

CITY OF NOKOMIS, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED APRIL 30, 2025

**CITY OF NOKOMIS, ILLINOIS**

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### INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the City Council  
City of Nokomis, Illinois  
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, 2025, 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, 2025, 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.

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

##### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 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, 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 opinion. 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, including omissions, 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 generally accepted auditing standards 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 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 judgment, 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**

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 information listed as supplementary information and the federal compliance section in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

### *Supplementary Information*

The information listed as supplementary information in the table of contents 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. In addition, the schedule of expenditures of federal awards (presented in the Federal Compliance Section) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and is also 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, 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 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 the City of Nokomis, Illinois' internal control over financial reporting and compliance.

*LMHN, LTD.*

LMHN, Ltd.  
Certified Public Accountants  
Taylorville, Illinois

December 15, 2025

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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 the City Council  
City of Nokomis  
Nokomis, Illinois

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 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, 2025, and the related notes to the financial statements, which collectively comprise the City of Nokomis, Illinois' financial statements and have issued our report thereon dated December 15, 2025, 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. This is described in Note 1 to the financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Nokomis, Illinois' internal control over financial reporting (internal control) to determine the 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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City'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 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 consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2025-01, that we consider to be a significant deficiency.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City of Nokomis, Illinois' Response to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Nokomis, Illinois' response to the finding(s) identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 of Nokomis, Illinois' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**LMHN, LTD.**

LMHN, Ltd.  
Certified Public Accountants  
Taylorville, Illinois

December 15, 2025

**CITY OF NOKOMIS, ILLINOIS**

**BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED APRIL 30, 2025**

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
APRIL 30, 2025

|  | Primary Government      |                      |                          |  |
|--|-------------------------|----------------------|--------------------------|--|
|  | Governmental Activities |                      | Business-type Activities |  |
|  |                         |                      | Total                    |  |
| <b>Assets:</b>                                     |                         |                      |                          |  |
| Cash   | \$ 750,010              | \$ 1,071,645         | \$ 1,821,655             |  |
| Certificates of deposit                            | 1,260,178               | 286,439              | 1,546,617                |  |
| Land and construction in progress                  | 47,682                  | 7,526,909            | 7,574,591                |  |
| Capital assets, net of accumulated depreciation    | <u>837,755</u>          | <u>3,108,181</u>     | <u>3,945,936</u>         |  |
| Total assets                                       | <u>\$ 2,895,625</u>     | <u>\$ 11,993,174</u> | <u>\$ 14,888,799</u>     |  |
| <b>Liabilities:</b>                                |                         |                      |                          |  |
| Current Liabilities:                               |                         |                      |                          |  |
| IEPA notes payable                                 | \$ -                    | \$ 154,214           | \$ 154,214               |  |
| Notes payable                                      | 41,037                  | 16,600               | 57,637                   |  |
| Refundable water deposits                          | -                       | 5,794                | 5,794                    |  |
| Total current liabilities                          | <u>\$ 41,037</u>        | <u>\$ 176,608</u>    | <u>\$ 217,645</u>        |  |
| Long-term Liabilities:                             |                         |                      |                          |  |
| IEPA notes payable                                 | \$ -                    | \$ 3,728,598         | \$ 3,728,598             |  |
| Notes payable                                      | -                       | -                    | -                        |  |
| Refundable water deposits                          | -                       | 23,000               | 23,000                   |  |
| Total long-term liabilities                        | <u>\$ -</u>             | <u>\$ 3,751,598</u>  | <u>\$ 3,751,598</u>      |  |
| Total liabilities                                  | <u>\$ 41,037</u>        | <u>\$ 3,928,206</u>  | <u>\$ 3,969,243</u>      |  |
| <b>Net position:</b>                               |                         |                      |                          |  |
| Invested in capital assets,<br>net of related debt | \$ 844,400              | \$ 6,735,679         | \$ 7,580,079             |  |
| Restricted for other purposes (expendable):        |                         |                      |                          |  |
| Restricted for public services                     | -                       | 150                  | 150                      |  |
| Restricted for streets and roads                   | 279,069                 | -                    | 279,069                  |  |
| Restricted for economic development                | 536,358                 | -                    | 536,358                  |  |
| Restricted for public safety                       | 12,660                  | -                    | 12,660                   |  |
| Unrestricted                                       | <u>1,182,101</u>        | <u>1,329,139</u>     | <u>2,511,240</u>         |  |
| Total net position                                 | <u>\$ 2,854,588</u>     | <u>\$ 8,064,968</u>  | <u>\$ 10,919,556</u>     |  |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

| Functions/Programs:                   | Program Revenues           |                            |                                    | Net (Expense) Revenue and Changes in Net Position |                              |                          |                              |
|---------------------------------------|----------------------------|----------------------------|------------------------------------|---|------------------------------|--------------------------|------------------------------|
|                                       | Expenses                   | Charges for Services       | Operating Grants and Contributions | Capital Grants and Contributions                  | Governmental Activities      | Business-type Activities | Total                        |
| Primary government:                   |                            |                            |                                    |   |                              |                          |                              |
| Governmental activities:              |                            |                            |                                    |   |                              |                          |                              |
| General government                    | \$ 283,084                 | \$ 19,141                  | \$ -                               | \$ (263,943)                                      | \$ -                         | \$ -                     | \$ (263,943)                 |
| Public safety                         | 726,523                    | 11,474                     | -                                  | (715,049)   | -                            | -                        | (715,049)                    |
| Streets and roads                     | 436,921                    | -                          | -                                  | (436,921)   | -                            | -                        | (436,921)                    |
| Economic development                  | 127,666                    | -                          | -                                  | (127,666)   | -                            | -                        | (127,666)                    |
| Interest                              | 3,639                      | -                          | -                                  | (3,639)   | -                            | -                        | (3,639)                      |
| Total governmental activities         | <u>\$ 1,577,833</u>        | <u>\$ 30,615</u>           | <u>\$ -</u>                        | <u>\$ (1,547,218)</u>                             | <u>\$ -</u>                  | <u>\$ -</u>              | <u>\$ (1,547,218)</u>        |
| Business-type activities:             |                            |                            |                                    |   |                              |                          |                              |
| Water                                 | \$ 673,920                 | \$ 639,788                 | \$ 232,403                         | \$ -  | \$ -                         | \$ 198,271               | \$ 198,271                   |
| Sewer                                 | 470,243                    | 619,918                    | -                                  | -   | -                            | 149,675                  | 149,675                      |
| Total business-type activities        | <u>\$ 1,144,163</u>        | <u>\$ 1,259,706</u>        | <u>\$ 232,403</u>                  | <u>\$ -</u>                                       | <u>\$ -</u>                  | <u>\$ 347,946</u>        | <u>\$ 347,946</u>            |
| Total primary government:             | <u><u>\$ 2,721,996</u></u> | <u><u>\$ 1,290,321</u></u> | <u><u>\$ 232,403</u></u>           | <u><u>\$ -</u></u>                                | <u><u>\$ (1,547,218)</u></u> | <u><u>\$ 347,946</u></u> | <u><u>\$ (1,199,272)</u></u> |
| General revenues:                     |                            |                            |                                    |   |                              |                          |                              |
| Video gaming taxes                    |                            |                            |                                    | \$ 64,853   | \$ -                         | \$ -                     | \$ 64,853                    |
| Cannabis taxes                        |                            |                            |                                    | 3,366   | -                            | -                        | 3,366                        |
| Utility and telecommunications taxes  |                            |                            |                                    | 141,244   | -                            | -                        | 141,244                      |
| Motor fuel taxes                      |                            |                            |                                    | 96,777  | -                            | -                        | 96,777                       |
| Property taxes                        |                            |                            |                                    | 235,585   | -                            | -                        | 235,585                      |
| Income taxes                          |                            |                            |                                    | 372,288   | -                            | -                        | 372,288                      |
| Sales and use taxes                   |                            |                            |                                    | 334,375   | -                            | -                        | 334,375                      |
| Business district taxes               |                            |                            |                                    | 118,772   | -                            | -                        | 118,772                      |
| Replacement taxes                     |                            |                            |                                    | 26,555  | -                            | -                        | 26,555                       |
| Rental                                |                            |                            |                                    | 13,952  | -                            | -                        | 13,952                       |
| Investment income                     |                            |                            |                                    | 54,806  | 13,434                       | 68,240                   | 4,200,182                    |
| Miscellaneous                         |                            |                            |                                    | 115,457   | 4,084,725                    | -                        | -                            |
| Loss on capital asset                 |                            |                            |                                    | (44,139)  | -                            | -                        | -                            |
| Transfers - internal activity         |                            |                            |                                    |   | 44,139                       | -                        | -                            |
| Total general revenues and activities | <u><u>\$ 1,533,891</u></u> | <u><u>\$ 4,142,298</u></u> | <u><u>\$ 5,676,189</u></u>         | <u><u>\$ -</u></u>                                | <u><u>\$ -</u></u>           | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>           |
| Change in net position                | <u><u>\$ (13,327)</u></u>  | <u><u>\$ 4,490,244</u></u> | <u><u>\$ 4,476,917</u></u>         | <u><u>\$ -</u></u>                                | <u><u>\$ -</u></u>           | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>           |
| Net position - beginning (restated)   | <u><u>2,867,915</u></u>    | <u><u>3,574,724</u></u>    | <u><u>6,442,639</u></u>            | <u><u>\$ -</u></u>                                | <u><u>\$ -</u></u>           | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>           |
| Net position - ending                 | <u><u>\$ 2,854,588</u></u> | <u><u>\$ 8,064,968</u></u> | <u><u>\$ 10,919,556</u></u>        | <u><u>\$ -</u></u>                                | <u><u>\$ -</u></u>           | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>           |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**APRIL 30, 2025**

|                                       | General<br>Fund            | Motor Fuel<br>Fund       | Business<br>District<br>Fund | Total<br>Governmental<br>Funds |
|---------------------------------------|----------------------------|--------------------------|------------------------------|--------------------------------|
| <b>Assets:</b>                        |                            |                          |                              |                                |
| Cash                                  | \$ 206,548                 | \$ 269,069               | \$ 274,393                   | \$ 750,010                     |
| Certificates of deposit               | <u>988,213</u>             | <u>10,000</u>            | <u>261,965</u>               | <u>1,260,178</u>               |
| Total assets                          | <u><u>\$ 1,194,761</u></u> | <u><u>\$ 279,069</u></u> | <u><u>\$ 536,358</u></u>     | <u><u>\$ 2,010,188</u></u>     |
| <b>Liabilities and fund balances:</b> |                            |                          |                              |                                |
| <b>Liabilities:</b>                   |                            |                          |                              |                                |
| Due to other funds                    | \$ -                       | \$ -                     | \$ -                         | \$ -                           |
| Total liabilities                     | <u>\$ -</u>                | <u>\$ -</u>              | <u>\$ -</u>                  | <u>\$ -</u>                    |
| <b>Fund balances:</b>                 |                            |                          |                              |                                |
| Restricted                            | \$ 12,660                  | \$ 279,069               | \$ 536,358                   | \$ 828,087                     |
| Committed                             | -                          | -                        | -                            | -                              |
| Assigned                              | -                          | -                        | -                            | -                              |
| Unassigned                            | <u>1,182,101</u>           | <u>-</u>                 | <u>-</u>                     | <u>1,182,101</u>               |
| Total fund balances                   | <u><u>\$ 1,194,761</u></u> | <u><u>\$ 279,069</u></u> | <u><u>\$ 536,358</u></u>     | <u><u>\$ 2,010,188</u></u>     |
| Total liabilities and fund balances   | <u><u>\$ 1,194,761</u></u> | <u><u>\$ 279,069</u></u> | <u><u>\$ 536,358</u></u>     | <u><u>\$ 2,010,188</u></u>     |

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

CITY OF NOKOMIS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND  
BALANCES TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2025

|  |                     |
|--|---------------------|
| Fund balances of the governmental funds  | \$ 2,010,188        |
| Capital assets used in governmental activities of \$3,660,537, net of accumulated depreciation<br>of \$2,775,100, are not financial resources and; therefore, are not reported in the funds. | 885,437             |
| Notes payable are not reported in the government funds   | <u>(41,037)</u>     |
| Net position of governmental activities  | <u>\$ 2,854,588</u> |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|   | General<br>Fund  | Motor Fuel<br>Tax Fund | Business<br>District<br>Fund | Total<br>Governmental<br>Funds |
|---|------------------|------------------------|------------------------------|--------------------------------|
| <b>Revenues received:</b>   |                  |                        |                              |                                |
| Taxes   | \$ 235,585       | \$ -                   | \$ 118,772                   | \$ 354,357                     |
| Intergovernmental revenues  | 942,681          | 96,777                 | -                            | 1,039,458                      |
| Fines   | 19,141           | -                      | -                            | 19,141                         |
| Licenses and permits  | 11,474           | -                      | -                            | 11,474                         |
| Investment income   | 42,534           | 165                    | 12,107                       | 54,806                         |
| Rentals   | 13,952           | -                      | -                            | 13,952                         |
| Miscellaneous   | 115,457          | -                      | -                            | 115,457                        |
| Grants  | -                | -                      | -                            | -                              |
| <br>Total revenues received   | <br>\$ 1,380,824 | <br>\$ 96,942          | <br>\$ 130,879               | <br>\$ 1,608,645               |
| <br><b>Expenditures disbursed:</b>  |                  |                        |                              |                                |
| Current:  |                  |                        |                              |                                |
| General government  | \$ 259,407       | \$ -                   | \$ -                         | \$ 259,407                     |
| Public safety   | 700,370          | -                      | -                            | 700,370                        |
| Streets and roads   | 347,549          | 36,356                 | -                            | 383,905                        |
| Economic development  | -                | -                      | 127,666                      | 127,666                        |
| Capital outlay  | 66,246           | -                      | 59,000                       | 125,246                        |
| Debt service:   |                  |                        |                              |                                |
| Principal   | 46,490           | -                      | -                            | 46,490                         |
| Interest  | 3,639            | -                      | -                            | 3,639                          |
| <br>Total expenditures disbursed  | <br>\$ 1,423,701 | <br>\$ 36,356          | <br>\$ 186,666               | <br>\$ 1,646,723               |
| <br>Excess (deficiency) of revenues received<br>over (under) expenditures disbursed | <br>\$ (42,877)  | <br>\$ 60,586          | <br>\$ (55,787)              | <br>\$ (38,078)                |
| <br><b>Other financing sources (uses):</b>  |                  |                        |                              |                                |
| Bank loans  | \$ -             | \$ -                   | \$ -                         | \$ -                           |
| Transfers in  | 26,640           | -                      | -                            | 26,640                         |
| Transfers out   | (70,779)         | -                      | -                            | (70,779)                       |
| <br>Total other financing sources (uses)  | <br>\$ (44,139)  | <br>\$ -               | <br>\$ -                     | <br>\$ (44,139)                |
| <br>Net change in fund balances   | <br>\$ (87,016)  | <br>\$ 60,586          | <br>\$ (55,787)              | <br>\$ (82,217)                |
| <br><b>Fund balances, beginning of year</b>   | <br>1,281,777    | <br>218,483            | <br>592,145                  | <br>2,092,405                  |
| <br><b>Fund balances, end of year</b>   | <br>\$ 1,194,761 | <br>\$ 279,069         | <br>\$ 536,358               | <br>\$ 2,010,188               |

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

**CITY OF NOKOMIS, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|   |                    |
|---|--------------------|
| Net change in fund balances - total governmental funds  | \$ (82,217)        |
| Amounts reported for governmental activities in the statement of net position are different because:  |                    |
| Governmental funds report capital outlays as expenditures while<br>governmental activities report depreciation expense to allocate<br>those costs over the lives of the assets: |                    |
| Capital assets purchased  | 125,246            |
| Depreciation expense  | (102,846)          |
| Net book value of assets disposed   | -                  |
| Debt issued or incurred:  |                    |
| Principal repayments  | 46,490             |
| Loan proceeds   | -                  |
| Change in net position of governmental activities   | <u>\$ (13,327)</u> |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2025**

|                                   | Waterworks<br>Fund  | Sewerage<br>Fund    | Total                |
|-----------------------------------|---------------------|---------------------|----------------------|
| <b>Assets:</b>                    |                     |                     |                      |
| Current assets:                   |                     |                     |                      |
| Cash                              | \$ 289,348          | \$ 782,297          | \$ 1,071,645         |
| Certificates of deposit           | <u>170,200</u>      | <u>116,239</u>      | <u>286,439</u>       |
| Total current assets              | <u>\$ 459,548</u>   | <u>\$ 898,536</u>   | <u>\$ 1,358,084</u>  |
| Noncurrent assets:                |                     |                     |                      |
| Land and construction in process  | \$ 2,445,247        | \$ 5,081,662        | \$ 7,526,909         |
| Capital assets, being depreciated | 6,924,429           | 3,380,962           | 10,305,391           |
| Less accumulated depreciation     | <u>(3,983,295)</u>  | <u>(3,213,915)</u>  | <u>(7,197,210)</u>   |
| Net value of noncurrent assets    | <u>\$ 5,386,381</u> | <u>\$ 5,248,709</u> | <u>\$ 10,635,090</u> |
| Total assets                      | <u>\$ 5,845,929</u> | <u>\$ 6,147,245</u> | <u>\$ 11,993,174</u> |
| <b>Liabilities:</b>               |                     |                     |                      |
| Current liabilities:              |                     |                     |                      |
| IEPA notes payable                | \$ 154,214          | \$ -                | \$ 154,214           |
| Notes payable                     | 8,300               | 8,300               | 16,600               |
| Refundable water deposits         | <u>5,794</u>        | <u>-</u>            | <u>5,794</u>         |
| Total current liabilities         | <u>\$ 168,308</u>   | <u>\$ 8,300</u>     | <u>\$ 176,608</u>    |
| Noncurrent liabilities:           |                     |                     |                      |
| IEPA notes payable                | \$ 2,747,918        | \$ 980,680          | \$ 3,728,598         |
| Notes payable                     | -                   | -                   | -                    |
| Refundable water deposits         | <u>23,000</u>       | <u>-</u>            | <u>23,000</u>        |
| Total noncurrent liabilities      | <u>\$ 2,770,918</u> | <u>\$ 980,680</u>   | <u>\$ 3,751,598</u>  |
| Total liabilities                 | <u>\$ 2,939,226</u> | <u>\$ 988,980</u>   | <u>\$ 3,928,206</u>  |
| <b>Net position:</b>              |                     |                     |                      |
| Net investment in capital assets  | \$ 2,475,950        | \$ 4,259,729        | \$ 6,735,679         |
| Restricted                        | 50                  | 100                 | 150                  |
| Unrestricted                      | <u>430,703</u>      | <u>898,436</u>      | <u>1,329,139</u>     |
| Total net position                | <u>\$ 2,906,703</u> | <u>\$ 5,158,265</u> | <u>\$ 8,064,968</u>  |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|   | Waterworks<br>Fund  | Sewerage<br>Fund    | Total               |
|---|---------------------|---------------------|---------------------|
| <b>Operating revenues:</b>                              |                     |                     |                     |
| Water and sewer charges                                 | \$ 639,788          | \$ 619,918          | \$ 1,259,706        |
| Total operating revenue received                        | <u>\$ 639,788</u>   | <u>\$ 619,918</u>   | <u>\$ 1,259,706</u> |
| <b>Operating expenses:</b>                              |                     |                     |                     |
| Professional fees                                       | \$ 39,646           | \$ 38,209           | \$ 77,855           |
| Insurance   | 33,265              | 24,773              | 58,038              |
| Salaries  | 102,543             | 84,241              | 186,784             |
| Payroll taxes and retirement                            | 10,841              | 9,077               | 19,918              |
| Repairs and maintenance                                 | 181,769             | 229,580             | 411,349             |
| Utilities   | 26,922              | 46,561              | 73,483              |
| Chemicals   | 43,700              | 3,099               | 46,799              |
| Miscellaneous   | 5,747               | 2,402               | 8,149               |
| Depreciation  | 192,344             | 26,707              | 219,051             |
| Office  | <u>6,181</u>        | <u>4,050</u>        | <u>10,231</u>       |
| Total operating expenses                                | <u>\$ 642,958</u>   | <u>\$ 468,699</u>   | <u>\$ 1,111,657</u> |
| Operating income (loss)                                 | <u>\$ (3,170)</u>   | <u>\$ 151,219</u>   | <u>\$ 148,049</u>   |
| <b>Non-operating revenues (expenses):</b>               |                     |                     |                     |
| Investment income                                       | \$ 10,216           | \$ 3,218            | \$ 13,434           |
| Grants  | 232,403             | -                   | 232,403             |
| IEPA loan forgiveness                                   | -                   | 3,693,725           | 3,693,725           |
| Reimbursement of prior year costs                       | -                   | 391,000             | 391,000             |
| Interest expense  | <u>(30,962)</u>     | <u>(1,544)</u>      | <u>(32,506)</u>     |
| Total non-operating revenues (expenses)                 | <u>\$ 211,657</u>   | <u>\$ 4,086,399</u> | <u>\$ 4,298,056</u> |
| Net income (loss) before transfers                      | <u>\$ 208,487</u>   | <u>\$ 4,237,618</u> | <u>\$ 4,446,105</u> |
| <b>Other financing sources (uses):</b>                  |                     |                     |                     |
| Transfers in  | \$ 51,721           | \$ 7,583            | \$ 59,304           |
| Transfers out   | <u>(15,165)</u>     | -                   | <u>(15,165)</u>     |
| Total other financing sources (uses)                    | <u>\$ 36,556</u>    | <u>\$ 7,583</u>     | <u>\$ 44,139</u>    |
| Change in net position                                  | <u>\$ 245,043</u>   | <u>\$ 4,245,201</u> | <u>\$ 4,490,244</u> |
| <b>Total net position, beginning of year (restated)</b> | <u>2,661,660</u>    | <u>913,064</u>      | <u>3,574,724</u>    |
| <b>Total net position, end of year</b>                  | <u>\$ 2,906,703</u> | <u>\$ 5,158,265</u> | <u>\$ 8,064,968</u> |

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

**CITY OF NOKOMIS, ILLINOIS**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|   | Waterworks<br>Fund  | Sewerage<br>Fund  | Total               |
|---|---------------------|-------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                     |                   |                     |
| Receipts from customers and other   | \$ 639,788          | \$ 619,918        | \$ 1,259,706        |
| Payments to suppliers   | (337,230)           | (348,674)         | (685,904)           |
| Payments to employees for services  | (113,384)           | (93,318)          | (206,702)           |
| Utility deposits  | 925                 | -                 | 925                 |
| Net cash provided (used) by operating activities  | <u>\$ 190,099</u>   | <u>\$ 177,926</u> | <u>\$ 368,025</u>   |
| <b>Cash flows from noncapital financing activities:</b>   |                     |                   |                     |
| Transfers in  | \$ 51,721           | \$ 7,583          | \$ 59,304           |
| Transfers out   | <u>(15,165)</u>     | <u>-</u>          | <u>(15,165)</u>     |
| Net cash provided (used) by noncapital financing activities   | <u>\$ 36,556</u>    | <u>\$ 7,583</u>   | <u>\$ 44,139</u>    |
| <b>Cash flows from capital and related financing activities:</b>                                      |                     |                   |                     |
| Capital assets purchased  | \$ (714,430)        | \$ (4,604,596)    | \$ (5,319,026)      |
| Operating grants received   | 232,403             | -                 | 232,403             |
| Reimbursements  | -                   | 391,000           | 391,000             |
| Proceeds from debt incurred   | 173,550             | 4,674,405         | 4,847,955           |
| Principal paid on debt  | (128,880)           | (14,784)          | (143,664)           |
| Interest paid on debt   | <u>(30,962)</u>     | <u>(1,544)</u>    | <u>(32,506)</u>     |
| Net cash (used) by capital and related financing activities   | <u>\$ (468,319)</u> | <u>\$ 444,481</u> | <u>\$ (23,838)</u>  |
| <b>Cash flows from investing activities:</b>  |                     |                   |                     |
| Purchase of investments   | \$ -                | \$ (497)          | \$ (497)            |
| Prior period adjustment   | -                   | 50                | 50                  |
| Investment income   | <u>10,216</u>       | <u>3,218</u>      | <u>13,434</u>       |
| Net cash provided (used) by investing activities  | <u>\$ 10,216</u>    | <u>\$ 2,771</u>   | <u>\$ 12,987</u>    |
| Net increase (decrease) in cash and cash equivalents  | <u>\$ (231,448)</u> | <u>\$ 632,761</u> | <u>\$ 401,313</u>   |
| Cash and cash equivalents, beginning  | <u>520,796</u>      | <u>149,536</u>    | <u>670,332</u>      |
| Cash and cash equivalents, ending   | <u>\$ 289,348</u>   | <u>\$ 782,297</u> | <u>\$ 1,071,645</u> |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                     |                   |                     |
| Operating income (loss)   | \$ (3,170)          | \$ 151,219        | \$ 148,049          |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |                   |                     |
| Depreciation expense  | 192,344             | 26,707            | 219,051             |
| Refundable water deposits   | <u>925</u>          | <u>-</u>          | <u>925</u>          |
| Net cash provided (used) by operating activities  | <u>\$ 190,099</u>   | <u>\$ 177,926</u> | <u>\$ 368,025</u>   |

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

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**Reporting Entity**

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.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. The majority of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or if they involved organizations external to City government, are accounted for as revenues and expenditures in the funds involved. Therefore, charges between the City's water and sewer function and various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legal separate component units for which the primary government is financially accountable.

The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not included among program revenues are reported instead of general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported as follows:

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Governmental Fund Types:***

The City of Nokomis, Illinois, reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City and is always classified as a major fund. This fund is used to account for all financial resources except those required to be reported in other funds. All general tax revenues received, and other revenues received that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures disbursed, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The City's special revenue funds are:

Motor Fuel Tax Fund – This fund is used to account for the revenues and expenditures related to projects financed by the motor fuel taxes collected and distributed by the State of Illinois.

Business District Fund – This fund is used to account for the additional sales tax received and expenditures paid for economic development.

The City does not report any nonmajor government funds.

***Proprietary Fund Types:***

Enterprise 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.

Water Fund – This fund is used to provide services to residents of the City and certain unincorporated areas.

Sewer Fund – This fund is used to provide wastewater service to the residents of the City.

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. Transfers between the funds included in the 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 FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus**

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.

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 governs 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.

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 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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

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

**Investments**

The City 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; mutual funds; and other investment vehicles as set forth in the Illinois Compiled Statutes. 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 unless related to the actual use of cash resources.

**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.

**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 May 1, 2004. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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  
Infrastructure: 40-50 years  
Waterworks and Sewerage Plant: 20-25 years  
Waterworks and Sewerage Equipment: 7 years  
Water and Sewer 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.

**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.

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

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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 unrestricted fund balance when an expenditure is paid for purposes for which both restricted and unrestricted fun 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.

**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 specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

**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 of disclosure (such as estimated lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**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 July 22, 2024, and the levy was passed by the Board on November 4, 2024. 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, 2025, are from the 2023 tax year.

The assessed value upon which the 2023 levy was based totaled \$18,849,433.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

|                       | Maximum<br>2023 Levy | Montgomery<br>County<br>2023 Actual |
|-----------------------|----------------------|-------------------------------------|
| Corporate             | 0.43750              | 0.42560                             |
| Police protection     | 0.07500              | 0.07182                             |
| Audit                 | as needed            | 0.06650                             |
| Liability insurance   | as needed            | 0.16492                             |
| Social security       | as needed            | 0.25536                             |
| Unemployment          | as needed            | 0.03724                             |
| Workers' Compensation | as needed            | 0.17024                             |
|                       |                      | <u>1.19168</u>                      |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Risk Management Insurance**

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, worker's 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 changes in coverage during the year. Settlements have not exceeded coverage in the past three years.

**Subsequent Events**

The City had evaluated subsequent events through December 15, 2025, the date on which the financial statements were available to be issued.

**Leases and Subscription Based Information Technology Arrangements (SBITA)**

GASB Statement No. 87 (leases) and GASB Statement No. 96 (SBITA) pronouncements did not impact the preparation of these financial statements due to the basis of accounting described and disclosed above.

**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.

**Grant Audits**

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

**Deposits and Investments**

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; and the Illinois Funds.

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 institution accounts.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from rising interest rates.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

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

**Credit Risk**

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City limits the expose to credit risk by investing funds in securities as approved by the most recent Illinois Compiled Statutes.

**Deposits and Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a financial institution failure, the City will not be able to recover the value of their deposits or collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a) uncollateralized, b) collateralized with securities held by the pledging financial institution, or c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At April 30, 2025, all of the City's bank balances were fully collateralized.

At year-end, the carrying amount of the City's deposits, net of outstanding checks, including certificates of deposit were covered entirely either by the Federal Deposit Insurance Corporation (FDIC), or by pledged collateral, which was held in the City's name.

**Deficit Fund Equity**

At April 30, 2025, no City fund had deficit fund equity.

**Restatement of Fund Equity/Net Assets**

Beginning fund equity/net assets were restated as follows:

Waterworks Fund: Net assets were increased by \$1,205,632 to reflect loan forgiveness and construction interest for IEPA loan #L176229.

Sewerage Fund: Net assets were increased by \$50 to reflect net grant activity.

**NOTE 3 – DEFERRED COMPENSATION PLAN**

The City has adopted a Deferred Compensation Plan, (adopted under the provisions of Internal Revenue 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, 2025, was \$749,135.

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 FINANCIAL STATEMENTS**  
**APRIL 30, 2025**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended April 30, 2025, was as follows:

|  | Balance<br>April 30, 2024 | Additions         | Deletions          | Balance<br>April 30, 2025 |
|--|---------------------------|-------------------|--------------------|---------------------------|
| <i>Governmental activities:</i>              |                           |                   |                    |                           |
| Capital assets, not being depreciated:       |                           |                   |                    |                           |
| Land   | \$ 47,682                 | \$ -              | \$ -               | \$ 47,682                 |
| Construction in progress                     | - - -                     | - - -             | - - -              | - - -                     |
| Total capital assets, not being depreciated  | <u>\$ 47,682</u>          | <u>\$ -</u>       | <u>\$ -</u>        | <u>\$ 47,682</u>          |
| Capital assets, being depreciated:           |                           |                   |                    |                           |
| Buildings                                    | \$ 539,689                | \$ 59,000         | \$ -               | \$ 598,689                |
| Infrastructure                               | 1,737,370                 | - - -             | - - -              | 1,737,370                 |
| Machinery and equipment                      | 1,263,063                 | 66,246            | (52,513)           | 1,276,796                 |
| Total capital assets, being depreciated      | <u>\$ 3,540,122</u>       | <u>\$ 125,246</u> | <u>\$ (52,513)</u> | <u>\$ 3,612,855</u>       |
| Less accumulated depreciation for:           |                           |                   |                    |                           |
| Buildings                                    | \$ 353,899                | \$ 13,134         | \$ -               | \$ 367,033                |
| Infrastructure                               | 1,628,420                 | 5,547             | - - -              | 1,633,967                 |
| Machinery and equipment                      | 742,448                   | 84,165            | (52,513)           | 774,100                   |
| Total accumulated depreciation               | <u>\$ 2,724,767</u>       | <u>\$ 102,846</u> | <u>\$ (52,513)</u> | <u>\$ 2,775,100</u>       |
| Total capital assets, being depreciated, net | <u>\$ 1,986,271</u>       | <u>\$ 22,400</u>  | <u>\$ -</u>        | <u>\$ 837,755</u>         |
| Governmental activities capital assets, net  | <u>\$ 2,997,395</u>       | <u>\$ 22,400</u>  | <u>\$ -</u>        | <u>\$ 885,437</u>         |

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

Governmental activities:

|                     |                          |
|---------------------|--------------------------|
| General government  | \$ 23,677                |
| Public safety       | 26,153                   |
| Highway and streets | 53,016                   |
|                     | <u><u>\$ 102,846</u></u> |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
APRIL 30, 2025

**NOTE 4 – CAPITAL ASSETS (Continued)**

|  | Balance<br>April 30, 2024 | Additions           | Deletions           | Balance<br>April 30, 2025 |
|--|---------------------------|---------------------|---------------------|---------------------------|
| <i>Business-type activities:</i>             |                           |                     |                     |                           |
| Capital assets, not being depreciated:       |                           |                     |                     |                           |
| Land   | \$ 23,559                 | \$ -                | \$ -                | \$ 23,559                 |
| Construction in progress                     | <u>3,586,317</u>          | <u>4,554,962</u>    | <u>(637,929)</u>    | <u>7,503,350</u>          |
| Total capital assets, not being depreciated  | <u>\$ 3,609,876</u>       | <u>\$ 4,554,962</u> | <u>\$ (637,929)</u> | <u>\$ 7,526,909</u>       |
| Capital assets, being depreciated:           |                           |                     |                     |                           |
| Water and sewer capital assets               | <u>\$ 8,923,492</u>       | <u>\$ 1,401,992</u> | <u>\$ (20,093)</u>  | <u>\$ 10,305,391</u>      |
| Total capital assets at historical cost      | <u>\$ 8,923,492</u>       | <u>\$ 1,401,992</u> | <u>\$ (20,093)</u>  | <u>\$ 10,305,391</u>      |
| Less accumulated depreciation for:           |                           |                     |                     |                           |
| Water and sewer capital assets               | <u>\$ 6,998,252</u>       | <u>\$ 219,051</u>   | <u>\$ (20,093)</u>  | <u>\$ 7,197,210</u>       |
| Total accumulated depreciation               | <u>\$ 6,998,252</u>       | <u>\$ 219,051</u>   | <u>\$ (20,093)</u>  | <u>\$ 7,197,210</u>       |
| Business-type activities capital assets, net | <u>\$ 5,535,116</u>       | <u>\$ 1,182,941</u> | <u>\$ -</u>         | <u>\$ 10,635,090</u>      |

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

Business-type activities:

|                 |                          |
|-----------------|--------------------------|
| Waterworks fund | \$ 192,344               |
| Sewerage fund   | \$ 26,707                |
|                 | <u><u>\$ 219,051</u></u> |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
APRIL 30, 2025

**NOTE 5 – SUMMARY OF TRANSFERS**

Interfund transfers (net) at April 30, 2025, were:

|                              | Transfers In     | Transfers Out    |
|------------------------------|------------------|------------------|
| General Fund                 | \$ -             | \$ 44,139        |
| Waterworks and Sewerage Fund | 44,139           | -                |
|                              | <u>\$ 44,139</u> | <u>\$ 44,139</u> |

The amounts transferred are for general maintenance and improvements from prior year grant funds received.

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended April 30, 2025:

**Governmental Activities**

|  | Balance<br>April 30, 2024 | Additions   | Reductions         | Balance<br>April 30, 2025 | Current<br>Portion |
|--|---------------------------|-------------|--------------------|---------------------------|--------------------|
| U.S. Bankcorp at 3.25% due<br>June 25, 2026, for Elgin     |                           |             |                    |                           |                    |
| Pelican Street Sweeper                                     | \$ 64,443                 | \$ -        | \$ (31,706)        | \$ 32,737                 | \$ 32,737          |
| <br>Bell Bank at 6.69% due<br>August 25, 2026, for Vermeer |                           |             |                    |                           |                    |
| Vacuum Excavator (1/3)                                     | 23,084                    | -           | (14,784)           | 8,300                     | 8,300              |
|  | <u>\$ 87,527</u>          | <u>\$ -</u> | <u>\$ (46,490)</u> | <u>\$ 41,037</u>          | <u>\$ 41,037</u>   |

The debt service for these loans is from the General Fund.

The Bell Bank note payable is divided evenly between the General Fund (governmental activities) and, Waterworks Fund and Sewerage Fund (business-type activities).

Debt service requirements to maturity are as follows:

|                              | 2026      | Principal | Interest |
|------------------------------|-----------|-----------|----------|
| Elgin Pelican Street Sweeper | \$ 32,737 | \$ 1,063  |          |
| Vermeer Vacuum Excavator     | \$ 8,300  | \$ 548    |          |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
APRIL 30, 2025

**NOTE 6 – LONG-TERM DEBT (Continued)**

**Business-Type Activities:**

|                | Balance             |                     |                       | Balance             |                   | Current<br>Portion |
|----------------|---------------------|---------------------|-----------------------|---------------------|-------------------|--------------------|
|                | April 30, 2024      | Additions           | Reductions            | April 30, 2025      |                   |                    |
| IL EPA #175343 | \$ 55,617           | \$ -                | \$ (1,901)            | \$ 53,716           | \$ 3,891          |                    |
| IL EPA #173181 | 240,995             | -                   | (27,045)              | 213,950             | 27,384            |                    |
| IL EPA #175038 | 915,181             | -                   | (33,509)              | 881,672             | 68,132            |                    |
| IL EPA #176048 | 36,896              | -                   | (1,837)               | 35,059              | 1,854             |                    |
| IL EPA #176229 | 1,593,990           | 173,550             | (49,805)              | 1,717,735           | 52,953            |                    |
| IL EPA #176182 | -                   | 4,674,405           | (3,693,725)           | 980,680             | -                 |                    |
| Bell Bank      | 46,168              | -                   | (29,568)              | 16,600              | 16,600            |                    |
|                | <u>\$ 2,888,847</u> | <u>\$ 4,847,955</u> | <u>\$ (3,837,390)</u> | <u>\$ 3,899,412</u> | <u>\$ 170,814</u> |                    |

The debt service for these loans is from the Water/Sewer Funds.

Debt service requirements to maturity:

IL EPA loan #175343, for an air stripper for \$164,600 at 1.86% for 20 years in semi-annual payments. The debt service to maturity is as follows:

|            | Principal        | Interest        |
|------------|------------------|-----------------|
| 2026       | \$ 3,855         | \$ 981          |
| 2027       | 3,927            | 909             |
| 2028       | 4,000            | 836             |
| 2029       | 4,075            | 761             |
| 2030       | 4,151            | 685             |
| Thereafter | 33,708           | 2,560           |
|            | <u>\$ 53,716</u> | <u>\$ 6,732</u> |

IL EPA loan #173181, dated July 11, 2011, for \$752,163 at 1.25% due April 15, 2033, in semi-annual payments of \$14,987. The debt service to maturity is as follows:

|            | Principal         | Interest         |
|------------|-------------------|------------------|
| 2026       | \$ 27,385         | \$ 2,589         |
| 2027       | 27,730            | 2,244            |
| 2028       | 28,076            | 1,898            |
| 2029       | 28,428            | 1,546            |
| 2030       | 28,784            | 1,189            |
| Thereafter | 73,547            | 1,377            |
|            | <u>\$ 213,950</u> | <u>\$ 10,843</u> |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
APRIL 30, 2025

**NOTE 6 – LONG-TERM DEBT (Continued)**

IL EPA loan #175038, for \$1,394,779 at 2.21% for 20 years with semi-annual payments for a water tower. The debt service to maturity is as follows:

|            | Principal                | Interest                 |
|------------|--------------------------|--------------------------|
| 2026       | \$ 68,132                | \$ 19,111                |
| 2027       | 69,646                   | 17,596                   |
| 2028       | 71,194                   | 16,048                   |
| 2029       | 72,776                   | 14,467                   |
| 2030       | 74,394                   | 12,850                   |
| Thereafter | <u>525,530</u>           | <u>41,543</u>            |
|            | <u><u>\$ 881,672</u></u> | <u><u>\$ 121,615</u></u> |

IL EPA loan #176048, to replace water mains for \$80,650 at 0.93% with semi-annual payments of \$1,088. The debt service to maturity is as follows:

|            | Principal               | Interest               |
|------------|-------------------------|------------------------|
| 2026       | \$ 1,854                | \$ 322                 |
| 2027       | 1,871                   | 305                    |
| 2028       | 1,889                   | 287                    |
| 2029       | 1,906                   | 278                    |
| 2030       | 1,924                   | 269                    |
| Thereafter | <u>25,615</u>           | <u>1,551</u>           |
|            | <u><u>\$ 35,059</u></u> | <u><u>\$ 3,012</u></u> |

IL EPA loan #176229, to rehab the water treatment plant and replace water mains for \$1,767,541 at 0.93% with semi-annual payments of \$34,375. The debt service to maturity is as follows:

|            | Principal                  | Interest                 |
|------------|----------------------------|--------------------------|
| 2026       | \$ 52,953                  | \$ 15,798                |
| 2027       | 53,141                     | 15,610                   |
| 2028       | 53,603                     | 15,147                   |
| 2029       | 54,152                     | 14,598                   |
| 2030       | 54,665                     | 14,085                   |
| Thereafter | <u>1,449,221</u>           | <u>170,904</u>           |
|            | <u><u>\$ 1,717,735</u></u> | <u><u>\$ 246,142</u></u> |

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
APRIL 30, 2025

**NOTE 6 – LONG-TERM DEBT (Continued)**

IL EPA loan #176182, to rehab the wastewater treatment plant and related equipment/improvements with a projected total loan of \$9,485,250 at 1.16% with a 30-year repayment. Estimated completion of the project is November 2025, with initial repayment beginning September 2025. The City as of April 30, 2025 received \$4,674,405 in loan disbursements and \$3,693,725 of loan forgiveness, leaving a balance of \$980,680 which is considered non-current until the loan initiation repayment period begins.

Bell Bank loan to purchase a Vermeer Vacuum Excavator (water/sewer obligation is two-thirds the total with the general fund obligated for the other third) for \$86,996 at 6.69% with annual payments of \$17,493 with a maturity of August 25, 2026. The debt service to maturity is as follows:

| 2026 | Principal | Interest  |
|------|-----------|-----------|
|      | <u>\$</u> | <u>\$</u> |

**Legal Debt Margin**

|   |                            |
|---|----------------------------|
| Assessed Valuation - 2023 tax year      | \$ 18,849,433              |
| Statutory debt limitation               | 0.08625                    |
|   | <u>1,625,764</u>           |
| Outstanding debt                        | 3,940,449                  |
| Less debt exempt from above limitations | <u>(3,882,812)</u>         |
| Legal debt margin                       | <u><u>\$ 1,568,127</u></u> |

**CITY OF NOKOMIS, ILLINOIS**

**SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED APRIL 30, 2025**

**CITY OF NOKOMIS, ILLINOIS**  
**SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCE -**  
**MODIFIED CASH BASIS**  
**GENERAL FUND**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|  | <b>Original &amp;<br/>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>from Budget -<br/>Positive<br/>(Negative)</b> |
|--|--|---------------------|---|
| <b>Revenues received:</b>                                    |  |                     |   |
| Property taxes   | \$ 240,000                                 | \$ 235,585          | \$ (4,415)  |
| Intergovernmental:   |  |                     |   |
| Sales and use taxes  | 324,000                                    | 334,375             | 10,375  |
| Income taxes   | 366,000                                    | 372,288             | 6,288   |
| Replacement taxes  | 40,000                                     | 26,555              | (13,445)  |
| Utility taxes  | 121,500                                    | 121,062             | (438)   |
| Telecommunication taxes                                      | 22,500                                     | 20,182              | (2,318)   |
| Video gaming tax   | 52,500                                     | 64,853              | 12,353  |
| Cannabis taxes   | 3,250                                      | 3,366               | 116   |
| Licenses and permits   | 20,200                                     | 11,474              | (8,726)   |
| Fines and forfeitures  | 19,500                                     | 19,141              | (359)   |
| Rentals  | 13,200                                     | 13,952              | 752   |
| Miscellaneous  | 69,860                                     | 115,457             | 45,597  |
| Interest   | 27,000                                     | 42,534              | 15,534  |
| Grants   | -  | -                   | -   |
| <b>Total revenues</b>  | <b>\$ 1,319,510</b>                        | <b>\$ 1,380,824</b> | <b>\$ 61,314</b>  |
| <b>Expenditures disbursed:</b>                               |  |                     |   |
| Current:   |  |                     |   |
| General Government:  |  |                     |   |
| Administration   | \$ 317,692                                 | \$ 259,407          | \$ 58,285   |
| Streets and roads  | 541,739                                    | 347,549             | 194,190   |
| Public safety  | 792,012                                    | 700,370             | 91,642  |
| <b>Total general government</b>                              | <b>\$ 1,651,443</b>                        | <b>\$ 1,307,326</b> | <b>\$ 344,117</b>   |
| Capital outlay:  |  |                     |   |
| Administration   | \$ 10,000                                  | \$ 5,165            | \$ 4,835  |
| Streets and roads  | 117,914                                    | -                   | 117,914   |
| Public safety  | 71,894                                     | 61,081              | 10,813  |
| <b>Total capital outlay</b>                                  | <b>\$ 199,808</b>                          | <b>\$ 66,246</b>    | <b>\$ 133,562</b>   |
| Debt Service:  |  |                     |   |
| Principal  | \$ 39,644                                  | \$ 46,490           | \$ (6,846)  |
| Interest   | 3,103                                      | 3,639               | (536)   |
| <b>Total debt service</b>                                    | <b>\$ 42,747</b>                           | <b>\$ 50,129</b>    | <b>\$ (7,382)</b>   |
| <b>Total expenditures</b>                                    | <b>\$ 1,893,998</b>                        | <b>\$ 1,423,701</b> | <b>\$ 470,297</b>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>\$ (574,488)</b>                        | <b>\$ (42,877)</b>  | <b>\$ 531,611</b>   |
| <b>Other financing sources (uses):</b>                       |  |                     |   |
| Bank loans   | \$ -                                       | \$ -                | \$ -  |
| Transfers in   | -  | 26,640              | 26,640  |
| Transfers out  | -  | (70,779)            | (70,779)  |
| <b>Total other financing sources (uses)</b>                  | <b>\$ -</b>                                | <b>\$ (44,139)</b>  | <b>\$ (44,139)</b>  |
| <b>Net change in fund balance</b>                            | <b>\$ (574,488)</b>                        | <b>\$ (87,016)</b>  | <b>\$ 487,472</b>   |
| <b>Fund balance, beginning of year</b>                       |  |                     | <b>1,281,777</b>  |
| <b>Fund balance, end of year</b>                             |  |                     | <b>\$ 1,194,761</b>   |

Reference should be made to auditor's report regarding this information.

CITY OF NOKOMIS, ILLINOIS

**SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**MOTOR FUEL TAX FUND**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|  | Original &<br>Final<br>Budget | Actual           | Variance<br>from Budget -<br>Positive<br>(Negative) |
|--|-------------------------------|------------------|---|
| <b>Revenues received:</b>                                |                               |                  |   |
| State of Illinois  | \$ 97,750                     | \$ 96,777        | \$ (973)  |
| Interest   | 50                            | 165              | 115   |
| <b>Total revenues</b>                                    | <b>\$ 97,800</b>              | <b>\$ 96,942</b> | <b>\$ (858)</b>                                     |
| <b>Expenditures disbursed:</b>                           |                               |                  |   |
| Engineering fees   | \$ 5,424                      | \$ 4,564         | \$ 860  |
| Maintenance of streets and parking lots                  | 100,622                       | 31,792           | 68,830  |
| <b>Total expenditures</b>                                | <b>\$ 106,046</b>             | <b>\$ 36,356</b> | <b>\$ 69,690</b>                                    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>\$ (8,246)</b>             | <b>\$ 60,586</b> | <b>\$ 68,832</b>                                    |
| <b>Other financing sources (uses):</b>                   |                               |                  |   |
| Transfers in   | \$ -                          | \$ -             | \$ -  |
| <b>Total other financing sources (uses)</b>              | <b>\$ -</b>                   | <b>\$ -</b>      | <b>\$ -</b>   |
| <b>Net change in fund balance</b>                        | <b>\$ (8,246)</b>             | <b>\$ 60,586</b> | <b>\$ 68,832</b>                                    |
| <b>Fund balance, beginning of year</b>                   |                               |                  | <b>218,483</b>                                      |
| <b>Fund balance, end of year</b>                         |                               |                  | <b>\$ 279,069</b>                                   |

Reference should be made to auditor's report regarding this information.

**CITY OF NOKOMIS, ILLINOIS**  
**SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**BUSINESS DISTRICT FUND**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

|  | <b>Original &amp;<br/>Final<br/>Budget</b> | <b>Actual</b>      | <b>Variance<br/>from Budget -<br/>Positive<br/>(Negative)</b> |
|--|--|--------------------|---|
| <b>Revenues received:</b>                                |  |                    |   |
| Business district taxes                                  | \$ 125,000                                 | \$ 118,772         | \$ (6,228)  |
| Investment income  | <u>13,000</u>                              | <u>12,107</u>      | <u>(893)</u>  |
| <b>Total revenues</b>                                    | <b>\$ 138,000</b>                          | <b>\$ 130,879</b>  | <b>\$ (7,121)</b>   |
| <b>Expenditures disbursed:</b>                           |  |                    |   |
| Business district improvements                           | \$ 554,900                                 | \$ 127,666         | \$ 427,234  |
| Capital outlay   | <u>60,000</u>                              | <u>59,000</u>      | <u>1,000</u>  |
| <b>Total expenditures</b>                                | <b>\$ 614,900</b>                          | <b>\$ 186,666</b>  | <b>\$ 428,234</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>\$ (476,900)</b>                        | <b>\$ (55,787)</b> | <b>\$ 421,113</b>   |
| <b>Other financing sources (uses):</b>                   |  |                    |   |
| Transfers out  | \$ -                                       | \$ -               | \$ -  |
| <b>Total other financing sources (uses)</b>              | <b>\$ -</b>                                | <b>\$ -</b>        | <b>\$ -</b>   |
| <b>Net change in fund balance</b>                        | <b>\$ (476,900)</b>                        | <b>\$ (55,787)</b> | <b>\$ 421,113</b>   |
| <b>Fund balance, beginning of year</b>                   |  |                    | <b>592,145</b>  |
| <b>Fund balance, end of year</b>                         |  |                    | <b>\$ 536,358</b>   |

Reference should be made to auditor's report regarding this information.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**APRIL 30, 2025**

**NOTE 1 – BUDGET, APPROPRIATION ORDINANCE AND BUDGETARY ACCOUNTING**

The budget (appropriation ordinance) for all funds is prepared on the cash basis of accounting and is utilized for internal fiscal management.

The City approved the appropriation ordinance July 22, 2024.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

No funds had expenditures that exceeded appropriations.

**CITY OF NOKOMIS, ILLINOIS**

**FEDERAL COMPLIANCE SECTION**

**FISCAL YEAR ENDED APRIL 30, 2025**

900 N Webster St, PO Box 87  
Taylorville, Illinois 62568  
Tel: 217 / 824-9661  
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BART M. LOCKART, CPA  
BRENT J. LIVELY, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited the City of Nokomis, Illinois' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the fiscal year ended April 30, 2025. The City of Nokomis, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Nokomis, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended April 30, 2025.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Nokomis, Illinois' compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Nokomis, Illinois' federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Nokomis, Illinois' compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Nokomis, Illinois' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Nokomis, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Nokomis, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Nokomis, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*LMHN, LTD.*

LMHN, Ltd.  
Certified Public Accountants  
Taylorville, Illinois

December 15, 2025

**CITY OF NOKOMIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

| Federal Grantor/Pass Through Grantor/Program Title   | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying Number | Federal<br>Disbursements/<br>Expenditures |
|--|---------------------------|---|---|
| <u>United States Environmental Protection Agency</u> |                           |   |   |
| Clean Water State Revolving Fund                     | (M) 66.458                | n/a                                       | \$ 3,693,725                              |
| Congressionally Mandated Projects                    | (M) 66.202                | n/a                                       | 480,000                                   |
| <u>Department of the Treasury</u>                    |                           |   |   |
| Coronavirus State and Local Fiscal Recovery Funds    | (M) 21.027                | n/a                                       | <u>73,926</u>                             |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>          |                           |   | <b><u>4,247,651</u></b>                   |

(M) Denotes a major federal financial assistance program.

Reference should be made to auditor's report regarding this information.

**CITY OF NOKOMIS, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FISCAL YEAR ENDED APRIL 30, 2025**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of City of Nokomis, Illinois under programs of the federal government for the year ended April 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Nokomis, Illinois, it is not intended to and does not present the financial position and changes in net assets of the City of Nokomis, Illinois. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Expenditures are recognized and recorded upon the disbursement of cash. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The City of Nokomis, Illinois did not elect to use the 10% de minimis cost rate.

**NOTE 4 – SUB RECIPIENTS**

The City of Nokomis, Illinois did not provide any federal awards to any sub-recipients.

**NOTE 5 – NON-CASH ASSISTANCE**

There was no non-cash assistance reported in the schedule of expenditures of federal awards.

**NOTE 6 – LOANS OR LOAN GUARANTEES**

The City of Nokomis, Illinois did not have any loan guarantees, or loan subsidies during the fiscal year ended April 30, 2025. The City had various IL EPA loans that are in part federally funded including debt forgiveness related to these loans as of April 30, 2025.

**NOTE 7 – FEDERAL INSURANCE**

The City of Nokomis, Illinois did not receive any insurance coverage provided by a federal agency for the fiscal year ended April 30, 2025.

**CITY OF NOKOMIS, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED APRIL 30, 2025**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

|  |          |
|--|----------|
| Type of auditors’ report issued:   | Modified |
| Internal control over financial reporting:   |          |
| Material weaknesses identified?  | No       |
| Significant deficiencies identified that are not considered to be material weaknesses? | Yes      |
| Noncompliance material to financial statements noted?                                  | No       |

**Federal Awards**

|  |            |
|--|------------|
| Internal control over major programs:  |            |
| Material weaknesses identified?  | No         |
| Significant deficiencies identified that are not considered to be material weaknesses?   | No         |
| Type of auditors’ report issued on compliance for major programs:  | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards? | No         |
| Identification of major programs:  |            |
| CFDA 21.027; Coronavirus State and Local Fiscal Recovery Funds   |            |
| CFDA 66.202; Congressionally Mandated Projects   |            |
| CFDA 66.458; Clean Water State Revolving Fund  |            |
| Dollar threshold used to distinguish between Type A and Type B programs  | \$750,000  |
| Auditee qualified as low-risk auditee?   | No         |

**CITY OF NOKOMIS, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED APRIL 30, 2025**

**Section II – Financial Statement Findings**

**Finding #2025-01: Segregation of Duties**

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

*Criteria:* Duties and responsibilities should be segregated to provide reasonable assurance that transactions are handled appropriately and to reduce the risk of error, misuse, or fraud.

*Effect:* Lack of segregation of duties could result in errors, misuse or fraud to occur or go undetected.

*Cause:* There are a limited number of personnel for certain duties, responsibilities and functions.

*Recommendation:* The duties should be segregated as much as possible, and alternative controls should be used to compensate for lack of segregation. Management and governance should closely monitor actual receipts and expenditures to budget and use dual controls or secondary reviews to help mitigate risks. Example: Bank reconciliation oversight.

*Management's Response:* Due to limited financial resources the City cannot hire additional employees to adequately segregate incompatible duties. However, management and governance will closely monitor receipts and expenditures and; dual controls and/or subsequent reviews will be utilized at such time as adequate staffing can be a fiscally viable option. At the current staffing levels, management and governance believes it to be unfeasible to correct this deficiency.

**Section III – Federal Awards Findings and Questioned Costs**

There were no federal award findings or questions costs.



# City of Nokomis

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Mayor  
Dylan Goldsmith

Commissioner of  
Accounts and Finances  
Charles O'Malley

Commissioner of  
Public Health and Safety  
Michael Glenn

Commissioner of  
Streets and Public Improvements  
Tisha Morris

Commissioner of  
Public Property  
Scott Arkebauer

## CORRECTIVE ACTION PLAN

December 15, 2025

The City of Nokomis, Illinois respectfully submits the following corrective action plan for the fiscal year ended April 30, 2025.

Name and address of independent public accounting firm: LMHN, Ltd., 900 North Webster Street, PO Box 87, Taylorville, IL 62568.

Audit Period: Fiscal Year Ended April 30, 2025

### FINDINGS

#### Finding Number 2025-01 – Lack of Segregation of Incompatible Duties

Duties and responsibilities should be segregated to provide reasonable assurance that transactions are handled appropriately and reduce the risk of error, misuse, or fraud.

**Recommendation:** Duties should be segregated as much as possible, and alternative controls should be used to compensate for lack of segregation of incompatible duties. Management and governance should closely monitor receipts and expenditures to budget and use dual controls and/or subsequent reviews to help mitigate risks.

**Action Taken:** Due to our limited financial resources, the City cannot hire enough employees to adequately segregate incompatible duties. However, management and governance will closely monitor receipts and expenditures and; dual controls and/or subsequent reviews will be utilized at such time as adequate staffing can be a fiscally viable option.

**Anticipated Date of Completion:** April 30, 2026

**Name of Contact Person:** Rachel Cassidy, City Clerk

If there are any questions regarding this plan, please call the City of Nokomis, Illinois.

Sincerely,



Rachel Cassidy, City Clerk

**CITY OF NOKOMIS, ILLINOIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FISCAL YEAR ENDED APRIL 30, 2025**

Finding #2024-01: Lack of Segregation of Duties

*Condition:* There is a lack of segregation of duties among City personnel involved in daily financial transactions and reporting that could result in errors, misuse or fraud to occur or go undetected.

*Current Status:* The condition still exists. See finding #2025-01 on the schedule of findings and questioned costs.