

***CITY OF FARMER CITY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***For the fiscal year ended April 30, 2026***



**CITY OF FARMER CITY, ILLINOIS**

**CONTENTS**  
**APRIL 30, 2026**

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|                                     |              |
|-------------------------------------|--------------|
| <b>INDEPENDENT AUDITORS' REPORT</b> | <b>1 - 3</b> |
|-------------------------------------|--------------|

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**BASIC FINANCIAL STATEMENTS**

|                                                                                                                                                           |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Statement of Net Position</b>                                                                                                                          | <b>4 and 5</b>   |
| <b>Statement of Activities</b>                                                                                                                            | <b>6</b>         |
| <b>Balance Sheet - Governmental Funds</b>                                                                                                                 | <b>7</b>         |
| <b>Reconciliation of the Balance Sheet - Governmental Funds<br/>to the Statement of Net Position</b>                                                      | <b>8</b>         |
| <b>Statement of Revenues, Expenditures and Changes in<br/>Fund Balances - Governmental Funds</b>                                                          | <b>9</b>         |
| <b>Reconciliation of the Statement of Revenues, Expenditures and<br/>Changes in Fund Balances - Governmental Funds<br/>to the Statement of Activities</b> | <b>10</b>        |
| <b>Statement of Net Position - Proprietary Funds</b>                                                                                                      | <b>11 and 12</b> |
| <b>Statement of Revenues, Expenses and Changes<br/>in Net Position - Proprietary Funds</b>                                                                | <b>13</b>        |
| <b>Statement of Cash Flows - Proprietary Funds</b>                                                                                                        | <b>14</b>        |
| <b>Notes to Financial Statements</b>                                                                                                                      | <b>15 - 40</b>   |

**REQUIRED SUPPLEMENTARY INFORMATION**

|                                                                                                                            |                  |
|----------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Illinois Municipal Retirement Fund – Schedule of Changes in the<br/>City's Net Pension Liability and Related Ratios</b> | <b>41 and 42</b> |
| <b>Notes to Schedule of Changes in the City's Net Pension Liability<br/>and Related Ratios</b>                             | <b>43</b>        |
| <b>Illinois Municipal Retirement Fund – Schedule of Employer Contributions</b>                                             | <b>44</b>        |

## **CITY OF FARMER CITY, ILLINOIS**

### **CONTENTS (Continued)**

**APRIL 30, 2026**

---

#### **REQUIRED SUPPLEMENTARY INFORMATION, Continued**

|                                                                                              |           |
|----------------------------------------------------------------------------------------------|-----------|
| <b>Illinois Municipal Retirement Fund – Summary of Actuarial<br/>Methods and Assumptions</b> | <b>45</b> |
|----------------------------------------------------------------------------------------------|-----------|

|                                                     |           |
|-----------------------------------------------------|-----------|
| <b>Budgetary Comparison Schedule - General Fund</b> | <b>46</b> |
|-----------------------------------------------------|-----------|

|                                                                                                                                |           |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Reconciliation of Budgetary Basis Cash Receipts and Cash<br/>Disbursements to GAAP Revenues and Expenses – General Fund</b> | <b>47</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                    |           |
|----------------------------------------------------|-----------|
| <b>Budgetary Comparison Schedule - TIF II Fund</b> | <b>48</b> |
|----------------------------------------------------|-----------|

|                                                                                                                               |           |
|-------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Reconciliation of Budgetary Basis Cash Receipts and Cash<br/>Disbursements to GAAP Revenues and Expenses – TIF II Fund</b> | <b>49</b> |
|-------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                     |           |
|-----------------------------------------------------|-----------|
| <b>Budgetary Comparison Schedule - TIF III Fund</b> | <b>50</b> |
|-----------------------------------------------------|-----------|

|                                                                                                                                |           |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Reconciliation of Budgetary Basis Cash Receipts and Cash<br/>Disbursements to GAAP Revenues and Expenses – TIF III Fund</b> | <b>51</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                      |           |
|--------------------------------------------------------------------------------------|-----------|
| <b>Reconciliation of Budgetary Basis Fund Balance<br/>to GAAP Basis Fund Balance</b> | <b>52</b> |
|--------------------------------------------------------------------------------------|-----------|

|                                                    |           |
|----------------------------------------------------|-----------|
| <b>Notes to Required Supplementary Information</b> | <b>53</b> |
|----------------------------------------------------|-----------|

#### **SUPPLEMENTARY INFORMATION**

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| <b>Combining Balance Sheet - Non-Major Governmental Funds</b> | <b>54 and 55</b> |
|---------------------------------------------------------------|------------------|

|                                                                                                                      |                  |
|----------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Combining Statement of Revenues, Expenditures and Changes in<br/>Fund Balances - Non-Major Governmental Funds</b> | <b>56 and 57</b> |
|----------------------------------------------------------------------------------------------------------------------|------------------|

#### **OTHER INFORMATION**

|                                                                                    |           |
|------------------------------------------------------------------------------------|-----------|
| <b>Schedules of Assessed Valuation, Property Tax Rates,<br/>and Tax Extensions</b> | <b>58</b> |
|------------------------------------------------------------------------------------|-----------|

|                                              |           |
|----------------------------------------------|-----------|
| <b>Schedules of Property Tax Collections</b> | <b>59</b> |
|----------------------------------------------|-----------|

#### **INFORMATION REQUIRED BY THE ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT**

|                                               |           |
|-----------------------------------------------|-----------|
| <b>Consolidated Year-End Financial Report</b> | <b>60</b> |
|-----------------------------------------------|-----------|

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council  
City of Farmer City, Illinois

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Farmer City, Illinois, as of and for the year ended April 30, 2026, 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Farmer City, Illinois, as of April 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Farmer City, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted 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 Farmer City, 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 Farmer City, 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.

### **Required Supplementary Information**

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Farmer City, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. In addition, the Consolidated Year-End Financial Report for the fiscal year ended April 30, 2026 is presented for purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act and is not a required part of the 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 combining and individual nonmajor fund financial statements and Consolidated Year-End Financial Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

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

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

*MCK CPAs & Advisors*

Bloomington, Illinois  
October 6, 2026

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF NET POSITION**

**April 30, 2026**

|                                                  | Governmental<br>Activities | Business-Type<br>Activities | Total      |
|--------------------------------------------------|----------------------------|-----------------------------|------------|
| <b><u>Assets</u></b>                             |                            |                             |            |
| Current assets                                   |                            |                             |            |
| Cash and cash equivalents                        | \$ 2,637,221               | 1,102,561                   | 3,739,782  |
| Investments                                      | 960,000                    | 1,693,000                   | 2,653,000  |
| Receivables, net:                                |                            |                             |            |
| Property taxes                                   | 1,449,664                  | 27,354                      | 1,477,018  |
| Intergovernmental                                | 211,766                    |                             | 211,766    |
| Accounts                                         |                            | 325,213                     | 325,213    |
| Lease                                            | 4,736                      |                             | 4,736      |
| Internal balances                                | 61,781                     | (61,781)                    | -          |
| Prepaid expenses                                 | 77,770                     | 42,989                      | 120,759    |
|                                                  |                            |                             |            |
| Total current assets                             | 5,402,938                  | 3,129,336                   | 8,532,274  |
|                                                  |                            |                             |            |
| Noncurrent assets                                |                            |                             |            |
| Lease receivable, less current portion           | 4,739                      |                             | 4,739      |
| Capital assets, net of accumulated depreciation  | 5,189,185                  | 5,080,665                   | 10,269,850 |
| IMRF pension asset                               | 50,488                     | 37,557                      | 88,045     |
|                                                  |                            |                             |            |
| Total noncurrent assets                          | 5,244,412                  | 5,118,222                   | 10,362,634 |
|                                                  |                            |                             |            |
| Total Assets                                     | 10,647,350                 | 8,247,558                   | 18,894,908 |
| <b><u>Deferred Outflows of Resources</u></b>     |                            |                             |            |
| Deferred outflows related to pension obligations | 95,172                     | 70,798                      | 165,970    |
|                                                  |                            |                             |            |
| Total Assets and Deferred Outflows of Resources  | 10,742,522                 | 8,318,356                   | 19,060,878 |

(continued)

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)**  
**April 30, 2026**

|                                                                      | Governmental<br>Activities | Business-Type<br>Activities | Total      |
|----------------------------------------------------------------------|----------------------------|-----------------------------|------------|
| <b><u>Liabilities</u></b>                                            |                            |                             |            |
| Current liabilities                                                  |                            |                             |            |
| Accounts payable                                                     | 11,626                     | 467,773                     | 479,399    |
| Meter deposits                                                       |                            | 32,542                      | 32,542     |
| Accrued expenses                                                     | 22,384                     | 12,471                      | 34,855     |
| Compensated absences, current portion                                | 74,369                     | 56,768                      | 131,137    |
| Accrued interest                                                     | 25,846                     | 30,107                      | 55,953     |
| Bonds payable, due within one year                                   | 65,000                     | 150,000                     | 215,000    |
| Total current liabilities                                            | 199,225                    | 749,661                     | 948,886    |
| Noncurrent liabilities                                               |                            |                             |            |
| Unamortized bond premiums                                            | 101,922                    | 87,952                      | 189,874    |
| Compensated absences, less current portion                           | 5,974                      | 4,699                       | 10,673     |
| Bonds payable, due in more than one year                             | 1,515,000                  | 1,790,000                   | 3,305,000  |
| Total noncurrent liabilities                                         | 1,622,896                  | 1,882,651                   | 3,505,547  |
| Total Liabilities                                                    | 1,822,121                  | 2,632,312                   | 4,454,433  |
| <b><u>Deferred Inflows of Resources</u></b>                          |                            |                             |            |
| Deferred property tax                                                | 1,449,664                  | 27,354                      | 1,477,018  |
| Deferred lease                                                       | 9,475                      |                             | 9,475      |
| Deferred inflows related to<br>pension obligations                   | 323,674                    | 240,778                     | 564,452    |
| Total deferred inflows of resources                                  | 1,782,813                  | 268,132                     | 2,050,945  |
| <b><u>Net Position</u></b>                                           |                            |                             |            |
| Net investment in capital assets                                     | 3,609,185                  | 3,140,665                   | 6,749,850  |
| Restricted for:                                                      |                            |                             |            |
| Tax increment financing district II                                  | 820,648                    |                             | 820,648    |
| Tax increment financing district III                                 | 382,154                    |                             | 382,154    |
| Insurance                                                            | 290,666                    |                             | 290,666    |
| Motor fuel tax                                                       | 402,826                    |                             | 402,826    |
| Hotel-motel tax                                                      | 9,210                      |                             | 9,210      |
| Business district tax                                                | 265,518                    |                             | 265,518    |
| ESDA                                                                 | 4,669                      |                             | 4,669      |
| Audit                                                                | 101,525                    |                             | 101,525    |
| Social security                                                      | 86,122                     |                             | 86,122     |
| Illinois municipal retirement fund                                   | 416,582                    |                             | 416,582    |
| Library                                                              | 21,248                     |                             | 21,248     |
| Unrestricted                                                         | 727,235                    | 2,277,247                   | 3,004,482  |
| Total Net Position                                                   | 7,137,588                  | 5,417,912                   | 12,555,500 |
| Total Liabilities, Deferred Inflows<br>of Resources and Net Position | \$ 10,742,522              | 8,318,356                   | 19,060,878 |

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF ACTIVITIES**

**Year ended April 30, 2026**

| FUNCTIONS/PROGRAMS               | Expenses            | Program Revenues           |                                          | Net (Expense)/Revenue and<br>Changes in Net Position |                             |                    |
|----------------------------------|---------------------|----------------------------|------------------------------------------|------------------------------------------------------|-----------------------------|--------------------|
|                                  |                     | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total              |
| Governmental activities:         |                     |                            |                                          |                                                      |                             |                    |
| General government               | \$ 960,045          | 27,276                     | 700                                      | (932,069)                                            |                             | (932,069)          |
| Public safety                    | 589,342             | 17,490                     | 63,378                                   | (508,474)                                            |                             | (508,474)          |
| Public works                     | 328,908             |                            |                                          | (328,908)                                            |                             | (328,908)          |
| Streets and alleys               | 275,555             |                            | 45,250                                   | (230,305)                                            |                             | (230,305)          |
| Culture and recreation           | 381,010             | 40,091                     | 26,093                                   | (314,826)                                            |                             | (314,826)          |
| Interest on long-term debt       | 62,800              |                            |                                          | (62,800)                                             |                             | (62,800)           |
| Total governmental activities    | 2,597,660           | 84,857                     | 135,421                                  | (2,377,382)                                          | -                           | (2,377,382)        |
| Business-type activities:        |                     |                            |                                          |                                                      |                             |                    |
| Electric                         | 2,495,522           | 2,662,355                  |                                          |                                                      | 166,833                     | 166,833            |
| Water                            | 448,989             | 552,680                    | 143,203                                  |                                                      | 246,894                     | 246,894            |
| Sewer                            | 693,256             | 595,506                    |                                          |                                                      | (97,750)                    | (97,750)           |
| Garbage                          | 152,566             | 152,568                    |                                          |                                                      | 2                           | 2                  |
| Total business-type activities   | 3,790,333           | 3,963,109                  | 143,203                                  | -                                                    | 315,979                     | 315,979            |
| <b>TOTAL</b>                     | <b>\$ 6,387,993</b> | <b>4,047,966</b>           | <b>278,624</b>                           | <b>(2,377,382)</b>                                   | <b>315,979</b>              | <b>(2,061,403)</b> |
| General Revenues:                |                     |                            |                                          |                                                      |                             |                    |
| Taxes                            |                     |                            |                                          |                                                      |                             |                    |
| Property taxes                   |                     |                            |                                          | 1,292,116                                            | 26,183                      | 1,318,299          |
| Income tax                       |                     |                            |                                          | 334,563                                              |                             | 334,563            |
| Motor fuel tax                   |                     |                            |                                          | 83,849                                               |                             | 83,849             |
| Replacement tax                  |                     |                            |                                          | 27,599                                               |                             | 27,599             |
| Sales tax                        |                     |                            |                                          | 478,477                                              | 155,531                     | 634,008            |
| Excise tax                       |                     |                            |                                          | 8,474                                                |                             | 8,474              |
| Use tax                          |                     |                            |                                          | 17,165                                               |                             | 17,165             |
| Video gaming tax                 |                     |                            |                                          | 96,778                                               |                             | 96,778             |
| Cannabis tax                     |                     |                            |                                          | 2,789                                                |                             | 2,789              |
| Business district tax            |                     |                            |                                          | 122,906                                              |                             | 122,906            |
| Hotel-motel taxes                |                     |                            |                                          | 14,131                                               |                             | 14,131             |
| Miscellaneous income             |                     |                            |                                          | 17,106                                               |                             | 17,106             |
| Insurance proceeds               |                     |                            |                                          |                                                      | 402,722                     | 402,722            |
| Loss on disposal of assets       |                     |                            |                                          | (4,571)                                              |                             | (4,571)            |
| Unrestricted investment earnings |                     |                            |                                          | 127,129                                              | 93,530                      | 220,659            |
| Inter-office charges             |                     |                            |                                          | 313,000                                              | (313,000)                   | -                  |
| Total general revenues           |                     |                            |                                          | 2,931,511                                            | 364,966                     | 3,296,477          |
| Change in net position           |                     |                            |                                          | 554,129                                              | 680,945                     | 1,235,074          |
| Net position - beginning         |                     |                            |                                          | 6,583,459                                            | 4,736,967                   | 11,320,426         |
| Net position - ending            |                     |                            |                                          | \$ 7,137,588                                         | 5,417,912                   | 12,555,500         |

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2026**

|                                                                        | General<br>Fund | Tax Increment<br>Financing<br>Fund II | Tax Increment<br>Financing<br>Fund III | Non-Major<br>Governmental<br>Funds | Total     |
|------------------------------------------------------------------------|-----------------|---------------------------------------|----------------------------------------|------------------------------------|-----------|
| <b><u>Assets</u></b>                                                   |                 |                                       |                                        |                                    |           |
| Cash and cash equivalents                                              | \$ 796,523      | 401,324                               | 232,453                                | 1,206,921                          | 2,637,221 |
| Investments                                                            |                 | 420,000                               | 150,000                                | 390,000                            | 960,000   |
| Receivables, net:                                                      |                 |                                       |                                        |                                    |           |
| Property taxes                                                         | 123,094         | 630,742                               | 318,110                                | 377,718                            | 1,449,664 |
| Intergovernmental                                                      | 186,200         |                                       |                                        | 25,566                             | 211,766   |
| Lease                                                                  | 9,475           |                                       |                                        |                                    | 9,475     |
| Prepaid expenses                                                       |                 |                                       |                                        | 77,770                             | 77,770    |
| Due from other funds                                                   | 63,120          |                                       |                                        |                                    | 63,120    |
| Total Assets                                                           | 1,178,412       | 1,452,066                             | 700,563                                | 2,077,975                          | 5,409,016 |
| <b><u>Liabilities</u></b>                                              |                 |                                       |                                        |                                    |           |
| Accounts payable                                                       | 5,616           | 676                                   | 299                                    | 5,035                              | 11,626    |
| Accrued expenses                                                       | 19,246          |                                       |                                        | 3,138                              | 22,384    |
| Due to other funds                                                     |                 |                                       |                                        | 1,339                              | 1,339     |
| Total Liabilities                                                      | 24,862          | 676                                   | 299                                    | 9,512                              | 35,349    |
| <b><u>Deferred Inflows of Resources</u></b>                            |                 |                                       |                                        |                                    |           |
| Deferred lease                                                         | 9,475           |                                       |                                        |                                    | 9,475     |
| Deferred property tax                                                  | 123,094         | 630,742                               | 318,110                                | 377,718                            | 1,449,664 |
| Total Deferred Inflows of Resources                                    | 132,569         | 630,742                               | 318,110                                | 377,718                            | 1,459,139 |
| <b><u>Fund Balances</u></b>                                            |                 |                                       |                                        |                                    |           |
| Nonspendable                                                           |                 |                                       |                                        | 77,770                             | 77,770    |
| Restricted for:                                                        |                 |                                       |                                        |                                    |           |
| Tax increment financing districts                                      |                 | 820,648                               | 382,154                                |                                    | 1,202,802 |
| Insurance                                                              |                 |                                       |                                        | 290,666                            | 290,666   |
| Motor fuel tax                                                         |                 |                                       |                                        | 402,826                            | 402,826   |
| Hotel-motel tax                                                        |                 |                                       |                                        | 9,210                              | 9,210     |
| Business district tax                                                  |                 |                                       |                                        | 265,518                            | 265,518   |
| ESDA                                                                   |                 |                                       |                                        | 4,669                              | 4,669     |
| Audit                                                                  |                 |                                       |                                        | 101,525                            | 101,525   |
| Social security                                                        |                 |                                       |                                        | 86,122                             | 86,122    |
| Illinois municipal retirement fund                                     |                 |                                       |                                        | 416,582                            | 416,582   |
| Library                                                                |                 |                                       |                                        | 21,248                             | 21,248    |
| Committed:                                                             |                 |                                       |                                        |                                    |           |
| Public safety                                                          |                 |                                       |                                        | 16,257                             | 16,257    |
| Unassigned                                                             | 1,020,981       |                                       |                                        | (1,648)                            | 1,019,333 |
| Total Fund Balances                                                    | 1,020,981       | 820,648                               | 382,154                                | 1,690,745                          | 3,914,528 |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | \$ 1,178,412    | 1,452,066                             | 700,563                                | 2,077,975                          | 5,409,016 |

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**

**April 30, 2026**

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|                                          |              |
|------------------------------------------|--------------|
| Total fund balances - governmental funds | \$ 3,914,528 |
|------------------------------------------|--------------|

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

|                                                                                                                                                                                    |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Capital assets of \$11,257,477 net of accumulated depreciation<br>of \$6,068,292 are not current financial resources and,<br>therefore, are not reported in the governmental fund. | 5,189,185 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                                               |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Net pension obligations are not reported in the fund financial<br>statement because they are not due and payable, but they are<br>presented in the statement of net position. | (178,014) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                           |             |
|---------------------------------------------------------------------------------------------------------------------------|-------------|
| Long-term liabilities are not payable with current financial<br>resources and are not reported in the governmental funds. |             |
| Bonds payable                                                                                                             | (1,580,000) |
| Bond premium                                                                                                              | (101,922)   |
| Compensated absences                                                                                                      | (80,343)    |
| Accrued interest                                                                                                          | (25,846)    |

|                                         |                     |
|-----------------------------------------|---------------------|
| Net position of governmental activities | <u>\$ 7,137,588</u> |
|-----------------------------------------|---------------------|

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year ended April 30, 2026**

|                                                              | General<br>Fund | Tax Increment<br>Financing<br>Fund II | Tax Increment<br>Financing<br>Fund III | Non-Major<br>Governmental<br>Funds | Total     |
|--------------------------------------------------------------|-----------------|---------------------------------------|----------------------------------------|------------------------------------|-----------|
| Revenues:                                                    |                 |                                       |                                        |                                    |           |
| Property taxes                                               | \$ 135,049      | 551,572                               | 234,340                                | 371,155                            | 1,292,116 |
| Income tax                                                   | 334,563         |                                       |                                        |                                    | 334,563   |
| Motor fuel tax                                               |                 |                                       |                                        | 83,849                             | 83,849    |
| Replacement tax                                              | 27,599          |                                       |                                        |                                    | 27,599    |
| Sales tax                                                    | 478,477         |                                       |                                        |                                    | 478,477   |
| Excise tax                                                   | 8,474           |                                       |                                        |                                    | 8,474     |
| Use tax                                                      | 17,165          |                                       |                                        |                                    | 17,165    |
| Video gaming tax                                             | 96,778          |                                       |                                        |                                    | 96,778    |
| Cannabis tax                                                 | 2,789           |                                       |                                        |                                    | 2,789     |
| Other taxes                                                  |                 |                                       |                                        | 137,037                            | 137,037   |
| Donations                                                    | 700             |                                       |                                        | 18,593                             | 19,293    |
| Fines, fees, permits & licenses                              | 33,825          |                                       |                                        | 2,824                              | 36,649    |
| Grants                                                       |                 |                                       |                                        |                                    |           |
| Operating                                                    | 108,628         |                                       |                                        | 7,500                              | 116,128   |
| Interest income                                              | 26,803          | 28,212                                | 12,331                                 | 59,783                             | 127,129   |
| Pool income                                                  | 38,825          |                                       |                                        |                                    | 38,825    |
| Rental income                                                | 9,383           |                                       |                                        |                                    | 9,383     |
| Miscellaneous                                                | 13,614          |                                       |                                        | 3,492                              | 17,106    |
| Total revenues                                               | 1,332,672       | 579,784                               | 246,671                                | 684,233                            | 2,843,360 |
| Expenditures:                                                |                 |                                       |                                        |                                    |           |
| Current:                                                     |                 |                                       |                                        |                                    |           |
| General government                                           | 568,189         |                                       |                                        | 277,839                            | 846,028   |
| Public safety                                                | 557,073         |                                       |                                        | 7,041                              | 564,114   |
| Public works                                                 |                 | 41,860                                | 26,847                                 | 55,597                             | 124,304   |
| Streets and alleys                                           | 186,514         |                                       |                                        | 12,235                             | 198,749   |
| Culture and recreation                                       | 208,376         |                                       |                                        | 78,706                             | 287,082   |
| Debt service:                                                |                 |                                       |                                        |                                    |           |
| Principal                                                    |                 | 60,000                                |                                        |                                    | 60,000    |
| Interest                                                     |                 | 63,350                                |                                        |                                    | 63,350    |
| Capital outlay                                               | 112,065         | 18,056                                | 2,910                                  | 29,276                             | 162,307   |
| Total expenditures                                           | 1,632,217       | 183,266                               | 29,757                                 | 460,694                            | 2,305,934 |
| Excess (deficiency) of revenues<br>over (under) expenditures | (299,545)       | 396,518                               | 216,914                                | 223,539                            | 537,426   |
| Other financing sources (uses):                              |                 |                                       |                                        |                                    |           |
| Inter-office charges                                         | 313,000         |                                       |                                        |                                    | 313,000   |
| Proceeds from disposal of assets                             | 35,750          |                                       |                                        |                                    | 35,750    |
| Transfers in                                                 | 17,000          |                                       |                                        |                                    | 17,000    |
| Transfers out                                                |                 | (5,000)                               | (2,000)                                | (10,000)                           | (17,000)  |
| Total other financing sources (uses)                         | 365,750         | (5,000)                               | (2,000)                                | (10,000)                           | 348,750   |
| Net change in fund balances                                  | 66,205          | 391,518                               | 214,914                                | 213,539                            | 886,176   |
| Fund balances - beginning                                    | 954,776         | 429,130                               | 167,240                                | 1,477,206                          | 3,028,352 |
| Fund balances - ending                                       | \$ 1,020,981    | 820,648                               | 382,154                                | 1,690,745                          | 3,914,528 |

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year ended April 30, 2026**

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Net change in fund balances - governmental funds \$ 886,176

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

Capital outlays are reported as expenditures in the fund financial statements  
because they use current financial resources, but they are presented as  
assets in the Statement of Activities and depreciated over their estimated  
economic lives.

|                                     |           |
|-------------------------------------|-----------|
| Capital asset purchases capitalized | 162,307   |
| Depreciation expense                | (552,596) |
| Loss on disposal of assets          | (40,321)  |

Repayment of loan principal is an expenditure in the fund financial  
statements; however, the repayment reduces long-term  
liabilities in the Statement of Net Position.

60,000

Net change in pension obligations is not recognized in the fund financial  
statements since it does not use current financial resources.

47,768

Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and, therefore, are not  
reported as expenditures in the fund financial statements:

|                              |              |
|------------------------------|--------------|
| Compensated absences         | (15,417)     |
| Accrued interest             | 550          |
| Amortization of bond premium | <u>5,662</u> |

Change in net position of governmental activities \$ 554,129

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**April 30, 2026**

|                                                     | Business-Type Activities<br>Proprietary Funds         |                          |                          |                               |              |
|-----------------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|-------------------------------|--------------|
|                                                     | (Major)<br>Electric Light<br>Plant and<br>System Fund | (Major)<br>Water<br>Fund | (Major)<br>Sewer<br>Fund | (Nonmajor)<br>Garbage<br>Fund | Total        |
| <b><u>Assets</u></b>                                |                                                       |                          |                          |                               |              |
| Current assets:                                     |                                                       |                          |                          |                               |              |
| Cash and cash equivalents                           | \$ 952,702                                            | 149,859                  |                          |                               | 1,102,561    |
| Investments                                         | 937,000                                               | 569,000                  | 187,000                  |                               | 1,693,000    |
| Property taxes receivable                           |                                                       |                          | 27,354                   |                               | 27,354       |
| Accounts receivable, net                            | 204,536                                               | 47,157                   | 59,048                   | 14,472                        | 325,213      |
| Prepaid expenses                                    | 24,675                                                | 7,747                    | 10,567                   |                               | 42,989       |
| Total current assets                                | 2,118,913                                             | 773,763                  | 283,969                  | 14,472                        | 3,191,117    |
| Noncurrent assets:                                  |                                                       |                          |                          |                               |              |
| IMRF pension asset                                  | 25,734                                                | 8,651                    | 3,172                    |                               | 37,557       |
| Capital assets:                                     |                                                       |                          |                          |                               |              |
| Land                                                | 2,000                                                 | 38,000                   |                          |                               | 40,000       |
| Buildings                                           | 130,708                                               | 422,619                  | 3,245,000                |                               | 3,798,327    |
| Systems and infrastructure                          | 9,227,066                                             | 2,827,801                | 3,203,961                |                               | 15,258,828   |
| Equipment                                           | 563,089                                               | 811,144                  | 259,087                  |                               | 1,633,320    |
| Construction in progress                            | 67,878                                                | 133,144                  | 142,525                  |                               | 343,547      |
| Accumulated depreciation                            | (7,540,770)                                           | (2,873,368)              | (5,579,219)              |                               | (15,993,357) |
| Total capital assets                                | 2,449,971                                             | 1,359,340                | 1,271,354                | -                             | 5,080,665    |
| Total noncurrent assets                             | 2,475,705                                             | 1,367,991                | 1,274,526                | -                             | 5,118,222    |
| Total Assets                                        | 4,594,618                                             | 2,141,754                | 1,558,495                | 14,472                        | 8,309,339    |
| <b><u>Deferred Outflows of Resources</u></b>        |                                                       |                          |                          |                               |              |
| Deferred outflows related to<br>pension obligations | 48,511                                                | 16,307                   | 5,980                    |                               | 70,798       |
| Total Assets and Deferred<br>Outflows of Resources  | 4,643,129                                             | 2,158,061                | 1,564,475                | 14,472                        | 8,380,137    |

(Continued)

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF NET POSITION (Continued)**

**PROPRIETARY FUNDS**

**April 30, 2026**

|                                                                       | Business-Type Activities<br>Proprietary Funds         |                          |                          |                               |           |
|-----------------------------------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|-------------------------------|-----------|
|                                                                       | (Major)<br>Electric Light<br>Plant and<br>System Fund | (Major)<br>Water<br>Fund | (Major)<br>Sewer<br>Fund | (Nonmajor)<br>Garbage<br>Fund | Total     |
| <b><u>Liabilities</u></b>                                             |                                                       |                          |                          |                               |           |
| Current liabilities:                                                  |                                                       |                          |                          |                               |           |
| Meter deposits                                                        |                                                       | 32,542                   |                          |                               | 32,542    |
| Accounts payable                                                      | 181,629                                               | 107,453                  | 178,691                  |                               | 467,773   |
| Due to other funds                                                    |                                                       |                          | 38,558                   | 23,223                        | 61,781    |
| Bonds payable, current                                                | 95,000                                                | 27,500                   | 27,500                   |                               | 150,000   |
| Accrued expenses                                                      | 7,847                                                 | 2,362                    | 2,262                    |                               | 12,471    |
| Compensated absences, current portion                                 | 40,880                                                | 8,282                    | 7,606                    |                               | 56,768    |
| Accrued interest                                                      | 8,492                                                 | 10,807                   | 10,808                   |                               | 30,107    |
| Total current liabilities                                             | 333,848                                               | 188,946                  | 265,425                  | 23,223                        | 811,442   |
| Noncurrent liabilities                                                |                                                       |                          |                          |                               |           |
| Unamortized bond premiums                                             | 12,049                                                | 37,951                   | 37,952                   |                               | 87,952    |
| Compensated absences, less<br>current portion                         | 3,558                                                 | 558                      | 583                      |                               | 4,699     |
| Bonds payable less<br>current maturities                              | 500,000                                               | 645,000                  | 645,000                  |                               | 1,790,000 |
| Total noncurrent liabilities                                          | 515,607                                               | 683,509                  | 683,535                  | -                             | 1,882,651 |
| Total Liabilities                                                     | 849,455                                               | 872,455                  | 948,960                  | 23,223                        | 2,694,093 |
| <b><u>Deferred Inflows of Resources</u></b>                           |                                                       |                          |                          |                               |           |
| Deferred inflows related to:                                          |                                                       |                          |                          |                               |           |
| Property tax                                                          |                                                       |                          | 27,354                   |                               | 27,354    |
| Pension obligations                                                   | 164,982                                               | 55,459                   | 20,337                   |                               | 240,778   |
| Total deferred inflows of resources                                   | 164,982                                               | 55,459                   | 47,691                   | -                             | 268,132   |
| <b><u>Net Position</u></b>                                            |                                                       |                          |                          |                               |           |
| Invested in capital assets,<br>net of related debt                    | 1,854,971                                             | 686,840                  | 598,854                  |                               | 3,140,665 |
| Unrestricted                                                          | 1,773,721                                             | 543,307                  | (31,030)                 | (8,751)                       | 2,277,247 |
| Total Net Position                                                    | 3,628,692                                             | 1,230,147                | 567,824                  | (8,751)                       | 5,417,912 |
| Total Liabilities, Deferred Inflows<br>of Resources, and Net Position | \$ 4,643,129                                          | 2,158,061                | 1,564,475                | 14,472                        | 8,380,137 |

See Notes to Financial Statements.

**CITY OF FARMER CITY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year ended April 30, 2026**

|                                            | Business-Type Activities<br>Proprietary Funds         |                          |                          |                               |           |
|--------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|-------------------------------|-----------|
|                                            | (Major)<br>Electric Light<br>Plant and<br>System Fund | (Major)<br>Water<br>Fund | (Major)<br>Sewer<br>Fund | (Nonmajor)<br>Garbage<br>Fund | Total     |
| Operating revenues:                        |                                                       |                          |                          |                               |           |
| Charges for services                       | \$ 2,618,046                                          | 537,437                  | 585,194                  | 152,568                       | 3,893,245 |
| Other                                      | 44,309                                                | 15,243                   | 10,312                   |                               | 69,864    |
| Total operating revenues                   | 2,662,355                                             | 552,680                  | 595,506                  | 152,568                       | 3,963,109 |
| Operating expenses:                        |                                                       |                          |                          |                               |           |
| Personnel services                         | 443,066                                               | 145,985                  | 112,147                  |                               | 701,198   |
| Operations and contractual services        | 1,777,865                                             | 47,093                   | 297,276                  | 152,566                       | 2,274,800 |
| Materials and supplies                     | 42,251                                                | 114,173                  | 123,479                  |                               | 279,903   |
| Depreciation                               | 212,655                                               | 117,548                  | 136,164                  |                               | 466,367   |
| Total operating expenses                   | 2,475,837                                             | 424,799                  | 669,066                  | 152,566                       | 3,722,268 |
| Operating income (loss)                    | 186,518                                               | 127,881                  | (73,560)                 | 2                             | 240,841   |
| Non-operating revenues (expenses):         |                                                       |                          |                          |                               |           |
| Sewer chlorination levy                    |                                                       |                          | 26,183                   |                               | 26,183    |
| State and municipal sales tax              | 125,132                                               | 30,399                   |                          |                               | 155,531   |
| Grants                                     |                                                       | 143,203                  |                          |                               | 143,203   |
| Interest revenue                           |                                                       | 28,238                   | 7,699                    |                               | 35,937    |
| Interest expense                           | (19,685)                                              | (24,190)                 | (24,190)                 |                               | (68,065)  |
| Inter-office charges                       | (213,000)                                             | (52,000)                 | (48,000)                 |                               | (313,000) |
| Insurance proceeds                         | 402,722                                               |                          |                          |                               | 402,722   |
| Investments earnings                       | 57,593                                                |                          |                          |                               | 57,593    |
| Total non-operating<br>revenues (expenses) | 352,762                                               | 125,650                  | (38,308)                 | -                             | 440,104   |
| Change in net position                     | 539,280                                               | 253,531                  | (111,868)                | 2                             | 680,945   |
| Net position (deficit) - beginning         | 3,089,412                                             | 976,616                  | 679,692                  | (8,753)                       | 4,736,967 |
| Net position (deficit) - ending            | \$ 3,628,692                                          | 1,230,147                | 567,824                  | (8,751)                       | 5,417,912 |

See Notes to Financial Statements.

## CITY OF FARMER CITY, ILLINOIS

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended April 30, 2026

|                                                                                                  | Business-Type Activities<br>Proprietary Funds         |                          |                          |                               |                  |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------|-------------------------------|------------------|
|                                                                                                  | (Major)<br>Electric Light<br>Plant and<br>System Fund | (Major)<br>Water<br>Fund | (Major)<br>Sewer<br>Fund | (Nonmajor)<br>Garbage<br>Fund | Total            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                      |                                                       |                          |                          |                               |                  |
| Cash received from customers                                                                     | \$ 2,626,321                                          | 542,034                  | 591,587                  | 152,469                       | 3,912,411        |
| Cash paid to suppliers for goods and services                                                    | (1,682,738)                                           | (57,407)                 | (246,261)                | (152,566)                     | (2,138,972)      |
| Cash paid to employees for services                                                              | (462,369)                                             | (153,842)                | (112,889)                |                               | (729,100)        |
| <b>Net cash flows from operating activities</b>                                                  | <b>481,214</b>                                        | <b>330,785</b>           | <b>232,437</b>           | <b>(97)</b>                   | <b>1,044,339</b> |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                           |                                                       |                          |                          |                               |                  |
| Advances to (from) other funds                                                                   |                                                       |                          | 38,558                   | 97                            | 38,655           |
| Inter-office charges                                                                             | (213,000)                                             | (52,000)                 | (48,000)                 |                               | (313,000)        |
| Grants                                                                                           |                                                       | 143,203                  |                          |                               | 143,203          |
| State and municipal sales tax                                                                    | 125,132                                               | 30,399                   |                          |                               | 155,531          |
| Proceeds from sewer chlorination levy                                                            |                                                       |                          | 26,183                   |                               | 26,183           |
| <b>Net cash flows from noncapital financing activities</b>                                       | <b>(87,868)</b>                                       | <b>121,602</b>           | <b>16,741</b>            | <b>97</b>                     | <b>50,572</b>    |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>                                              |                                                       |                          |                          |                               |                  |
| Purchase of capital assets                                                                       | (278,846)                                             | (377,218)                | (186,421)                |                               | (842,485)        |
| Insurance proceeds                                                                               | 402,722                                               |                          |                          |                               | 402,722          |
| Principal paid on revenue bonds                                                                  | (90,000)                                              | (27,500)                 | (27,500)                 |                               | (145,000)        |
| Interest paid on revenue bonds                                                                   | (21,693)                                              | (26,299)                 | (26,298)                 |                               | (74,290)         |
| <b>Net cash flows from capital financing activities</b>                                          | <b>12,183</b>                                         | <b>(431,017)</b>         | <b>(240,219)</b>         | <b>-</b>                      | <b>(659,053)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                      |                                                       |                          |                          |                               |                  |
| Purchase of investments                                                                          | (278,000)                                             | (20,000)                 | (60,000)                 |                               | (358,000)        |
| Interest from investments                                                                        | 57,593                                                | 28,238                   | 7,699                    |                               | 93,530           |
| <b>Net cash flows from investing activities</b>                                                  | <b>(220,407)</b>                                      | <b>8,238</b>             | <b>(52,301)</b>          | <b>-</b>                      | <b>(264,470)</b> |
| Net increase (decrease) in cash and cash equivalents                                             | 185,122                                               | 29,608                   | (43,342)                 | -                             | 171,388          |
| Cash and cash equivalents, beginning of year                                                     | 767,580                                               | 120,251                  | 43,342                   |                               | 931,173          |
| Cash and cash equivalents, end of year                                                           | 952,702                                               | 149,859                  | -                        | -                             | 1,102,561        |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                                                       |                          |                          |                               |                  |
| Operating income (loss)                                                                          | 186,518                                               | 127,881                  | (73,560)                 | 2                             | 240,841          |
| Adjustments to reconcile operating income (loss) to<br>net cash flows from operating activities: |                                                       |                          |                          |                               |                  |
| Depreciation                                                                                     | 212,655                                               | 117,548                  | 136,164                  |                               | 466,367          |
| Expenses related to pension obligations                                                          | (28,822)                                              | (10,170)                 | (2,739)                  |                               | (41,731)         |
| Change in assets and liabilities:                                                                |                                                       |                          |                          |                               |                  |
| (Increase) decrease in:                                                                          |                                                       |                          |                          |                               |                  |
| Accounts receivable                                                                              | (36,034)                                              | (11,281)                 | (3,919)                  | (99)                          | (51,333)         |
| Prepaid expenses                                                                                 | 13,405                                                | (3,369)                  | (1,244)                  |                               | 8,792            |
| (Decrease) increase in:                                                                          |                                                       |                          |                          |                               |                  |
| Accounts payable                                                                                 | 123,834                                               | 106,896                  | 174,992                  |                               | 405,722          |
| Accrued expenses                                                                                 | 139                                                   | 332                      | 746                      |                               | 1,217            |
| Compensated absences                                                                             | 9,519                                                 | 2,313                    | 1,997                    |                               | 13,829           |
| Meter deposits                                                                                   |                                                       | 635                      |                          |                               | 635              |
| <b>Net cash flows from operating activities</b>                                                  | <b>\$ 481,214</b>                                     | <b>330,785</b>           | <b>232,437</b>           | <b>(97)</b>                   | <b>1,044,339</b> |

See Notes to Financial Statements.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

April 30, 2026

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

**Reporting Entity:** The City of Farmer City (the “City”) is a municipal corporation governed by an elected Mayor and City Council. The accompanying financial statements present the operations of the primary government.

In evaluating how to define the government for financial reporting purposes, the City has considered all potential component units. Generally accepted accounting principles require that the financial statements present component units for which the City is considered to be financially accountable. The City has determined that it is not financially accountable for any component units and, therefore, no component units have been made a part of these statements.

**New Accounting GASB Pronouncements:** During the year ended April 30, 2026, the City implemented the following Governmental Auditing Standards Board (GASB) Statement:

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to vulnerabilities due to certain concentrations or constraints.

**Government-Wide and Fund Financial Statements:** The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are generally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for fees, licenses and permits, (2) fines, (3) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (4) operating and capital grants and contributions. Taxes and other revenue sources not properly included among program revenues are reported instead as 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.

Fund financial statements are used to report additional and more detailed information about the City. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. 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.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The funds are grouped into two fund types and five generic funds as described below.

**Governmental Fund Types:** Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The funds included in this category are as follows:

*General Fund* – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

*Special Revenue Funds* – These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* – These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than that payable from enterprise funds.

*Capital Projects Fund* – This fund is established to account for major capital expenditures not financed by enterprise funds.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The City reports the following major governmental funds:

General Fund: The General Fund is the principal operating fund of the City. It is used to account for all activities not included in other specified funds.

Tax Increment Financing Fund II: This is a special revenue fund used to account for and report all financial resources that are restricted, committed, or assigned to expenditures related to the Tax Increment Financing District II redevelopment project. Revenues are generated from local property taxes.

Tax Increment Financing Fund III: This is a special revenue fund used to account for and report all financial resources that are restricted, committed, or assigned to expenditures related to the Tax Increment Financing District III redevelopment project. Revenues are generated from local property taxes.

Proprietary Fund Types: Proprietary Funds are those that account for operations that are organized to be self-supported through user charges. The funds included in this category are the Enterprise funds.

*Enterprise Funds* – These funds are established to account for operations that are financed and conducted in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City reports the following major proprietary funds:

Electric Light Plant and System Fund: An enterprise fund that accounts for the provision of electric services to residents. All activities necessary to providing such services are accounted for in this fund, including, but not limited to, administration and billing operations, capital outlay and maintenance, financing, and related debt service. Revenues are generated from charges for services.

Water Fund: An enterprise fund that accounts for the provision of water services to residents. All activities necessary to providing such services are accounted for in this fund, including, but not limited to, administration and billing operations, capital outlay and maintenance, financing, and related debt service. Revenues are generated from charges for services.

Sewer Fund: An enterprise fund that accounts for the provision of sewer services to residents. All activities necessary to providing such services are accounted for in this fund, including, but not limited to, administration and billing operations, capital outlay and maintenance, financing, and related debt service. Revenues are generated from charges for services.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Light Plant and Systems, Water, Sewer, and non-major Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Deposits and Investments:** The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Public Funds Investment Act of the State of Illinois allows municipalities to invest in the following:

- Insured commercial banks, savings, and loan institutions
- Obligations of the U.S. Treasury and U.S. Agencies
- Insured credit union shares
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations
- Repurchase agreements
- Short-term commercial paper rated within the three highest classifications by at least two standard rating services
- The Illinois Metropolitan Investment Fund
- The Illinois Fund Investment Pool

**Amounts Due To and From Other Funds:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are advances due to/from other funds. Other outstanding balances between funds are reported as due to/from other funds. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and are not included in the government-wide statement of net position.

**Receivables:** Taxes receivable consist of property taxes, as well as other taxes received in the first 60 days following the fiscal year end, which are accrued as revenue in the statements. Property taxes are levied annually in December and become a lien as of January 1st. Property taxes are recorded on the balance sheet as taxes receivable and deferred inflows of resources at the beginning of the year in the fund statements. Taxes are due in two equal installments in June and September. All uncollected property taxes at year end are reported as taxes receivable. No allowance for doubtful taxes receivable is recorded because delinquent taxes are considered fully collectible.

Accounts receivable consist of amounts due from individuals or organizations for goods and services. Receivable amounts exclude any amounts estimated to be uncollectible at year end.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

**Prepaid Expenses:** Payments to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses and are accounted for using the consumption method.

**Capital Assets:** Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets consisting of property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost exceeding \$ 5,000 and an estimated useful life in excess of twenty-four consecutive months. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are stated at their fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is expensed as incurred. No interest expense was incurred by the City for construction projects during the current fiscal year.

Depreciation of all exhaustible capital assets and intangible assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation and amortization are reported on the proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

|                                 |             |
|---------------------------------|-------------|
| Electric light plant and system | 20-30 years |
| Waterworks and sewerage system  | 20-30 years |
| Infrastructure                  | 20 years    |
| Machinery and equipment         | 5-10 years  |
| Furniture and office equipment  | 5-10 years  |

Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems. The City has elected to report only those infrastructure fixed assets that were acquired or constructed after April 30, 2005.

**Compensated Absences:** It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A percentage of accumulated sick leave is accrued in the same financial statements based on the average usage over the prior three years. The General Fund is the primary fund to liquidate the governmental activities liability for compensated absences. Governmental activities and proprietary fund financial statements reflect total liabilities of \$ 80,343 and \$ 61,467, respectively, as compensated absences at April 30, 2026.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

**Long-Term Debt:** In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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

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

**Equity Classification in Government -Wide Statements:** Equity is classified as net position and displayed in three components:

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

Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. None of the restricted net position result from enabling legislation adopted by the City.

Unrestricted net position: All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

**Equity Classification in Governmental Fund Statements:** The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable fund balance – Amounts that are not in a spendable form (such as inventory, prepaid expenses, long-term receivables) or are required to be maintained intact.

Restricted fund balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned fund balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City establishes (modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment. Assigned fund balances are established by the City through the same process as intended for specific purposes (such as the purchase or construction of capital assets, debt service, or for other purposes).

**Net Position Flow Assumption:** Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted to have been depleted before unrestricted is applied.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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

**Fund Balance Flow Assumptions:** Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Budgets and Budgetary Accounting:** The City is under the appropriations method as described in the Illinois Compiled Statutes. The Annual Appropriations Ordinance passed by the City is the legally binding document which restricts the City's maximum expenditure of funds.

**Use of Estimates:** Management of the City has made certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the period. Actual results could differ from those estimates.

**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 activities and balances in the fund financial statements have been eliminated or reclassified. Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

#### Note 2 - Deposits and Investments

##### Deposits

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents". The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. In addition, investments are separately held by several of the City's funds. The investments are governed by an investment policy.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 2 - Deposits and Investments, continued

##### Deposits, continued

The carrying amount of the City's deposits with financial institutions was \$ 3,739,422 and the bank balance was \$ 3,818,369, at April 30, 2026. The institutions' balances are categorized as follows:

##### Demand Deposits

|                                                                                                                            |                     |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|
| Amount insured by FDIC                                                                                                     | \$ 234,731          |
| Uninsured and collateralized with securities held by the<br>pledging financial institution but not in the name of the City | <u>2,688,939</u>    |
| Total demand deposits                                                                                                      | <u>\$ 2,923,670</u> |

##### Time Deposits

|                                                                                                                            |                   |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|
| Amount insured by FDIC                                                                                                     | \$ 268,643        |
| Uninsured and collateralized with securities held by the<br>pledging financial institution but not in the name of the City | <u>626,056</u>    |
| Total time deposits                                                                                                        | <u>\$ 894,699</u> |
| Total balance uninsured and uncollateralized                                                                               | <u>\$ -</u>       |

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of April 30, 2026, \$ 3,314,995 of the City's bank balance of \$ 3,818,369 was exposed to custodial credit risk. The City mitigates this risk by entering into collateral agreements for uninsured cash amounts on deposit.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 2 - Deposits and Investments, continued

##### Investments

The City invests excess unrestricted cash reserves with the Illinois Metropolitan Investment Fund (IMET). IMET is an actively managed investment fund for Illinois units of local government, which offers two investment options, the IMET 1-3 Year Series and the IMET Convenience Series. Both investment options are comprised of collateralized bank deposits, FDIC insured certificates of deposit, and U.S. Government securities. At April 30, 2026, the City's funds invested with IMET were as follows:

| <u>Fund</u>      | <u>Shares Held</u> | <u>Price per Share</u> | <u>Fair Value</u> |
|------------------|--------------------|------------------------|-------------------|
| Convenience Fund | 2,653,000          | \$ 1.0000              | \$ 2,653,000      |

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to the investment, the City will not be able to recover the value of their investments that are in the possession of an outside party. The City limits the exposure to credit risk by limiting investments to securities in accordance with their respective policies, prequalifying institutions, and diversifying the portfolio so the impact of potential losses from any one type of security or from one individual issuer will be minimized.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The City limits the exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing funds in secured investment pools.

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2026**

**Note 3 - Capital Assets**

Capital asset activity for the fiscal year ended April 30, 2026 was as follows:

|                                       | Balance<br>April 30, 2025 | Additions | Deletions | Balance<br>April 30, 2026 |
|---------------------------------------|---------------------------|-----------|-----------|---------------------------|
| <b>Governmental activities:</b>       |                           |           |           |                           |
| Capital assets not being depreciated: |                           |           |           |                           |
| Land                                  | \$ 155,413                |           |           | 155,413                   |
| Construction in progress              | 135,207                   | 34,944    |           | 170,151                   |
| Total assets not being depreciated    | 290,620                   | 34,944    | -         | 325,564                   |
| Capital assets being depreciated:     |                           |           |           |                           |
| Buildings                             | 3,641,654                 |           |           | 3,641,654                 |
| Equipment                             | 1,209,222                 | 73,298    | (69,500)  | 1,213,020                 |
| Infrastructure                        | 5,235,882                 | 54,065    |           | 5,289,947                 |
| Land improvements                     | 787,292                   |           |           | 787,292                   |
| Total assets being depreciated        | 10,874,050                | 127,363   | (69,500)  | 10,931,913                |
| Less accumulated depreciation for:    |                           |           |           |                           |
| Buildings                             | (1,418,267)               | (82,756)  |           | (1,501,023)               |
| Equipment                             | (559,282)                 | (153,499) | 29,179    | (683,602)                 |
| Infrastructure                        | (3,431,994)               | (275,254) |           | (3,707,248)               |
| Land improvement                      | (135,332)                 | (41,087)  |           | (176,419)                 |
| Total accumulated depreciation        | (5,544,875)               | (552,596) | 29,179    | (6,068,292)               |
| Total assets being depreciated, net   | 5,329,175                 | (425,233) | (40,321)  | 4,863,621                 |
| Governmental activities, net          | \$ 5,619,795              | (390,289) | (40,321)  | 5,189,185                 |

Depreciation expense for the year ended April 30, 2026 was charged to functions of the City as follows:

|                                                      |                   |
|------------------------------------------------------|-------------------|
| General government                                   | \$ 129,224        |
| Public safety                                        | 38,369            |
| Public works                                         | 204,604           |
| Streets and alleys                                   | 85,724            |
| Culture and recreation                               | 94,675            |
| Total depreciation expense - governmental activities | <u>\$ 552,596</u> |

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2026**

**Note 3 - Capital Assets, continued**

|                                       | Balance<br>April 30, 2025 | Additions | Deletions | Balance<br>April 30, 2026 |
|---------------------------------------|---------------------------|-----------|-----------|---------------------------|
| <b>Business-type activities:</b>      |                           |           |           |                           |
| Capital assets not being depreciated: |                           |           |           |                           |
| Land                                  | \$ 40,000                 |           |           | 40,000                    |
| Construction in progress              | 101,242                   | 242,305   |           | 343,547                   |
| Total assets not being depreciated    | 141,242                   | 242,305   | -         | 383,547                   |
| Capital assets being depreciated:     |                           |           |           |                           |
| Buildings                             | 3,798,327                 |           |           | 3,798,327                 |
| Systems and infrastructure            | 14,916,067                | 342,761   |           | 15,258,828                |
| Equipment                             | 1,375,901                 | 257,419   |           | 1,633,320                 |
| Total assets being depreciated        | 20,090,295                | 600,180   | -         | 20,690,475                |
| Less accumulated depreciation for:    |                           |           |           |                           |
| Buildings                             | (3,798,327)               |           |           | (3,798,327)               |
| Systems and infrastructure            | (10,578,803)              | (405,161) |           | (10,983,964)              |
| Equipment                             | (1,149,860)               | (61,206)  |           | (1,211,066)               |
| Total accumulated depreciation        | (15,526,990)              | (466,367) | -         | (15,993,357)              |
| Total assets being depreciated, net   | 4,563,305                 | 133,813   | -         | 4,697,118                 |
| Business-type activities, net         | \$ 4,704,547              | 376,118   | -         | 5,080,665                 |

Depreciation expense for the year ended April 30, 2026 was charged to functions of the City as follows:

|                                                       |                   |
|-------------------------------------------------------|-------------------|
| Electric light plant and system                       | \$ 212,655        |
| Water                                                 | 117,548           |
| Sewer                                                 | 136,164           |
| Total depreciation expense - business-type activities | <u>\$ 466,367</u> |

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 4 - Long-term Debt

##### Governmental Activities:

**Alternate Revenue Bonds – Series 2019B:** During the fiscal year ended April 30, 2020, the City issued \$ 1,930,000 of General Obligation Bonds (Alternative Revenue Source), Series 2019B. Proceeds of this issue were used for street and other infrastructure improvements. Repayment commenced December 1, 2019 with regular payments due December 1<sup>st</sup> and June 1<sup>st</sup> annually and a final payment due December 1, 2043.

Remaining liabilities under the Series 2019B Alternate Revenue Bond at April 30, 2026 were as follows:

| <u>Year ending April 30,</u> | <u>Interest Rate</u> | <u>Principal</u>    | <u>Interest</u> | <u>Total</u>     |
|------------------------------|----------------------|---------------------|-----------------|------------------|
| 2027                         | 2.20%                | \$ 65,000           | 62,030          | 127,030          |
| 2028                         | 4.00%                | 65,000              | 60,600          | 125,600          |
| 2029                         | 4.00%                | 65,000              | 58,000          | 123,000          |
| 2030                         | 4.00%                | 70,000              | 55,400          | 125,400          |
| 2031                         | 4.00%                | 70,000              | 52,600          | 122,600          |
| 2032-2036                    | 4.00%                | 410,000             | 217,600         | 627,600          |
| 2037-2041                    | 4.00%                | 490,000             | 129,200         | 619,200          |
| 2042-2044                    | 4.00%                | 345,000             | 28,000          | 373,000          |
|                              |                      | <u>\$ 1,580,000</u> | <u>663,430</u>  | <u>2,243,430</u> |

##### Business-Type Activities:

**Alternate Revenue Bonds – Series 2017:** During the fiscal year ended April 30, 2018, the City issued \$ 1,130,000 of General Obligation Bonds (Alternative Revenue Source), Series 2017. Proceeds of this issue were used to pay down the callable portion of the Series 2011 bond issue. These bonds are due in annual installments of \$ 10,000 to \$ 105,000 commencing December 1, 2018 through 2031, with interest rates ranging from 2% to 4%. Interest is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2018.

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2026**

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**Note 4 - Long-term Debt, continued**

Business-Type Activities, continued:

Remaining liabilities under the Series 2017 Alternate Revenue Bond at April 30, 2026 were as follows:

| <u>Year ending April 30,</u> | <u>Interest Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|------------------|-----------------|--------------|
| 2027                         | 2.80%                | \$ 95,000        | 20,380          | 115,380      |
| 2028                         | 2.80%                | 95,000           | 17,720          | 112,720      |
| 2029                         | 2.80%                | 95,000           | 15,060          | 110,060      |
| 2030                         | 4.00%                | 100,000          | 12,400          | 112,400      |
| 2031                         | 4.00%                | 105,000          | 8,400           | 113,400      |
| 2032                         | 4.00%                | 105,000          | 4,200           | 109,200      |
| Total                        |                      | \$ 595,000       | 78,160          | 673,160      |

**Alternate Revenue Bonds – Series 2019A:** During the fiscal year ended April 30, 2020, the City issued \$ 1,650,000 of General Obligation Bonds (Alternative Revenue Source), Series 2019A. Proceeds of this issue were used to support major infrastructure improvements in the Water and Sewer Funds. Repayment commenced December 1, 2019 with regular payments due December 1<sup>st</sup> and June 1<sup>st</sup> annually and a final payment due December 1, 2043.

Remaining liabilities under the Series 2019A Alternate Revenue Bond at April 30, 2026 were as follows:

| <u>Year ending April 30,</u> | <u>Interest Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|------------------|-----------------|--------------|
| 2027                         | 2.25%                | \$ 55,000        | 51,875          | 106,875      |
| 2028                         | 2.25%                | 55,000           | 50,637          | 105,637      |
| 2029                         | 4.00%                | 55,000           | 49,400          | 104,400      |
| 2030                         | 4.00%                | 60,000           | 47,200          | 107,200      |
| 2031                         | 4.00%                | 60,000           | 44,800          | 104,800      |
| 2032-2036                    | 4.00%                | 345,000          | 185,400         | 530,400      |
| 2027-2041                    | 4.00%                | 420,000          | 110,400         | 530,400      |
| 2042-2044                    | 4.00%                | 295,000          | 23,800          | 318,800      |
| Total                        |                      | \$ 1,345,000     | 563,512         | 1,908,512    |

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

#### Note 4 - Long-term Debt, continued

**Changes in Long-Term Liabilities:** Changes in general long-term liability activity for the year ended April 30, 2026 was as follows:

|                                  | Balance<br>May 1, 2025 | Additions     | Reductions     | Balance<br>April 30, 2026 | Due Within<br>One Year |
|----------------------------------|------------------------|---------------|----------------|---------------------------|------------------------|
| <u>Governmental Activities:</u>  |                        |               |                |                           |                        |
| Alternate Revenue:               |                        |               |                |                           |                        |
| Series 2019B                     | \$ 1,640,000           |               | 60,000         | 1,580,000                 | 65,000                 |
| Net Pension Liability            | 231,221                |               | 231,221        | -                         |                        |
| Compensated Absences             | 64,926                 | 15,417        |                | 80,343                    | 74,369                 |
| Unamortized bond premiums        | 107,584                |               | 5,662          | 101,922                   | 5,662                  |
|                                  | <u>2,043,731</u>       | <u>15,417</u> | <u>296,883</u> | <u>1,762,265</u>          | <u>145,031</u>         |
| <u>Business-Type Activities:</u> |                        |               |                |                           |                        |
| Alternate Revenue:               |                        |               |                |                           |                        |
| Series 2017                      | 685,000                |               | 90,000         | 595,000                   | 95,000                 |
| Series 2019A                     | 1,400,000              |               | 55,000         | 1,345,000                 | 55,000                 |
| Net Pension Liability            | 178,349                |               | 178,349        | -                         |                        |
| Compensated Absences             | 47,638                 | 13,829        |                | 61,467                    | 56,768                 |
| Unamortized bond premiums        | 94,177                 |               | 6,225          | 87,952                    | 6,225                  |
|                                  | <u>2,405,164</u>       | <u>13,829</u> | <u>329,574</u> | <u>2,089,419</u>          | <u>212,993</u>         |
| Total                            | <u>\$ 4,448,895</u>    | <u>29,246</u> | <u>626,457</u> | <u>3,851,684</u>          | <u>358,024</u>         |

#### Note 5 - Property Taxes

The City's tax levy ordinance related to the taxes collected in 2026 was adopted December 2025. Property taxes are assessed and attached as an enforceable lien on property as of January 1 of each year. Taxes normally are collected between May 1 and September 1 (the last day of payment without penalty or interest) of the following year. The DeWitt County Treasurer is responsible for collecting and disbursing the tax monies to the City, with disbursement to the City typically made in three separate installments between June and November.

In accordance with generally accepted accounting principles, property taxes are recognized as revenue in the budgetary year for which they are levied. Property taxes receivable are recorded as deferred revenue since they are budgeted to pay next year's expenses.

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2026**

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**Note 5 - Property Taxes, continued**

Property taxes receivable as of April 30, 2026, consist of the following:

|                                  | <u>2025 Tax<br/>Levy Year</u> |
|----------------------------------|-------------------------------|
| General Fund                     | \$ 123,094                    |
| Tax Increment Financing Fund II  | 630,742                       |
| Tax Increment Financing Fund III | 318,110                       |
| Non-Major Governmental Funds     | 377,718                       |
| Proprietary Funds                | <u>27,354</u>                 |
| Total                            | <u>\$ 1,477,018</u>           |

**Note 6 - Interfund Transactions**

During the course of normal operations, the City has many transactions between funds including expenses and transfers of resources primarily to provide services. Individual fund interfund receivable and payable balances at April 30, 2026 arising from these transactions follow:

|                             | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|-----------------------------|----------------------------------|-------------------------------|
| Governmental Funds:         |                                  |                               |
| General Fund                | \$ 63,120                        |                               |
| Nonmajor Governmental Funds |                                  | 1,339                         |
| Proprietary Funds:          |                                  |                               |
| Sewer Fund                  |                                  | 38,558                        |
| Garbage Fund                |                                  | <u>23,223</u>                 |
|                             | <u>\$ 63,120</u>                 | <u>63,120</u>                 |

The above amounts due between funds are the result of temporary loans made through the shared bank account for operations. The operating checking and money market account balances are split among several funds, and when one fund overdraws its portion of the account, the other funds make up the difference.

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2026**

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**Note 6 - Interfund Transactions, continued**

Transfers are used to provide resources from unrestricted funds revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers consist of the following transactions:

|                                  | Transfer<br>In   | Transfer<br>Out |
|----------------------------------|------------------|-----------------|
| Governmental Funds:              |                  |                 |
| General Fund                     | \$ 17,000        |                 |
| Tax Increment Financing Fund II  |                  | 5,000           |
| Tax Increment Financing Fund III |                  | 2,000           |
| Nonmajor governmental funds      |                  | 10,000          |
|                                  | <u>\$ 17,000</u> | <u>17,000</u>   |

All of the above transfers were for administrative costs and various reclassifications.

Inter-office charges are year-end transfers into the General Fund to support the administrative duties conducted on behalf of the other funds. For the year ended April 30, 2026, inter-office charges included:

|              | Transfer<br>To    | Transfer<br>From |
|--------------|-------------------|------------------|
| General Fund | \$ 313,000        |                  |
| Water        |                   | 52,000           |
| Sewer        |                   | 48,000           |
| Electric     |                   | 213,000          |
|              | <u>\$ 313,000</u> | <u>313,000</u>   |

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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#### Note 7 - Defined Benefit Pension Plan

##### Plan Description

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

##### Benefits Provided

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

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

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

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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#### Note 7 - Defined Benefit Pension Plan, continued

##### Employees Covered by Benefit Terms

As of December 31, 2025, the following employees were covered by the benefit terms:

|                                                                  |                  |
|------------------------------------------------------------------|------------------|
| Retirees and beneficiaries currently receiving benefits          | 37               |
| Inactive plan members entitled to but not yet receiving benefits | 22               |
| Active plan members                                              | <u>20</u>        |
| Total                                                            | <u><u>79</u></u> |

##### Contributions

As set by statute, the City's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2025 was 10.60%. For the calendar year ended December 31, 2025, the City contributed \$ 144,593 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

##### Net Pension Liability/(Asset)

The City's net pension liability/(asset) was measured as of December 31, 2025. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The amount is included on the Statement of Net Position.

##### Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability as of December 31, 2025:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Fair Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.

##### Mortality Assumptions

For **non-disabled retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2026

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#### Note 7 - Defined Benefit Pension Plan, continued

##### Mortality Assumptions, continued

For **disabled retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

For **active members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

##### Long-Term Expected Real Rate of Return

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2025.

| Asset Class             | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|-------------------------|-----------------------------|----------------------------------------|
| Domestic equity         | 32.5%                       | 7.35%                                  |
| International equity    | 18.0%                       | 7.45%                                  |
| Fixed income            | 24.0%                       | 4.75%                                  |
| Real estate             | 10.5%                       | 6.25%                                  |
| Alternative investments | 14.0%                       | 3.90 - 8.50%                           |
| Cash equivalents        | 1.0%                        | 3.00%                                  |

##### Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2025. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects: 1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and 2) the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.83%, and the resulting single discount rate is 7.25%.

**CITY OF FARMER CITY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2026**

**Note 7 - Defined Benefit Pension Plan, continued**

Changes in Net Pension Liability/(Asset)

|                                                                                   | Increase/ (Decrease)           |                                    |                                                |
|-----------------------------------------------------------------------------------|--------------------------------|------------------------------------|------------------------------------------------|
|                                                                                   | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability/<br>(Asset)<br>(a) - (b) |
| Balance at December 31, 2024                                                      | \$ 7,210,635                   | 6,801,065                          | 409,570                                        |
| Service cost                                                                      | 112,019                        |                                    | 112,019                                        |
| Interest on total pension liability                                               | 509,279                        |                                    | 509,279                                        |
| Differences between expected and actual experience of the total pension liability | 163,981                        |                                    | 163,981                                        |
| Benefit payments, including refunds of employee contributions                     | (527,969)                      | (527,969)                          | -                                              |
| Contributions – employer                                                          |                                | 144,592                            | (144,592)                                      |
| Contributions – employee                                                          |                                | 76,915                             | (76,915)                                       |
| Net investment income                                                             |                                | 1,067,800                          | (1,067,800)                                    |
| Other (Net Transfer)                                                              |                                | (6,413)                            | 6,413                                          |
| Balance at December 31, 2025                                                      | <u>\$ 7,467,945</u>            | <u>7,555,990</u>                   | <u>(88,045)</u>                                |
| Plan fiduciary net position as a percentage of the total pension liability        |                                |                                    | 101.18%                                        |
| Covered valuation payroll                                                         |                                |                                    | 1,364,077                                      |
| Net pension liability as a percentage of covered valuation payroll                |                                |                                    | -6.45%                                         |

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

|                               | 1% Lower<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Higher<br>(8.25%) |
|-------------------------------|---------------------|-------------------------------------|----------------------|
| Net pension liability/(asset) | <u>\$ 706,787</u>   | <u>(88,045)</u>                     | <u>(726,609)</u>     |

# CITY OF FARMER CITY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

### Note 7 - Defined Benefit Pension Plan, continued

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

For the year ended April 30, 2026, the City recognized pension expense of \$ 95,863. At April 30, 2026, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                    | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                  | \$ 120,017                        |                                  |
| Net difference between projected and actual earning on<br>pension plan investments |                                   | 564,452                          |
| Total deferred amounts to be recognized in pension expense<br>in future periods    | 120,017                           | 564,452                          |
| Pension plan contributions made subsequent to the<br>measurement date              | 45,953                            |                                  |
| Total deferred amounts related to pension                                          | \$ 165,970                        | 564,452                          |

\$ 45,953 reported as deferred outflows of resources related to pension resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2027.

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

| Year Ending<br>December 31, | Net Deferred<br>Inflows of<br>Resources |
|-----------------------------|-----------------------------------------|
| 2026                        | \$ 91,415                               |
| 2027                        | (226,439)                               |
| 2028                        | (188,758)                               |
| 2029                        | (120,653)                               |
| Thereafter                  | -                                       |
|                             | <u>\$ (444,435)</u>                     |

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 7 - Defined Benefit Pension Plan, continued

##### Change in Net Pension Liability (Asset)

|                                      | April 30,<br>2025 | Additions | Deletions | April 30,<br>2026 |
|--------------------------------------|-------------------|-----------|-----------|-------------------|
| Net pension liability (asset) - IMRF | \$ 409,570        |           | 497,615   | (88,045)          |

#### Note 8 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State of Illinois to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for its member municipalities.

The City pays an annual premium to IMLRMA for its general insurance coverage which includes workers' compensation, comprehensive general liability, inland marine, automobile physical damage, and property loss. Each area of coverage is subject to limitations that would be comparable to commercial insurance coverage. The agreement for formation of the IMLRMA provides that IMLRMA will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of \$ 15 million for each insured event. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

Effective January 1, 2026, the City switched its risk management and insurance coverages to Illinois Counties Risk Management Trust (ICRMT) and Illinois Public Risk Fund (IPRF).

#### Note 9 - Legal Debt Margin

The statutory debt limit of the City is 8.625% of assessed valuation, less any applicable debt. The legal debt margin at April 30, 2026 is as follows:

|                                          |                             |
|------------------------------------------|-----------------------------|
| Total Assessed Valuation – 2025 Tax Year | <u>\$ 27,354,245</u>        |
| Statutory Debt Limitation:               |                             |
| 8.625% of Assessed Valuation             | 2,359,304                   |
| Less: Total Applicable Debt - None       | <u>                    </u> |
| Legal Debt Margin                        | <u>\$ 2,359,304</u>         |

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 10 - Intergovernmental Receivables

Intergovernmental taxes receivable as of April 30, 2026, consist of the following:

|                                                    |            |
|----------------------------------------------------|------------|
| Income tax – General Fund                          | \$ 76,426  |
| Replacement tax – General Fund                     | 5,374      |
| Sales tax – General Fund                           | 41,579     |
| Excise tax – General Fund                          | 1,248      |
| Use tax – General Fund                             | 2,465      |
| Video gaming tax – General Fund                    | 16,019     |
| Cannabis tax – General Fund                        | 535        |
| Home rule tax – General Fund                       | 39,740     |
| Grocery tax – General Fund                         | 2,814      |
| Motor fuel tax – Motor Fuel Tax Fund               | 6,748      |
| Business district tax – Business District Tax Fund | 18,818     |
|                                                    | <hr/>      |
| Total                                              | \$ 211,766 |

#### Note 11 - Fair Value Measurements

The City has determined the fair value of its investments through application of GASB Statement No. 72 *Fair Value Measurement and Application*. Fair value measurements are categorized into one of three levels based on the lowest level of significant input:

- Level 1 – Value is based on observable inputs that reflect quoted prices in active markets, for identical assets or liabilities, for which the government has access to.
- Level 2 – Value is based on inputs that reflect quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- Level 3 – Value is based on unobservable inputs for the asset or liability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

## CITY OF FARMER CITY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2026

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#### Note 11 - Fair Value Measurements, continued

The fair value of the City's investments, measured on a recurring basis, are as follows at April 30, 2026:

| Fair Value Measurements at Reported Date, using: |              |           |           |
|--------------------------------------------------|--------------|-----------|-----------|
| Fair Value                                       | (Level 1)    | (Level 2) | (Level 3) |
| IMET Convenience Fund                            | \$ 2,653,000 | 2,653,000 |           |

#### Note 12 - Leases

**City as Lessor:** The City leases a portion of its property to Mediacom Illinois LLC for their use in constructing, operating, maintaining, repairing, replacing, relocating, and removing equipment related to its communications systems. The original lease term is for a period of five years beginning May 1, 2018 and ending April 30, 2023, and automatically renews for an additional five year term unless lessee gives written notice of its desire not to renew. The lease was automatically renewed at April 30, 2023 for the additional five years. After the renewal term, the agreement will continue for successive terms of one month each until terminated by either party. Monthly rental payments under the lease increase each year. For the first five years of the original term, monthly payments ranged from \$ 350 to \$ 394. Monthly payments during the five year renewal term range from \$ 406 to \$ 457.

Total rent received during the fiscal year ended April 30, 2026 was \$ 5,166.

Total annual amounts of rent expected to be received in future years are as follows:

|       | Principal | Implied Interest | Present Value of Lease Receivable |
|-------|-----------|------------------|-----------------------------------|
| 2027  | \$ 5,320  | (584)            | 4,736                             |
| 2028  | 5,480     | (741)            | 4,739                             |
| Total | \$ 10,800 | (1,325)          | 9,475                             |

## **CITY OF FARMER CITY, ILLINOIS**

### **NOTES TO FINANCIAL STATEMENTS (Continued)** **April 30, 2026**

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#### **Note 13 - Deficit Fund Balance**

The following funds had a deficit fund balance at April 30, 2026:

| <b>Fund</b>           | <b>Amount</b> |
|-----------------------|---------------|
| Governmental Funds    |               |
| School Crossing Guard | \$ (1,648)    |
| Proprietary Fund      |               |
| Garbage               | (8,751)       |

The City anticipates funding the deficits with future revenues.

#### **Note 14 - Insurance Recoveries**

During the year ended April 30, 2026, the City received insurance proceeds totaling \$ 402,722 related to damages to a generator and electric pole.

#### **Note 15 - Availability Payment Arrangement**

In March 2024, the City Council approved a Redevelopment Agreement between the City of Farmer City and Tabeling Development Company, LLC (Developer) to create a total of approximately 17 acres of buildable lots, build, manage, and own a 16-unit apartment complex, construct a commercial retail center, and construct approximately 300 feet of east west road. Developer reimbursements or payments it is to receive under this Agreement shall be contingent on the number of units it has completed. Reimbursement amounts will be capped at \$ 60,000 each year for the first five years for the apartment complex and \$ 30,000 each year for the first five years for the commercial retail center. After that, reimbursement amounts shall be up to 75% of tax increment available, until all eligible redevelopment project costs are fully reimbursed. The total eligible redevelopment project costs combined shall be capped at \$ 1,500,000, or upon the end of tax year 2042, whichever occurs first. During the year ended April 30, 2026, the City reimbursed the developer \$ 9,515. As of April 30, 2026, a total of \$ 39,119 has been reimbursed.

#### **Note 16 - Subsequent Events**

No events have occurred subsequent to April 30, 2026 that are required to be disclosed in these financial statements. This evaluation was made as of October 6, 2026, the date these financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FARMER CITY, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**

**Last 10 Calendar Years**

|                                                                                   | 2025        | 2024      | 2023      |
|-----------------------------------------------------------------------------------|-------------|-----------|-----------|
| <b>Total pension liability:</b>                                                   |             |           |           |
| Service cost                                                                      | \$ 112,019  | 123,507   | 130,950   |
| Interest on the total pension liability                                           | 509,279     | 496,706   | 483,855   |
| Changes in benefit terms                                                          |             |           |           |
| Differences between expected and actual experience on the total pension liability | 163,981     | 51,169    | 19,210    |
| Changes in assumptions                                                            |             |           | (12,566)  |
| Benefit payments, including refunds of employee contributions                     | (527,969)   | (468,978) | (422,013) |
| Net change in total pension liability                                             | 257,310     | 202,404   | 199,436   |
| Total pension liability - beginning                                               | 7,210,635   | 7,008,231 | 6,808,795 |
| Total pension liability - ending (a)                                              | 7,467,945   | 7,210,635 | 7,008,231 |
| <b>Plan fiduciary net position:</b>                                               |             |           |           |
| Employer contributions                                                            | 144,592     | 149,623   | 158,039   |
| Employee contributions                                                            | 76,915      | 72,618    | 71,538    |
| Net investment income                                                             | 1,067,800   | 781,188   | 815,196   |
| Benefit payments, including refunds of member contributions                       | (527,969)   | (468,978) | (422,013) |
| Other (net transfer)                                                              | (6,413)     | (8,997)   | (4,067)   |
| Net change in plan fiduciary net position                                         | 754,925     | 525,454   | 618,693   |
| Plan fiduciary net position - beginning                                           | 6,801,065   | 6,275,611 | 5,656,918 |
| Plan fiduciary net position - ending (b)                                          | 7,555,990   | 6,801,065 | 6,275,611 |
| Employer's net pension liability (a) - (b)                                        | \$ (88,045) | 409,570   | 732,620   |
| Plan fiduciary net position as a percentage of the total pension liability        | 101.18%     | 94.32%    | 89.55%    |
| Covered-employee payroll                                                          | 1,364,077   | 1,296,555 | 1,325,853 |
| Employer's net pension liability as a percentage of covered-employee payroll      | -6.45%      | 31.59%    | 55.26%    |

| 2022        | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 124,028     | 109,917   | 119,439   | 104,933   | 99,756    | 101,415   | 102,665   |
| 473,171     | 463,773   | 443,728   | 430,563   | 407,218   | 393,962   | 363,424   |
| (43,057)    | (47,521)  | 138,498   | (506)     | 121,648   | 70,887    | 133,614   |
|             |           | (11,084)  |           | 154,434   | (151,093) | (24,681)  |
| (411,534)   | (403,783) | (414,891) | (306,436) | (246,388) | (228,791) | (157,624) |
| 142,608     | 122,386   | 275,690   | 228,554   | 536,668   | 186,380   | 417,398   |
| 6,666,187   | 6,543,801 | 6,268,111 | 6,039,557 | 5,502,889 | 5,316,509 | 4,899,111 |
| 6,808,795   | 6,666,187 | 6,543,801 | 6,268,111 | 6,039,557 | 5,502,889 | 5,316,509 |
| 160,576     | 167,848   | 174,720   | 152,903   | 194,628   | 147,314   | 139,281   |
| 64,606      | 54,632    | 55,370    | 46,839    | 43,195    | 42,177    | 42,859    |
| (960,814)   | 1,057,888 | 751,196   | 847,715   | (230,954) | 654,289   | 262,995   |
| (411,534)   | (403,783) | (414,891) | (306,436) | (246,388) | (228,791) | (157,624) |
| 139,319     | (242,650) | 143,046   | 15,909    | 162,695   | (12,682)  | 15,304    |
| (1,007,847) | 633,935   | 709,441   | 756,930   | (76,824)  | 602,307   | 302,815   |
| 6,664,765   | 6,030,830 | 5,321,389 | 4,564,459 | 4,641,283 | 4,038,976 | 3,736,161 |
| 5,656,918   | 6,664,765 | 6,030,830 | 5,321,389 | 4,564,459 | 4,641,283 | 4,038,976 |
| 1,151,877   | 1,422     | 512,971   | 946,722   | 1,475,098 | 861,606   | 1,277,533 |
| 83.08%      | 99.98%    | 92.16%    | 84.90%    | 75.58%    | 84.34%    | 75.97%    |
| 1,222,043   | 1,201,498 | 1,092,682 | 1,040,868 | 959,900   | 937,264   | 938,554   |
| 94.26%      | 0.12%     | 46.95%    | 90.96%    | 153.67%   | 91.93%    | 136.12%   |

**CITY OF FARMER CITY, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND  
NOTES TO SCHEDULE OF CHANGES IN THE CITY'S  
NET PENSION LIABILITY AND RELATED RATIOS  
Year ended April 30, 2026**

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Most Recent Calendar Year

This schedule is presented to illustrate the requirement to show information for 10 consecutive years.

Changes in Assumptions:

|      |                                                                                                                                                                                     |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2016 | Changes are primarily from a change in the calculated single discount rate from 7.47% in 2015 to 7.50% in 2016.                                                                     |
| 2017 | Changes are primarily from adopting an IMRF specific mortality table with fully generational projection scale MP-2017 (base year 2015) developed from the RP-2014 mortality tables. |
| 2018 | Assumed investment rate of return was lowered from 7.50% to 7.25%.                                                                                                                  |
| 2019 | No changes.                                                                                                                                                                         |
| 2020 | Changes are primarily from adopting the Pub-2010, amount weighted, general mortality tables for retirees and active members.                                                        |
| 2021 | No changes.                                                                                                                                                                         |
| 2022 | No changes.                                                                                                                                                                         |
| 2023 | Changes are primarily from adopting an IMRF specific mortality table with fully generational projection scale MP-2021.                                                              |
| 2024 | No changes.                                                                                                                                                                         |
| 2025 | No changes.                                                                                                                                                                         |

**CITY OF FARMER CITY, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last 10 Calendar Years**

| Calendar Year<br>Ending<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Valuation<br>Payroll | Actual Contribution as a<br>Percentage of Covered<br>Valuation Payroll |
|-----------------------------------------|-------------------------------------------|------------------------|----------------------------------------|---------------------------------|------------------------------------------------------------------------|
| 2016                                    | \$ 139,281                                | 139,281                | -                                      | 938,554                         | 14.84%                                                                 |
| 2017                                    | 140,402                                   | 147,314                | (6,912)                                | 937,261                         | 15.72%                                                                 |
| 2018                                    | 156,464                                   | 194,628                | (38,164)                               | 959,900                         | 20.28%                                                                 |
| 2019                                    | 152,904                                   | 152,903                | 1                                      | 1,040,868                       | 14.69%                                                                 |
| 2020                                    | 174,720                                   | 174,720                | -                                      | 1,092,682                       | 15.99%                                                                 |
| 2021                                    | 167,849                                   | 167,848                | 1                                      | 1,201,498                       | 13.97%                                                                 |
| 2022                                    | 160,576                                   | 160,577                | (1)                                    | 1,222,043                       | 13.14%                                                                 |
| 2023                                    | 158,970                                   | 158,038                | 932                                    | 1,325,853                       | 11.92%                                                                 |
| 2024                                    | 149,622                                   | 149,623                | (1)                                    | 1,296,555                       | 11.54%                                                                 |
| 2025                                    | 144,592 *                                 | 144,593                | (1)                                    | 1,364,077                       | 10.60%                                                                 |

*\* Estimated based on contribution rate of 10.60% and covered valuation payroll of \$1,364,077.*

**CITY OF FARMER CITY, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS  
Year ended April 30, 2026**

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Valuation Date

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

Methods and assumptions used to determine 2025 contribution rates:

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method         | Aggregate entry age normal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Amortization method           | Level percentage of payroll, closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Remaining amortization period | Non-Taxing bodies: 10-year rolling period.<br><br>Taxing bodies (Regular, SLEP and ECO groups): 18-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.<br><br>SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 13 years for most employers (five employers were financed over 14 years; one employer was financed over 15 years; two employers were financed over 16 years; one employer was financed over 19 years; three employers were financed over 22 years; four employers were financed over 23 years; and one employer was financed over 24 years). |
| Asset valuation method        | 5-Year smoothed market, 20% corridor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Wage growth                   | 2.75%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Price inflation               | 2.25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Salary increases              | 2.85% to 13.75% including inflation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Investment rate of return     | 7.25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Retirement age                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mortality                     | For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.<br><br>For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.<br><br>For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.                |
| Other information             | There were no benefit changes during the year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**CITY OF FARMER CITY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND (Unaudited)  
Year ended April 30, 2026**

|                                                                         | Original<br>and Final<br>Budget | Actual Amounts<br>(Budgetary Basis) | Over (Under)<br>Budget |
|-------------------------------------------------------------------------|---------------------------------|-------------------------------------|------------------------|
| <b>Cash receipts:</b>                                                   |                                 |                                     |                        |
| Property tax                                                            | \$ 134,000                      | 135,049                             | 1,049                  |
| Income tax                                                              | 320,000                         | 335,179                             | 15,179                 |
| Replacement tax                                                         | 35,000                          | 28,073                              | (6,927)                |
| Sales tax                                                               | 295,000                         | 441,725                             | 146,725                |
| Excise tax                                                              | 9,000                           | 8,688                               | (312)                  |
| Use tax                                                                 | 65,000                          | 16,787                              | (48,213)               |
| Video gaming tax                                                        | 98,000                          | 98,728                              | 728                    |
| Cannabis tax                                                            | 3,000                           | 2,747                               | (253)                  |
| Donations                                                               |                                 | 700                                 | 700                    |
| Fines, fees, permits and licenses                                       | 56,200                          | 33,825                              | (22,375)               |
| Grants                                                                  |                                 | 108,628                             | 108,628                |
| Interest                                                                | 47,000                          | 26,803                              | (20,197)               |
| Miscellaneous                                                           | 117,070                         | 61,822                              | (55,248)               |
| Total cash receipts                                                     | 1,179,270                       | 1,298,754                           | 119,484                |
| <b>Cash disbursements:</b>                                              |                                 |                                     |                        |
| General government                                                      | 755,000                         | 570,462                             | (184,538)              |
| Public safety                                                           | 700,000                         | 557,073                             | (142,927)              |
| Streets and alleys                                                      | 347,500                         | 186,514                             | (160,986)              |
| Recreation                                                              | 405,000                         | 208,376                             | (196,624)              |
| Capital outlay                                                          | 317,500                         | 112,065                             | (205,435)              |
| Total cash disbursements                                                | 2,525,000                       | 1,634,490                           | (890,510)              |
| Excess (deficiency) of cash receipts<br>over (under) cash disbursements | (1,345,730)                     | (335,736)                           | 1,009,994              |
| <b>Other financing sources (uses):</b>                                  |                                 |                                     |                        |
| Inter-office charges                                                    | 300,000                         | 313,000                             | 13,000                 |
| Proceeds from disposal of asset                                         |                                 | 35,750                              | 35,750                 |
| Transfer in                                                             | 17,000                          | 17,000                              | -                      |
| Total other financing sources (uses)                                    | 317,000                         | 365,750                             | 48,750                 |
| Net change in fund balance                                              | <u>\$(1,028,730)</u>            | 30,014                              | <u>1,058,744</u>       |
| Fund balance (budgetary basis), beginning of year                       |                                 | <u>829,629</u>                      |                        |
| Fund balance (budgetary basis), end of year                             |                                 | <u>859,643</u>                      |                        |

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF BUDGETARY BASIS CASH RECEIPTS AND CASH  
DISBURSEMENTS TO GAAP REVENUES AND EXPENSES - GENERAL FUND  
Year ended April 30, 2026**

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|                                                        |              |
|--------------------------------------------------------|--------------|
| Total cash receipt sources for general fund activities | \$ 1,298,754 |
|--------------------------------------------------------|--------------|

Differences - Budget to GAAP:

Receivables are not recorded as budgetary cash receipts or  
other sources, but are revenue for financial reporting purposes:

|                                  |               |
|----------------------------------|---------------|
| Intergovernmental tax receivable | <u>33,918</u> |
|----------------------------------|---------------|

|                                                                                                       |                         |
|-------------------------------------------------------------------------------------------------------|-------------------------|
| Total revenues as reported on the statement of revenues,<br>expenditures, and changes in fund balance | <u><u>1,332,672</u></u> |
|-------------------------------------------------------------------------------------------------------|-------------------------|

|                                                      |           |
|------------------------------------------------------|-----------|
| Total cash disbursements for general fund activities | 1,634,490 |
|------------------------------------------------------|-----------|

Differences - Budget to GAAP:

Accruals are not recorded as budgetary cash disbursements or  
other financing uses, but are expenses for financial reporting purposes:

|                  |            |
|------------------|------------|
| Accounts payable | (5,776)    |
| Accrued expenses | 3,336      |
| Prepaid expenses | <u>167</u> |

|                                                                                                           |                            |
|-----------------------------------------------------------------------------------------------------------|----------------------------|
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balance | <u><u>\$ 1,632,217</u></u> |
|-----------------------------------------------------------------------------------------------------------|----------------------------|

**CITY OF FARMER CITY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
TIF II FUND (Unaudited)  
Year ended April 30, 2026**

|                                                                         | Original<br>and Final<br>Budget | Actual Amounts<br>(Budgetary Basis) | Over (Under)<br>Budget |
|-------------------------------------------------------------------------|---------------------------------|-------------------------------------|------------------------|
| <b>Cash receipts:</b>                                                   |                                 |                                     |                        |
| Property tax                                                            | \$ 470,000                      | 551,572                             | 81,572                 |
| Interest                                                                | 20,000                          | 28,539                              | 8,539                  |
| Total cash receipts                                                     | 490,000                         | 580,111                             | 90,111                 |
| <b>Cash disbursements:</b>                                              |                                 |                                     |                        |
| Public works                                                            | 125,000                         | 48,016                              | (76,984)               |
| Capital outlay                                                          | 1,025,000                       | 18,056                              | (1,006,944)            |
| Debt service - principal                                                | 60,000                          | 60,000                              | -                      |
| Debt service - interest                                                 | 90,000                          | 63,350                              | (26,650)               |
| Total cash disbursements                                                | 1,300,000                       | 189,422                             | (1,110,578)            |
| Excess (deficiency) of cash receipts<br>over (under) cash disbursements | (810,000)                       | 390,689                             | 1,200,689              |
| <b>Other financing sources (uses):</b>                                  |                                 |                                     |                        |
| Transfers out                                                           | (605,000)                       | (5,000)                             | 600,000                |
| Total other financing sources (uses)                                    | (605,000)                       | (5,000)                             | 600,000                |
| Net change in fund balance                                              | <u>\$ (1,415,000)</u>           | 385,689                             | <u>1,800,689</u>       |
| Fund balance (budgetary basis), beginning of year                       |                                 | <u>435,635</u>                      |                        |
| Fund balance (budgetary basis), end of year                             |                                 | <u>821,324</u>                      |                        |

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF BUDGETARY BASIS CASH RECEIPTS AND CASH DISBURSEMENTS  
TO GAAP REVENUES AND EXPENSES - TIF II FUND**

**Year ended April 30, 2026**

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|                                                                                                                                                              |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Total cash receipt sources for TIF II activities                                                                                                             | \$ 580,111        |
| Differences - Budget to GAAP:                                                                                                                                |                   |
| Receivables are not recorded as budgetary cash receipts or<br>other sources, but are revenue for financial reporting purposes:<br>Other receivables          | <u>(327)</u>      |
| Total revenues as reported on the statement of revenues,<br>expenditures, and changes in fund balance                                                        | <u>579,784</u>    |
| Total cash disbursements for TIF II activities                                                                                                               | 189,422           |
| Differences - Budget to GAAP:                                                                                                                                |                   |
| Accruals are not recorded as budgetary cash disbursements or<br>other financing uses, but are expenses for financial reporting purposes:<br>Accounts payable | <u>(6,156)</u>    |
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balance                                                    | <u>\$ 183,266</u> |

**CITY OF FARMER CITY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -**

**TIF III FUND (Unaudited)**

**Year ended April 30, 2026**

|                                                                         | Original<br>and Final<br>Budget | Actual Amounts<br>(Budgetary Basis) | Over (Under)<br>Budget |
|-------------------------------------------------------------------------|---------------------------------|-------------------------------------|------------------------|
| <b>Cash receipts:</b>                                                   |                                 |                                     |                        |
| Property tax                                                            | \$ 148,000                      | 234,340                             | 86,340                 |
| Interest                                                                | 7,000                           | 12,331                              | 5,331                  |
| Total cash receipts                                                     | 155,000                         | 246,671                             | 91,671                 |
| <b>Cash disbursements:</b>                                              |                                 |                                     |                        |
| Public works                                                            | 200,000                         | 27,793                              | (172,207)              |
| Capital outlay                                                          | 800,000                         | 2,910                               | (797,090)              |
| Total cash disbursements                                                | 1,000,000                       | 30,703                              | (969,297)              |
| Excess (deficiency) of cash receipts<br>over (under) cash disbursements | (845,000)                       | 215,968                             | 1,060,968              |
| <b>Other financing sources (uses):</b>                                  |                                 |                                     |                        |
| Transfers in                                                            | 600,000                         |                                     | (600,000)              |
| Transfers out                                                           | (2,000)                         | (2,000)                             | -                      |
| Total other financing sources (uses)                                    | 598,000                         | (2,000)                             | (600,000)              |
| Net change in fund balance                                              | \$ (247,000)                    | 213,968                             | 460,968                |
| Fund balance (budgetary basis), beginning of year                       |                                 | 168,485                             |                        |
| Fund balance (budgetary basis), end of year                             |                                 | 382,453                             |                        |

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF BUDGETARY BASIS CASH RECEIPTS AND CASH DISBURSEMENTS  
TO GAAP REVENUES AND EXPENSES - TIF III FUND**

**Year ended April 30, 2026**

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|                                                                                                                                          |                  |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Total cash receipt sources for TIF III activities                                                                                        | \$ 246,671       |
| Differences - Budget to GAAP:                                                                                                            |                  |
| None                                                                                                                                     | <u>-</u>         |
| Total revenues as reported on the statement of revenues,<br>expenditures, and changes in fund balance                                    | <u>246,671</u>   |
| Total cash disbursements for TIF III activities                                                                                          | 30,703           |
| Differences - Budget to GAAP:                                                                                                            |                  |
| Accruals are not recorded as budgetary cash disbursements or<br>other financing uses, but are expenses for financial reporting purposes: |                  |
| Accounts payable                                                                                                                         | <u>(946)</u>     |
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balance                                | <u>\$ 29,757</u> |

**CITY OF FARMER CITY, ILLINOIS**

**RECONCILIATION OF BUDGETARY BASIS FUND BALANCE  
TO GAAP BASIS FUND BALANCE**

**Year ended April 30, 2026**

|                                | General<br>Fund | Tax Increment<br>Financing<br>Fund II | Tax Increment<br>Financing<br>Fund III | Non-Major<br>Governmental<br>Funds | Total     |
|--------------------------------|-----------------|---------------------------------------|----------------------------------------|------------------------------------|-----------|
| Fund balance - Budgetary basis | \$ 859,643      | 821,324                               | 382,453                                | 1,595,582                          | 3,659,002 |
| Add back:                      |                 |                                       |                                        |                                    |           |
| Intergovernmental receivables  | 186,200         |                                       |                                        | 25,566                             | 211,766   |
| Prepaid expenses               |                 |                                       |                                        | 77,770                             | 77,770    |
| Less:                          |                 |                                       |                                        |                                    |           |
| Accounts payable               | (5,616)         | (676)                                 | (299)                                  | (5,035)                            | (11,626)  |
| Accrued expenses               | (19,246)        |                                       |                                        | (3,138)                            | (22,384)  |
| Fund balance - GAAP basis      | \$ 1,020,981    | 820,648                               | 382,154                                | 1,690,745                          | 3,914,528 |

## **CITY OF FARMER CITY, ILLINOIS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Year ended April 30, 2026**

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#### **Note A - Budget Policy and Practice**

The City operates under an Annual Appropriation Ordinance that sets a limit on what may be spent during the fiscal year. The City staff also develops an annual budget in greater detail than the appropriation ordinance. This budget is based on the City's goals of what programs are to be funded, capital projects and purchases desired, levels of taxation, types and amounts of user fees, estimates of state revenues, historical operating expenses and desired cash reserves and fund balance. The appropriation is based on the budget. The appropriation ordinance must be adopted by majority vote of the City Council before the end of the first quarter of the fiscal year. The City staff uses this budget to guide operations during the fiscal year. The Annual Appropriation Ordinance was passed and approved by the City Council on June 2, 2025. No amendments were made.

All budgets are adopted on the cash basis of accounting, which is an accounting framework other than that generally accepted in the United States of America (U.S. GAAP). The budgetary cash basis reports revenues (receipts) upon receipt of cash and expenditures (disbursements) when cash is paid.

#### **Note B - Expenditures in Excess of Budget**

None of the major funds had disbursements in excess of budgeted amounts for the fiscal year ended April 30, 2026.

## **SUPPLEMENTARY INFORMATION**

**CITY OF FARMER CITY, ILLINOIS**

**COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS  
April 30, 2026**

|                                                                        | Special Revenue Funds |              |                   |                            |                                     |
|------------------------------------------------------------------------|-----------------------|--------------|-------------------|----------------------------|-------------------------------------|
|                                                                        | Library<br>Fund       | ESDA<br>Fund | Insurance<br>Fund | Social<br>Security<br>Fund | School<br>Crossing<br>Guard<br>Fund |
| <b><u>Assets</u></b>                                                   |                       |              |                   |                            |                                     |
| Cash and cash equivalents                                              | \$ 22,005             | 4,669        | 140,666           | 86,989                     |                                     |
| Investments                                                            |                       |              | 150,000           |                            |                                     |
| Property tax receivable                                                | 41,031                | 711          | 55,556            | 59,526                     | 5,471                               |
| Intergovernmental tax receivable                                       |                       |              |                   |                            |                                     |
| Prepaid expenses                                                       |                       |              | 53,560            |                            |                                     |
| Total Assets                                                           | 63,036                | 5,380        | 399,782           | 146,515                    | 5,471                               |
| <b><u>Liabilities</u></b>                                              |                       |              |                   |                            |                                     |
| Accounts payable                                                       |                       |              |                   |                            |                                     |
| Accrued expenses                                                       | 757                   |              |                   | 867                        | 309                                 |
| Due to other funds                                                     |                       |              |                   |                            | 1,339                               |
| Total Liabilities                                                      | 757                   | -            | -                 | 867                        | 1,648                               |
| <b><u>Deferred Inflows of Resources</u></b>                            |                       |              |                   |                            |                                     |
| Unavailable revenue - property taxes                                   | 41,031                | 711          | 55,556            | 59,526                     | 5,471                               |
| <b><u>Fund Balances</u></b>                                            |                       |              |                   |                            |                                     |
| Nonspendable                                                           |                       |              | 53,560            |                            |                                     |
| Restricted for:                                                        |                       |              |                   |                            |                                     |
| Insurance                                                              |                       |              | 290,666           |                            |                                     |
| Motor fuel tax                                                         |                       |              |                   |                            |                                     |
| Hotel-motel tax                                                        |                       |              |                   |                            |                                     |
| Business district tax                                                  |                       |              |                   |                            |                                     |
| ESDA                                                                   |                       | 4,669        |                   |                            |                                     |
| Audit                                                                  |                       |              |                   |                            |                                     |
| Social security                                                        |                       |              |                   | 86,122                     |                                     |
| IMRF                                                                   |                       |              |                   |                            |                                     |
| Library                                                                | 21,248                |              |                   |                            |                                     |
| Committed:                                                             |                       |              |                   |                            |                                     |
| Public safety                                                          |                       |              |                   |                            |                                     |
| Unassigned                                                             |                       |              |                   |                            | (1,648)                             |
| Total Fund Balances (Deficit)                                          | 21,248                | 4,669        | 344,226           | 86,122                     | (1,648)                             |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | \$ 63,036             | 5,380        | 399,782           | 146,515                    | 5,471                               |

| Special Revenue Funds                       |               |                             |                                  |                           |             |           |
|---------------------------------------------|---------------|-----------------------------|----------------------------------|---------------------------|-------------|-----------|
| Illinois<br>Municipal<br>Retirement<br>Fund | Audit<br>Fund | Hotel-<br>Motel<br>Tax Fund | Business<br>District<br>Tax Fund | Motor<br>Fuel<br>Tax Fund | DUI<br>Fund | Total     |
| 177,787                                     | 101,525       | 9,210                       | 247,735                          | 400,078                   | 16,257      | 1,206,921 |
| 240,000                                     |               |                             |                                  |                           |             | 390,000   |
| 172,904                                     | 42,519        |                             |                                  |                           |             | 377,718   |
|                                             |               |                             | 18,818                           | 6,748                     |             | 25,566    |
|                                             |               |                             | 24,210                           |                           |             | 77,770    |
| 590,691                                     | 144,044       | 9,210                       | 290,763                          | 406,826                   | 16,257      | 2,077,975 |
|                                             |               |                             | 1,035                            | 4,000                     |             | 5,035     |
| 1,205                                       |               |                             |                                  |                           |             | 3,138     |
|                                             |               |                             |                                  |                           |             | 1,339     |
| 1,205                                       | -             | -                           | 1,035                            | 4,000                     | -           | 9,512     |
| 172,904                                     | 42,519        |                             |                                  |                           |             | 377,718   |
|                                             |               |                             | 24,210                           |                           |             | 77,770    |
|                                             |               |                             |                                  |                           |             | 290,666   |
|                                             |               |                             |                                  | 402,826                   |             | 402,826   |
|                                             |               | 9,210                       |                                  |                           |             | 9,210     |
|                                             |               |                             | 265,518                          |                           |             | 265,518   |
|                                             |               |                             |                                  |                           |             | 4,669     |
|                                             | 101,525       |                             |                                  |                           |             | 101,525   |
|                                             |               |                             |                                  |                           |             | 86,122    |
| 416,582                                     |               |                             |                                  |                           |             | 416,582   |
|                                             |               |                             |                                  |                           |             | 21,248    |
|                                             |               |                             |                                  |                           | 16,257      | 16,257    |
|                                             |               |                             |                                  |                           |             | (1,648)   |
| 416,582                                     | 101,525       | 9,210                       | 289,728                          | 402,826                   | 16,257      | 1,690,745 |
| 590,691                                     | 144,044       | 9,210                       | 290,763                          | 406,826                   | 16,257      | 2,077,975 |

**CITY OF FARMER CITY, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NON-MAJOR  
GOVERNMENTAL FUNDS**

**Year ended April 30, 2026**

|                                                              | Special Revenue Funds |              |                   |                            |                                     |
|--------------------------------------------------------------|-----------------------|--------------|-------------------|----------------------------|-------------------------------------|
|                                                              | Library<br>Fund       | ESDA<br>Fund | Insurance<br>Fund | Social<br>Security<br>Fund | School<br>Crossing<br>Guard<br>Fund |
| Revenues:                                                    |                       |              |                   |                            |                                     |
| Property taxes                                               | \$ 39,275             | 678          | 52,976            | 56,760                     | 5,237                               |
| Motor fuel taxes                                             |                       |              |                   |                            |                                     |
| Other taxes                                                  |                       |              |                   |                            |                                     |
| Fines, fees, permits & licenses                              | 1,266                 |              |                   |                            |                                     |
| Grants                                                       |                       |              |                   |                            |                                     |
| Operating                                                    | 7,500                 |              |                   |                            |                                     |
| Donations                                                    | 18,593                |              |                   |                            |                                     |
| Other income                                                 | 2,622                 |              |                   |                            |                                     |
| Interest                                                     | 535                   |              | 12,964            | 3,582                      |                                     |
| Total revenues                                               | 69,791                | 678          | 65,940            | 60,342                     | 5,237                               |
| Expenditures:                                                |                       |              |                   |                            |                                     |
| Current:                                                     |                       |              |                   |                            |                                     |
| General government                                           |                       |              | 90,254            | 73,070                     |                                     |
| Public safety                                                |                       | 1,063        |                   |                            | 4,678                               |
| Public works                                                 |                       |              |                   |                            |                                     |
| Streets and alleys                                           |                       |              |                   |                            |                                     |
| Culture and recreation                                       | 78,706                |              |                   |                            |                                     |
| Capital outlay                                               | 15,298                |              |                   |                            |                                     |
| Total expenditures                                           | 94,004                | 1,063        | 90,254            | 73,070                     | 4,678                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | (24,213)              | (385)        | (24,314)          | (12,728)                   | 559                                 |
| Other financing sources (uses):                              |                       |              |                   |                            |                                     |
| Transfers out                                                |                       |              |                   |                            |                                     |
| Net change in fund balances                                  | (24,213)              | (385)        | (24,314)          | (12,728)                   | 559                                 |
| Fund balances (deficit), beginning                           | 45,461                | 5,054        | 368,540           | 98,850                     | (2,207)                             |
| Fund balances (deficit), ending                              | \$ 21,248             | 4,669        | 344,226           | 86,122                     | (1,648)                             |

| Special Revenue Funds                       |               |                             |                                  |                           |             |           |
|---------------------------------------------|---------------|-----------------------------|----------------------------------|---------------------------|-------------|-----------|
| Illinois<br>Municipal<br>Retirement<br>Fund | Audit<br>Fund | Hotel-<br>Motel<br>Tax Fund | Business<br>District<br>Tax Fund | Motor<br>Fuel<br>Tax Fund | DUI<br>Fund | Total     |
| 175,685                                     | 40,544        |                             |                                  |                           |             | 371,155   |
|                                             |               |                             |                                  | 83,849                    |             | 83,849    |
|                                             |               | 14,131                      | 122,906                          |                           |             | 137,037   |
|                                             |               |                             |                                  |                           | 1,558       | 2,824     |
|                                             |               |                             |                                  |                           |             | 7,500     |
|                                             |               |                             |                                  |                           |             | 18,593    |
|                                             |               |                             |                                  | 870                       |             | 3,492     |
| 15,302                                      | 3,982         | 136                         | 8,531                            | 14,596                    | 155         | 59,783    |
| 190,987                                     | 44,526        | 14,267                      | 131,437                          | 99,315                    | 1,713       | 684,233   |
| 88,315                                      | 26,200        |                             |                                  |                           |             | 277,839   |
|                                             |               |                             |                                  |                           | 1,300       | 7,041     |
|                                             |               | 20,772                      | 34,825                           |                           |             | 55,597    |
|                                             |               |                             |                                  | 12,235                    |             | 12,235    |
|                                             |               |                             |                                  |                           |             | 78,706    |
|                                             |               |                             |                                  | 13,978                    |             | 29,276    |
| 88,315                                      | 26,200        | 20,772                      | 34,825                           | 26,213                    | 1,300       | 460,694   |
| 102,672                                     | 18,326        | (6,505)                     | 96,612                           | 73,102                    | 413         | 223,539   |
|                                             |               |                             | (10,000)                         |                           |             | (10,000)  |
| 102,672                                     | 18,326        | (6,505)                     | 86,612                           | 73,102                    | 413         | 213,539   |
| 313,910                                     | 83,199        | 15,715                      | 203,116                          | 329,724                   | 15,844      | 1,477,206 |
| 416,582                                     | 101,525       | 9,210                       | 289,728                          | 402,826                   | 16,257      | 1,690,745 |

## **OTHER INFORMATION**

**CITY OF FARMER CITY, ILLINOIS**

**SCHEDULES OF ASSESSED VALUATIONS, RATES, AND EXTENSIONS - Unaudited  
TAX YEARS 2022 THROUGH 2025**

| TAX YEAR                                                  | 2025          | 2024       | 2023       | 2022       |
|-----------------------------------------------------------|---------------|------------|------------|------------|
| Rate Setting Assessed Valuation                           | \$ 27,354,245 | 25,998,765 | 24,364,015 | 23,562,710 |
| Increment Valuation (for TIF)                             | \$ 10,156,932 | 8,364,588  | 6,476,390  | 5,209,730  |
| Tax Rates:                                                |               |            |            |            |
| General                                                   |               |            |            |            |
| Corporate                                                 | 0.25000       | 0.25000    | 0.25000    | 0.25000    |
| Police protection                                         | 0.07500       | 0.07500    | 0.07500    | 0.07500    |
| Parks                                                     | 0.07500       | 0.07500    | 0.07500    | 0.07500    |
| Street lighting                                           | 0.05000       | 0.05000    | 0.05000    | 0.05000    |
| Total General                                             | 0.45000       | 0.45000    | 0.45000    | 0.45000    |
| Sewer                                                     | 0.10000       | 0.10000    | 0.10000    | 0.10000    |
| Social security and Illinois<br>Municipal Retirement Fund | 0.84970       | 0.88777    | 0.92141    | 0.90838    |
| Library                                                   | 0.15000       | 0.15000    | 0.15000    | 0.15000    |
| Civil defense                                             | 0.00260       | 0.00259    | 0.00256    | 0.00252    |
| Liability insurance                                       | 0.20310       | 0.20233    | 0.20454    | 0.21150    |
| School crossing guard                                     | 0.02000       | 0.02000    | 0.02000    | 0.02000    |
| Audit                                                     | 0.15544       | 0.15485    | 0.16363    | 0.16114    |
| Total                                                     | 1.93084       | 1.96754    | 2.01214    | 2.00354    |
| Tax Extensions:                                           |               |            |            |            |
| General                                                   |               |            |            |            |
| Corporate                                                 | \$ 68,386     | 64,997     | 60,910     | 58,907     |
| Police protection                                         | 20,516        | 19,499     | 18,273     | 17,673     |
| Parks                                                     | 20,516        | 19,499     | 18,273     | 17,673     |
| Street lighting                                           | 13,677        | 13,000     | 12,182     | 11,781     |
| Total General                                             | 123,095       | 116,995    | 109,638    | 106,034    |
| Sewer                                                     | 27,354        | 25,999     | 24,364     | 23,562     |
| Social security and Illinois<br>Municipal Retirement Fund | 232,429       | 230,809    | 224,492    | 214,039    |
| Library                                                   | 41,032        | 38,998     | 36,546     | 35,344     |
| Civil defense                                             | 711           | 673        | 624        | 594        |
| Liability insurance                                       | 55,556        | 52,603     | 49,834     | 49,835     |
| School crossing guard                                     | 5,471         | 5,200      | 4,873      | 4,712      |
| Audit                                                     | 42,519        | 40,259     | 39,867     | 37,969     |
| Total                                                     | \$ 528,167    | 511,536    | 490,238    | 472,089    |

**CITY OF FARMER CITY, ILLINOIS**

**SCHEDULES OF PROPERTY TAX COLLECTIONS - Unaudited  
TAX YEARS 2021 THROUGH 2024**

| TAX YEAR                                                                      | 2024       | 2023      | 2022    | 2021    |
|-------------------------------------------------------------------------------|------------|-----------|---------|---------|
| Tax Collections (including Roads & Bridges<br>and Mobile Home Privilege Tax): |            |           |         |         |
| General:                                                                      |            |           |         |         |
| Corporate                                                                     | \$ 65,457  | 60,141    | 58,824  | 56,544  |
| Police protection                                                             | 19,637     | 18,042    | 17,646  | 16,963  |
| Parks                                                                         | 19,637     | 18,042    | 17,646  | 16,963  |
| Roads & bridges                                                               | 17,226     | 16,314    | 16,592  | 15,998  |
| Street lighting                                                               | 13,092     | 12,028    | 11,765  | 11,309  |
| Total General                                                                 | 135,049    | 124,567   | 122,473 | 117,777 |
| Sewer                                                                         | 26,183     | 24,056    | 23,529  | 22,618  |
| Social security and Illinois                                                  |            |           |         |         |
| Municipal Retirement Fund                                                     | 232,445    | 221,655   | 213,734 | 205,542 |
| Library                                                                       | 39,275     | 36,084    | 35,294  | 33,927  |
| Civil defense                                                                 | 678        | 616       | 593     | 572     |
| Liability insurance                                                           | 52,976     | 49,204    | 49,764  | 47,961  |
| School crossing guard                                                         | 5,237      | 4,811     | 4,706   | 4,524   |
| Audit                                                                         | 40,544     | 39,363    | 37,914  | 34,259  |
| Tax increment financing fund II                                               | 551,572    | 470,354   | 411,652 | 381,212 |
| Tax increment financing fund III                                              | 234,340    | 147,542   | 91,361  | 61,563  |
| Total Tax Collected                                                           | 1,318,299  | 1,118,252 | 727,522 | 656,452 |
| Less: Non-levied taxes<br>included above:                                     |            |           |         |         |
| Tax increment financing fund II                                               | 551,572    | 470,354   | 411,652 | 381,212 |
| Tax increment financing fund III                                              | 234,340    | 147,542   | 91,361  | 61,563  |
| Roads & bridges                                                               | 17,226     | 16,314    | 16,592  | 15,998  |
| Total non-levied taxes                                                        | 803,138    | 634,210   | 519,605 | 458,773 |
| Net Levied Tax Collected                                                      | \$ 515,161 | 484,042   | 207,917 | 197,679 |
| Percentage of Extension Collected                                             | 100%       | 100%      | 100%    | 100%    |

**INFORMATION REQUIRED BY THE ILLINOIS  
GRANT ACCOUNTABILTY AND TRANSPARENCY ACT**

**CITY OF FARMER CITY, ILLINOIS**

**CONSOLIDATED YEAR-END FINANCIAL REPORT**

**April 30, 2026**

| CSFA #      | Program Name                             | State     | Federal | Match | Total  |
|-------------|------------------------------------------|-----------|---------|-------|--------|
| 569-00-3496 | ILETSB - Law Enforcement<br>Camera grant | \$        |         |       | -      |
| 569-00-2537 | Law Enforcement Camera Grant             |           |         |       | -      |
| 420-00-1758 | Site Improvements                        | 45,250    |         |       | 45,250 |
|             | All other federal expenditures           |           |         |       | -      |
|             |                                          | \$ 45,250 | -       | -     | 45,250 |