

**CITY OF NOKOMIS, ILLINOIS**

**Annual Financial Report**

**April 30, 2023**

**PATTON & COMPANY, P.C.**

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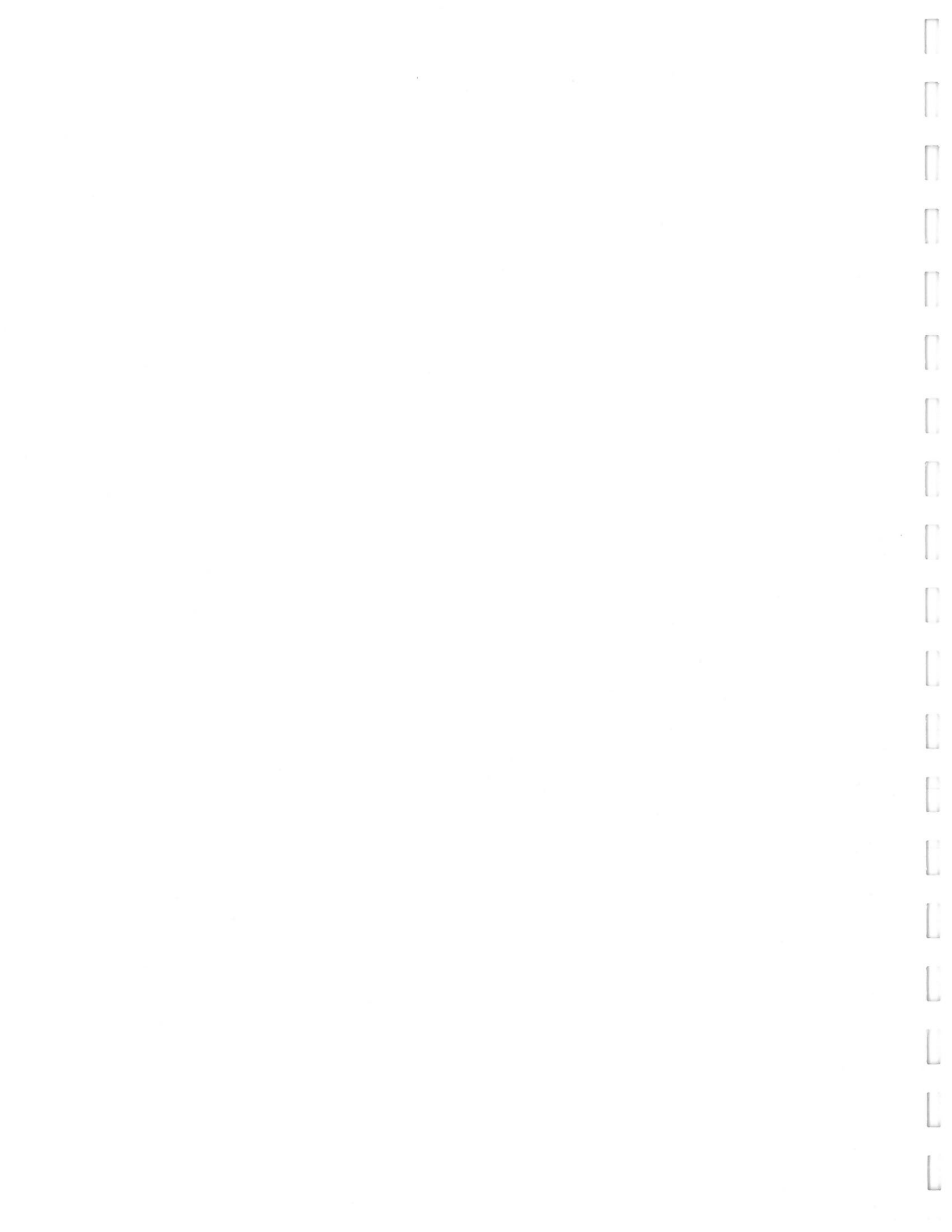
**Certified Public Accountants**



CITY OF NOKOMIS, ILLINOIS

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**CITY OF NOKOMIS, ILLINOIS**

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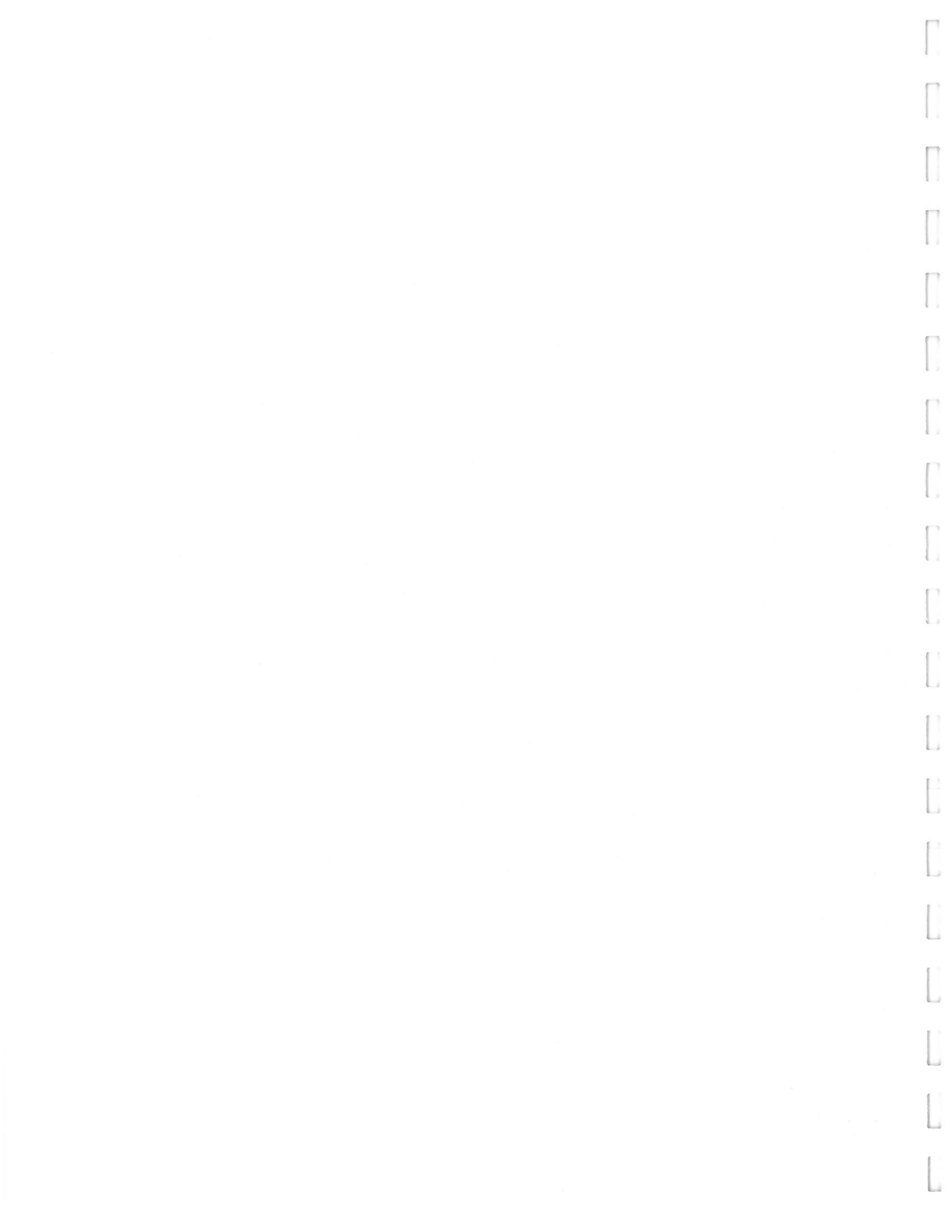
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# PATTON & COMPANY, P.C.

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Nokomis, Illinois:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nokomis, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nokomis, Illinois, as of April 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.C.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Nokomis, Illinois, 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 audit opinions.

#### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.





## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.C., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 of Nokomis, Illinois', 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 generally accepted auditing standards and *Government Auditing Standards* 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 of Nokomis, Illinois', 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Nokomis, Illinois', 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.

### **Other Matters**

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nokomis, Illinois', basic financial statements. The schedules listed as supplementary information 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 financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as supplementary information in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023, on our consideration of the City of Nokomis, Illinois', internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Nokomis, Illinois', internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Nokomis, Illinois', internal control over financial reporting and compliance.



Hillsboro, Illinois

August 23, 2023



# PATTON & COMPANY, P.C.

*Certified Public Accountants*

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

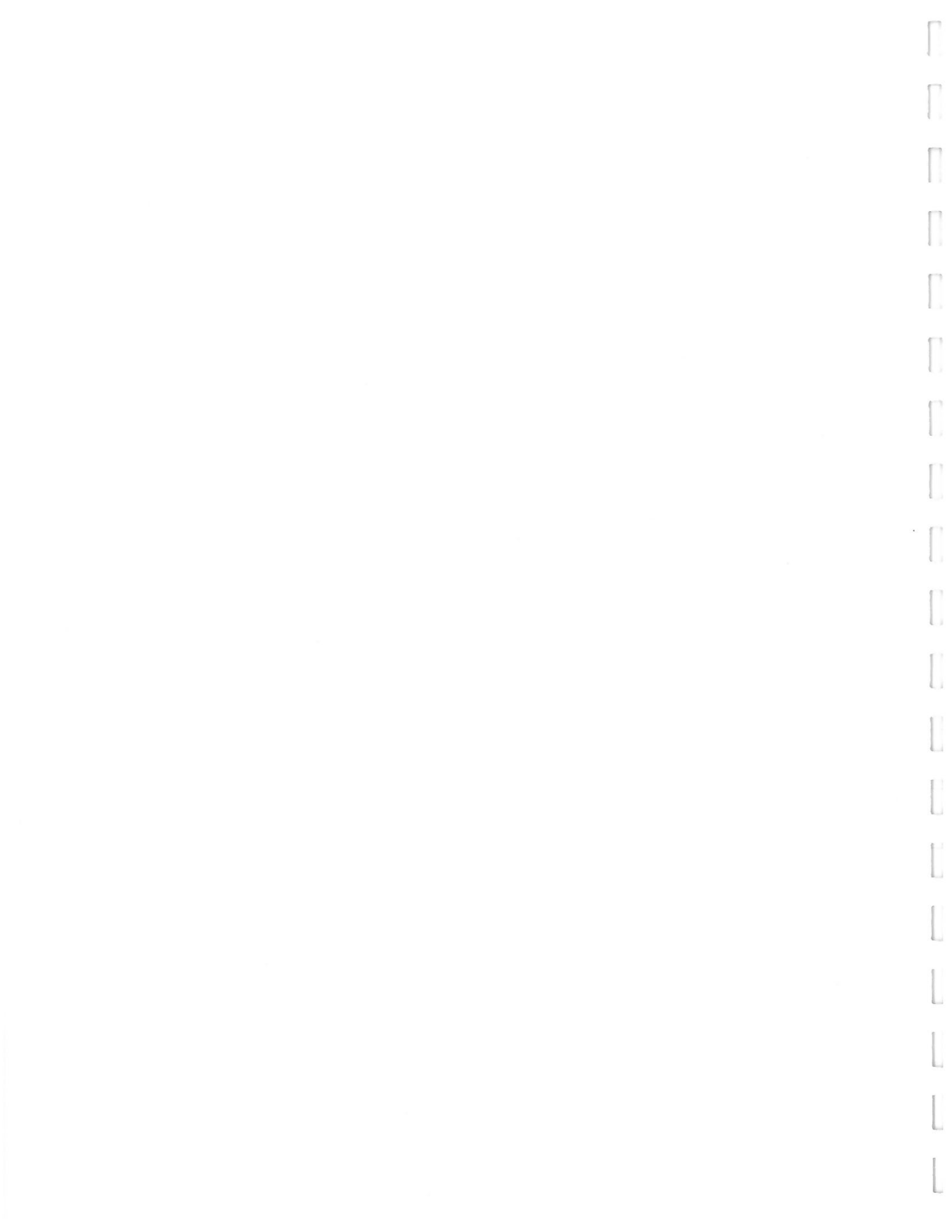
To the Honorable Mayor and Members of the City Council  
City of Nokomis, Illinois:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nokomis, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Nokomis, Illinois', basic financial statements and have issued our report thereon dated August 23, 2023, which notes that the financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Nokomis, Illinois', internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Nokomis, Illinois', internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nokomis, Illinois', internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the government's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we may consider to be material weaknesses. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies:

**Segregation of Duties**

Criteria: Maintain adequate internal controls, including segregation of duties, in order to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Condition: There is a lack of segregation of duties among City personnel.

Effect: Could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: There are a limited number of personnel for certain functions due to the size of the City.

Recommendation: The duties should be segregated as much as possible, and alternative controls should be used to compensate for lack of segregation. The governing board should provide some of these controls.

Management's Response: The City has segregated as many duties as possible given the small staff. They will continue to monitor and improve, if possible.

**Controls Over Financial Statement Preparation**

Criteria: A system of controls over the preparation of financial statements in accordance with generally accepted accounting principles is necessary to prepare the financial statements and disclosures.

Condition: As is common with organizations its size, the City does not currently prepare its own financial statements with note disclosures. Statements on Auditing Standards do not provide exceptions to financial reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditors or deficiencies for which the remedy would be cost prohibitive.

Effect: The management of the City of Nokomis, Illinois, or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosures in a timely manner.

Cause: The City has limited resources. The City has not received technical training in preparing financial statements and disclosures.

Recommendation: We recommend that the City continually monitor the cost/benefit of preparing its own financial statements and note disclosures.





Management's Response: City meets all audit reporting requirements and will continue to do so in the future. Currently the City Clerk, Mayor and other personnel review the annual financial statements. As additional resources become available, the City will review the cost/benefit involved with preparing the financial statements.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Nokomis, Illinois', financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

### **City of Nokomis, Illinois, Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Nokomis, Illinois', response to the findings identified in our audit and described above. The City of Nokomis, Illinois', response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

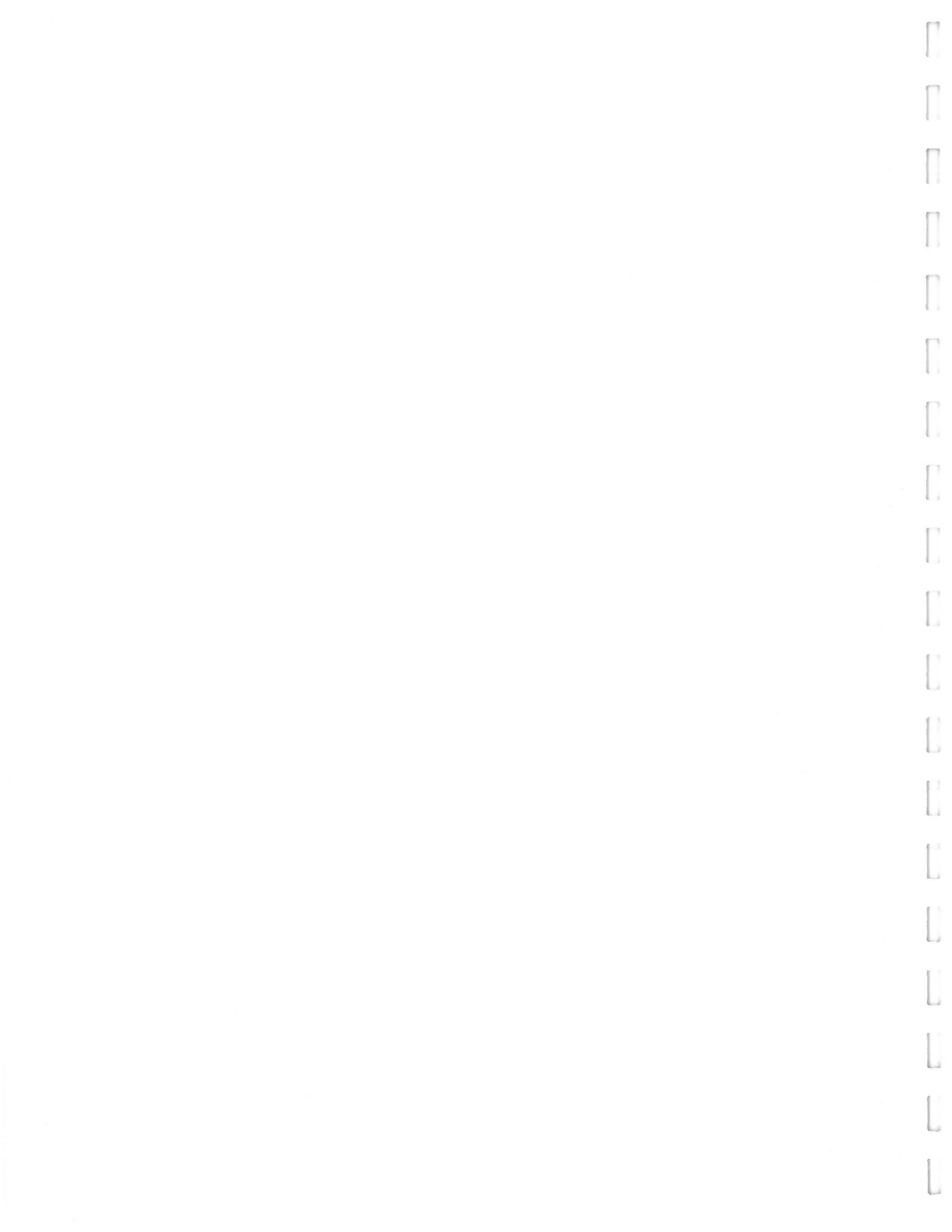
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 23, 2023

Hillsboro, Illinois



**BASIC FINANCIAL STATEMENTS**



**CITY OF NOKOMIS, ILLINOIS**

**Statement of Net Position  
Modified Cash Basis  
April 30, 2023**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 1,465,178	\$ 1,107,618	\$ 2,572,796
Certificates of deposit	1,027,579	282,513	1,310,092
Capital assets:			
Land	47,682	23,559	71,241
Other assets, net of accumulated depreciation	<u>597,950</u>	<u>2,886,013</u>	<u>3,483,963</u>
Total assets	<u>3,138,389</u>	<u>4,299,703</u>	<u>7,438,092</u>
 <u>Liabilities</u>			
Current liabilities:			
U.S. Bankcorp loan	30,708	-	30,708
State revolving loans	-	97,447	97,447
Refundable water deposits	-	<u>5,578</u>	<u>5,578</u>
Total current liabilities	<u>30,708</u>	<u>103,025</u>	<u>133,733</u>
Noncurrent liabilities:			
U.S. Bankcorp loan	64,443	-	64,443
State revolving loans	-	2,826,898	2,826,898
Refundable water deposits	-	<u>23,000</u>	<u>23,000</u>
Total non-current liabilities	<u>64,443</u>	<u>2,849,898</u>	<u>2,914,341</u>
Total liabilities	<u>95,151</u>	<u>2,952,923</u>	<u>3,048,074</u>
 <u>Net Position</u>			
Net investment in capital assets	550,481	-	550,481
Restricted for:			
Streets and roads	350,307	-	350,307
Public safety	10,315	-	10,315
Economic Development	562,957	-	562,957
Unrestricted	<u>1,569,178</u>	<u>1,346,780</u>	<u>2,915,958</u>
Total net position	<u>\$ 3,043,238</u>	<u>\$ 1,346,780</u>	<u>\$ 4,390,018</u>

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Activities  
Modified Cash Basis  
Year Ended April 30, 2023**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Assets and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 244,574	\$ 20,085	\$ 143,569	\$ -
Public safety	353,804	20,363	-	-
Streets and roads	666,412	-	24,780	-
Economic Development	179,223	-	-	-
Interest	4,059	-	-	-
Total governmental activities	<u>1,448,072</u>	<u>40,448</u>	<u>168,349</u>	<u>-</u>
Business-type activities:				
Water	511,464	591,829	-	41,029
Sewer	367,991	406,451	-	-
Total business-type activities	<u>879,455</u>	<u>998,280</u>	<u>-</u>	<u>41,029</u>
Total primary government	<u>\$ 2,327,527</u>	<u>\$ 1,038,728</u>	<u>\$ 168,349</u>	<u>\$ 41,029</u>
General revenues:				
Business district tax				
Video gaming tax				
Motor fuel tax				
Property and replacement taxes				
Income taxes				
Sales, use and cannabis taxes				
Utility tax				
Telecommunication tax				
Investment income				
Miscellaneous				
Loss on capital asset				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Activities  
Modified Cash Basis  
Year Ended April 30, 2023**

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (80,920)	\$ -	\$ (80,920)
(333,441)	-	(333,441)
(641,632)	-	(641,632)
(179,223)	-	(179,223)
(4,059)	-	(4,059)
<u>(1,239,275)</u>	<u>-</u>	<u>(1,239,275)</u>
-	121,394	121,394
-	38,460	38,460
<u>-</u>	<u>159,854</u>	<u>159,854</u>
<u>(1,239,275)</u>	<u>159,854</u>	<u>(1,079,421)</u>
165,036	-	165,036
52,605	-	52,605
88,938	-	88,938
283,776	-	283,776
346,100	-	346,100
365,819	-	365,819
115,753	-	115,753
23,302	-	23,302
12,876	1,070	13,946
241,045	-	241,045
(3,755)	-	(3,755)
<u>1,691,495</u>	<u>1,070</u>	<u>1,692,565</u>
452,220	160,924	613,144
<u>2,591,018</u>	<u>1,185,856</u>	<u>3,776,874</u>
<u>\$ 3,043,238</u>	<u>\$ 1,346,780</u>	<u>\$ 4,390,018</u>

**CITY OF NOKOMIS, ILLINOIS**

**Balance Sheet  
Modified Cash Basis  
Governmental Funds  
April 30, 2023**

<u>Assets</u>	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Business District Fund</u>	<u>Total Governmental Funds</u>
Cash	\$ 560,848	\$ 341,373	\$ 562,957	\$ 1,465,178
Certificates of deposit	1,017,579	10,000	-	1,027,579
Due from other funds	<u>1,066</u>	<u>-</u>	<u>-</u>	<u>1,066</u>
Total assets	<u>\$ 1,579,493</u>	<u>\$ 351,373</u>	<u>\$ 562,957</u>	<u>\$ 2,493,823</u>
 <b><u>Liabilities and Fund Balances</u></b>				
Due to other funds	\$ <u>-</u>	\$ <u>1,066</u>	\$ <u>-</u>	\$ <u>1,066</u>
Total liabilities	<u>-</u>	<u>1,066</u>	<u>-</u>	<u>1,066</u>
 Fund Balances:				
Restricted:				
Streets and roads	-	350,307	-	350,307
Public safety	10,315	-	-	10,315
Economic development	-	-	562,957	562,957
Unassigned	<u>1,569,178</u>	<u>-</u>	<u>-</u>	<u>1,569,178</u>
Total fund balances	<u>1,579,493</u>	<u>350,307</u>	<u>562,957</u>	<u>2,492,757</u>
Total liabilities and fund balances	<u>\$ 1,579,493</u>	<u>\$ 351,373</u>	<u>\$ 562,957</u>	<u>\$ 2,493,823</u>

See notes to the financial statements.



CITY OF NOKOMIS, ILLINOIS

Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Position  
Modified Cash Basis  
April 30, 2023

Fund balances of the governmental funds	\$ 2,492,757
Capital assets used in governmental activities of \$3,405,240, net of accumulated depreciation of \$2,759,608, are not financial resources and; therefore, are not reported in the governmental funds	645,632
Notes payable are not due and payable in the current period and; therefore, are not reported in the governmental funds	<u>(95,151)</u>
Net position of governmental activities	\$ <u>3,043,238</u>

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Modified Cash Basis  
Governmental Funds  
Year Ended April 30, 2023**

	<b>General Fund</b>	<b>Motor Fuel Tax Fund</b>	<b>Business District Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Taxes	\$ 1,187,355	\$ 88,938	\$ 165,036	\$ 1,441,329
Fines	20,363	-	-	20,363
Licenses, fees and permits	20,085	-	-	20,085
Interest	11,346	212	1,318	12,876
Miscellaneous	40,675	-	200,370	241,045
Intergovernmental	<u>143,569</u>	<u>24,780</u>	<u>-</u>	<u>168,349</u>
Total revenues	<u>1,423,393</u>	<u>113,930</u>	<u>366,724</u>	<u>1,904,047</u>
<b>Expenditures:</b>				
Current:				
General government	236,876	-	-	236,876
Public safety	345,107	-	-	345,107
Streets and roads	553,459	61,176	-	614,635
Economic development	-	-	179,223	179,223
Capital outlay	136,345	-	-	136,345
Debt Service:				
Principal	29,741	-	-	29,741
Interest	<u>4,059</u>	<u>-</u>	<u>-</u>	<u>4,059</u>
Total expenditures	<u>1,305,587</u>	<u>61,176</u>	<u>179,223</u>	<u>1,545,986</u>
Excess (deficiency) of revenues over expenditures	<u>117,806</u>	<u>52,754</u>	<u>187,501</u>	<u>358,061</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	14,693	14,693
Transfers out	<u>(14,693)</u>	<u>-</u>	<u>-</u>	<u>(14,693)</u>
Total other financing sources (uses)	<u>(14,693)</u>	<u>-</u>	<u>14,693</u>	<u>-</u>
Net change in fund balances	103,113	52,754	202,194	358,061
Fund balances, beginning	<u>1,476,380</u>	<u>297,553</u>	<u>360,763</u>	<u>2,134,696</u>
Fund balances, ending	<u>\$ 1,579,493</u>	<u>\$ 350,307</u>	<u>\$ 562,957</u>	<u>\$ 2,492,757</u>

See notes to the financial statements.

CITY OF NOKOMIS, ILLINOIS

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Governmental  
Activities in the Statement of Activities  
Modified Cash Basis  
Year Ended April 30, 2023

Net change in fund balances - total governmental funds	\$ 358,061
Assets reported for governmental activities on the statement of net position are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets:	
Capital assets purchased	136,345
Depreciation expense	(68,172)
Net book value of asset disposed	(3,755)
The issuance of long-term debt provides current financial resources, which repayment of principal of long-term debt consumes current financial resources of governmental funds:	
Principal repayments	<u>29,741</u>
Change in net position of governmental activities	\$ <u>452,220</u>

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Net Position  
Modified Cash Basis  
Proprietary Funds  
April 30, 2023**

<u>Assets</u>	<u>Waterworks Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
Current assets:			
Cash	\$ 836,326	\$ 271,292	\$ 1,107,618
Certificates of deposit	<u>166,846</u>	<u>115,667</u>	<u>282,513</u>
Total current	<u>1,003,172</u>	<u>386,959</u>	<u>1,390,131</u>
Noncurrent assets:			
Land	23,559	-	23,559
Capital assets being depreciated	6,199,002	3,525,931	9,724,933
Less accumulated depreciation	<u>3,651,924</u>	<u>3,186,996</u>	<u>6,838,920</u>
Net capital assets being depreciated	<u>2,547,078</u>	<u>338,935</u>	<u>2,886,013</u>
Total noncurrent assets	<u>2,570,637</u>	<u>338,935</u>	<u>2,909,572</u>
Total assets	<u>3,573,809</u>	<u>725,894</u>	<u>4,299,703</u>
 <u>Liabilities</u>			
Current liabilities:			
Refundable water deposits	5,578	-	5,578
State revolving loans	<u>97,447</u>	<u>-</u>	<u>97,447</u>
Total current liabilities	<u>103,025</u>	<u>-</u>	<u>103,025</u>
Noncurrent liabilities:			
Refundable water deposits	23,000	-	23,000
State revolving loans	<u>2,826,898</u>	<u>-</u>	<u>2,826,898</u>
Total noncurrent liabilities	<u>2,849,898</u>	<u>-</u>	<u>2,849,898</u>
Total liabilities	<u>2,952,923</u>	<u>-</u>	<u>2,952,923</u>
 <u>Net Position</u>			
Net investment in capital assets	-	-	-
Unrestricted	<u>620,886</u>	<u>725,894</u>	<u>1,346,780</u>
Total net position	<u>\$ 620,886</u>	<u>\$ 725,894</u>	<u>\$ 1,346,780</u>

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Modified Cash Basis  
Proprietary Funds  
Year Ended April 30, 2023**

	<u>Waterworks Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for service	\$ <u>591,829</u>	\$ <u>406,451</u>	\$ <u>998,280</u>
Total operating revenues	<u>591,829</u>	<u>406,451</u>	<u>998,280</u>
<b>Operating expenses:</b>			
Salaries	122,288	118,350	240,638
Payroll taxes and retirement	14,265	16,174	30,439
Insurance	34,254	41,302	75,556
Utilities	24,568	46,469	71,037
Professional fees	59,063	16,675	75,738
Repairs and maintenance	85,822	107,289	193,111
Office	10,693	5,598	16,291
Miscellaneous	3,234	3,668	6,902
Depreciation	<u>128,853</u>	<u>12,466</u>	<u>141,319</u>
Total operating expenses	<u>483,040</u>	<u>367,991</u>	<u>851,031</u>
Operating income	<u>108,789</u>	<u>38,460</u>	<u>147,249</u>
<b>Nonoperating revenues (expenses):</b>			
Grant income	41,029	-	41,029
Interest income	81	989	1,070
Interest expense	<u>(28,424)</u>	<u>-</u>	<u>(28,424)</u>
Total nonoperating revenues (expenses)	<u>12,686</u>	<u>989</u>	<u>13,675</u>
Change in net position	121,475	39,449	160,924
Net position, beginning	<u>499,411</u>	<u>686,445</u>	<u>1,185,856</u>
Net position, ending	<u>\$ 620,886</u>	<u>\$ 725,894</u>	<u>\$ 1,346,780</u>

See notes to the financial statements.

**CITY OF NOKOMIS, ILLINOIS**

**Statement of Cash Flows  
Modified Cash Basis  
Proprietary Funds  
Year Ended April 30, 2023**

	<u>Waterworks Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 591,829	\$ 406,451	\$ 998,280
Payments to suppliers	(217,634)	(221,001)	(438,635)
Payments to employees	(136,553)	(134,524)	(271,077)
Customer deposits	<u>(653)</u>	<u>-</u>	<u>(653)</u>
Net cash provided by (used for) operating activities	<u>236,989</u>	<u>50,926</u>	<u>287,915</u>
<b>Cash flows from noncapital financing activities:</b>			
Grants	<u>41,029</u>	<u>-</u>	<u>41,029</u>
Net cash flows provided by (used for) noncapital financing activities	<u>41,029</u>	<u>-</u>	<u>41,029</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(977,774)	(292,100)	(1,269,874)
Principal paid on capital debt	(135,744)	-	(135,744)
Interest and fees paid on capital debt	(28,424)	-	(28,424)
Issuance of debt	<u>1,623,834</u>	<u>-</u>	<u>1,623,834</u>
Net cash provided by (used for) capital and related financing activities	<u>481,892</u>	<u>(292,100)</u>	<u>189,792</u>
<b>Cash flows from investing activities:</b>			
Interest	81	989	1,070
Sale (Purchase) of investments	<u>(72)</u>	<u>-</u>	<u>(72)</u>
Net cash provided by (used for) investing activities	<u>9</u>	<u>989</u>	<u>998</u>
Net increase (decrease) in cash and cash equivalents	759,919	(240,185)	519,734
Cash and cash equivalents, beginning	<u>76,407</u>	<u>511,477</u>	<u>587,884</u>
Cash and cash equivalents, ending	<u>\$ 836,326</u>	<u>\$ 271,292</u>	<u>\$ 1,107,618</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 108,789	\$ 38,460	\$ 147,249
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	128,853	12,466	141,319
Change in assets and liabilities:			
Refundable deposits	<u>(653)</u>	<u>-</u>	<u>(653)</u>
Net cash provided by operating activities	<u>\$ 236,989</u>	<u>\$ 50,926</u>	<u>\$ 287,915</u>

See notes to the financial statements.

CITY OF NOKOMIS, ILLINOIS

Notes to the Financial Statements  
April 30, 2023

**Note 1 - Summary of Significant Accounting Policies**

**1.A. - Financial Reporting Entity**

The City is a municipal corporation governed by a five-member Board consisting of four commissioners and the Mayor. The City provides the following services: general government, public safety (police), street, and water and sewer services.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on these criteria, there are no potential component units which are required to be included in the accompanying financial statements.

**1.B. - Basis of Presentation**

Government-Wide Financial Statements

The government-wide financial statements (i.e.: the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Business-type activities* rely to a significant extent on fees and charges to external customers for support.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

*Governmental Funds*

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes other than debt service or capital projects. The City's special revenue funds are as follows:

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Motor Fuel Tax Fund is used to account for revenues and expenditures related to projects financed by motor fuel tax funds collected and distributed by the state.

Business District Fund is used to account for revenues and expenditures related to projects financed by business district taxes collected and distributed by the state.

*Proprietary Funds*

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major proprietary fund:

Waterworks and Sewerage Fund provides services to residents of the City and certain unincorporated areas.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e.: the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.



**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

**1.C. - Measurement Focus and Basis Accounting**

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

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus, within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities 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.

The proprietary fund is presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

# CITY OF NOKOMIS, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 1 - Summary of Significant Accounting Policies, continued

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, certain other economic assets and liabilities, other than pension and retiree healthcare benefit obligations, that do not arise from a cash transaction or event are not reported, and the measurement of reported assets, other than investments of the pension trust fund, and liabilities does not involve adjustment to fair value.

If the City utilized the basis of accounting recognized as U.S. GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide and proprietary financial statements would be presented on the accrual basis of accounting.

#### 1.D. - Assets, Liabilities, and Equity

##### Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Investments

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

##### Accounts Receivable

As a result of the use of the modified cash basis of accounting, accounts receivable and other revenue related receivables are not reported in the financial statements.

##### Inventories

As a result of the use of the modified cash basis of accounting, consumable materials and supplies are recorded as expenditures/expenses at the time of purchase and; therefore, no balances for inventory on hand are reported in the statement of net position.

CITY OF NOKOMIS, ILLINOIS

Notes to the Financial Statements  
April 30, 2023

**Note 1 - Summary of Significant Accounting Policies, continued**

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary funds and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to April 30, 2004. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Capitalization thresholds of \$5,000 for equipment, \$10,000 for land, \$50,000 for buildings, \$25,000 for building improvements, and \$50,000 for infrastructure assets are used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Equipment and Tools - 5 - 10 years
- Vehicles under 13,000 gross vehicle weight - 5 years
- Vehicles over 13,000 gross vehicle weight - 7 - 10 years
- Other Improvements - 20 years
- Buildings - 40 - 50 years
- New Infrastructure - 40 - 50 years
- Waterworks and Sewerage Plant - 20 - 25 years
- Waterworks and Sewerage Equipment - 7 years
- Waterworks and Sewerage Improvements - 10 - 15 years

*Fund Financial Statements*

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for debt is the same in the proprietary fund financial statements as the treatment in the government-wide statements.

Equity Classification

*Government-Wide Statements*

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund Balance Policies*

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City reports the following fund balance reporting classifications in accordance with the provisions of the statement:

*Nonspendable Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

CITY OF NOKOMIS, ILLINOIS

Notes to the Financial Statements  
April 30, 2023

**Note 1 - Summary of Significant Accounting Policies, continued**

*Restricted Fund Balance* - The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balances are reported as restricted when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority.

*Assigned Fund Balance* - The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned Fund Balance* - The unassigned fund balance classification includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The City's policy is to spend restricted fund balance before spending unrestricted fund balance when an expenditure is paid for purposes for which both restricted and unrestricted fund balance is available except for instances where a City budget resolution specifies the fund balance.

The City's policy is that committed and assigned fund balances are considered to have been spent before unassigned balances have been spent when an expenditure is paid for purposes for which amounts in any of those unrestricted fund balance classifications could be used except for instances where a City budget ordinance specifies the fund balance.

**1.E. - Revenues, Expenditures, and Expenses**

Program Revenues

Amounts reported as program revenues 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. All taxes, including those dedicated for a specific purpose, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF NOKOMIS, ILLINOIS

Notes to the Financial Statements  
April 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

1.F. - Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.G. - Property Taxes

The City's property tax is levied on assessed values established by the County Assessor's office at varying rates of assessed market value depending on whether the property is commercial or residential. The budget and appropriation ordinance was approved on May 23, 2022, and the levy was passed by the Council on November 14, 2022. Property taxes attach as an enforceable lien on property as of January 1, and are usually payable in two installments on or about June 1<sup>st</sup>, and September 1<sup>st</sup>, during the following fiscal year. The City usually receives distributions from the County Collector in the months of July through November. Property tax collections included in the financial statements for the year ended April 30, 2023, are from the 2021 tax year.

The assessed value upon which the 2021 levy was based totaled \$18,371,397.

The following are the tax rates applicable to the various levies per \$100.00 of assessed valuation:

	Maximum	2021
	<u>2021 Levy</u>	<u>Actual</u>
General corporate	.43750	.42730
Police protection	.07500	.07349
Audit	as needed	.04464
Liability insurance	as needed	.15242
Social security	as needed	.21229
Unemployment	as needed	.02994
Workers' compensation	as needed	<u>.20141</u>
		<u>1.14149</u>

CITY OF NOKOMIS, ILLINOIS

Notes to the Financial Statements  
April 30, 2023

**Note 1 - Summary of Significant Accounting Policies, continued**

**1.H. - Proprietary Funds Operating and Non-Operating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 revenue of the enterprise funds is charges to customers for sales and services. The Waterworks and Sewerage Fund 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 non-operating revenues and expenses.

**Note 2 - Stewardship, Compliance, and Accountability**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations.

**2.A. - Deposits and Investments**

Credit Risk

The City's investment policy is in accordance with the Illinois Compiled Statutes. The City is authorized by statute to make deposits or investments in obligations of the U.S. Government; obligations of state or their political subdivisions; savings accounts, time deposits, certificates of deposit; or other investments which are direct obligations of banks as defined by the Illinois Banking Act.

The City's deposits are in checking, savings accounts and certificates of deposit and are carried at cost. The City's current investment practice is only to invest in local financial institutions.

Interest Rate Risk

The City 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.

Deposits and Custodial Credit Risk

At year-end, the carrying amount of the City's deposits, net of outstanding checks including certificates of deposit was \$3,882,888, and the bank balances were \$3,934,693. Of this balance, \$889,191, was insured by the Federal Deposit Insurance Corporation (FDIC), and \$2,411,818, was covered by pledged collateral, which was held in the City's name and \$633,684 was uncollateralized, which was cash on hand. Custodial Credit Risk: Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the City's name. The City maintains a cash pool for several funds. Some funds will have an overdrawn balance from time to time.

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 2 - Stewardship, Compliance, and Accountability, continued**

**2.B. - Deficit Fund Equity**

At April 30, 2023, no City fund had a deficit fund equity.

**Note 3 - Detail Notes**

The following notes present detail information to support the amounts in the financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A. - Deferred Compensation Plan**

The City has adopted a Deferred Compensation Plan, (adopted under the provisions of Internal Revenue Service Code Section 457). All eligible employees may elect to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

The City currently matches up to 6% of the employee's salary to the plan. The value of the plan at April 30, 2023, was \$152,306.

Of the City's 15 eligible employees, 14 were participating in the plan as of April 30, 2023. Under the terms of the plan, the City remits the amounts deferred to the plan administrator who maintains a deferred account for each participant. However, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditor of the City in an amount equal to the fair market value of the deferred account for each participant.



**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 3 - Detail Notes, continued**

**3.B. - Capital Assets**

Capital asset activity for the fiscal year ended April 30, 2023, was as follows:

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2023</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ <u>47,682</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>47,682</u>
Total capital assets not being depreciated	<u>47,682</u>	<u>-</u>	<u>-</u>	<u>47,682</u>
Other capital assets:				
Buildings	539,689	-	-	539,689
Machinery and equipment	1,096,873	136,345	90,139	1,143,079
Infrastructure	<u>1,674,790</u>	<u>-</u>	<u>-</u>	<u>1,674,790</u>
Total other capital assets at historical cost	<u>3,311,352</u>	<u>136,345</u>	<u>90,139</u>	<u>3,357,558</u>
Less accumulated depreciation for:				
Buildings	329,352	12,274	-	341,626
Machinery and equipment	824,291	54,919	86,384	792,826
Infrastructure	<u>1,624,177</u>	<u>979</u>	<u>-</u>	<u>1,625,156</u>
Total accumulated depreciation	<u>2,777,820</u>	<u>68,172</u>	<u>86,384</u>	<u>2,759,608</u>
Other capital assets, net	<u>533,532</u>	<u>68,173</u>	<u>3,755</u>	<u>597,950</u>
Governmental activities capital assets, net	\$ <u><u>581,214</u></u>	\$ <u><u>68,173</u></u>	\$ <u><u>3,755</u></u>	\$ <u><u>645,632</u></u>

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

<i>Governmental activities:</i>	
General government	\$ 7,698
Public safety	8,697
Streets, roads and parks	<u>51,777</u>
	<u>\$ 68,172</u>

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 3 - Detail Notes, continued**

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2023</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 23,559	\$ -	\$ -	\$ 23,559
Total capital assets not being depreciated	<u>23,559</u>	<u>-</u>	<u>-</u>	<u>23,559</u>
Capital assets being depreciated:				
Water and sewer capital assets	8,455,059	1,269,874	-	9,724,933
Total capital assets at historical cost	<u>8,455,059</u>	<u>1,269,874</u>	<u>-</u>	<u>9,724,933</u>
Less accumulated depreciation for:				
Water and sewer capital assets	6,697,601	141,319	-	6,838,920
Total accumulated depreciation	<u>6,697,601</u>	<u>141,319</u>	<u>-</u>	<u>6,838,920</u>
Other capital assets, net	<u>1,757,458</u>	<u>1,128,555</u>	<u>-</u>	<u>2,886,013</u>
 Business-type activities capital assets, net	 <u>\$ 1,781,017</u>	 <u>\$ 1,128,555</u>	 <u>\$ -</u>	 <u>\$ 2,909,572</u>

Depreciation expense was charged as follows in the Statement of Activities:

<i>Business-Type Activities:</i>	
Waterworks Fund	\$ 128,853
Sewerage Fund	<u>12,466</u>
Total depreciation expense for business-type activities	<u>\$ 141,319</u>

**3.C. - Long-Term Debt - Waterworks Loans**

The following is a summary of the changes in long-term debt for the year ended April 30, 2023:

Business Activities:

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance April 30, 2023</u>	<u>Current Portion</u>
IL EPA #175373	\$ 64,861	\$ -	\$ 3,646	\$ 61,215	\$ 3,715
IL EPA # 173181	294,085	-	26,380	267,705	26,711
IL EPA #175038	1,077,309	-	63,784	1,013,525	65,202
IL EPA #176048	-	80,650	41,934	38,716	1,819
IL EPA #176047	-	156,597	-	156,597	-
IL EPA #176229	<u>-</u>	<u>1,386,587</u>	<u>-</u>	<u>1,386,587</u>	<u>-</u>
	<u>\$ 1,436,255</u>	<u>\$ 1,623,834</u>	<u>\$ 135,744</u>	<u>\$ 2,924,345</u>	<u>\$ 97,447</u>

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 3 - Detail Notes, continued**

The City has entered into separate loan agreements with the Illinois Environmental Protection Agency. Two of the loans are in process and debt reserve amounts will be established when the projects are completed. A portion of the debt issued, \$41,029, has been forgiven.

Debt Service Requirements to Maturity

Loan #173181, with Illinois EPA, dated on July 11, 2011, for \$752,163 at 1.25% due April 15, 2033, in semi-annual payments of \$14,986.80. The debt service to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 26,711	\$ 3,263
2025	27,046	2,928
2026	27,385	2,589
2027	27,730	2,244
2028	28,076	1,898
Thereafter	<u>130,757</u>	<u>4,112</u>
	<u>\$ 267,705</u>	<u>\$ 17,034</u>

Loan # 175038, with Illinois EPA, for \$1,394,779.39 at 2.210% for 20 years with semi-annual payments for a water tower. The debt service to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 65,202	\$ 22,041
2025	66,651	20,591
2026	68,132	19,111
2027	69,646	17,596
2028	71,194	16,048
Thereafter	<u>672,700</u>	<u>68,860</u>
	<u>\$ 1,013,525</u>	<u>\$ 164,247</u>

Loan # 175373, with the Illinois EPA, for an air stripper for \$164,600 at 1.860% for 20 years in semi-annual payments. Principal forgiven was \$84,769. The debt service to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,715	\$ 1,121
2025	3,784	1,052
2026	3,855	981
2027	3,927	909
2028	4,000	836
Thereafter	<u>41,934</u>	<u>4,006</u>
	<u>\$ 61,215</u>	<u>\$ 8,905</u>

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2023**

**Note 3 - Detail Notes, continued**

Loan # 176048, with Illinois EPA, to replace water mains for \$80,650 at 0.9300% with semi-annual payments \$1,087.80. Principal forgiven was \$41,029. The debt service to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,819	\$ 357
2025	1,837	339
2026	1,854	322
2027	1,871	305
2028	1,889	287
Thereafter	<u>29,446</u>	<u>2,098</u>
	<u>\$ 38,716</u>	<u>\$ 3,708</u>

Loan #176047 and Loan #176229 are in process with the Illinois EPA. The debt service will be established when the projects are completed.

**Note 4 - Legal Debt Margin**

Assessed valuation - 2021 tax year	\$ 18,371,397
Debt limit	<u>.08625</u>
	1,584,533
Outstanding debt	3,019,496
Less: Debt exempt from above limitations	<u>(3,019,496)</u>
Legal debt margin	<u>\$ 1,584,533</u>

**Note 5 - Risk Management**

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers' compensation, and public official's liability. To limit the exposure to these risks, the City purchases commercial insurance as necessary. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**CITY OF NOKOMIS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 6 - Long-Term Debt - Governmental Funds**

The City purchased a 2019 Elgin Pelican Street Sweeper for \$211,595.00 at 3.25% interest with U.S. Bankcorp.

	<u>Balance</u> <u>May 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2023</u>	<u>Current</u> <u>Portion</u>
Street Sweeper	\$ <u>124,892</u>	\$ <u>-</u>	\$ <u>29,741</u>	\$ <u>95,151</u>	\$ <u>30,708</u>

Debt revenue requirements for the Governmental Activities to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,708	\$ 3,092
2025	31,706	2,094
2026	<u>32,737</u>	<u>1,063</u>
	\$ <u>95,151</u>	\$ <u>6,249</u>

**Note 7 - Summary of Interfund Balances and Transfers**

Transfers as of April 30, 2023:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
General Fund	\$ -	\$ 14,693
Business District Fund	<u>14,693</u>	<u>-</u>
	\$ <u>14,693</u>	\$ <u>14,693</u>

Transfers were for deposits into the wrong fund:

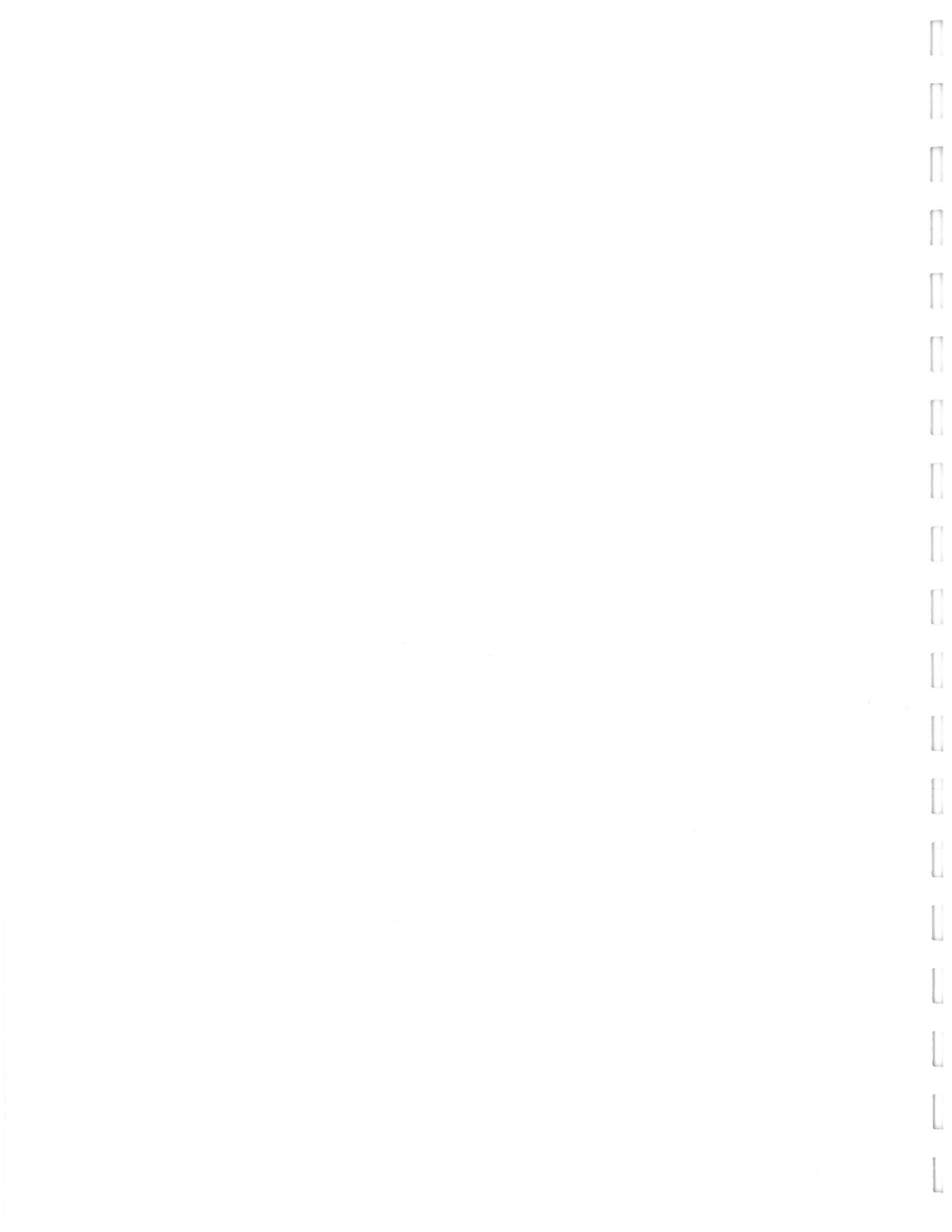
	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,066	\$ -
Motor Fuel Tax Fund	<u>-</u>	<u>1,066</u>
	\$ <u>1,066</u>	\$ <u>1,066</u>

Motor Fuel Tax Fund for a receipt that belongs in General Fund.

**Note 8 - Subsequent Events**

Management has evaluated subsequent events through the date of this report, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (Covid-19) pandemic. As a result, economic uncertainties have arisen, which are likely to negatively impact the operating revenues. Other financial impact could occur, though such potential impact is unknown at this time.



**SUPPLEMENTARY INFORMATION**





**CITY OF NOKOMIS, ILLINOIS**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Modified Cash Basis  
Budget and Actual  
Year Ended April 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Cannabis tax	\$ 3,250	\$ 3,372	\$ 122
Replacement tax	35,000	59,814	24,814
Property tax	225,000	223,962	(1,038)
Sales and use taxes	315,000	362,447	47,447
Income tax	340,000	346,100	6,100
Utility tax	114,000	115,753	1,753
Telecommunication tax	26,000	23,302	(2,698)
Video gaming tax	50,000	52,605	2,605
Total taxes	<u>1,108,250</u>	<u>1,187,355</u>	<u>79,105</u>
Licenses, fees and permits:			
Licenses and permits	6,800	7,589	789
Cable fees	<u>17,500</u>	<u>12,496</u>	<u>(5,004)</u>
Total licenses, fees and permits	<u>24,300</u>	<u>20,085</u>	<u>(4,215)</u>
Fines	<u>20,350</u>	<u>20,363</u>	<u>13</u>
Interest	<u>10,000</u>	<u>11,346</u>	<u>1,346</u>
Intergovernmental	<u>104,000</u>	<u>143,569</u>	<u>39,569</u>
Miscellaneous:			
Rentals	8,060	10,951	2,891
Other	<u>12,750</u>	<u>29,724</u>	<u>16,974</u>
Total miscellaneous	<u>20,810</u>	<u>40,675</u>	<u>19,865</u>
Total revenues	<u>1,287,710</u>	<u>1,423,393</u>	<u>135,683</u>

**CITY OF NOKOMIS, ILLINOIS**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Modified Cash Basis  
Budget and Actual  
Year Ended April 30, 2023  
(Continued)**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenditures:</b>			
Current:			
General	\$ 290,550	\$ 236,876	\$ 53,674
Streets and roads	457,250	345,107	112,143
Public safety	<u>653,650</u>	<u>553,459</u>	<u>100,191</u>
Total current expenditures	<u>1,401,450</u>	<u>1,135,442</u>	<u>266,008</u>
Capital outlay:			
Administration	92,500	14,000	78,500
Streets and roads	476,000	85,250	390,750
Public safety	<u>14,000</u>	<u>37,095</u>	<u>(23,095)</u>
Total capital outlay	<u>582,500</u>	<u>136,345</u>	<u>446,155</u>
Debt Service:			
Principal	28,000	29,741	(1,741)
Interest	<u>6,000</u>	<u>4,059</u>	<u>1,941</u>
Total debt service	<u>34,000</u>	<u>33,800</u>	<u>200</u>
Total expenditures	<u>2,017,950</u>	<u>1,305,587</u>	<u>712,363</u>
Excess (deficiency) of revenues over expenditures	<u>(730,240)</u>	<u>117,806</u>	<u>848,046</u>
<b>Other financing sources (uses):</b>			
Transfers out	-	(14,693)	-
Total other financing sources (uses)	<u>-</u>	<u>(14,693)</u>	<u>-</u>
Net change in fund balance	<u>\$ (730,240)</u>	103,113	<u>\$ 848,046</u>
Fund balance, beginning of year		<u>1,476,380</u>	
Fund balance, end of year		<u>\$ 1,579,493</u>	

**CITY OF NOKOMIS, ILLINOIS**

**Motor Fuel Tax Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Modified Cash Basis  
 Budget and Actual  
 Year Ended April 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Motor fuel tax allotments	\$ 91,500	\$ 88,938	\$ (2,562)
Interest	85	212	127
Rebuild IL	49,560	24,780	(24,780)
Miscellaneous	<u>500</u>	<u>-</u>	<u>(500)</u>
Total revenues	<u>141,645</u>	<u>113,930</u>	<u>(27,715)</u>
<b>Expenditures:</b>			
Engineering fees	34,585	8,790	25,795
Maintenance of streets and parking lots	<u>226,649</u>	<u>52,386</u>	<u>174,263</u>
Total expenditures	<u>261,234</u>	<u>61,176</u>	<u>200,058</u>
Net change in fund balance	\$ <u>(119,589)</u>	52,754	\$ <u>172,343</u>
Fund balance, beginning of year		<u>297,553</u>	
Fund balance, end of year		\$ <u>350,307</u>	

**CITY OF NOKOMIS, ILLINOIS**

**Business District Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Modified Cash Basis  
Budget and Actual  
Year Ended April 30, 2023**

	<u>and Final Budget</u>	<u>Actual</u>	<u>Original Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Business district tax	\$ 132,500	\$ 165,036	\$ 32,536
Interest	750	1,318	568
Reimbursements	<u>75,000</u>	<u>200,370</u>	<u>125,370</u>
Total revenues	<u>208,250</u>	<u>366,724</u>	<u>158,474</u>
<b>Expenditures:</b>			
Business district improvements	<u>392,500</u>	<u>179,223</u>	<u>213,277</u>
Total expenditures	<u>392,500</u>	<u>179,223</u>	<u>213,277</u>
Excess (deficiency) of revenues over expenditures	<u>(184,250)</u>	<u>187,501</u>	<u>371,751</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>-</u>	<u>14,693</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>14,693</u>	<u>-</u>
Net change in fund balance	\$ <u>(184,250)</u>	202,194	\$ <u>371,751</u>
Fund balance, beginning of year		<u>360,763</u>	
Fund balance, end of year		\$ <u>562,957</u>	

**CITY OF NOKOMIS, ILLINOIS**

**Notes to Supplementary Information  
Year Ended April 30, 2023**

**Note 1 - Budget, Appropriation Ordinance and Budgetary Accounting**

The budget for all funds is prepared on the cash basis of accounting.

The budget was adopted on May 23, 2022.

**Note 2 - Excess of Expenditures Over Appropriations**

None

