment fund boards will hold elections for the trustees of the permanent boards and the permanent boards are seated. No later than 30 months after the effective date, all local pension fund assets must be transferred to their respective consolidated pension fund. The law stipulates that the assets and liabilities of Harvey Firefighters' Pension Fund will remain under the ownership of the Fund's pension board, meaning the financial condition of one participating pension fund, including funding levels and ratios, will have no effect on the financial condition of Harvey Firefighters' Pension Fund. The law provides that returns on investments will be paid out to each fund in proportion to their amount invested in the consolidated funds.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund Investments (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return
Fixed Income	40%	3.60%
Equity:		
Large Cap	42.0%	8.00%
Small Cap	12.0%	9.80%
International	6%	9.30%

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 consultants in January 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2021, as listed in the table above. At April 30, 2021, the Fund's investments are as follows:

Investment Type	Fair Value	Investment Maturities				
		Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years	
U.S. Treasuries	\$ 593,411	\$ -	\$ 205,319	\$ 306,189	\$ 81,903	
U.S. Agencies	2,224,436	-	418,267	1,556,934		249,235
Corporate Bonds	759,781	86,415	249,319	424,047		-
Certificates of Deposit	303,112	-	252,087	51,025		-
State and Local Government	605,018	100,243	264,603	214,947		25,225
Total	\$ 4,485,758	\$ 186,658	\$ 1,389,595	\$ 2,553,142		\$ 356,363

The Fund has the following recurring fair value measurements as of April 30, 2021: the mutual funds, and U.S. Treasury obligations are valued using quoted prices (Level 1 inputs). U.S. agency obligations, state and local government obligations, and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs). Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Fund's investment in Certificates of Deposits are exempt from the disclosure requirement of fair value hierarchy.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide sufficient liquidity to enable the Fund to meet all anticipated operating requirements.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund Investments (Continued)

Credit Risk. The Fund limits its exposure to credit risk, the risk that the issuers of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. As of April 30, 2021, the credit ratings of the Fund's rated State and Local Obligations were all AA or better, U.S. agency securities were rated AAA, and corporate bonds were rated BBB or better by Standard & Poor's or by Moody's Investors Services. There were investments in Enerbank USA, Inc., Federal Home Loan Mortgage Corp, Federal National Mortgage Assoc, and Governmental National Mortgage Assoc. that were unrated or underrated.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund limits its exposure to custodial risk by utilizing an independent, third-party institution, to act as custodian for its securities and collateral.

Concentration of Credit Risk. Concentration of credit risk is the risk that the Fund has a high percentage of its investments invested in one type of investment. The Fund's investment policy does not formally address concentration risk for investments. At April 30, 2021, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for 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 U.S. 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.

Investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of Fund's investments as of April 30, 2021 are as follows:

	Investment Amount	% of Assets
VANGUARD 500 INDEX ADMIRAL FUND	\$ 1,768,849	14.9%
T. ROWE PRICE GROWTH STOCK FUND	\$ 1,535,065	12.9%
PIONEER EQUITY INCOME FUND	\$ 782,877	6.6%
TIAA-CREF SMALL-CAP BLEND INDEX FUND	\$ 780,878	6.6%
HARTFORD CORE EQUITY FUND	\$ 595,343	5.0%

Rate of Return. For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 227,134	\$ -	\$ -	\$ 227,134
Total capital assets not being depreciated	<u>227,134</u>	<u>-</u>	<u>-</u>	<u>227,134</u>
Capital assets being depreciated				
Buildings and property	7,943,103	-	-	7,943,103
Machinery and equipment	4,815,922	279,115	-	5,095,037
Vehicles	7,543,061	25,000	-	7,568,061
Infrastructure	3,756,398	-	-	3,756,398
Total capital assets being depreciated	<u>24,058,484</u>	<u>304,115</u>	<u>-</u>	<u>24,362,599</u>
Less accumulated depreciation for				
Buildings and property	6,743,140	63,995	-	6,807,135
Machinery and equipment	4,470,320	126,424	-	4,596,744
Vehicles	7,089,883	166,472	-	7,256,355
Infrastructure	457,842	99,301	-	557,143
Total accumulated depreciation	<u>18,761,185</u>	<u>456,192</u>	<u>-</u>	<u>19,217,377</u>
Total capital assets being depreciated, net	<u>5,297,299</u>	<u>(152,077)</u>	<u>-</u>	<u>5,145,222</u>
Governmental activities capital assets, net	<u>\$ 5,524,433</u>	<u>\$ (152,077)</u>	<u>\$ -</u>	<u>\$ 5,372,356</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 83,505
Public works	131,170
Public safety	<u>241,517</u>
Total depreciation - governmental activities	<u>\$ 456,192</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 608,738	\$ -	\$ -	\$ 608,738
Total capital assets not being depreciated	<u>608,738</u>	<u>-</u>	<u>-</u>	<u>608,738</u>
Capital assets being depreciated:				
Buildings and property	1,690,738	-	-	1,690,738
Machinery and equipment	3,163,673	-	-	3,163,673
Infrastructure	21,332,091	-	-	21,332,091
Total capital assets being depreciated	<u>26,186,502</u>	<u>-</u>	<u>-</u>	<u>26,186,502</u>
Less accumulated depreciation for:				
Buildings and property	761,470	40,350	-	801,820
Machinery and equipment	2,448,303	207,008	-	2,655,311
Infrastructure	17,745,915	379,635	-	18,125,550
Total accumulated depreciation	<u>20,955,688</u>	<u>626,993</u>	<u>-</u>	<u>21,582,681</u>
Total capital assets being depreciated, net	<u>5,230,814</u>	<u>(626,993)</u>	<u>-</u>	<u>4,603,821</u>
Business-type activities capital assets, net	<u>\$ 5,839,552</u>	<u>\$ (626,993)</u>	<u>\$ -</u>	<u>\$ 5,212,559</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	\$ 588,475
Sewer	38,518
Commuter parking	-
Total depreciation - business-type activities	<u>\$ 626,993</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 5. PROPERTY TAXES, RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE

A. PROPERTY TAXES

The City levies property tax each calendar year on all taxable real property located in the City. The City must file its tax levy ordinance on or before the last Tuesday in December of each year. The tax levy ordinance was passed by the City Board on December 21, 2020. Taxes levied in one year become due and payable in two installments, due March 1 and no earlier than August 1 during the following year. The first installment is an estimated bill and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The levy becomes an enforceable lien against the property as of January 1 of the levy year. The property taxes collected by the City that are due within the current year are recognized as revenue, and net taxes receivable are reflected as deferred revenue. Based upon collection histories, the City has provided an allowance for uncollectible property taxes of 20% of the current year's levy. Reserves for uncollectible property taxes are netted against the receivable as follows:

	General Fund	Debt Service Fund	Total
Receivable - gross	\$ 12,245,697	\$ 3,737,260	\$ 15,982,957
Allowance for uncollectibles	(2,940,153)	(747,452)	(3,687,605)
Receivable - net	<u>\$ 9,305,544</u>	<u>\$ 2,989,808</u>	<u>\$ 12,295,352</u>

B. PROPRIETARY FUND RECEIVABLES

Trace account receivable, consisting of amounts due from residents/business for water and sewer services are recorded net of uncollectible amounts, as determined by management. An allowance for uncollectible trade receivables and revenue of \$90,464 in the Water fund were recorded as of April 30, 2021 are as follows:

	Water Fund	Sewer Fund	Total
Receivable - gross	\$ 3,941,571	\$ 157,785	\$ 4,099,356
Allowance for uncollectibles	(90,464)	-	(90,464)
Receivable - net	<u>\$ 3,851,107</u>	<u>\$ 157,785</u>	<u>\$ 4,008,892</u>

C. OTHER RECEIVABLES

Within the General Fund, the City also maintains a receivable for fire services of \$354,171, with an uncollectible amount of \$333,337.

D. FIDUCIARY RECEIVABLES

Due to litigation discussed in Footnote 10 Litigation the Fiduciary Funds report fully reserved receivable balances owed from the City in the following amounts:

	Firefighters Pension		
	Police Pension Fund	Fund	Total
Receivable - gross	\$ 4,503,009	\$ 15,508,061	\$ 20,011,070
Allowance for uncollectibles	(4,503,009)	(15,508,061)	(20,011,070)
Receivable - net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 6. INTERFUND ADVANCES, RECEIVABLES, PAYABLES, AND TRANSFERS

Due To/From other funds results from the time lag between the dates interfund goods or services are provided or reimbursable expenditures occur and when the payment between funds is made. Also, interfund borrowing has incurred in the current and prior years. No timetable has been set for repayments. The composition of interfund balances as of April 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 9,980 (b)
Motor Fuel Tax	General	5,853,403
Debt Service	General	533,604
Capital Projects	General	2,545,952
TIF I Dixie Square	General	4,964,584
TIF II Center Street	General	7,008,012
Nonmajor Governmental	General	5,750,698 (a)
Water	General	31,276,016
Nonmajor Business-Type	General	<u>4,269,888 (d)</u>
		<u>\$62,212,137</u>

(a)- Nonmajor Governmental receivables consist of the following funds:

	Amount
Hotel/Motel	\$ 697
TIF III Cresco Business Park	1,361,988
TIF IV Dixie Sibley	2,538,830
TIF V RPM Wyman Gordon	782,096
TIF VII Arch/147th Street	<u>1,067,087</u>
	<u>\$ 5,750,698</u>

(b)- Nonmajor Governmental payable consists of the TIF VI Dixie Highway Corridor-\$9,980.

(d)- Nonmajor Business-Type receivables consist of the following funds: Pace Bus Terminal Parking-\$93,084, Commuter Parking Lot-\$376,996, and Sewer-\$3,799,808.

Transfers between funds for the year ended April 30, 2021, are as follows:

Transfer To	Transfer From	Amount
Nonmajor Governmental	General	\$ 552,344
		<u>\$ 552,344</u>

The purpose of the transfer was to fund the Hotel/Motel annual payment which consists of a portion of the revenues the City pledged.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities during the year ended April 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Governmental Activities					
General obligation bonds	\$ 25,573,750	\$ -	\$ 97,769	\$ 25,475,981	\$ 5,750,866
Plus: unamortized premium	336,056	-	26,712	309,344	-
Revenue bonds	3,680,000	-	310,000	3,370,000	330,000
Self insurance claims payable	6,216,271	1,301,537	1,321,762	6,196,046	-
Compensated absences	2,366,455	554,348	-	2,920,803	-
Net pension liability - Police pension	19,249,443	-	3,101,977	16,147,466	-
Net pension liability - Firefighters' pension	60,733,308	-	2,513,575	58,219,733	-
Net other postemployment benefits obligation payable	11,823,514	3,355,221	-	15,178,735	-
Total governmental activities	\$ 129,978,797	\$ 5,211,106	\$ 7,371,795	\$ 127,818,108	\$ 6,080,866

For governmental activities, payments on the compensated absences, net pension liability, net other post-employment benefit obligation, and the claims payable are made by the General Fund. The Debt Service and TIF II Center Street Fund makes payments on the general obligation bonds and the Hotel Motel Fund makes payments on the revenue bonds.

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Business-type Activities					
General obligation bonds	\$ 6,056,250	\$ -	\$ 181,570	\$ 5,874,680	\$ 1,159,795
Installment payable	26,980,429	-	-	26,980,429	-
Compensated absences	3,687	11,663	-	15,350	-
Net other postemployment benefits obligation payable	1,007,263	285,771	-	1,293,034	-
Total business-type activities	\$ 34,047,629	\$ 297,434	\$ 181,570	\$ 34,163,493	\$ 1,159,795

For business-type activities, the compensated absences, net other post-employment benefit obligation, installment payable, and general obligation bonds are being liquidated by the Water Fund. See City of Chicago agreement section for detail related to Installment Payable.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital expenditures. 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 funds. 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	Retired by	Beginning Balance	Increases	Decreases	Ending Balance
General Obligation Bonds of 2002B due in annual installments ranging from \$380,000 to \$420,000 plus interest at 5.25% to 5.60%.	Debt Service	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000
General Obligation Refunding Bonds of 2002C have defaulted through February 2020.	Debt Service	568,750	-	97,769	470,981
General Obligation Refunding Bonds of 2002C have defaulted through February 2020.	Water Fund	1,056,250	-	181,570	874,680
General Obligation Refunding Bonds of 2007A due in annual installments of \$540,000 to \$2,840,000 plus interest at 5.50% to 5.625% through December 1, 2032.	Debt Service	17,275,000	-	-	17,275,000
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.	Water Fund	5,000,000	-	-	5,000,000
General Obligation Refunding Bonds of 2007B due in annual installments of \$785,000 to \$1,275,000 plus interest at 7.25% to 7.75% through December 1, 2024.	Debt Service	5,830,000	-	-	5,830,000
		\$ 31,630,000	\$ -	\$ 279,339	\$ 31,350,661

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Alternative Revenue Bonds

The City also issues alternate revenue bonds where the City has pledged hotel-motel taxes and sales tax revenues for the payment of bond principal and interest. Alternate revenue bonds are direct obligations and pledge the full faith and credit of the City. Alternate revenue bonds currently outstanding are as follows:

Issue	Retired by	Beginning Balance	Increases	Decreases	Ending Balance
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	\$ 3,680,000	\$ -	\$ 310,000	\$ 3,370,000
		<u>\$ 3,680,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 3,370,000</u>

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
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	241,022	-	-	602,694	69,760
2033	2,202,517	123,890	-	-	637,483	35,860
Default	<u>4,019,157</u>	<u>2,402,982</u>	<u>-</u>	<u>-</u>	<u>1,001,504</u>	<u>418,247</u>
Total	<u>\$ 25,475,981</u>	<u>\$ 10,767,511</u>	<u>\$ 3,370,000</u>	<u>\$ 1,006,500</u>	<u>\$ 5,874,680</u>	<u>\$ 2,588,891</u>

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979." 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 FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

City of Chicago Agreement

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 would 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 Chicago.

Starting in September 2016, the City stopped making payments to Chicago towards 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.

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, 2021, the balance of the installment payable in the Water Fund is \$26,980,429. An additional \$2,217,569 of unpaid interest is included in the Water Fund's accrued interest payable balance.

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

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 8. NET POSITION/FUND BALANCE

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

Governmental activities

Capital assets - net of accumulated depreciation	\$ 5,372,356
Less capital related debt:	
General obligation bonds of 2002B	(1,900,000)
General obligation bonds of 2002C	(470,981)
General obligation bonds of 2007A	(9,775,000)
General obligation bonds of 2007B	(5,830,000)
Unamortized premium	<u>(309,344)</u>
Net investment in capital assets	<u><u>\$ (12,912,969)</u></u>

Business-type activities

Capital assets - net of accumulated depreciation	\$ 5,212,559
Less capital related debt:	
General obligation bonds of 2002C	(874,680)
General obligation bonds of 2007A	<u>(5,000,000)</u>
Net investment in capital assets	<u><u>\$ (662,121)</u></u>

NOTE 9. 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.

For the fiscal year ending April 30, 2021, the City had insurance policies in place covering workers' compensation claims as well as claims related to the water department's general liability, real and personal property and autos. The City was self-insured for any other losses or claims. 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 FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 9. RISK MANAGEMENT (CONTINUED)

As of April 30, 2021, the amount of these liabilities totals \$6,196,046 which is the City's best estimate based on available information. Changes in the reported liability balances over the past two fiscal years are shown below.

	<u>4/30/2020</u>	<u>4/30/2021</u>
Claims payable, beginning of year	\$ 7,819,136	\$ 6,216,271
Claims incurred	2,030,701	1,301,537
Claims paid	<u>(3,633,566)</u>	<u>(1,321,762)</u>
Claims payable, end of year	<u>\$ 6,216,271</u>	<u>\$ 6,196,046</u>

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

A. LITIGATION

The City is a defendant in various lawsuits. The following is a listing of each lawsuit.

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.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

A. LITIGATION (CONTINUED)

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, 2021, the City of Harvey owed the Police Pension Fund \$4,503,009, and the Firefighters' Pension Fund \$15,508,0061. 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.

B. BOND DEFAULT

During fiscal years 2018, 2019, 2020, and 2021, the City defaulted on bond payments. The total principal and interest that remains outstanding due to default is as follows:

- 2002B GO Bonds – \$1,080,000 of principal and \$205,930 interest
- 2002C GO Bonds – \$1,345,661 of principal
- 2007A GO Bonds – \$565,000 of principal and \$1,861,611 interest
- 2007B GO Bonds – \$2,030,000 of principal and \$753,688 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, 2021. 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.

C. 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 and the City expects such amounts, if any, to be immaterial.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - 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 also a single-employer pension plan. Separate reports are issued for the Firefighter Pension Plan and may be obtained by writing to the City at 15320 Broadway Avenue, Harvey, IL 60426. IMRF does issue 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 online 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.

NOTE 12. ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the benefits provided section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pensions benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 12. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	130
Inactive Plan Members entitled to but not yet receiving benefits	66
Active Plan Members	<u>62</u>
Total	<u><u>258</u></u>

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2021 was 0.94%. For the fiscal year ended April 30, 2021, the City, contributed \$24,520 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020. The total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. The amount is included in the accrued expense on the Statement of Fiduciary Net Position.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Retirement Age was from the experience-based table of rates, that are specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study from years 2017-2019.
- For Non-Disabled Retirees, the Pub-2010, amount-weighted, below-median income General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used.
- For Disabled Retirees, the Pub-2010, amount-weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For Active Members, the Pub-2010, amount-weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 12. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Long-term Expected Rate of Return

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 by the following table (most recent available):

Asset Class	Portfolio		Projected Returns/Risk	
	Target Percentage	Return	One Year	Ten Year
			Arithmetic	Geometric
Equities	37.00%	22.07%	6.35%	5.00%
International Equities	18.00%	13.52%	7.65%	6.00%
Fixed Income	28.00%	7.87%	1.40%	1.30%
Real Estate	9.00%	4.20%	7.10%	6.20%
Alternatives	7.00%			
Private Equity		N/A	10.35%	6.95%
Hedge Funds		N/A	N/A	N/A
Commodities		N/A	3.90%	2.85%
Cash Equivalents	1.00%	2.56%	0.70%	0.70%
Total	<u>100.00%</u>			

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. 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 (to the extent that the plan's 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 as of the measurement date (to the extent that the plan's fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index"), and the resulting single discount rate is 7.25%.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 12. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2019	\$ 25,151,487	\$ 31,669,475	\$ (6,517,988)
Changes for the year:			
Service Cost	238,847	-	238,847
Interest on the Total Pension Liability	1,768,201	-	1,768,201
Differences Between Expected and Actual Experience of the Total Pension Liability	103,445	-	103,445
Changes of Assumptions	(103,817)	-	(103,817)
Contributions- Employer	-	101,455	(101,455)
Contributions- Employee	-	135,865	(135,865)
Net Investment Income	-	4,676,880	(4,676,880)
Benefit Payments, including Refunds of Employee Contribution	(1,763,870)	(1,763,870)	-
Other (Net Transfer)	-	(19,088)	19,088
Net Changes	242,806	3,131,242	(2,888,436)
Balances at December 31, 2020	\$ 25,394,293	\$ 34,800,717	\$ (9,406,424)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability/(Asset)	\$ (6,918,046)	\$ (9,406,424)	\$ (11,349,719)

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 12. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended December 31, 2020, the City recognized pension income of \$1,270,031.

At April 30, 2021, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,788	\$ 11,917
Changes of assumptions	-	55,988
Net difference between projected and actual earnings on pension plan investment	<u>-</u>	<u>2,996,369</u>
 Total deferred amounts to be recognized in pension expense in future periods	 <u>55,788</u>	 <u>3,064,274</u>
 Pension contributions made subsequent to the measurement date	 <u>-</u>	 <u>8,460</u>
 Total deferred amounts related to pensions	 <u>\$ 55,788</u>	 <u>\$ 3,072,734</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2021	\$ (989,185)
2022	(356,698)
2023	(1,183,687)
2024	(487,376)
2025	-
Thereafter	-
Total	<u><u>\$ (3,016,946)</u></u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 13. POLICE PENSION FUND

Plan Description

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 as of April 30, 2021:

Retirees and Beneficiaries currently receiving benefits	51
Inactive Plan Members entitled to but not yet receiving benefits	4
Active Plan Members	<u>40</u>
Total	<u><u>95</u></u>

Benefits Provided

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

Tier 1 employees (those hired before January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The 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 ten 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 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal of the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or 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 officers' salary for pension purposes shall not exceed \$106,800, however that amount shall increase annually by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ 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. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 13. POLICE PENSION FUND (CONTINUED)

Contributions

Per State statute, covered employees are required to contribute 9.91% of their base salaries. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to finance the Fund and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, ILCS requires that the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan. For the fiscal year-ended April 30, 2021, the City's contribution was 110.37% of covered payroll.

Actuarial Assumptions:

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Inflation	2.50%
Salary Increases	3.50% to 11.00%
Cost of Living Adjustments	2.25%
Discount Rate	6.75%
Investment Rate of Return	6.75%

Mortality rates are based on rates developed from experience study performed for the State of Illinois Department of Insurance.

Discount Rate

A single discount rate of 6.75% was used to measure the total pension liability and 6.75% was used in the prior year. The projection of cash flow used to determine the 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. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefits payments to determine the total pension liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%. The municipal bond rate is 1.83% (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Index).

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 13. POLICE PENSION FUND (CONTINUED)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2020	\$ 38,049,406	\$ 18,799,963	\$ 19,249,443
Changes for the year:			
Service Cost	698,933	-	698,933
Interest on the Total Pension Liability	2,550,542	-	2,550,542
Differences Between Expected and Actual Experience of the Total Pension Liability	880,630	-	880,630
Changes of Assumptions	-	-	-
Contributions- Employer	-	3,132,375	(3,132,375)
Contributions- Employee	-	258,106	(258,106)
Net Investment Income	-	4,013,158	(4,013,158)
Benefit Payments, including Refunds of Employee Contribution	(1,925,049)	(1,925,049)	-
Administrative Expenses	-	(171,557)	171,557
Net Changes	2,205,056	5,307,033	(3,101,977)
Balances at April 30, 2021	\$ 40,254,462	\$ 24,106,996	\$ 16,147,466

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability	\$ 21,499,986	\$ 16,147,466	\$ 11,747,391

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 13. POLICE PENSION FUND (CONTINUED)

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

For the year ended April 30, 2021, the City recognized a pension expense (income) of \$1,838,946. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 869,804	\$ 1,300,773
Changes of assumptions	1,528,814	4,701,642
Net difference between projected and actual earnings on pension plan investment	-	<u>1,163,531</u>
 Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 2,398,618</u>	<u>\$ 7,165,946</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2022	\$ (1,272,509)
2023	(2,688,764)
2024	(442,083)
2025	(363,972)
2026	-
Thereafter	-
Total	<u>\$ (4,767,328)</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 14. FIREFIGHTERS' PENSION FUND

Plan Description:

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 President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

Plan membership as of April 30, 2021:

Retirees and Beneficiaries currently receiving benefits	74
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	33
Total	<u>120</u>

Benefits Provided

The following is a summary of the City of Harvey Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten 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 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtained by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of services 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 pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55).

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 14. FIREFIGHTERS' PENSION FUND (CONTINUED)

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. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Per State statute, covered employees are required to contribute 9.455% of their base salaries. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, ILCS requires that the City has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Plan. For the fiscal year-ended April 30, 2021, the City's contribution was 109.87% of covered payroll.

Actuarial Assumptions:

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

	Projected unit credit
	Market
Actuarial cost method	
Asset valuation method	
Actuarial assumptions:	
Discount rate	5.05%
Investment rate of return	6.50%
High quality 20 year tax exempt G.O. bond rate	2.27%
Salary increases	3.50% - 45.98%
Inflation	2.25%
Cost-of-living adjustment	2.25%
Payroll increases	3.25%
Disability rates	100% L&A 2020 Illinois Firefighters Disability Rates
	150% L&A 2020 Illinois Firefighters Termination Rates
Termination rates	Pub-2010 adjusted for plan status, demographics, and Illinois public pension data
Mortality rates	100% L&A 2020 Illinois Firefighters Retirements Rates
Retirement rates	capped at age 65
Martial assumptions	80% of active members

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 14. FIREFIGHTERS' PENSION FUND (CONTINUED)

Discount Rate:

A single discount rate of 5.05% was used to measure the total pension liability and 4.91% was used in the prior year. 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 :

- 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
- 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 long-term expected rate of return on pension plan investments of 6.50% was blended with the municipal bond rate of 2.27% to arrive at a discount rate of 5.05% used to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2020	\$ 70,431,352	\$ 9,698,044	\$ 60,733,308
Changes for the year:			
Service Cost	895,648	-	895,648
Interest on the Total Pension Liability	2,746,813	-	2,746,813
Differences Between Expected and Actual			
Experience of the Total Pension Liability	277,988	-	277,988
Changes of Assumptions	(1,356,107)	-	(1,356,107)
Contributions- Employer	-	2,610,530	(2,610,530)
Contributions- Employee	-	235,322	(235,322)
Contributions- Other	-	7,194	(7,194)
Net Investment Income	-	2,577,527	(2,577,527)
Benefit Payments, including Refunds			
of Employee Contribution	(2,931,701)	(2,931,701)	-
Administrative Expense	-	(352,656)	352,656
Net Changes	(367,359)	2,146,216	(2,513,575)
Balances at April 30, 2021	\$ 70,063,993	\$ 11,844,260	\$ 58,219,733

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 14. FIREFIGHTERS' PENSION FUND (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a single discount rate of 5.05%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	Current		
	1% Decrease	Discount Rate	1% Increase
	4.05%	5.05%	6.05%
Net Pension Liability	\$ 68,894,056	\$ 58,219,733	\$ 49,625,934

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

For the year ended April 30, 2021, the City recognized a pension expense of \$3,893,403. On April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 742,548	\$ 203,438
Changes of assumptions	4,982,663	1,676,956
Net difference between projected and actual earnings on pension plan investment	-	1,137,935
 Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 5,725,211</u>	<u>\$ 3,018,329</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2022	\$ 1,305,212
2023	1,472,367
2024	321,535
2025	<u>(392,232)</u>
 Total	<u>\$ 2,706,882</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the retirees pay the full cost of coverage including the cost for spousal coverage. Benefits include health, dental, vision, and life insurance. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. The City pays 100% of the actuarially determined single premium cost to the plan for Firefighters employees who retire during calendar year 2021, 50% for calendar year 2022, and 25% for calendar year 2023. The City pays the full cost of coverage including the cost for spousal coverage for the life of the disabled pensioner. For the fiscal year ending April 30, 2021, retirees contributed \$82,749. Active employees do not contribute to the plan until retirement.

Funding Policy

There is no funding policy that exists for the postretirement plan at this time, as the Total OPEB Liability is currently an unfunded obligation.

Eligible Plan Participants

At April 30, 2021, membership consisted of:

Active employees	153
Inactive employees currently receiving benefit payments	29
Total	182

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 15. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The City's net OPEB liability was measured as of April 30, 2021.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at April 30, 2020	<u>\$ 12,830,775</u>	<u>\$ -</u>	<u>\$ 12,830,775</u>
Changes for the year:			
Service cost	721,423	-	721,423
Interest	324,829	-	324,829
Actual experience	4,045,656	-	4,045,656
Changes of assumptions	(1,166,580)	-	(1,166,580)
Contributions- Employer	-	284,334	(284,334)
Contributions- Employee	-	-	-
Contributions- Other	-	-	-
Net Investment Income	-	-	-
Benefit payments from the plan	(284,334)	(284,334)	-
Administrative Expense	-	-	-
Net Changes	<u>3,640,994</u>	<u>-</u>	<u>3,640,994</u>
Balances at April 30, 2021	<u>\$ 16,471,769</u>	<u>\$ -</u>	<u>\$ 16,471,769</u>

The above increase in the liability balance was largely due to an increase in the retiree population as well as the discount rate lowering from 2.56% to 2.27%, of which were noted in the management summary section of the City's postretirement health plan report as of May 1, 2021.

Discount Rate

The discount rate used in the determination of the total OPEB Liability is based on the combination of the expected long-term rate of return on plan assets and the municipal bond rate. Since the City does not have a trust dedicated exclusively to the payment of OPEB benefits, then only the municipal bond rate is used to determine the total OPEB liability. The discount rate used for this valuation is 2.27%, which was a change from the discount rate of 2.56% that was used as of April 30, 2020.

Sensitivity of the Net OPEB Liability to changes in the Discount Rate

The following table presents the Net OPEB liability of the District, as well as what the District Net OPEB liability would be if it were calculated using discount rates that are 1-percentage-point higher/lower than the current discount rates as of April 30, 2021:

	1% Decrease	Discount Rate	1% Increase
	1.27%	2.27%	3.27%
Net OPEB Liability	\$ 20,065,464	\$ 16,471,769	\$ 13,748,277

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 15. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following table presents the Net OPEB liability of the District, as well as what the District Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher/lower than the current healthcare cost trend rates as of April 30, 2021:

Net OPEB Liability	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(varies)	(varies)	(varies)
Net OPEB Liability	\$ 13,446,230	\$ 16,471,769	\$ 20,537,513

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

For the year ended April 30, 2021, the City recognized on OPEB expense of \$1,680,201. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,624,233	\$ -
Changes in Assumptions	1,309,460	-
Net difference between projected and actual		
Earnings on OPEB Plan Investments	-	-
Total	<u>\$ 4,933,693</u>	<u>\$ -</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

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

Year Ending April 30	Net Deferred Inflows of Resources
2022	\$ 633,949
2023	633,949
2024	633,949
2025	633,949
2026	633,949
Thereafter	<u>1,763,948</u>
Total	<u>\$ 4,933,693</u>

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 15. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The following actuarial assumptions were used for the most recent valuation of the City's OPEB plans:

Measurement Date	April 30, 2021
Actuarial Valuation Date	May 1, 2021
Fiscal Year	May 1, 2020 - April 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Inflation	2.25%
Salary Increases	3.00%
Discount Rate	2.27%
Healthcare Trend Rates:	

Period	PPO	HMO	Dental/ Vision	Life Insurance
FY 22 to FY 23	2.10%	2.10%	3.00%	0.00%
FY 23 to FY 24	5.75%	5.25%	3.00%	0.00%
FY 24 to FY 25	5.50%	5.00%	3.00%	0.00%
FY 25 to FY 26	5.50%	5.00%	3.00%	0.00%
FY 26 to FY 27	5.25%	4.75%	3.00%	0.00%
FY 27 to FY 28	5.25%	4.75%	3.00%	0.00%
FY 28 to FY 29	5.00%	4.50%	3.00%	0.00%
Ultimate	5.00%	4.50%	3.00%	0.00%

NOTE 16. SUMMARY OF PENSION INFORMATION

The summary of pension information is to consolidate the deferrals related to pensions from IMRF (footnote 12), police pension fund (footnote 13) and firefighters' pension fund (footnote 14) and to tie the totals to the Statement of Net Position:

	IMRF	Police Pension	Firefighters' Pension	Total
Deferred outflows of resources	\$ 64,248	\$ 2,398,618	\$ 5,725,211	\$ 8,188,077
Deferred inflows of resources	3,064,274	7,165,946	3,018,329	13,248,549

NOTE 17. SUBSEQUENT EVENTS

On October 27, 2022, the City issued \$1,925,000 of tax anticipation warrants in anticipation of the collection of taxes levied for the year 2021 for corporate purposes, directing Cook County to deposit amounts collected from property taxes directly into a fund held by a tax escrow agent and authorizing the sale of the warrants to Cook County.

On March 27, 2023, the City authorized an ordinance for the issuance and sale of not to exceed \$36,500,000 of Limited Tax G.O. Refunding Bonds for the purpose of exchanging such bonds for certain outstanding obligations of the City, prescribing the details of such bonds and providing for the levy of direct annual taxes to pay the principal & interest on such bonds, and related matters.

CITY OF HARVEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 18. RESTATEMENT OF NET POSITION

For the fiscal year ended April 30, 2021, the City restated opening net position for a prior year incorrect reporting of accrued compensation related to an under reporting of liability for the Fire Department in the amount of \$599,586. The net effect of the restatement resulted in a change in the governmental activities net position opening balance from (\$152,425,963) to (\$153,025,549).

	Governmental Activites
Beginning Net Position, as previously reported	<u>\$ (152,425,963)</u>
Adjustment of Governmental Accrued Compensated Absences for Fire Department	(599,586)
Beginning Net Position, as Restated	<u><u>\$ (153,025,549)</u></u>

NOTE 19. RECENT GASB PRONOUNCEMENTS

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020. See GASB 95.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions of Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The effective dates for GASB No. 84, *Fiduciary Activities*, GASB No. 88, *Certain Disclosures Related to Debt* are postponed for one year. The effective date for GASB No. 87, *Leases* is postponed by 18 months.

Implementation Guide No. 2019-3, "Leases." The objective of this guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, leases. The requirements of this guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST SEVEN FISCAL YEARS

	December 31,						
	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 238,847	\$ 245,350	\$ 292,144	\$ 303,898	\$ 325,564	\$ 356,490	\$ 363,143
Interest	1,768,201	1,761,614	1,757,643	1,814,498	1,744,053	1,716,206	1,636,718
Change of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	103,445	(192,219)	(72,492)	(553,605)	315,214	(371,551)	(505,541)
Changes in assumptions	(103,817)	-	582,979	(735,581)	-	-	819,879
Benefit payments, including refunds of employee contributions	<u>(1,763,870)</u>	<u>(1,677,406)</u>	<u>(1,670,597)</u>	<u>(1,492,184)</u>	<u>(1,377,296)</u>	<u>(1,251,483)</u>	<u>(1,250,577)</u>
Net change in total pension liability	242,806	137,339	889,677	(662,974)	1,007,535	449,662	1,063,622
Total pension liability - beginning	<u>25,151,487</u>	<u>25,014,148</u>	<u>24,124,471</u>	<u>24,787,445</u>	<u>23,779,910</u>	<u>23,330,248</u>	<u>22,266,626</u>
Total pension liability - ending (A)	<u><u>\$ 25,394,293</u></u>	<u><u>\$ 25,151,487</u></u>	<u><u>\$ 25,014,148</u></u>	<u><u>\$ 24,124,471</u></u>	<u><u>\$ 24,787,445</u></u>	<u><u>\$ 23,779,910</u></u>	<u><u>\$ 23,330,248</u></u>
PLAN FIDUCIARY NET POSITION							
Contributions-employer	\$ 101,455	\$ 40,584	\$ 52,092	\$ 30,593	\$ 68,613	\$ 249,956	\$ 189,788
Contributions-employee	135,865	138,553	116,480	144,510	139,875	143,948	155,726
Net investment income	4,676,880	5,441,330	(1,871,649)	5,063,740	1,812,338	138,881	1,651,805
Benefit payments, including refunds of employee contributions	(1,763,870)	(1,677,406)	(1,670,597)	(1,492,184)	(1,377,296)	(1,251,483)	(1,250,577)
Other	(19,088)	(108,135)	556,509	(944,594)	384,889	(664,991)	(73,127)
Net change in plan fiduciary net position	3,131,242	3,834,926	(2,817,165)	2,802,065	1,028,419	(1,383,689)	673,615
Plan fiduciary net position - beginning	<u>31,669,475</u>	<u>27,834,549</u>	<u>30,651,714</u>	<u>27,849,649</u>	<u>26,821,230</u>	<u>28,204,919</u>	<u>27,531,304</u>
Plan fiduciary net position - ending (B)	<u><u>\$ 34,800,717</u></u>	<u><u>\$ 31,669,475</u></u>	<u><u>\$ 27,834,549</u></u>	<u><u>\$ 30,651,714</u></u>	<u><u>\$ 27,849,649</u></u>	<u><u>\$ 26,821,230</u></u>	<u><u>\$ 28,204,919</u></u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u><u><u>\$ (9,406,424)</u></u></u>	<u><u><u>\$ (6,517,988)</u></u></u>	<u><u><u>\$ (2,820,401)</u></u></u>	<u><u><u>\$ (6,527,243)</u></u></u>	<u><u><u>\$ (3,062,204)</u></u></u>	<u><u><u>\$ (3,041,320)</u></u></u>	<u><u><u>\$ (4,874,671)</u></u></u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)
LAST SEVEN FISCAL YEARS

	2020	2019	2018	December 31, 2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	137.04%	125.91%	111.28%	127.06%	112.35%	112.79%	120.89%
Covered-employee payroll	\$ 2,858,761	\$ 2,563,506	\$ 2,560,937	\$ 3,021,932	\$ 3,109,423	\$ 3,199,267	\$ 3,323,783
Net pension liability as a percentage of covered-employee payroll	-329.04%	-254.26%	-110.13%	-216.00%	-98.48%	-95.06%	-146.66%

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS
POLICE PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	April 30, 2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	\$ 698,933	\$ 843,533	\$ 1,474,134	\$ 1,309,289	\$ 2,399,513	\$ 2,014,804	\$ 1,970,450
Interest	2,550,542	2,589,948	2,119,930	2,272,694	1,868,801	1,830,616	1,764,538
Change of benefit terms	-	53,785	-	-	-	-	-
Differences between expected and actual experience	-	(1,988,989)	413,250	(536,895)	(206,516)	667,515	(469,066)
Changes in assumptions	880,630	-	(11,754,103)	7,644,069	(14,402,209)	2,878,930	-
Benefit payments, including refunds of employee contributions	(1,925,049)	(1,949,875)	(2,248,778)	(1,771,853)	(1,845,994)	(1,584,446)	(1,630,027)
Net change in total pension liability	2,205,056	(451,598)	(9,995,567)	8,917,304	(12,186,405)	5,807,419	1,635,895
Total pension liability - beginning	<u>38,049,406</u>	<u>38,501,004</u>	<u>48,496,571</u>	<u>39,579,267</u>	<u>51,765,672</u>	<u>45,958,253</u>	<u>44,322,358</u>
Total pension liability - ending (A)	<u>\$ 40,254,462</u>	<u>\$ 38,049,406</u>	<u>\$ 38,501,004</u>	<u>\$ 48,496,571</u>	<u>\$ 39,579,267</u>	<u>\$ 51,765,672</u>	<u>\$ 45,958,253</u>
PLAN FIDUCIARY NET POSITION							
Contributions-employer	\$ 3,132,375	\$ 3,137,720	\$ 2,890,705	\$ 801,584	\$ 1,105,604	\$ 110,219	\$ 216,675
Contributions-employee	258,106	231,809	277,417	308,865	376,040	324,861	361,391
Contributions-other	-	-	-	75	-	-	-
Net investment income	4,013,158	(349,250)	1,006,081	1,072,235	1,427,291	(292,842)	1,036,455
Benefit payments, including refunds of employee contributions	(1,925,049)	(1,949,875)	(2,248,778)	(1,771,853)	(1,845,994)	(1,584,446)	(1,630,027)
Administrative expenses	(171,557)	(134,144)	(197,596)	(216,111)	(153,766)	(114,811)	(116,692)
Net change in plan fiduciary net position	5,307,033	936,260	1,727,829	194,795	909,175	(1,557,019)	(132,198)
Plan fiduciary net position - beginning	<u>18,799,963</u>	<u>17,863,703</u>	<u>16,135,874</u>	<u>15,941,079</u>	<u>15,031,904</u>	<u>16,588,923</u>	<u>16,721,121</u>
Plan fiduciary net position - ending (B)	<u>\$ 24,106,996</u>	<u>\$ 18,799,963</u>	<u>\$ 17,863,703</u>	<u>\$ 16,135,874</u>	<u>\$ 15,941,079</u>	<u>\$ 15,031,904</u>	<u>\$ 16,588,923</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ 16,147,466</u>	<u>\$ 19,249,443</u>	<u>\$ 20,637,301</u>	<u>\$ 32,360,697</u>	<u>\$ 23,638,188</u>	<u>\$ 36,733,768</u>	<u>\$ 29,369,330</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS (CONTINUED)
POLICE PENSION FUND
LAST TEN FISCAL YEARS

	2021	2020	2019	April 30, 2018	2017	2016	2015
Plan fiduciary net position as a percentage of the total pension liability	59.89%	49.41%	46.40%	33.27%	40.28%	29.04%	36.10%
Covered-employee payroll	\$ 2,838,119	\$ 2,564,381	\$ 3,034,141	\$ 3,102,749	\$ 3,574,929	\$ 3,776,616	\$ 3,645,731
Net pension liability as a percentage of covered-employee payroll	568.95%	750.65%	680.17%	1042.97%	661.22%	972.66%	805.58%

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	April 30, 2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	\$ 895,648	\$ 943,969	\$ 788,433	\$ 1,176,309	\$ 1,734,576	\$ 1,789,745	\$ 1,583,616
Interest	2,746,813	3,407,413	3,102,099	2,835,849	2,963,146	2,149,985	2,290,794
Change of benefit terms	-	46,035	-	-	-	-	-
Differences between expected and actual experience	277,988	(379,576)	3,040,688	(3,809,025)	486,306	255,396	-
Changes in assumptions	(1,356,107)	9,296,657	(4,177,112)	(11,971,175)	(6,220,396)	10,044,000	-
Benefit payments, including refunds of employee contributions	(2,931,701)	(2,658,681)	(2,577,394)	(2,322,485)	(2,116,128)	(2,012,611)	(2,011,098)
Net change in total pension liability	(367,359)	10,655,817	176,714	(14,090,527)	(3,152,496)	12,226,515	1,863,312
Total pension liability - beginning	<u>70,431,352</u>	<u>59,775,535</u>	<u>59,598,821</u>	<u>73,689,348</u>	<u>76,841,844</u>	<u>64,615,329</u>	<u>62,752,017</u>
Total pension liability - ending (A)	<u>\$ 70,063,993</u>	<u>\$ 70,431,352</u>	<u>\$ 59,775,535</u>	<u>\$ 59,598,821</u>	<u>\$ 73,689,348</u>	<u>\$ 76,841,844</u>	<u>\$ 64,615,329</u>
PLAN FIDUCIARY NET POSITION							
Contributions-employer	\$ 2,610,530	\$ 2,356,965	\$ 2,520,393	\$ 1,756,758	\$ 1,849,026	\$ 398,566	\$ 720,764
Contributions-employee	235,322	258,209	205,315	279,256	277,574	325,795	343,183
Contributions-other	7,194	11,126	-	-	4,321	-	-
Net investment income	2,577,527	150,969	385,779	427,920	705,977	(281,071)	561,902
Benefit payments, including refunds of employee contributions	(2,931,701)	(2,658,681)	(2,577,394)	(2,322,485)	(2,116,128)	(2,012,611)	(2,011,098)
Administrative expenses	(352,656)	(439,137)	(425,107)	(119,277)	(123,936)	(94,296)	(82,327)
Net change in plan fiduciary net position	2,146,216	(320,549)	108,986	22,172	596,834	(1,663,617)	(467,576)
Plan fiduciary net position - beginning	<u>9,698,045</u>	<u>10,018,594</u>	<u>9,909,608</u>	<u>9,887,436</u>	<u>9,290,602</u>	<u>10,954,219</u>	<u>11,421,795</u>
Plan fiduciary net position - ending (B)	<u>\$ 11,844,261</u>	<u>\$ 9,698,045</u>	<u>\$ 10,018,594</u>	<u>\$ 9,909,608</u>	<u>\$ 9,887,436</u>	<u>\$ 9,290,602</u>	<u>\$ 10,954,219</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ 58,219,732</u>	<u>\$ 60,733,307</u>	<u>\$ 49,756,941</u>	<u>\$ 49,689,213</u>	<u>\$ 63,801,912</u>	<u>\$ 67,551,242</u>	<u>\$ 53,661,110</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN NET PENSION
LIABILITIES AND RELATED RATIOS (CONTINUED)
FIREFIGHTERS' PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	April 30, 2018	2017	2016	2015
Plan fiduciary net position as a percentage of the total pension liability	16.90%	13.77%	16.76%	16.63%	13.42%	12.09%	16.95%
Covered-employee payroll	\$ 2,376,114	\$ 2,909,846	\$ 2,797,720	\$ 2,002,048	\$ 3,254,289	\$ 3,297,935	\$ 3,188,558
Net pension liability as a percentage of covered-employee payroll	2450.21%	2087.17%	1778.48%	2481.92%	1960.55%	2048.29%	1682.93%

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF CHANGES IN THE NET OPEB
LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST THREE FISCAL YEARS

	2021	2020	2019
TOTAL PENSION LIABILITY			
Service cost	\$ 721,423	\$ 495,479	\$ 495,479
Interest	324,829	344,067	328,915
Change of benefit terms	-	339,503	-
Differences between expected and actual experience	4,045,656	-	-
Changes in assumptions	(1,166,580)	2,744,880	311,789
Benefit payments, including refunds of employee contributions	<u>(284,334)</u>	<u>(342,898)</u>	<u>(342,898)</u>
Net change in total pension liability	3,640,994	3,581,031	793,285
Total pension liability - beginning	<u>12,830,775</u>	<u>9,249,744</u>	<u>8,456,459</u>
Total pension liability - ending (A)	<u><u>\$ 16,471,769</u></u>	<u><u>\$ 12,830,775</u></u>	<u><u>\$ 9,249,744</u></u>
PLAN FIDUCIARY NET POSITION			
Contributions-employer	\$ 284,334	\$ 342,898	\$ 342,898
Contributions-employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	<u>(284,334)</u>	<u>(342,898)</u>	<u>(342,898)</u>
Administrative expenses	-	-	-
Prior period audit adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (B)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u><u>\$ 16,471,769</u></u>	<u><u>\$ 12,830,775</u></u>	<u><u>\$ 9,249,744</u></u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 7,598,617	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	216.77%	N/A	N/A

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST SEVEN FISCAL YEARS

	April 30,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 24,520	\$ 25,495	\$ 20,631	\$ 26,937	\$ 49,684	\$ 147,806	\$ 189,788
Contributions in relation to the actuarially determined contribution	<u>24,520</u>	<u>25,495</u>	<u>20,631</u>	<u>26,937</u>	<u>49,684</u>	<u>249,956</u>	<u>189,788</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ (102,150)</u></u>	<u><u>\$ -</u></u>				
Covered-employee payroll	\$2,746,009	\$3,011,767	\$2,409,000	\$2,937,752	\$3,073,264	\$3,199,267	\$3,323,783
Contributions as a percentages of covered-employee payroll	0.89%	0.85%	0.86%	0.92%	1.62%	7.81%	5.71%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll (closed)
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25%
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligible condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, IMRF specific mortality rates were 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 adjustments that were applied for non-disabled lives. For active members, IMRF specific mortality rates were 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.

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,919,105	\$ 2,223,718	\$ 2,059,039	\$ 1,975,917	\$ 1,890,827	\$ 1,220,938	\$ 1,031,559
Contributions in relation to the actuarially determined contribution	3,132,375	3,137,720	2,890,705	735,723	1,105,604	110,219	216,675
Contribution deficiency (excess)	<u><u>\$ (1,213,270)</u></u>	<u><u>\$ (914,002)</u></u>	<u><u>\$ (831,666)</u></u>	<u><u>\$ 1,240,194</u></u>	<u><u>\$ 785,223</u></u>	<u><u>\$ 1,110,719</u></u>	<u><u>\$ 814,884</u></u>
Covered-employee payroll	\$ 2,838,119	\$ 2,564,381	\$ 3,034,141	\$ 3,102,749	\$ 3,574,929	\$ 3,776,616	\$ 3,646,731
Contributions as a percentages of covered-employee payroll	110.37%	122.36%	95.27%	23.71%	30.93%	2.92%	5.94%

Notes to Schedule of Contributions

The actuarially determined contribution shown for the current year is from the May 1, 2019 actuary's report completed by the independent actuary for the tax levy recommendation for the December 2019 tax levy.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	90% funded over 21 years
Asset valuation method	5-year smoothed market value
Investment rate of return	6.75%
Inflation	2.50%
Total payroll increases	3.50%
Individual pay increases	Service-based rates
Mortality table	PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2019. 10% of active deaths are assumed to be in the line of duty.
Retirement rates	PubS-2010 Healthy Retiree Mortality, projected 5 years pas the valuation date with Scale MP-2019.
Disability rates	PubS-2010 Disabled Mortality, projected 5 years pas the valuation date with Scale MP-2019.

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	April 30, 2018	2017	2016	2015
Actuarially determined contribution	\$ 3,169,462	\$ 2,776,314	\$ 2,895,120	\$ 2,648,040	\$ 2,083,797	\$ 1,950,025	\$ 2,070,500
Contributions in relation to the actuarially determined contribution	2,610,530	2,356,965	2,520,393	1,756,758	1,849,026	398,566	720,764
Contribution deficiency (excess)	<u>\$ 558,932</u>	<u>\$ 419,349</u>	<u>\$ 374,727</u>	<u>\$ 891,282</u>	<u>\$ 234,771</u>	<u>\$ 1,551,459</u>	<u>\$ 1,349,736</u>
Covered-employee payroll	\$ 2,376,114	\$ 2,909,846	\$ 2,797,720	\$ 2,002,048	\$ 3,254,289	\$ 3,297,935	\$ 3,188,558
Contributions as a percentages of covered-employee payroll	109.87%	81.00%	90.09%	87.75%	56.82%	12.09%	22.60%

Notes to Schedule of Contributions

The actuarially determined contribution shown for the current year is from the May 1, 2019 actuary's report completed by the independent actuary for the tax levy recommendation for the December 2019 tax levy.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, closed
Remaining amortization period	90% funded over 21 years
Asset valuation method	5-year smoothed market value
Investment rate of return	6.50%
Inflation	2.50%
Total payroll increases	3.50%
Individual pay increases	3.75% - 46.23%
Mortality table	RP-2014 adjusted for plan status, collar, and Illinois public pension data
Retirement rates	100% of L&A 2016 Illinois firefighters retirement rates capped at age 65
Disability rates	110% of L&A 2016 Illinois firefighters disability rates
Termination rates	125% of L&A 2016 Illinois firefighters termination rates

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>\$ -</u></u>						
Covered-employee payroll	\$ 7,598,617	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentages of covered-employee payroll	0.00%	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

There is no actuarially determined contribution or employer contribution in relation to the actuarially determined contribution, as there is no 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 \$284,334.

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
LAST SEVEN FISCAL YEARS

	2021	2020	2019	2018	April 30, 2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	25.58%	-2.20%	N/A	7.54%	10.04%	-1.63%	4.05%

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
LAST SEVEN FISCAL YEARS

	April 30,						
	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	27.19%	1.68%	4.22%	4.49%	7.64%	-2.73%	5.19%

Notes to Schedule:

This schedule is intended to illustrate the information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Taxes	\$ 11,189,850	\$ 11,194,431
Intergovernmental	6,368,900	9,009,227
Licenses and permits	1,074,600	1,065,983
Charges for services	2,808,800	3,082,976
Fines and forfeitures	281,000	523,732
Interest	500	243
Miscellaneous	127,000	131,557
 Total Revenues	 21,850,650	 25,008,149
EXPENDITURES		
Current		
General government	7,478,012	5,963,893
Community development	-	(450)
Public works	2,956,350	2,821,534
Public safety	15,566,354	16,701,986
Capital outlay	235,000	462,350
 Total Expenditures	 26,235,716	 25,949,313
 Excess of revenues over expenditures	 (4,385,066)	 (941,164)
OTHER FINANCING SOURCES (USES)		
Disposal of capital assets	27,000	-
Transfers (out)	(560,000)	(552,344)
 Total Other Financing Sources (Uses)	 (533,000)	 (552,344)
 Net change in fund balance	 \$ (4,918,066)	 (1,493,508)
 Fund balance (deficit) at beginning of year		 (60,145,010)
 Fund balance (deficit) at end of year		 \$ (61,638,518)

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Intergovernmental		
Motor Fuel Tax Allotments	\$ 1,190,000	\$ 905,199
Intergovernmental	-	833,092
 Total Revenues	 <u>1,190,000</u>	 <u>1,738,291</u>
 EXPENDITURES		
Public Works		
Personnel services	220,000	491,596
Commodities	570,000	790,032
Contractual services	400,000	167,396
Capital outlay	-	6,397
 Total Expenditures	 <u>1,190,000</u>	 <u>1,455,421</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>282,870</u>
 Fund balance at beginning of year		 <u>4,813,384</u>
 Fund balance at end of year	 <u>\$ 5,096,254</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,200,000	\$ 2,224,848
Interest	-	1,075
 Total Revenues	 2,200,000	 2,225,923
EXPENDITURES		
Current		
General government	2,000	31,750
Debt service		
Principal retirement	660,000	1,543,176
Interest charges	1,800,000	1,478,381
 Total Expenditures	 2,462,000	 3,053,307
 Excess (deficiency) of revenues over (under) expenditures	 (262,000)	 (827,384)
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(415,397)	-
 Total Other Financing Sources (Uses)	 (415,397)	 -
 Net change in fund balance	 \$ (677,397)	 (827,384)
 Fund balance (deficit) at beginning of year	 (3,176,403)	
 Fund balance (deficit) at end of year	 \$ (4,003,787)	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Interest	\$ -	\$ 55
Total Revenues	- <hr/>	55 <hr/>
EXPENDITURES		
Total Expenditures	- <hr/>	- <hr/>
Net change in fund balance	\$ - <hr/>	55
Fund balance at beginning of year		<hr/> 2,556,137
Fund balance at end of year	<hr/> \$ 2,556,192	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF I DIXIE SQUARE
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Taxes	\$ 395,000	\$ 218,649
Total Revenues	<u>395,000</u>	<u>218,649</u>
EXPENDITURES		
Contractual	2,200	16,715
Miscellaneous	<u>-</u>	<u>34</u>
Total Expenditures	<u>2,200</u>	<u>16,749</u>
Net change in fund balance	<u>\$ 392,800</u>	<u>201,900</u>
Fund balance at beginning of year		4,974,737
Fund balance at end of year	<u>\$ 5,176,637</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF II CENTER STREET
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Taxes	\$ -	\$ 1,229,625
Total Revenues	- <hr/>	1,229,625 <hr/>
EXPENDITURES		
Contractual	- <hr/>	31,947 <hr/>
Total Expenditures	- <hr/>	31,947 <hr/>
Net change in fund balance	\$ - <hr/>	1,197,678 <hr/>
Fund balance at beginning of year		9,158,576 <hr/>
Fund balance at end of year	\$ 10,356,254 <hr/>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property taxes	\$ 8,200,000	\$ 8,290,752
Real estate transaction	109,600	129,446
Utility	1,148,550	1,238,047
Telecommunication	304,950	288,154
Video gaming	48,000	118,125
Casino	1,120,000	885,744
Franchise	118,750	124,580
Hotel/motel	<u>140,000</u>	<u>119,583</u>
Total taxes	<u>11,189,850</u>	<u>11,194,431</u>
Intergovernmental		
Federal/State grants	336,000	835,705
Replacement tax	646,800	979,249
State sales tax	2,181,100	2,747,933
State income tax	2,329,000	3,284,168
State use tax	<u>876,000</u>	<u>1,162,172</u>
Total intergovernmental	<u>6,368,900</u>	<u>9,009,227</u>
Licenses and permits		
Licenses		
Vehicles	260,000	231,170
Liquor	94,000	123,750
Business	210,000	178,431
Vending machines	60,000	107,674
Contractors	50,000	84,498
Permits		
Building	360,000	307,264
Electric	25,000	22,563
Plumbing	13,000	8,441
Other	<u>2,600</u>	<u>2,192</u>
Total licenses and permits	<u>1,074,600</u>	<u>1,065,983</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES (Continued)		
Charges for services		
Debris usage/mowing fees	\$ -	\$ 1,947
Refuse collection fees	1,820,000	1,898,923
Towing collection fees	90,000	124,770
Vacant property registration fees	106,000	125,989
Public safety registration	160,000	55,150
Inspection point of sale	56,000	87,801
Birth/death certificate fees	26,000	27,857
Fire service fees	250,000	(83,237)
Fuel tax distributors	95,000	92,747
Rental unit inspections	30,000	32,475
Photostats	19,200	11,181
Rents	21,600	47,401
Special events	15,000	4,350
911 tax on users	-	421,073
Other	<u>120,000</u>	<u>234,549</u>
Total charges for services	<u>2,808,800</u>	<u>3,082,976</u>
Fines and forfeitures		
Housing court	56,000	85,845
Police	<u>225,000</u>	<u>437,887</u>
Total fines and forfeitures	<u>281,000</u>	<u>523,732</u>
Interest	500	243
Miscellaneous		
Refunds/reimbursements	92,000	82,749
Other	<u>35,000</u>	<u>48,808</u>
Total miscellaneous	<u>127,000</u>	<u>131,557</u>
Total Revenues	<u>21,850,650</u>	<u>25,008,149</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
EXPENDITURES		
General government		
Mayor		
Personnel services	\$ 73,545	\$ 83,400
Other	<u>26,000</u>	<u>8,834</u>
Total mayor	<u>99,545</u>	<u>92,234</u>
Mayor's Office		
Personnel services	624,450	722,536
Contractual Services	204,000	213,727
Other	<u>243,700</u>	<u>360,621</u>
Total mayor's office	<u>1,072,150</u>	<u>1,296,884</u>
Legal Department		
Contractual Services	<u>600,000</u>	<u>835,936</u>
Total legal department	<u>600,000</u>	<u>835,936</u>
Aldermen		
Personnel services	296,400	345,939
Other	<u>105,000</u>	<u>51,186</u>
Total aldermen	<u>401,400</u>	<u>397,125</u>
City Clerk		
Personnel services	191,300	194,596
Contractual Services	3,000	6,960
Other	<u>15,100</u>	<u>14,687</u>
Total city clerk	<u>209,400</u>	<u>216,243</u>
City Treasurer		
Personnel Services	27,905	32,165
Other	<u>1,100</u>	<u>1,137</u>
Total city treasurer	<u>29,005</u>	<u>33,302</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Finance Department		
Contractual Services	\$ 565,000	\$ 622,743
Other	60,000	73,009
	<hr/>	<hr/>
Total finance department	625,000	695,752
Planning and Development		
Personnel services	502,012	370,580
Contractual Services	140,000	182,537
Other	49,500	15,140
	<hr/>	<hr/>
Total planning and development	691,512	568,257
Miscellaneous Appropriations/Specific Purpose		
Personnel Services	1,350,000	487,775
Contractual Services	2,400,000	1,340,385
	<hr/>	<hr/>
Total miscellaneous appropriations/specific purpose	3,750,000	1,828,160
	<hr/>	<hr/>
Total general government	7,478,012	5,963,893
Public safety		
Police department		
Personnel services	8,510,100	9,461,639
Commodities	322,000	345,251
Other	411,000	464,877
	<hr/>	<hr/>
Total police department	9,243,100	10,271,767
Fire department		
Personnel services	6,027,625	6,094,233
Commodities	107,196	22,797
Other	188,433	286,942
	<hr/>	<hr/>
Total fire department	6,323,254	6,403,972

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
E911 Emergency Surcharge		
Personnel services	\$ -	\$ 3,387
Other	- _____	22,860
Total E911 emergency surcharge	- _____	26,247
Total public safety	15,566,354	16,701,986
Public Works		
Streets Administration		
Personnel Services	177,350	179,594
Other	- _____	78
Total streets administration	177,350	179,672
Street Maintenance Department		
Personnel Services	673,000	482,911
Commodities	1,700,000	1,612,690
Contractual Services	50,000	76,440
Other	356,000	468,368
Total street maintenance department	2,779,000	2,640,409
Public Property/Utility Maintenance		
Other	- _____	1,453
Total public property/utility maintenance	- _____	1,453
Total public works	2,956,350	2,821,534
Community Development		
Community Center		
Other	- _____	(450)
Total community center	- _____	(450)
Total community development	- _____	(450)

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Capital outlay		
General Government		
Equipment	\$ 70,000	\$ 62,651
Public Safety		
Equipment	55,000	129,620
Vehicles	-	25,000
Public Works		
Equipment	110,000	245,079
Total capital outlay	<u>235,000</u>	<u>462,350</u>
Total Expenditures	<u>26,235,716</u>	<u>25,949,313</u>
Excess of revenues over expenditures	<u>(4,385,066)</u>	<u>(941,164)</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(560,000)	(552,344)
Sale of City property	<u>27,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(533,000)</u>	<u>(552,344)</u>
Net change in fund balance	<u>\$ (4,918,066)</u>	<u>(1,493,508)</u>
Fund balance (deficit) at beginning of year		<u>(60,145,010)</u>
Fund balance (deficit) at end of year		<u>\$ (61,638,518)</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2021

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. The annual appropriation ordinance was passed on December 21, 2020. 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 following May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain taxpayer comments.
- The budget is legally enacted on an annual basis through passage of an ordinance.
- Formal budgetary integration is required as a management control device during the year for the General Fund and for certain special revenue funds.
- 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 departments may be made by administrative actions. Amounts to be transferred between funds would require City Board approval. The level of legal control is generally to be the fund budget in total.
- Budgeted amounts are as originally adopted.
- The City does not budget for the Police and Firefighters Pension Fund. During the year, no appropriation amendments were made.

B. EXCESS OF ACTUAL EXPENDITURES/EXPENSES, EXCLUSIVE OF DEPRECIATION OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year:

Fund	Excess
Motor Fuel Tax Fund	\$ 265,421
Debt Service	\$ 591,307
TIF #1 Dixie Square	\$ 14,549
TIF #2 Center Street	\$ 31,947
TIF #4 Dixie Sibley	\$ 6,872
TIF #6 Dixie Highway Corridor	\$ 19,596
TIF #7 Arco/147th Street	\$ 1,837
TIF #8 Transit Oriented Development	\$ 9,450
Water Fund	\$ 3,743,316
Pace Bus Terminal Parking	\$ 2,000

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Hotel/Motel Fund

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

TIF 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 TIF IV 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 Wyman Gordon Tax Incremental Financing District and the use of those funds.

TIF VI Dixie Highway Corridor 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.

TIV VIII Transit Oriented Development Fund

The TIF VIII Transit Oriented Development Fund is used to account for the incremental property taxes of the TIF VIII Transit Oriented Development Tax Incremental Financing District and the use of those funds.

CITY OF HARVEY, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 APRIL 30, 2021

	Hotel/Motel	TIF III Cresco Business Park	TIF IV Dixie Sibley	TIF V RPM Wyman Gordon	TIF VI Dixie Highway Corridor	TIF VII Arch/147th Street	TIF VIII Transit Oriented Development	Total
ASSETS								
Cash and investments	\$ -	\$ 359,364	\$ 420,796	\$ 90,355	\$ 78,281	\$ 252,006	\$ -	\$ 1,200,802
Due from other funds	<u>697</u>	<u>1,361,988</u>	<u>2,538,830</u>	<u>782,096</u>	<u>-</u>	<u>1,067,087</u>	<u>-</u>	<u>5,750,698</u>
Total Assets	<u><u>\$ 697</u></u>	<u><u>\$ 1,721,352</u></u>	<u><u>\$ 2,959,626</u></u>	<u><u>\$ 872,451</u></u>	<u><u>\$ 78,281</u></u>	<u><u>\$ 1,319,093</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,951,500</u></u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 9,031	\$ -	\$ 14,550	\$ 1,800	\$ 9,450	\$ 34,831
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,980</u>	<u>-</u>	<u>-</u>	<u>9,980</u>
Total Liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>9,031</u></u>	<u><u>-</u></u>	<u><u>24,530</u></u>	<u><u>1,800</u></u>	<u><u>9,450</u></u>	<u><u>44,811</u></u>
FUND BALANCES								
Restricted								
Economic development	697	1,721,352	2,950,595	872,451	53,751	1,317,293	-	6,916,139
Unrestricted								
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,450)</u>	<u>(9,450)</u>
Total Fund Balances (Deficit)	<u><u>697</u></u>	<u><u>1,721,352</u></u>	<u><u>2,950,595</u></u>	<u><u>872,451</u></u>	<u><u>53,751</u></u>	<u><u>1,317,293</u></u>	<u><u>(9,450)</u></u>	<u><u>6,906,689</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 697</u></u>	<u><u>\$ 1,721,352</u></u>	<u><u>\$ 2,959,626</u></u>	<u><u>\$ 872,451</u></u>	<u><u>\$ 78,281</u></u>	<u><u>\$ 1,319,093</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,951,500</u></u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED APRIL 30, 2021

	Hotel/Motel	TIF III Cresco Business Park	TIF IV Dixie Sibley	TIF V RPM Wyman Gordon	TIF VI Dixie Highway Corridor	TIF VII Arch/147th Street	TIF VIII Transit Oriented Development	Total
REVENUES								
Property taxes	\$ -	\$ 86,728	\$ 261,910	\$ 61,608	\$ 78,324	\$ 245,658	\$ -	\$ 734,228
Total Revenues	-	86,728	261,910	61,608	78,324	245,658	-	734,228
EXPENDITURES								
Public works								
Contractual	-	-	9,031	-	19,550	1,800	9,450	39,831
Other	-	37	41	44	46	37	-	205
Debt service								
Principal retirement	310,000	-	-	-	-	-	-	310,000
Interest and fiscal charges	242,344	-	-	-	-	-	-	242,344
Total Expenditures	552,344	37	9,072	44	19,596	1,837	9,450	592,380
Excess (deficiency) of revenues over (under) expenditures	(552,344)	86,691	252,838	61,564	58,728	243,821	(9,450)	141,848
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	552,344	-	-	-	-	-	-	552,344
Total Other Financing Sources (Uses)	552,344	-	-	-	-	-	-	552,344
Net changes in fund balances	-	86,691	252,838	61,564	58,728	243,821	(9,450)	694,192
Fund balances (deficit) at beginning of year	697	1,634,661	2,697,757	810,887	(4,977)	1,073,472	-	6,212,497
Fund balances (deficit) at end of year	\$ 697	\$ 1,721,352	\$ 2,950,595	\$ 872,451	\$ 53,751	\$ 1,317,293	\$ (9,450)	\$ 6,906,689

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
	\$	\$
REVENUES		
Total Revenues	<u> </u>	<u> </u>
EXPENDITURES		
Debt service		
Principal retirement	290,000	310,000
Interest and fiscal charges	<u>265,569</u>	<u>242,344</u>
Total Expenditures	<u>555,569</u>	<u>552,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(555,569)</u>	<u>(552,344)</u>
OTHER FINANCING SOURCES		
Transfers in	<u>555,569</u>	<u>552,344</u>
Total Other Financing Sources	<u>555,569</u>	<u>552,344</u>
Net change in fund balance	<u> </u>	<u> </u>
Fund balance at beginning of year		697
Fund balance at end of year	<u> </u>	<u>\$ 697</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF III CRESCO BUSINESS PARK TAX INCREMENTAL FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property taxes	<u>\$ 185,000</u>	<u>\$ 86,728</u>
Total Revenues	<u>185,000</u>	<u>86,728</u>
EXPENDITURES		
Contractual	2,200	-
Miscellaneous	<u>-</u>	<u>37</u>
Total Expenditures	<u>2,200</u>	<u>37</u>
Net change in fund balance	<u>\$ 182,800</u>	<u>86,691</u>
Fund balance at beginning of year		<u>1,634,661</u>
Fund balance at end of year	<u>\$ 1,721,352</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF IV DIXIE SIBLEY TAX INCREMENTAL FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property taxes	<u>\$ 275,000</u>	<u>\$ 261,910</u>
Total Revenues	<u>275,000</u>	<u>261,910</u>
EXPENDITURES		
Contractual	2,200	9,031
Miscellaneous	<u>-</u>	<u>41</u>
Total Expenditures	<u>2,200</u>	<u>9,072</u>
Net change in fund balance	<u>\$ 272,800</u>	<u>252,838</u>
Fund balance at beginning of year		2,697,757
Fund balance at end of year	<u>\$ 2,950,595</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF V RPM WYMAN GORDON TAX INCREMENTAL FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property taxes	<u>\$ 54,000</u>	<u>\$ 61,608</u>
Total Revenues	<u>54,000</u>	<u>61,608</u>
EXPENDITURES		
Contractual	2,200	-
Miscellaneous	<u>-</u>	<u>44</u>
Total Expenditures	<u>2,200</u>	<u>44</u>
Net change in fund balance	<u>\$ 51,800</u>	<u>61,564</u>
Fund balance at beginning of year		810,887
Fund balance at end of year	<u>\$ 872,451</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF VI DIXIE HIGHWAY CORRIDOR TAX INCREMENTAL FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ -	\$ 78,324
Total Revenues	- <hr/>	78,324 <hr/>
EXPENDITURES		
Contractual	- <hr/>	19,550 <hr/>
Miscellaneous	- <hr/>	46 <hr/>
Total Expenditures	- <hr/>	19,596 <hr/>
Net change in fund balance	\$ - <hr/>	58,728 <hr/>
Fund balance (deficit) at beginning of year		(4,977) <hr/>
Fund balance at end of year	\$ <hr/>	53,751 <hr/>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF VII ARCO/147TH STREET TAX INCREMENTAL FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
REVENUES		
Property taxes	<u>\$ 433,000</u>	<u>\$ 245,658</u>
Total Revenues	<u>433,000</u>	<u>245,658</u>
EXPENDITURES		
Contractual	-	1,800
Miscellaneous	<u>-</u>	<u>37</u>
Total Expenditures	<u>-</u>	<u>1,837</u>
Net change in fund balance	<u>\$ 433,000</u>	<u>243,821</u>
Fund balance at beginning of year		1,073,472
Fund balance at end of year	<u>\$ 1,317,293</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIF VIII TRANSIT ORIENTED DEVELOPMENT FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
	\$	\$
REVENUES		
Total Revenues	<u> </u>	<u> </u>
EXPENDITURES		
General Government	<u> </u>	<u> </u>
Contractual	<u> </u>	<u>9,450</u>
Total Expenditures	<u> </u>	<u>9,450</u>
Net change in fund balance	<u> </u>	<u>(9,450)</u>
Fund balance at beginning of year	<u> </u>	<u> </u>
Fund balance (deficit) at end of year	<u> </u>	<u>\$ (9,450)</u>

See independent auditor's report.

NONMAJOR ENTERPRISE FUNDS

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.

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF NET POSITION
NON MAJOR PROPRIETARY FUNDS
APRIL 30, 2021

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Total
ASSETS				
Current assets				
Accounts receivable - net of allowances	\$ -	\$ -	\$ 157,785	\$ 157,785
Due from other funds	<u>93,084</u>	<u>376,996</u>	<u>3,799,808</u>	<u>4,269,888</u>
Total current assets	<u>93,084</u>	<u>376,996</u>	<u>3,957,593</u>	<u>4,427,673</u>
Noncurrent assets				
Capital assets				
Nondepreciable	- -	482,250	- -	482,250
Depreciable	- -	1,307,969	5,769,703	7,077,672
Less: accumulated depreciation	<u>- -</u>	<u>(1,307,969)</u>	<u>(5,534,454)</u>	<u>(6,842,423)</u>
Total noncurrent assets	<u>- -</u>	<u>482,250</u>	<u>235,249</u>	<u>717,499</u>
Total Assets	<u>93,084</u>	<u>859,246</u>	<u>4,192,842</u>	<u>5,145,172</u>
LIABILITIES				
Current Liabilities				
Accounts payable	<u>43,669</u>	<u>28,763</u>	<u>53,617</u>	<u>126,049</u>
Total current liabilities	<u>43,669</u>	<u>28,763</u>	<u>53,617</u>	<u>126,049</u>
Total Liabilities	<u>43,669</u>	<u>28,763</u>	<u>53,617</u>	<u>126,049</u>
NET POSITION				
Net investment in capital assets	- -	482,250	235,249	717,499
Unrestricted	<u>49,415</u>	<u>348,233</u>	<u>3,903,976</u>	<u>4,301,624</u>
Total Net Position	<u><u>\$ 49,415</u></u>	<u><u>\$ 830,483</u></u>	<u><u>\$ 4,139,225</u></u>	<u><u>\$ 5,019,123</u></u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Total
OPERATING REVENUES				
Charges for services	\$ 17,396	\$ 3,831	\$ 865,459	\$ 886,686
Total Operating Revenues	<u>17,396</u>	<u>3,831</u>	<u>865,459</u>	<u>886,686</u>
OPERATING EXPENSES				
Operations	2,600	-	82,686	85,286
Depreciation and amortization	<u>-</u>	<u>-</u>	<u>38,518</u>	<u>38,518</u>
Total Operating Expenses	<u>2,600</u>	<u>-</u>	<u>121,204</u>	<u>123,804</u>
Change in net position	14,796	3,831	744,255	762,882
Net position at beginning of year	<u>34,619</u>	<u>826,652</u>	<u>3,394,970</u>	<u>4,256,241</u>
Net position at end of year	<u>\$ 49,415</u>	<u>\$ 830,483</u>	<u>\$ 4,139,225</u>	<u>\$ 5,019,123</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Pace Bus Terminal Parking	Commuter Parking Lot	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 17,396	\$ 3,831	\$ 764,692	\$ 785,919
Payment to suppliers	1	-	(80,335)	(80,334)
Net Cash from Operating Activities	<u>17,397</u>	<u>3,831</u>	<u>684,357</u>	<u>705,585</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on interfund loans	(17,397)	(3,831)	(684,357)	(705,585)
Net Cash from Noncapital Financing Activities	<u>(17,397)</u>	<u>(3,831)</u>	<u>(684,357)</u>	<u>(705,585)</u>
Change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 14,796	\$ 3,831	\$ 744,255	\$ 762,882
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities	-	-	38,518	38,518
Depreciation and amortization	-	-	(100,767)	(100,767)
Change to asset and liabilities	2,601	-	2,351	4,952
Net Cash from Operating Activities	<u>\$ 17,397</u>	<u>\$ 3,831</u>	<u>\$ 684,357</u>	<u>\$ 705,585</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Water sales	\$ 18,526,000	\$ 18,588,594
Other	- 1,306	
Total Operating Revenues	<u>18,526,000</u>	<u>18,589,900</u>
OPERATING EXPENSES		
Operations		
Personnel services	874,700	1,481,680
Contractual services	784,000	771,586
Commodities	13,373,000	14,663,396
Other	366,000	551,451
Depreciation and amortization	413,000	588,475
Total Operating Expenses	<u>15,810,700</u>	<u>18,056,588</u>
Operating income/(loss)	<u>2,715,300</u>	<u>533,312</u>
NON-OPERATING INCOME (EXPENSE)		
Interest expense	<u>(415,397)</u>	<u>(1,912,825)</u>
Total Non-Operating Income (Expense)	<u>(415,397)</u>	<u>(1,912,825)</u>
Income (loss) before transfers	2,299,903	(1,379,513)
TRANSFERS		
Transfers in	<u>415,397</u>	<u>-</u>
Change in net position	<u>\$ 2,715,300</u>	<u>(1,379,513)</u>
Net position at beginning of year		1,534,961
Net position at end of year	<u>\$ 155,448</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
PACE BUS TERMINAL PARKING FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 10,000	\$ 17,396
Total Operating Revenues	<u>10,000</u>	<u>17,396</u>
OPERATING EXPENSES		
Operations		
Contractual services	<u>600</u>	<u>2,600</u>
Total Operating Expenses	<u>600</u>	<u>2,600</u>
Change in net position	<u>\$ 9,400</u>	14,796
Net position at beginning of year		<u>34,619</u>
Net position at end of year	<u>\$ 49,415</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
COMMUTER PARKING LOT FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services	<u>\$ 26,000</u>	<u>\$ 3,831</u>
Total Operating Revenues	<u>26,000</u>	<u>3,831</u>
OPERATING EXPENSES		
Operations	<u>5,000</u>	<u>-</u>
Miscellaneous	<u>5,000</u>	<u>-</u>
Total Operating Expenses	<u>5,000</u>	<u>-</u>
Change in net position	<u>\$ 21,000</u>	<u>3,831</u>
Net position at beginning of year		<u>826,652</u>
Net position at end of year	<u>\$ 830,483</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 840,000	\$ 865,459
Total Operating Revenues	<u>840,000</u>	<u>865,459</u>
OPERATING EXPENSES		
Operations		
Contractual services	400,000	77,235
Miscellaneous	800	5,451
Depreciation and amortization	<u>27,000</u>	<u>38,518</u>
Total Operating Expenses	<u>427,800</u>	<u>121,204</u>
Change in net position	<u>\$ 412,200</u>	<u>744,255</u>
Net position at beginning of year		<u>3,394,970</u>
Net position at end of year	<u>\$ 4,139,225</u>	

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
APRIL 30, 2021

	Police Pension Fund	Firefighters' Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 4,569,637	\$ 263,216	\$ 4,832,853
Investments, at fair value			
Money market mutual funds	-	303,112	303,112
U.S. Treasury securities	6,481,185	593,411	7,074,596
U.S. Agency securities	-	2,224,436	2,224,436
State and local obligations	-	605,018	605,018
Corporate bonds	-	759,781	759,781
Mutual funds and equity (stock) securities	13,009,647	7,076,637	20,086,284
Accrued interest	34,949	24,357	59,306
Prepaid expense	3,871	-	3,871
Due from members	-	31,437	31,437
Due from municipality	4,503,009	15,508,061	20,011,070
Allowance for uncollectibles	<u>(4,503,009)</u>	<u>(15,508,061)</u>	<u>(20,011,070)</u>
 Total Assets	 <u>24,099,289</u>	 <u>11,881,405</u>	 <u>35,980,694</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>29,998</u>	<u>37,145</u>	<u>67,143</u>
 Total Liabilities	 <u>29,998</u>	 <u>37,145</u>	 <u>67,143</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 24,069,291</u>	<u>\$ 11,844,260</u>	<u>\$ 35,913,551</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Police Pension Fund	Firefighters' Pension Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 3,132,374	\$ 2,610,530	\$ 5,742,904
Plan members	258,106	242,516	500,622
	<hr/>	<hr/>	<hr/>
Total contributions	3,390,480	2,853,046	6,243,526
Investment income			
Net depreciation in fair value of investments	3,095,386	2,347,464	5,442,850
Interest	975,664	252,168	1,227,832
Investment fees	(57,892)	(22,105)	(79,997)
	<hr/>	<hr/>	<hr/>
Net investment income	4,013,158	2,577,527	6,590,685
Total Additions	<hr/>	<hr/>	<hr/>
	7,403,638	5,430,573	12,834,211
DEDUCTIONS			
Pension benefits and refunds	1,962,753	2,931,701	4,894,454
Administrative expenses	171,557	352,656	524,213
	<hr/>	<hr/>	<hr/>
Total Deductions	2,134,310	3,284,357	5,418,667
Net change in plan net position	5,269,328	2,146,216	7,415,544
Net position restricted for pensions at beginning of year	<hr/>	<hr/>	<hr/>
	18,799,963	9,698,044	28,498,007
Net position restricted for pensions at end of year	<hr/>	<hr/>	<hr/>
	\$ 24,069,291	\$ 11,844,260	\$ 35,913,551

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS OF 2002B
APRIL 30, 2021

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
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	<u>1,080,000</u>	<u>205,930</u>	<u>1,285,930</u>				
	<u><u>\$ 1,900,000</u></u>	<u><u>\$ 275,370</u></u>	<u><u>\$ 2,175,370</u></u>		<u><u>\$ 34,720</u></u>		<u><u>\$ 34,720</u></u>

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS OF 2002C
APRIL 30, 2021

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
Default	\$ 1,345,661	\$ -	\$ 1,345,661				
	<u>\$ 1,345,661</u>	<u>\$ -</u>	<u>\$ 1,345,661</u>				
	470,981	-	470,981				Governmental Activities
	874,680	-	874,680				Business-Type Activities
	<u>\$ 1,345,661</u>	<u>\$ -</u>	<u>\$ 1,345,661</u>				

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS OF 2007A
APRIL 30, 2021

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
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	<u>565,000</u>	<u>1,861,611</u>	<u>2,426,611</u>				
	<u>\$ 22,275,000</u>	<u>\$ 11,531,807</u>	<u>\$ 33,806,807</u>		<u>\$ 4,835,098</u>		<u>\$ 4,835,098</u>
	17,275,000	8,942,916	26,217,916	Governmental Activities			
	<u>5,000,000</u>	<u>2,588,891</u>	<u>7,588,891</u>	Business-Type Activities			
	<u>\$ 22,275,000</u>	<u>\$ 11,531,807</u>	<u>\$ 33,806,807</u>				
	438,158	1,443,679	1,881,837	Governmental Activities-Default			
	<u>126,842</u>	<u>417,932</u>	<u>544,774</u>	Business-Type Activities-Default			
	<u>\$ 565,000</u>	<u>\$ 1,861,611</u>	<u>\$ 2,426,611</u>				

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS OF 2007B
APRIL 30, 2021

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 Dates	June 1 and December 1
Principal Maturity Date	1-Dec
Payable at	Depository Trust Company, New York NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2022	\$ 785,000	\$ 294,500	\$ 1,079,500	2021	\$ 147,250	2021	\$ 147,250
2023	840,000	233,663	1,073,663	2022	116,831	2022	116,832
2024	900,000	168,562	1,068,562	2023	84,281	2023	84,281
2025	1,275,000	98,812	1,373,812	2024	49,406	2024	49,406
Default	2,030,000	753,688	2,783,688				
	\$ 5,830,000	\$ 1,549,225	\$ 7,379,225		\$ 397,768		\$ 397,769

CITY OF HARVEY, ILLINOIS
LONG-TERM DEBT REQUIREMENTS
HOTEL-MOTEL TAX AND SALES TAX REVENUE BONDS OF 2008A
APRIL 30, 2021

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
2022	\$ 330,000	\$ 220,344	\$ 550,344	2021	\$ 115,844	2022	\$ 104,500
2023	355,000	196,797	551,797	2022	104,500	2023	92,297
2024	375,000	171,703	546,703	2023	92,297	2024	79,406
2025	405,000	144,890	549,890	2024	79,406	2025	65,484
2026	430,000	116,187	546,187	2025	65,484	2026	50,703
2027	460,000	85,594	545,594	2026	50,703	2027	34,891
2028	490,000	52,938	542,938	2027	34,891	2028	18,047
2029	<u>525,000</u>	<u>18,047</u>	<u>543,047</u>	2028	<u>18,047</u>		<u>-</u>
	<u>\$ 3,370,000</u>	<u>\$ 1,006,500</u>	<u>\$ 4,376,500</u>		<u>\$ 561,172</u>		<u>\$ 445,328</u>

See independent auditor's report.

CITY OF HARVEY, ILLINOIS
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR-END FINANCIAL REPORT
APRIL 30, 2021

CSFA #	Program Name	State	Federal	Other	Total
494-00-1488	Motor Fuel Tax Program	\$ 1,455,421	\$ -	\$ -	\$ 1,455,421
97.083	FEMA Fire Safer Grant	-	27,046	-	27,046
	Other Grant Programs and Activities	-	779,054	29,606	808,660
	All Other Costs Not Allocated	-	-	42,622,501	42,622,501
Total expenditures		\$ 1,455,421	\$ 806,100	\$ 42,652,107	\$ 44,913,628

See independent auditor's report.