



## **TOWN OF CORTLAND, ILLINOIS**

### **ANNUAL FINANCIAL REPORT**

**For the Year Ended April 30, 2023**

**SIKICH.COM**

**TOWN OF CORTLAND, ILLINOIS**  
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Board of Trustees  
Town of Cortland, 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 Town of Cortland, Illinois (the Town) as of and for the year ended April 30, 2023 and the related notes to financial statements, which collectively comprise the Town'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 Town of Cortland, Illinois, as of April 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 (GAAS). Our responsibilities under these 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 Town 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 these 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 Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS, 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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 fund financial statements and schedules 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 supplemental data 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.

*Sikich LLP*

Naperville, Illinois  
August 23, 2023

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**



# **TOWN OF CORTLAND, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2023**

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Our discussion and analysis of the Town of Cortland's financial performance provides an overview of the Town's financial activities for the fiscal year ended April 30, 2023. Please read it in conjunction with the Town's financial statements, which begin on page 4.

### **FINANCIAL HIGHLIGHTS**

- The Town's net position increased from \$35,111,676 to \$36,031,825 an increase of \$920,149 or 2.62%.
- During the year, government-wide revenues totaled \$5,502,290, while government-wide expenses totaled \$4,582,141 resulting in an increase of net position of \$920,149.
- Total fund balances for the governmental funds were \$3,668,781 at April 30, 2023 compared to \$2,133,166 in the prior year, an increase of \$1,535,615.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 - 6) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 4 - 6 of this report.

The Statement of Net Position reports information on all the Town's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Town's property tax base and the condition of the Town's roads, is needed to assess the overall health of the Town.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

## **TOWN OF CORTLAND, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2023**

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#### **USING THIS ANNUAL REPORT – Continued**

#### **Government-Wide Financial Statements – Continued**

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both government-wide financial statements report functions of the Town that are principally supported by taxes and charges for services revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety and highways and streets. The business-type activities of the Town include water and sewer.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains eight individual governmental funds, General Fund, Motor Fuel Tax Fund, Tax Increment Financing Fund, Capital Improvement Fund, Special Service Area #1 Fund, Special Service Area #4-8 Fund, and Special Service Area #9-10 Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Improvements Fund, both of which are considered major funds. Data from the other remaining governmental funds is presented in aggregate on the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances.

# **TOWN OF CORTLAND, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2023**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Governmental Funds – Continued**

The Town adopts an annual budget for the General Fund, Capital Improvements Fund, Motor Fuel Tax Fund, and Tax Increment Financing Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

#### **Proprietary Funds**

The Town maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town utilizes enterprise funds to account for its water and sewer operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, which are major funds of the Town.

The basic proprietary fund financial statements can be found on pages 11 - 14 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The Town has three fiduciary funds: Special Service Area #1 Fund, Special Service Area #4-8 Fund, and Special Service Area #9-10. The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes for the financial statements can be found on pages 17 - 39 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's proportionate share of the net pension liability and employer contributions for the Illinois Municipal Retirement Fund (IMRF) and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 40 - 43 of this report. The combining and individual fund statements and schedules can be found immediately after the required supplementary information, on pages 44 - 59 of this report.

## TOWN OF CORTLAND, ILLINOIS

### Management's Discussion and Analysis April 30, 2023

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#### USING THIS ANNUAL REPORT – Continued

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Town, assets/deferred outflows of resources exceeded liabilities/deferred inflows of resources by \$36.0 million.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 5,542,643	3,968,240	279,738	3,035,122	5,822,381	7,003,362
Capital Assets	11,851,045	12,210,562	18,148,866	18,877,153	29,999,911	31,087,715
Total Assets	17,393,688	16,178,802	18,428,604	21,912,275	35,822,292	38,091,077
Deferred Outflow of Resources	478,813	222,351	126,311	75,315	605,124	297,666
Total Assets & Deferred Outflow:	17,872,501	16,401,153	18,554,915	21,987,590	36,427,416	38,388,743
Long-Term Debt	1,046,900	445,476	787,871	706,433	1,834,771	1,151,909
Other Liabilities	1,039,024	1,015,700	65,686	26,424	1,104,710	1,042,124
Total Liabilities	2,085,924	1,461,176	853,557	732,857	2,939,481	2,194,033
Deferred Inflows of Resources	784,117	1,023,043	2,290	60,018	786,407	1,083,061
Total Liab. & Deferred Inflows	2,870,041	2,484,219	855,847	792,875	3,725,888	3,277,094
Net Position						
Net Investment in						
Capital Assets	11,510,228	11,829,818	17,523,232	18,203,347	29,033,460	30,033,165
Restricted	2,029,053	1,473,120	135,600	135,600	2,164,653	1,608,720
Unrestricted (Deficit)	1,463,179	614,023	3,370,533	2,855,768	4,833,712	3,469,791
Total Net Position	15,002,460	13,916,961	21,029,365	21,194,715	36,031,825	35,111,676

By far the largest portion of the Town's net position or 76.7% reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion or 13.5% of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining 9.8% represents an unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# TOWN OF CORTLAND, ILLINOIS

## Management's Discussion and Analysis April 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 127,476	131,185	1,249,378	1,221,531	1,376,854	1,352,716
Operating Grants/Contrib.	206,280	170,222	1,746	5,028	208,026	175,250
Capital Grants/Contrib.	86,635	105,770	-	-	86,635	105,770
General Revenues						
Property Taxes	742,919	716,892	-	-	742,919	716,892
Utility Taxes	178,681	169,603	-	-	178,681	169,603
Replacement Taxes	4,136	3,329	-	-	4,136	3,329
Sales and Use Taxes	735,890	989,134	-	-	735,890	989,134
Income Taxes	710,621	622,498	-	-	710,621	622,498
Other Taxes	34,381	67,906	-	-	34,381	67,906
Interest Income	125,378	2,898	92,398	2,469	217,776	5,367
Miscellaneous / Other	710,165	687,472	67,947	209,092	778,112	896,564
Gain on Sale of Capital	428,259	-	-	-	428,259	-
Total Revenues	4,090,821	3,666,909	1,411,469	1,438,120	5,502,290	5,105,029
Expenses						
General Government	880,637	578,607	-	-	880,637	578,607
Public Safety	1,125,156	904,828	-	-	1,125,156	904,828
Highways and Streets	782,581	951,654	-	-	782,581	951,654
Building	203,604	206,096	-	-	203,604	206,096
Interest on Long-Term Debt	13,344	9,452	-	-	13,344	9,452
Water	-	-	823,374	768,705	823,374	768,705
Sewer	-	-	753,445	732,783	753,445	732,783
Total Expenses	3,005,322	2,650,637	1,576,819	1,501,488	4,582,141	4,152,125
Change in Net Position	1,085,499	1,016,272	(165,350)	(63,368)	920,149	952,904
Net Position - Beginning	13,916,961	12,900,689	21,194,715	21,258,083	35,111,676	34,158,772
Net Position - Ending	15,002,460	13,916,961	21,029,365	21,194,715	36,031,825	35,111,676

The Town's net position increased by \$920,149. Government-wide revenues totaled \$5,502,290, while government-wide expenses totaled \$4,582,141.

# TOWN OF CORTLAND, ILLINOIS

## Management's Discussion and Analysis April 30, 2023

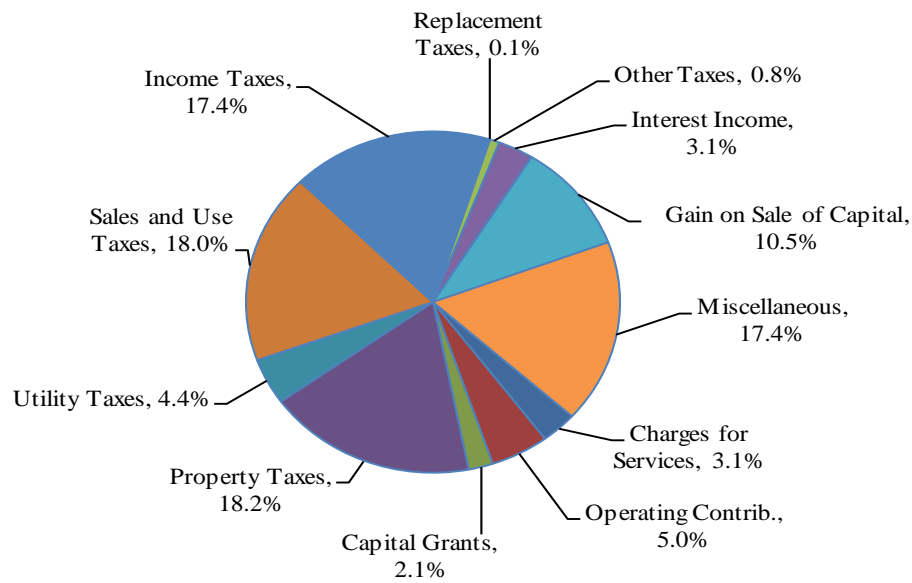
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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

The following table graphically depicts the major revenue sources of the Town. It depicts very clearly the reliance of property taxes and sales and use taxes to fund governmental activities.

**Revenues by Source - Governmental Activities**



# TOWN OF CORTLAND, ILLINOIS

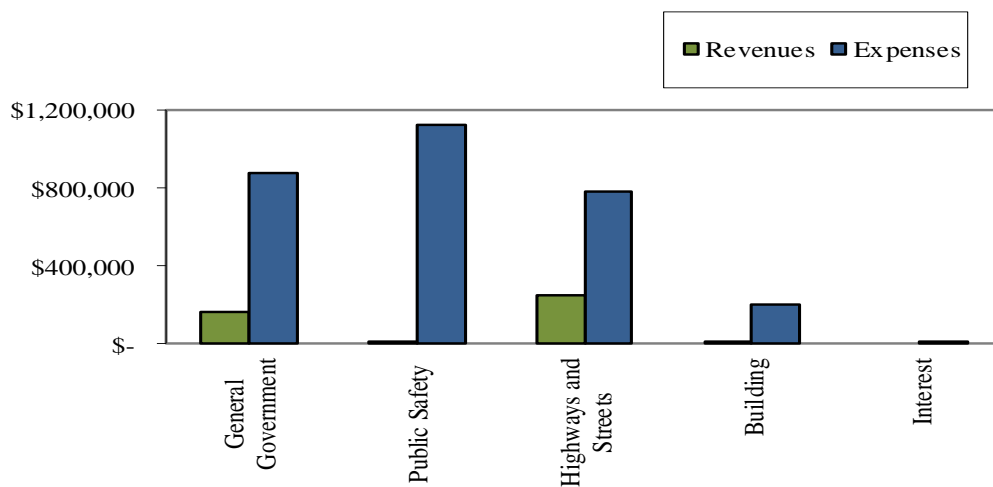
## Management's Discussion and Analysis April 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

The following Expenses and Program Revenues Table identifies those governmental functions where program expenses exceed revenues. The general government, public safety and highways and streets functions charge user fees for services provided. The user fees charged do not cover the expenses, which furthermore signifies the Town's reliance on general revenues such as property and sales tax.

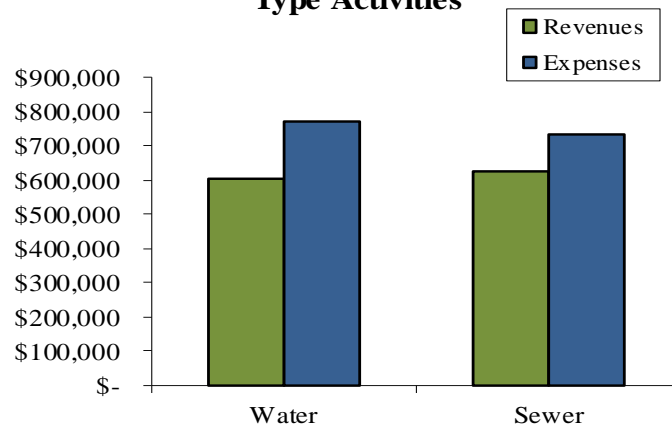
#### Expenses and Program Revenues - Governmental Activities



#### Business-Type Activities

Revenues for business-type activities totaled \$1,411,469, while expenses totaled \$1,576,819 resulting in a decrease to business-type net position of \$165,350. Water and sewer expenses increased 5.0 percent when compared to the prior year. The increase in expenses is attributable to the rise in fuel costs as well as an increase in personnel services for both the Water and Sewer Funds.

#### Expenses and Program Revenues - Business-Type Activities



## **TOWN OF CORTLAND, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2023**

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#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

##### **Business-Type Activities – Continued**

The above graph compares program revenues to expenses for water and sewer operations. The graph shows that revenues for the water and sewer operations are not able to cover expenses.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

##### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$3,668,781. The prior years combined ending fund balances totaled \$2,133,166.

In the current year, governmental fund balances increased by \$1,535,615 or 71.9 percent. The General Fund reported an increase of \$266,832. The Capital Improvements Fund reported an increase of \$824,286. The Nonmajor governmental funds reported an increase of \$444,497.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund actual revenues were higher than budgeted revenues. Actual revenues for the current year were \$2,633,147 compared to budgeted revenues of \$2,306,881.

The General Fund actual expenditures were less than budgeted expenditures. Actual expenditures totaled \$2,392,970, while budgeted expenditures totaled \$2,306,673.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities as of April 30, 2023, was \$29,999,911 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.



## TOWN OF CORTLAND, ILLINOIS

### Management's Discussion and Analysis April 30, 2023

#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Capital Assets – Continued

The total decrease in the Town's investment in capital assets for the current fiscal year was \$1,087,804. The depreciation expense charged for the year was \$951,101. The town's land had a net decrease of \$167,101 due to the sale of land, the purchase of land and donated land. Vehicles and equipment assets increased \$30,307.

	Capital Assets - Net of Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 6,203,874	6,370,884	1,156,775	1,156,775	7,360,649	7,527,659
Building and Improvements	897,254	926,836	-	-	897,254	926,836
Vehicles and Equipment	221,584	258,551	102,030	129,207	323,614	387,758
Infrastructure	4,528,333	4,654,291	16,890,061	17,591,171	21,418,394	22,245,462
Total	11,851,045	12,210,562	18,148,866	18,877,153	29,999,911	31,087,715

Additional information on the Town's capital assets can be found in Note 4 on pages 27 - 28 of this report.

##### Debt Administration

As of April 30, 2023, the Town had a total long-term debt outstanding of \$1,834,768. This long-term debt is made up of governmental activities and business-type activities outstanding debt of \$1,046,897 and \$787,871, respectively. The previous year had a total long-term debt outstanding of \$1,151,909. The prior year's total outstanding debt for governmental activities was \$445,476 and business-type activities was \$706,433. As of April 30, 2023, the increase in long-term debt is the result of an increase in net pension liability. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Loans Payable	\$ -	-	-	-	-	-
Notes Payable	340,814	380,744	-	-	340,814	380,744
Compensated Absences	57,005	52,099	-	-	57,005	52,099
Net Pension Liability	649,078	12,633	132,237	2,627	781,315	15,260
Asset Retirement Obligation	-	-	30,000	30,000	30,000	30,000
IEPA Loans Payable	-	-	625,634	673,806	625,634	673,806
Total	1,046,897	445,476	787,871	706,433	1,834,768	1,151,909

Additional information on the Town's long-term debt can be found in Note 5 of this report.

## **TOWN OF CORTLAND, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2023**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal-year budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The Town is faced with a similar economic environment like many of the other local municipalities are faced with, including inflation and unemployment rates.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Town of Cortland, 59 South Somonauk Road, PO Box 519, Cortland, Illinois 60112-0519.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF CORTLAND, ILLINOIS**

**STATEMENT OF NET POSITION**

April 30, 2023

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,481,158	\$ 3,330,297	\$ 7,811,455
Receivables (net, where applicable, of allowances for uncollectible)			
Property taxes	772,876	-	772,876
Accounts	4,026	277,987	282,013
Due from other governments	201,236	-	201,236
Prepaid items	83,347	1,751	85,098
Capital assets			
Not depreciated	6,203,874	1,156,775	7,360,649
Depreciated (net of accumulated depreciation)	5,647,171	16,992,091	22,639,262
<b>Total assets</b>	<b>17,393,688</b>	<b>21,758,901</b>	<b>39,152,589</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	478,813	97,511	576,324
Asset retirement obligation	-	28,800	28,800
<b>Total deferred outflows of resources</b>	<b>478,813</b>	<b>126,311</b>	<b>605,124</b>
<b>Total assets and deferred outflows of resources</b>	<b>17,872,501</b>	<b>21,885,212</b>	<b>39,757,713</b>
<b>LIABILITIES</b>			
Customer deposits	903,418	800	904,218
Accounts payable	88,399	31,598	119,997
Accrued payroll	23,803	3,629	27,432
Accrued interest	3,404	1,159	4,563
Unearned revenue	20,000	28,500	48,500
Long-term liabilities			
Due within one year	52,543	49,106	101,649
Due in more than one year	994,357	738,765	1,733,122
<b>Total liabilities</b>	<b>2,085,924</b>	<b>853,557</b>	<b>2,939,481</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	11,241	2,290	13,531
Property taxes	772,876	-	772,876
<b>Total deferred inflows of resources</b>	<b>784,117</b>	<b>2,290</b>	<b>786,407</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,870,041</b>	<b>855,847</b>	<b>3,725,888</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,510,228	17,523,232	29,033,460
Restricted			
Parks	14,306	-	14,306
Capital improvements	642,806	-	642,806
Special service areas	23,172	-	23,172
Debt service	51,705	-	51,705
Highways and streets	692,424	-	692,424
Economic development	604,640	-	604,640
Radium removal	-	135,600	135,600
Unrestricted	1,463,179	3,370,533	4,833,712
<b>TOTAL NET POSITION</b>	<b>\$ 15,002,460</b>	<b>\$ 21,029,365</b>	<b>\$ 36,031,825</b>

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS****STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 880,637	\$ 119,874	\$ 28,492	\$ 12,024
Public safety	1,125,156	4,402	-	6,630
Highways and streets	782,581	3,200	177,788	65,531
Building	203,604	-	-	2,450
Interest	13,344	-	-	-
Total governmental activities	3,005,322	127,476	206,280	86,635
Business-Type Activities				
Water	823,374	612,049	-	-
Sewer	753,445	637,329	1,746	-
Total business-type activities	1,576,819	1,249,378	1,746	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,582,141</b>	<b>\$ 1,376,854</b>	<b>\$ 208,026</b>	<b>\$ 86,635</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (720,247)	\$ -	\$ (720,247)
	(1,114,124)	-	(1,114,124)
	(536,062)	-	(536,062)
	(201,154)	-	(201,154)
	(13,344)	-	(13,344)
	(2,584,931)	-	(2,584,931)
	-	(211,325)	(211,325)
	-	(114,370)	(114,370)
	-	(325,695)	(325,695)
	(2,584,931)	(325,695)	(2,910,626)
General Revenues			
Taxes			
Property taxes	742,919	-	742,919
Utility taxes	178,681	-	178,681
Replacement taxes	4,136	-	4,136
Other taxes	34,381	-	34,381
Intergovernmental			
Sales and use taxes	735,890	-	735,890
Income taxes	710,621	-	710,621
Other	619,448	-	619,448
Investment income	125,378	92,398	217,776
Miscellaneous	90,717	67,947	158,664
Gain on sale of capital asset	428,259	-	428,259
Total	3,670,430	160,345	3,830,775
CHANGE IN NET POSITION	1,085,499	(165,350)	920,149
NET POSITION, MAY 1	13,916,961	21,194,715	35,111,676
<b>NET POSITION, APRIL 30</b>	<b>\$ 15,002,460</b>	<b>\$ 21,029,365</b>	<b>\$ 36,031,825</b>

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2023

	General	Capital Improvements	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,206,615	\$ 969,933	\$ 1,304,610	\$ 4,481,158
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	772,876	-	-	772,876
Accounts	4,026	-	-	4,026
Due from other funds	347	-	-	347
Due from other governments	117,155	68,455	15,626	201,236
Advances to other funds	52,003	-	-	52,003
Prepaid items	44,173	39,174	-	83,347
<b>TOTAL ASSETS</b>	<b>\$ 3,197,195</b>	<b>\$ 1,077,562</b>	<b>\$ 1,320,236</b>	<b>\$ 5,594,993</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Customer deposits	\$ 903,418	\$ -	\$ -	\$ 903,418
Accounts payable	88,399	-	-	88,399
Accrued payroll	23,803	-	-	23,803
Unearned revenue	20,000	-	-	20,000
Due to other funds	-	347	-	347
Advances from other funds	-	52,003	-	52,003
Total liabilities	1,035,620	52,350	-	1,087,970
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	772,876	-	-	772,876
Unavailable state taxes	44,789	20,577	-	65,366
Total deferred inflows of resources	817,665	20,577	-	838,242
<b>FUND BALANCES</b>				
Nonspendable - prepaid items				
Prepaid items	44,173	-	-	44,173
Advances	52,003	-	-	52,003
Restricted				
Parks	14,306	-	-	14,306
Capital improvements	642,806	-	-	642,806
Special service areas	-	-	23,172	23,172
Debt service	51,705	-	-	51,705
Highways and streets	-	-	692,424	692,424
Economic development	-	-	604,640	604,640
Unrestricted				
Assigned for capital improvements	-	1,004,635	-	1,004,635
Unassigned	538,917	-	-	538,917
Total fund balances	1,343,910	1,004,635	1,320,236	3,668,781
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,197,195</b>	<b>\$ 1,077,562</b>	<b>\$ 1,320,236</b>	<b>\$ 5,594,993</b>

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2023

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 3,668,781</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	11,851,045
Certain revenues that are deferred in governmental funds are recognized as revenue in the governmental activities	65,366
Deferred outflows of resources related to the Town's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	478,813
Deferred inflows of resources related to the Town's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	(11,241)
Some liabilities reported in the governmental activities do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds	
Net pension liability	(649,078)
Compensated absences	(57,005)
Notes payable	(340,817)
Accrued interest payable	<u>(3,404)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 15,002,460</u></u></b>

See accompanying notes to financial statements.



# TOWN OF CORTLAND, ILLINOIS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended April 30, 2023

	General	Capital Improvements	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 753,769	\$ 425,580	\$ 319,518	\$ 1,498,867
Intergovernmental	1,576,613	-	224,689	1,801,302
Charges for services	46,996	-	-	46,996
Licenses and permits	65,335	-	-	65,335
Fines and forfeitures	4,402	-	-	4,402
Investment income	68,140	20,785	36,453	125,378
Miscellaneous	117,892	250	23,051	141,193
Total revenues	2,633,147	446,615	603,711	3,683,473
<b>EXPENDITURES</b>				
Current				
General government	538,256	-	29,166	567,422
Public safety	866,134	-	-	866,134
Highways and streets	614,108	-	130,048	744,156
Building	191,747	-	-	191,747
Capital outlay	131,597	23,933	-	155,530
Debt service				
Principal	39,927	-	-	39,927
Interest and fiscal charges	11,201	-	-	11,201
Total expenditures	2,392,970	23,933	159,214	2,576,117
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	240,177	422,682	444,497	1,107,356
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	26,655	-	-	26,655
Transfers (out)	-	(26,655)	-	(26,655)
Sale of capital assets	-	428,259	-	428,259
Total other financing sources (uses)	26,655	401,604	-	428,259
<b>NET CHANGE IN FUND BALANCES</b>	266,832	824,286	444,497	1,535,615
<b>FUND BALANCES, MAY 1</b>	1,077,078	180,349	875,739	2,133,166
<b>FUND BALANCES, APRIL 30</b>	\$ 1,343,910	\$ 1,004,635	\$ 1,320,236	\$ 3,668,781

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2023

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,535,615</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	95,297
--	--------

Depreciation on capital assets is reported as an expense in the statement of activities	(222,814)
---	-----------

Proceeds from the disposal of capital assets are recognized in governmental funds but the gain (loss) is recognized on the statement of activities	(232,000)
--	-----------

Certain revenue recognition is different on the full accrual basis than on the modified accrual basis	(20,911)
---	----------

The change in deferred outflows is reported as an expense on the statement of activities	256,462
--	---------

The change in deferred inflows is reported as an expense on the statement of activities	277,417
---	---------

The change in the net pension liability is reported as an expense on the statement of activities	(636,445)
--	-----------

The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	39,927
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The change in accrued interest payable is reported as interest expense on the statement of activities	(2,143)
---	---------

The change in compensated absences payable is shown as an expense on the statement of activities	(4,906)
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,085,499</b>
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See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

April 30, 2023

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,092,245	\$ 2,238,052	\$ 3,330,297
Receivables (net, where applicable, of allowances for uncollectibles)			
Accounts	129,952	148,035	277,987
Prepaid items	1,058	693	1,751
Total current assets	1,223,255	2,386,780	3,610,035
<b>NONCURRENT ASSETS</b>			
Capital assets			
Nondepreciable	20,000	1,136,775	1,156,775
Depreciable	13,176,111	17,663,787	30,839,898
Accumulated depreciation	(5,988,579)	(7,859,228)	(13,847,807)
Total noncurrent assets	7,207,532	10,941,334	18,148,866
Total assets	8,430,787	13,328,114	21,758,901
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	58,507	39,004	97,511
Asset retirement obligation	28,800	-	28,800
Total deferred outflows of resources	87,307	39,004	126,311
Total assets and deferred outflows of resources	8,518,094	13,367,118	21,885,212
<b>CURRENT LIABILITIES</b>			
Accounts payable	15,454	16,144	31,598
Accrued payroll	2,177	1,452	3,629
Accrued interest	-	1,159	1,159
Unearned revenue	-	28,500	28,500
Customer deposits	800	-	800
IEPA loan payable	-	49,106	49,106
Total current liabilities	18,431	96,361	114,792
<b>NONCURRENT LIABILITIES</b>			
IEPA loan payable, net of current portion	-	576,528	576,528
Net pension liability	79,342	52,895	132,237
Asset retirement obligation	30,000	-	30,000
Total noncurrent liabilities	109,342	629,423	738,765
Total liabilities	127,773	725,784	853,557
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	1,374	916	2,290
Total liabilities and deferred inflows of resources	129,147	726,700	855,847
<b>NET POSITION</b>			
Net investment in capital assets	7,207,532	10,315,700	17,523,232
Restricted for radium removal	135,600	-	135,600
Unrestricted	1,045,815	2,324,718	3,370,533
<b>TOTAL NET POSITION</b>	\$ 8,388,947	\$ 12,640,418	\$ 21,029,365

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS****STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2023

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services			
Customer charges	\$ 519,749	\$ 556,829	\$ 1,076,578
Permits and hook up fees	92,300	80,500	172,800
Miscellaneous	8,258	28,163	36,421
Total operating revenues	620,307	665,492	1,285,799
<b>OPERATING EXPENSES</b>			
Operations	507,161	328,398	835,559
Depreciation and amortization	316,213	412,374	728,587
Total operating expenses	823,374	740,772	1,564,146
OPERATING INCOME (LOSS)	(203,067)	(75,280)	(278,347)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Grant revenue	-	1,746	1,746
Lease income	-	15,526	15,526
Connection fees	-	16,000	16,000
Investment income	32,404	59,994	92,398
Interest expense	-	(12,673)	(12,673)
Total non-operating revenues (expenses)	32,404	80,593	112,997
CHANGE IN NET POSITION	(170,663)	5,313	(165,350)
NET POSITION, MAY 1	8,559,610	12,635,105	21,194,715
NET POSITION, APRIL 30	\$ 8,388,947	\$ 12,640,418	\$ 21,029,365

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS****STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2023

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 611,242	\$ 692,539	\$ 1,303,781
Payments to employees	(158,417)	(105,261)	(263,678)
Payments to suppliers	(330,310)	(207,183)	(537,493)
Net cash from operating activities	122,515	380,095	502,610
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental	-	1,746	1,746
Lease income	-	15,526	15,526
Connection fees	-	16,000	16,000
Net cash from noncapital financing activities	-	33,272	33,272
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	32,404	59,994	92,398
Net cash from investing activities	32,404	59,994	92,398
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	-	(48,172)	(48,172)
Interest paid on long-term debt	-	(12,775)	(12,775)
Net cash from capital and related financing activities	-	(60,947)	(60,947)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	154,919	412,414	567,333
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	937,326	1,825,638	2,762,964
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ 1,092,245</u>	<u>\$ 2,238,052</u>	<u>\$ 3,330,297</u>

(This statement is continued on the following page.)

**TOWN OF CORTLAND, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**

For the Year Ended April 30, 2023

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (203,067)	\$ (75,280)	\$ (278,347)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation and amortization	316,213	412,374	728,587
Changes in assets and liabilities			
Receivables	(9,065)	(1,453)	(10,518)
Prepaid items	4	2,934	2,938
Deferred outflows	(30,778)	(20,518)	(51,296)
Accounts payable	5,560	4,438	9,998
Accrued payroll	519	347	866
Deferred revenue	-	28,500	28,500
Net pension liability	77,766	51,844	129,610
Deferred inflows	(34,637)	(23,091)	(57,728)
Total adjustments	325,582	455,375	780,957
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 122,515</b>	<b>\$ 380,095</b>	<b>\$ 502,610</b>

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS**

April 30, 2023

	<u><b>Custodial</b></u>
<b>ASSETS</b>	
Cash	<u>\$     608,087</u>
Total assets	<u>         608,087</u>
<b>LIABILITIES</b>	
None	<u>                  -</u>
Total liabilities	<u>                  -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
None	<u>                  -</u>
Total deferred inflows of resources	<u>                  -</u>
Total liabilities and deferred inflows of resources	<u>                  -</u>
<b>NET POSITION</b>	
Restricted for debt service	<u>         608,087</u>
<b>TOTAL NET POSITION</b>	<u><u>     \$     608,087</u></u>

See accompanying notes to financial statements.

**TOWN OF CORTLAND, ILLINOIS**

**STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS**

For the Year Ended April 30, 2023

	<u><b>Custodial</b></u>
<b>ADDITIONS</b>	
Contributions	
Property owner	\$ 631,879
Proceeds from sale of parcel	96,383
Investment income	
Interest	<u>21,795</u>
Total additions	<u>750,057</u>
<b>DEDUCTIONS</b>	
Contractual services	
Accounting and financial services	20,538
Transfers to Capital Projects	22,425
Debt service	
Principal retirement	358,000
Interest	<u>658,081</u>
Total deductions	<u>1,059,044</u>
CHANGE IN NET POSITION	(308,987)
<b>NET POSITION</b>	
May 1	<u>917,074</u>
April 30	<u><u>\$ 608,087</u></u>

See accompanying notes to financial statements.



**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

April 30, 2023

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

a. Reporting Entity

The Town is a municipal corporation governed by an elected President and Board of Trustees. As required by GAAP, these financial statements present the Town (the primary government).

Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, there are no component units for which the Town is considered to be financially accountable for.

b. Fund Accounting

The Town uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Fund Accounting (Continued)

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

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The Town utilizes custodial funds to account for funds received and reserved for debt service on the noncommitment debt.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those accounted for in another fund.

The Capital Improvements Fund, a capital projects fund, is used to fund capital improvements of the Town. It is primarily funded by utility and simplified telecommunications taxes and non-home rule sales tax.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements (Continued)

The Town reports the following major proprietary funds:

The Water Fund accounts for the water billings and expenses incurred for providing those services to residents.

The Sewer Fund accounts for the sewer billings and expenses incurred for providing those services to residents.

Additionally, the Town reports three custodial funds (Special Service Area #1, Special Service Area #4-8 and Special Service Area #9-10). Custodial funds are used to account for special service area collection of taxes from benefited property owners for payment to bondholders where the Town is acting in only an agent capacity.

d. 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 and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days. The Town recognizes property taxes when they become both measurable and available in the year for which they are levied (i.e., intended to finance). Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Property taxes, sales taxes owed from the state at year end, franchise taxes, licenses, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (e.g., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Town reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability or deferred inflows of resource for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

e. Cash and Cash Equivalents

Cash and cash equivalents on the statement of net position are considered to be cash on hand, demand deposits and cash with fiscal agent. For the purpose of the proprietary funds' statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and all highly liquid investments with an original maturity of three months or less.

f. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for using the consumption method.

h. Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. Infrastructure such as streets and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	7-50
Vehicles and equipment	5
Software	5
Infrastructure	50
Water distribution system	35-40
Water and sewer equipment	5-10
Sewerage system	30-60

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as any gains (losses) on refundings, are deferred and amortized over the life of the bonds. 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 funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

j. Net Position/Fund Balance

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Town. Committed fund balance is constrained by formal actions of the Town's Board of Trustees, which is considered the Town's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Town's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Town Administrator by the Board of Trustees. Any residual fund balance of the General Fund is reported as unassigned. Any deficit fund balances in other governmental funds are also reported as unassigned.

The Town's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Town considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Town's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Net position of the Town has not been restricted as a result of enabling legislation enacted by the Town.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k. Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

l. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, franchise taxes and grants. Business-type activities report water and sewer charges as their major receivables.

m. Compensated Absences

The Town accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, 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 amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. PROPERTY TAX CALENDAR**

Property taxes for 2022 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. Since the 2022 levy is intended to finance the fiscal year ended April 30, 2024, the levy is recorded as a receivable and deferred inflow of resources. The 2023 tax levy has not been recorded as a receivable at April 30, 2023. Although the tax attached as a lien on property as of January 1, 2023, the tax will not be levied until December 2023 and, accordingly, is not measurable at April 30, 2023.

**3. CASH AND INVESTMENTS**

The Town maintains a cash and investment 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." In addition, investments are separately held by several of the Town's funds.

**Permitted Deposits and Investments**

Statutes authorize the Town to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.



**3. CASH AND INVESTMENTS (Continued)**

Permitted Deposits and Investments (Continued)

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town does not have any recurring investments requiring fair value measurement disclosure as of April 30, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy limits its exposure to interest rate risk by structuring the portfolio to match cash flow demands. The investment policy limits the maximum maturity length of investments to two years from date of purchase, unless matched to a specific cash flow. Investments of reserved funds may be purchased with maturities exceeding two years if they are made to coincide with cash flow needs.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral evidenced by a written agreement and held at an independent third party in the name of the Town. At year end, the entire bank balance of deposits was covered by collateral, federal depository insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Town's investment policy requires all security transactions that are exposed to be delivered versus payment (DVP) basis with the underlying investments held by an independent third-party custodian designated by the treasurer and evidenced by safekeeping receipts. The Town's investment in The Illinois Fund is not subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy does not address credit risk. The Town's investment in The Illinois Funds was rated AAA by Standard & Poor's.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**3. CASH AND INVESTMENTS (Continued)**

Concentration Credit Risk

This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's investment policy states that diversification can be by type of investment, institution and length of maturity. At year end, the Town's investment in The Illinois Funds represents over 5% of the total cash and investment portfolio.

**4. CAPITAL ASSETS**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 6,370,884	\$ 64,990	\$ 232,000	\$ 6,203,874
Total capital assets not being depreciated	6,370,884	64,990	232,000	6,203,874
Capital assets being depreciated				
Buildings and improvements	1,293,872	-	-	1,293,872
Vehicles and equipment	1,340,247	30,307	-	1,370,554
Infrastructure	6,297,889	-	-	6,297,889
Total capital assets being depreciated	8,932,008	30,307	-	8,962,315
Less accumulated depreciation for				
Buildings and improvements	367,036	29,582	-	396,618
Vehicles and equipment	1,081,696	67,274	-	1,148,970
Infrastructure	1,643,598	125,958	-	1,769,556
Total accumulated depreciation	3,092,330	222,814	-	3,315,144
Total capital assets being depreciated, net	5,839,678	(192,507)	-	5,647,171
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 12,210,562</b>	<b>\$ (127,517)</b>	<b>\$ 232,000</b>	<b>\$ 11,851,045</b>

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. CAPITAL ASSETS (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,156,775	\$ -	\$ -	\$ 1,156,775
Total capital assets not being depreciated	1,156,775	-	-	1,156,775
Capital assets being depreciated				
Vehicles and equipment	863,382	-	-	863,382
Infrastructure	29,976,516	-	-	29,976,516
Total capital assets being depreciated	30,839,898	-	-	30,839,898
Less accumulated depreciation for				
Vehicles and equipment	734,175	27,177	-	761,352
Infrastructure	12,385,345	701,110	-	13,086,455
Total accumulated depreciation	13,119,520	728,287	-	13,847,807
Total capital assets being depreciated, net	17,720,378	(728,287)	-	16,992,091
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 18,877,153</u>	<u>\$ (728,287)</u>	<u>\$ -</u>	<u>\$ 18,148,866</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Public safety	\$ 191,699
Highways and streets	<u>31,115</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 222,814</u></u>
<b>BUSINESS-TYPE ACTIVITIES</b>	
Water	\$ 315,913
Sewer	<u>412,374</u>
<b>TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES</b>	<u><u>\$ 728,287</u></u>

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. LONG-TERM DEBT**

a. Notes Payable (Direct Placement)

The Town enters into notes payable to provide funds typically for acquisition of capital assets. Notes payable have been issued for the governmental activities. Notes payable currently outstanding are as follows:

Issue	Beginning Balance	Issuances	Retirements	Ending Balance	Current Portion
Building Note Payable - due in semi-annual installments of \$25,564 including interest at 2.98% through June 30, 2030.	\$ 380,744	\$ -	\$ 39,927	\$ 340,817	\$ 41,142
<b>TOTAL NOTES PAYABLE (DIRECT PLACEMENT)</b>	<b>\$ 380,744</b>	<b>\$ -</b>	<b>\$ 39,927</b>	<b>\$ 340,817</b>	<b>\$ 41,142</b>

b. IEPA Loans Payable

The Town has entered into a loan agreement with the IEPA to provide low interest financing for waterworks and sewerage improvements. The IEPA loan currently outstanding is as follows:

Issue	Beginning Balance	Issuances	Retirements	Ending Balance	Current Portion
IEPA #L175003 Loan Payable of 2013 - due in semiannual installments including interest at 1.93% through September 25, 2034.	\$ 673,806	\$ -	\$ 48,172	\$ 625,634	\$ 49,106
<b>TOTAL IEPA LOANS PAYABLE</b>	<b>\$ 673,806</b>	<b>\$ -</b>	<b>\$ 48,172</b>	<b>\$ 625,634</b>	<b>\$ 49,106</b>

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. LONG-TERM DEBT (Continued)**

c. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported in the governmental long-term liabilities:

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Notes payable (direct placement)	\$ 380,744	\$ -	\$ 39,927	\$ 340,817	\$ 41,142
Compensated absences	52,099	15,326	10,420	57,005	11,401
Net pension liability	12,633	636,445	-	649,078	-
<b>TOTAL GOVERNMENTAL LONG-TERM LIABILITIES</b>	<b>\$ 445,476</b>	<b>\$ 651,771</b>	<b>\$ 50,347</b>	<b>\$ 1,046,900</b>	<b>\$ 52,543</b>

The General Fund has typically been used in prior years to liquidate the liability for the net pension liability and compensated absences.

During the fiscal year, the following changes occurred in long-term liabilities reported in the business-type activities:

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
IEPA loans payable	\$ 673,806	\$ -	\$ 48,172	\$ 625,634	\$ 49,106
Net pension liability	2,627	129,610	-	132,237	-
Asset retirement obligation	30,000	-	-	30,000	-
<b>TOTAL BUSINESS-TYPE LONG-TERM LIABILITIES</b>	<b>\$ 706,433</b>	<b>\$ 129,610</b>	<b>\$ 48,172</b>	<b>\$ 787,871</b>	<b>\$ 49,106</b>

d. Debt Service to Maturity Requirements

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

Year Ending April 30,	Notes Payable (Direct Placement)	
	Principal	Interest
2024	\$ 41,142	\$ 9,985
2025	42,369	8,759
2026	43,684	7,443
2027	45,014	6,114
2028	46,385	4,743
2029-2031	122,223	5,596
<b>TOTAL</b>	<b>\$ 340,817</b>	<b>\$ 42,640</b>

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**5. LONG-TERM DEBT (Continued)**

d. Debt Service to Maturity Requirements (Continued)

Year Ending April 30,	IEPA Loans Payable	
	Principal	Interest
2024	\$ 49,106	\$ 11,841
2025	50,058	10,889
2026	51,029	9,918
2027	52,018	8,928
2028	53,027	7,919
2029-2033	280,967	23,767
2034-2035	89,429	1,732
TOTAL	<u>\$ 625,634</u>	<u>\$ 74,994</u>

e. Special Service Area Bonds

On February 23, 2017, the Town issued \$4,890,000 Special Service Area #1 Refunding Bonds, Series 2017, which were used to refund through an in-substance defeasance the \$4,686,000 Special Service Area #1 Bonds. The bonds are payable solely from the special service area tax levied upon the properties located in the special service area and do not constitute an indebtedness of the Town. The Town, through its trustee, is acting solely as agent in receiving the taxes from the County and remitting principal and interest payments to the bond holders. Accordingly, these bonds are not reported as a liability in the Town's financial statements. As of April 30, 2023, \$3,320,000 of the bonds are outstanding.

On May 5, 2006, the Town issued \$23,845,000 Special Tax Revenue Bonds, Series 2006 (Sheaffer System Project). The bonds are payable solely from the special service area tax levied upon the properties located in the special service area or payments made at the time of building permit and do not constitute an indebtedness of the Town. The Town, through its trustee, is acting solely as agent in receiving the taxes from the County and payments made at the time of building permit and remitting them to the bond holders. Interest is due on March 1 and September 1 of the year commencing on September 1, 2006. Principal payments are due on March 1 commencing on March 1, 2014 and maturing March 1, 2017. As of April 30, 2023, the final payment of available funds has been made and the debt has been cancelled.

**5. LONG-TERM DEBT (Continued)**

e. Special Service Area Bonds (Continued)

On June 15, 2007, the Town issued \$5,335,000 and \$5,000,000 Special Tax Revenue Bonds, Series 2007-1 and 2007-2, respectively, known as the Richland Trails Project. The bonds are payable solely from the special service area tax levied upon the properties located in the special service area or payments made at the time of building permit and do not constitute an indebtedness of the Town. The Town, through its trustee, is acting solely as agent in receiving the taxes from the County and payments made at the time of building permit and remitting them to the bond holders. Interest is due on March 1 and September 1 of the year commencing on September 1, 2007. Principal payments are due on March 1 commencing on March 1, 2011. As of April 30, 2023, \$1,887,000 of the 2007-1 bonds are outstanding.

f. Conduit Debt

The Town has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Town is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as liability in these financial statements. The original principal issued on the IRBs was \$9,250,000.

g. Asset Retirement Obligation

The Town has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon its water wells at the end of its estimated useful life in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated useful life of the water wells is 100 years.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**6. INDIVIDUAL FUND DISCLOSURES**

a. Due From/To Other Funds

Due from/to other funds at April 30, 2023 consisted of the following:

	Due From	Due To
General Fund	\$ 347	\$ -
Capital Improvements Fund	-	347
<b>TOTAL</b>	<b>\$ 347</b>	<b>\$ 347</b>

The due from/to balances relate to loan interest due on interfund loan.

b. Advances To/From

Advances to/from other funds at April 30, 2023 consisted of the following:

	Advance To	Advance From
General Fund	\$ 52,003	\$ -
Capital Improvements Fund	-	52,003
<b>TOTAL</b>	<b>\$ 52,003</b>	<b>\$ 52,003</b>

\$150,000 was advanced from the General Fund to the Capital Improvements Fund in 2019 to fund certain capital improvements projects that will be repaid over a period of six years.

c. Interfund Transfers

Interfund transfers during the year ended April 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General	\$ 26,655	\$ -
Capital Improvements	-	26,655
<b>TOTAL</b>	<b>\$ 26,655</b>	<b>\$ 26,655</b>

The purpose of significant transfers are as follows:

- The transfer of \$26,655 during the year from Capital Improvements Fund to the General Fund was for capital outlay and debt service payments. It will not be repaid.



**7. RISK MANAGEMENT**

The Town participates in the Illinois Public Risk Fund for workers' compensation insurance and purchases third party insurance for liability insurance. The Town's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Town is not aware of any additional assessments that may be owed as of April 30, 2023. The Town purchases third party indemnity insurance for employee health. Settled claims have not exceeded coverage for the current or prior two fiscal years.

**8. CONTINGENT LIABILITIES**

a. Grants

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

b. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**9. DEFINED BENEFIT PENSION PLAN**

The Town contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for the plan is governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at <https://www.imrf.org/>. As noted above, IMRF is an agent multiple-employer defined benefit pension plan. The Town and Cortland Community Library (the Library) both participate in the plan and, therefore, the plan is treated as a cost-sharing plan.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund

*Plan Administration*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2022 (actuarial valuation date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>19</u>
 TOTAL	 <u><u>42</u></u>

The IMRF data included in the table above includes membership of both the Town and the Library.

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Town is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the fiscal year ended April 30, 2023 was 9.01% of covered payroll.

*Actuarial Assumptions*

The Town's net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Market value

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability at December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2022	\$ 3,825,991	\$ 3,809,261	\$ 16,730
Changes for the period			
Service cost	113,305	-	113,305
Interest	275,674	-	275,674
Difference between expected and actual experience	134,723	-	134,723
Changes in assumptions	-	-	-
Employer contributions	-	116,851	(116,851)
Employee contributions	-	58,817	(58,817)
Net investment income	-	(467,734)	467,734
Benefit payments and refunds	(160,500)	(160,500)	-
Other (net transfer)	-	(26,184)	26,184
Net changes	363,202	(478,750)	841,952
BALANCES AT DECEMBER 31, 2022	\$ 4,189,193	\$ 3,330,511	\$ 858,682

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability (Continued)*

The table presented above includes amounts for both the Town and the Library. The Town's proportionate share of the net pension liability at January 1, 2022, the employer contributions and the net pension liability at December 31, 2022 was \$15,259, \$106,323 and \$781,315, respectively. The Library's proportionate share of the net pension liability at January 1, 2022, the employer contributions and the net pension liability at December 31, 2022 was \$1,471, \$10,528 and \$77,367, respectively.

For the year ended April 30, 2023, the Town recognized pension expense of \$157,784.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

At April 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 279,004	\$ -
Changes in assumption	-	14,871
Net difference between projected and actual earnings on pension plan investments	316,327	-
Contributions subsequent to measurement date	37,857	-
<b>TOTAL</b>	<b>\$ 633,188</b>	<b>\$ 14,871</b>

The deferred outflows of resources and deferred inflows of resources presented in the table above include amounts for both the Town and the Library. The Town's proportionate share of the deferred outflows of resources and deferred inflows of resources at April 30, 2023 was \$576,324 and \$13,531, respectively. The Library's proportionate share of the deferred outflows of resources and deferred inflows of resources at April 30, 2023 was \$56,864 and \$1,340, respectively.

**TOWN OF CORTLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

\$37,857 reported as deferred outflows of resources related to pensions resulting from the Town and Library contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense by the Town as follows:

Year Ending April 30,	
2024	\$ 101,623
2025	149,656
2026	164,256
2027	164,925
2028	-
Thereafter	-
<b>TOTAL</b>	<b><u>\$ 580,460</u></b>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Town calculated using the discount rate of 7.25% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) - town	\$ 1,282,974	\$ 781,315	\$ 375,154
Net pension liability (asset) - library	127,043	77,367	37,148
<b>NET PENSION LIABILITY - TOTAL</b>	<b><u>\$ 1,410,017</u></b>	<b><u>\$ 858,682</u></b>	<b><u>\$ 412,302</u></b>

**TOWN OF CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

In addition to providing the pension benefits described, the Town provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The Town's total OPEB liability as of April 30, 2023 is immaterial; and therefore, not recorded by the Town.

The following are the summary results from the Town's actuarial valuation performed as of April 30, 2023

Liabilities	\$ 81,597
Deferred inflows of resources	-
Deferred outflows of resources	-
Total OPEB expense	(28,265)

b. Benefits Provided

The Town provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, the employee must qualify for retirement under the Town's retirement plan. The retirees pay 100% of the average employer group cost.

c. Membership

At April 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees to benefits but not yet receiving them	-
Active employees	<u>16</u>
TOTAL	<u>16</u>
Participating employers	<u><u>1</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF CORTLAND, ILLINOIS****SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2023

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes	\$ 752,200	\$ 753,769
Intergovernmental	1,427,931	1,576,613
Charges for services	20,000	46,996
Licenses and permits	42,250	65,335
Fines and forfeitures	9,000	4,402
Investment income	4,000	68,140
Miscellaneous	51,500	117,892
Total revenues	2,306,881	2,633,147
<b>EXPENDITURES</b>		
Current		
General government	391,050	538,256
Public safety	835,745	866,134
Highways and streets	595,150	614,108
Building	248,500	191,747
Capital outlay	165,100	131,597
Debt service		
Principal	59,927	39,927
Interest and fiscal charges	11,201	11,201
Total expenditures	2,306,673	2,392,970
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	208	240,177
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	169,883	26,655
Total other financing sources (uses)	169,883	26,655
NET CHANGE IN FUND BALANCE	\$ 170,091	266,832
FUND BALANCE, MAY 1		1,077,078
FUND BALANCE, APRIL 30		\$ 1,343,910

(See independent auditor's report.)

# **TOWN OF CORTLAND, ILLINOIS**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2023

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### **BUDGETS AND BUDGETARY ACCOUNTING**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The budgets are adopted on a basis of accounting consistent with GAAP.
2. The Town, each year prior to April 30 of the fiscal year, must file and pass the budget for the fiscal year ended April 30. This budget can be subsequently amended by a two-thirds vote of the Board of Trustees.
3. The budget basis shown in the applicable budget versus actual statements for proprietary funds differs from the financial statements basis by principal reductions in debt and amounts capitalized as capital assets and depreciation expenses.
4. Budgets are adopted and formal budgetary integration is employed as a control device during the year at the line item level for the General Fund, Special Revenue Funds, Capital Projects Funds (except for the Special Service Area #1, Special Service Areas #4-8 and Special Service Areas #9-10) and Enterprise Funds.
5. All budgets lapse at the end of the year for which the budgets were adopted. During the year, no budget amendments were necessary.

### **EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following fund had expenditures in excess of budget:

<b>Fund</b>	<b>Budget</b>	<b>Actual</b>
General Fund	\$ 2,306,673	\$ 2,392,970

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Calendar Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Employer's proportion of net pension liability	90.78%	90.78%	90.78%	92.10%	92.10%	92.33%	91.21%	90.99%
Employer's proportionate share of net pension liability	\$ 499,435	\$ 468,152	\$ 312,724	\$ 588,963	\$ 375,117	\$ 186,992	\$ 15,259	\$ 781,315
Employer's covered payroll	681,426	740,424	808,412	869,916	965,558	1,050,082	1,066,451	1,189,281
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	73.29%	63.23%	38.68%	67.70%	38.85%	17.81%	1.43%	65.70%
Plan fiduciary net position as a percentage of the total pension liability	76.01%	78.88%	88.46%	77.79%	86.88%	93.95%	99.56%	79.50%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Actuarially determined contribution	\$ 79,250	\$ 89,334	\$ 88,529	\$ 90,052	\$ 96,849	\$ 110,950	\$ 105,791	\$ 106,323
Contributions in relation to the actuarially determined contribution	79,250	89,334	88,529	90,052	96,849	110,950	105,791	106,323
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 681,426	\$ 740,424	\$ 808,412	\$ 892,332	\$ 989,369	\$ 1,068,937	\$ 1,125,450	\$ 1,179,952
Contributions as a percentage of covered payroll	11.63%	12.07%	10.95%	10.09%	9.79%	10.38%	9.40%	9.01%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was at five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually and price inflation of 2.25%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

**TOWN OF CORTLAND, ILLINOIS****SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>TAXES</b>			
Property taxes	\$ 718,000	\$ 718,000	\$ 723,897
Replacement tax	4,200	4,200	4,136
Road and bridge tax	20,000	20,000	19,022
Utility taxes	10,000	10,000	6,714
Total taxes	752,200	752,200	753,769
<b>INTERGOVERNMENTAL</b>			
Sales and use tax	616,000	616,000	519,443
State income tax	497,000	497,000	710,621
Video gaming tax	15,000	15,000	18,126
Grants	299,931	299,931	328,423
Total intergovernmental	1,427,931	1,427,931	1,576,613
<b>CHARGES FOR SERVICES</b>			
Franchise fees	20,000	20,000	28,767
Airport road rent	-	-	18,229
Total charges for services	20,000	20,000	46,996
<b>LICENSES AND PERMITS</b>			
Building permits	37,500	37,500	51,967
Other	4,750	4,750	13,368
Total licenses and permits	42,250	42,250	65,335
<b>FINES AND FORFEITURES</b>			
Police fines	9,000	9,000	4,402
Total fines and forfeitures	9,000	9,000	4,402
<b>INVESTMENT INCOME</b>	4,000	4,000	68,140
<b>MISCELLANEOUS</b>			
Park development fees	1,000	1,000	600
Contributions	6,000	6,000	56,783
Other	44,500	44,500	60,509
Total miscellaneous	51,500	51,500	117,892
<b>TOTAL REVENUES</b>	<b>\$ 2,306,881</b>	<b>\$ 2,306,881</b>	<b>\$ 2,633,147</b>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CURRENT</b>			
General government			
Personnel services			
Salaries - elected officials	\$ 121,400	\$ 121,400	\$ 115,742
Salaries - clerical workers	89,600	89,600	93,148
Payroll taxes	16,200	16,200	15,876
IMRF contribution	14,600	14,600	14,688
Employee health insurance	22,800	22,800	31,489
Total personnel services	264,600	264,600	270,943
Contractual services			
Legal	60,000	60,000	27,058
Audit and accounting	114,000	114,000	115,179
Insurance	7,700	7,700	19,293
Postage	2,100	2,100	1,157
Telephone	20,000	20,000	20,946
Technology upgrades	-	-	212
Dues and subscriptions	5,000	5,000	6,513
Travel and training	5,000	5,000	7,207
Contracted groups, events and labor	20,000	20,000	21,725
Less reimbursements	(150,000)	(150,000)	(12,547)
Total contractual services	83,800	83,800	206,743
Commodities			
Office supplies	9,000	9,000	9,607
Office equipment and maintenance	21,000	21,000	19,478
Copies and printing	2,000	2,000	70
Total commodities	32,000	32,000	29,155
Other expenditures	10,650	10,650	31,415
Total general government	391,050	391,050	538,256
Public safety			
Personnel services			
Salaries - police officers	418,000	418,000	460,025
Salaries - special assignment	25,000	25,000	18,612
Salaries - overtime	5,000	5,000	7,043
Salaries - clerical	18,500	18,500	14,479
Payroll taxes	37,500	37,500	36,112
IMRF contribution	38,000	38,000	41,845
Employee health insurance	80,000	80,000	80,000
Uniforms	12,500	12,500	6,188
Total personnel services	634,500	634,500	664,304

(This schedule is continued on the following pages.)



**TOWN OF CORTLAND, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CURRENT (Continued)</b>			
Public safety (Continued)			
Contractual services			
Legal services	\$ 1,000	\$ 1,000	\$ 788
Adjudication	5,000	5,000	700
Maintenance and operations - vehicles and equipment	29,500	29,500	21,241
Maintenance and operations - police office	500	500	2,152
Insurance	22,500	22,500	38,865
Telephone	21,500	21,500	16,790
Telecommunications services	64,000	64,000	63,979
Business forms expense	-	-	80
Travel and training	7,500	7,500	7,441
Total contractual services	151,500	151,500	152,036
Commodities			
Gas and petroleum	16,000	16,000	19,783
Utilities	1,620	1,620	2,517
Office supplies	1,000	1,000	1,728
Office equipment and maintenance	6,000	6,000	2,294
Copies and printing	1,000	1,000	1,104
Postage	125	125	192
Dues and subscriptions	12,000	12,000	18,566
Technology upgrades	5,000	5,000	24
DUI prevention	3,000	3,000	-
Total commodities	45,745	45,745	46,208
Other expenditures	4,000	4,000	3,586
Total public safety	835,745	835,745	866,134
Highways and streets			
Personnel services			
Salaries - maintenance and operations	261,000	261,000	234,830
Payroll taxes	20,000	20,000	18,119
IMRF contribution	23,500	23,500	20,398
Employee health insurance	48,500	48,500	48,500
Unemployment benefits	-	-	1,480
Uniforms	1,600	1,600	1,392
Drug and alcohol program	600	600	480
Total personnel services	355,200	355,200	325,199
Contractual services			
Legal expense	-	-	175
Maintenance and operation - street lights	1,000	1,000	13,844
Maintenance and operation - garage	550	550	525
Maintenance and operation - town hall	6,000	6,000	7,656
Maintenance and operation - streets	24,000	24,000	16,030

(This schedule is continued on the following pages.)

**TOWN OF CORTLAND, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CURRENT (Continued)</b>			
Highways and streets (Continued)			
Contractual services (Continued)			
Maintenance and operation - maintenance vehicles	\$ 15,000	\$ 15,000	\$ 44,477
Maintenance and operation - railroad crossings	1,000	1,000	846
Parks	10,000	10,000	9,427
Street lights	36,500	36,500	29,611
Streets	-	-	2,466
Road salt	30,000	30,000	34,248
Road signs	2,000	2,000	2,337
Tools and hardware	3,000	3,000	2,890
Small equipment purchase	10,000	10,000	6,192
Equipment rental	13,000	13,000	8,199
Office equipment and maintenance	2,000	2,000	1,568
Copies and printing	1,000	1,000	1,567
Insurance	31,500	31,500	42,240
Repairs	6,000	6,000	2,820
Forestry	8,000	8,000	2,392
Nuisance mowing	1,000	1,000	-
Abatement expense	-	-	9,875
Telephone	6,000	6,000	5,278
Utilities	7,900	7,900	10,477
Travel and training	2,000	2,000	991
Fees and permits	2,000	2,000	1,048
Miscellaneous	500	500	4,974
Total contractual services	219,950	219,950	262,153
Commodities			
Gas and petroleum	20,000	20,000	25,369
Office supplies	-	-	149
Total commodities	20,000	20,000	25,518
Other expenditures	-	-	1,238
Total highways and streets	595,150	595,150	614,108
Building Department			
Personnel services			
Salaries - code official	75,000	75,000	29,115
Salaries - engineer	113,300	113,300	113,300
Payroll taxes	18,500	18,500	10,963
IMRF contribution	17,500	17,500	10,053
Employee health insurance	10,700	10,700	815
Total personnel services	235,000	235,000	164,246
Contractual services			
Engineering: nonreimbursable	2,500	2,500	14,316
Planning/zoning/building	1,500	1,500	-
Zoning administration fees	-	-	96

(This schedule is continued on the following page.)

**TOWN OF CORTLAND, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CURRENT (Continued)</b>			
Building Department (Continued)			
Contractual services (Continued)			
Vehicle and equipment maintenance	\$ 3,000	\$ 3,000	\$ 2,303
Office supplies	-	-	6
Telephone	-	-	2,152
Conference and training	3,000	3,000	2,167
Copies and printing	-	-	534
Dues and subscriptions	1,000	1,000	409
Total contractual services	11,000	11,000	21,983
Commodities			
Office	-	-	3,189
Gasoline	2,500	2,500	2,329
Total commodities	2,500	2,500	5,518
Total building department	248,500	248,500	191,747
<b>CAPITAL OUTLAY</b>			
Equipment and furniture	92,100	92,100	85,803
Building improvements	34,000	34,000	19,083
Park development	14,000	14,000	-
Airport road property maintenance	-	-	230
Airport road property taxes	-	-	9,826
Street repairs	25,000	25,000	-
Road improvements	-	-	16,655
Total capital outlay	165,100	165,100	131,597
<b>DEBT SERVICE</b>			
Principal	59,927	59,927	39,927
Interest and fiscal charges	11,201	11,201	11,201
Total debt service	71,128	71,128	51,128
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,306,673</u>	<u>\$ 2,306,673</u>	<u>\$ 2,392,970</u>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS****SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Utility taxes	\$ 140,000	\$ 140,000	\$ 178,681
Telecommunications	30,000	30,000	23,667
Non-home rule sales tax	375,000	375,000	223,232
Intergovernmental	935,000	935,000	-
Investment income	400	400	20,785
Miscellaneous	-	-	250
Total revenues	1,480,400	1,480,400	446,615
<b>EXPENDITURES</b>			
Capital outlay			
Community programs	15,000	15,000	-
Land acquisition	12,000	12,000	11,760
Donations - community agencies	5,000	5,000	3,000
Street improvements	800,000	800,000	-
Emergency preparedness	-	-	1,118
Holiday decorations	-	-	5,463
Sidewalk construction	12,000	12,000	2,592
Splash pad	135,000	135,000	-
Total expenditures	979,000	979,000	23,933
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	501,400	501,400	422,682
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(169,883)	(169,883)	(26,655)
Sale of capital assets	-	-	428,259
Total other financing sources (uses)	(169,883)	(169,883)	401,604
NET CHANGE IN FUND BALANCE	\$ 331,517	\$ 331,517	824,286
FUND BALANCE, MAY 1			180,349
FUND BALANCE, APRIL 30			\$ 1,004,635

(See independent auditor's report.)

**NONMAJOR GOVERNMENTAL FUNDS**

**TOWN OF CORTLAND, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

April 30, 2023

	<b>Special Revenue</b>		<b>Capital Projects</b>			<b>Total</b>
	<b>Motor Fuel</b>	<b>Tax Increment</b>	<b>Special</b>	<b>Special</b>	<b>Special</b>	<b>Nonmajor</b>
	<b>Tax</b>	<b>Financing</b>	<b>Service</b>	<b>Service</b>	<b>Service</b>	<b>Governmental</b>
			<b>Area #1</b>	<b>Areas #4-8</b>	<b>Areas #9-10</b>	<b>Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 676,798	\$ 604,640	\$ 1,514	\$ -	\$ 21,658	\$ 1,304,610
Due from other governments	15,626	-	-	-	-	15,626
<b>TOTAL ASSETS</b>	<b>\$ 692,424</b>	<b>\$ 604,640</b>	<b>\$ 1,514</b>	<b>\$ -</b>	<b>\$ 21,658</b>	<b>\$ 1,320,236</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>						
Restricted						
Special service areas	-	-	1,514	-	21,658	23,172
Highways and streets	692,424	-	-	-	-	692,424
Economic development	-	604,640	-	-	-	604,640
Total fund balances	692,424	604,640	1,514	-	21,658	1,320,236
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 692,424</b>	<b>\$ 604,640</b>	<b>\$ 1,514</b>	<b>\$ -</b>	<b>\$ 21,658</b>	<b>\$ 1,320,236</b>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2023

	<u>Special Revenue</u>		<u>Capital Projects</u>			<u>Total</u>
	<u>Motor Fuel</u>	<u>Tax Increment</u>	<u>Special</u>	<u>Special</u>	<u>Special</u>	<u>Nonmajor</u>
	<u>Tax</u>	<u>Financing</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Governmental</u>
			<u>Area #1</u>	<u>Areas #4-8</u>	<u>Areas #9-10</u>	<u>Funds</u>
<b>REVENUES</b>						
Taxes	\$ -	\$ 319,518	\$ -	\$ -	\$ -	\$ 319,518
Intergovernmental	224,689	-	-	-	-	224,689
Investment income	18,037	17,776	197	-	443	36,453
Miscellaneous	-	-	12,425	626	10,000	23,051
Total revenues	242,726	337,294	12,622	626	10,443	603,711
<b>EXPENDITURES</b>						
Current						
General government	-	-	20,502	626	8,038	29,166
Highways and streets	-	130,048	-	-	-	130,048
Total expenditures	-	130,048	20,502	626	8,038	159,214
NET CHANGE IN FUND BALANCES	242,726	207,246	(7,880)	-	2,405	444,497
FUND BALANCES, MAY 1	449,698	397,394	9,394	-	19,253	875,739
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 692,424</b>	<b>\$ 604,640</b>	<b>\$ 1,514</b>	<b>\$ -</b>	<b>\$ 21,658</b>	<b>\$ 1,320,236</b>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Motor fuel tax allotments	\$ 221,902	\$ 221,902	\$ 224,689
Investment income	500	500	18,037
Total revenues	222,402	222,402	242,726
<b>EXPENDITURES</b>			
Highways and streets			
Commodities	365,000	365,000	-
Total expenditures	365,000	365,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (142,598)</u></u>	<u><u>\$ (142,598)</u></u>	242,726
<b>FUND BALANCE, MAY 1</b>			<u>449,698</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 692,424</u></u>

(See independent auditor's report.)



**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TAX INCREMENT FINANCING FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 325,000	\$ 325,000	\$ 319,518
Investment income	400	400	17,776
Total revenues	325,400	325,400	337,294
<b>EXPENDITURES</b>			
Highways and streets			
Contractual services	427,000	427,000	130,048
Total expenditures	427,000	427,000	130,048
NET CHANGE IN FUND BALANCE	<u>\$ (101,600)</u>	<u>\$ (101,600)</u>	207,246
FUND BALANCE, MAY 1			<u>397,394</u>
FUND BALANCE, APRIL 30			<u>\$ 604,640</u>

(See independent auditor's report.)

## **MAJOR ENTERPRISE FUNDS**

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL - BUDGETARY BASIS  
WATER FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services			
Customer charges	\$ 530,000	\$ 530,000	\$ 516,099
Permits and hook up fees	30,000	30,000	92,300
Meter sales	5,100	5,100	3,650
Miscellaneous	6,270	6,270	8,258
Total operating revenues	571,370	571,370	620,307
<b>OPERATING EXPENSES</b>			
Operations	603,380	603,380	507,161
Total operating expenses	603,380	603,380	507,161
OPERATING INCOME (LOSS)	(32,010)	(32,010)	113,146
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	500	500	32,404
Total non-operating revenues (expenses)	500	500	32,404
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (31,510)	\$ (31,510)	145,550
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Depreciation and amortization			(316,213)
CHANGE IN NET POSITION (GAAP BASIS)			(170,663)
NET POSITION, MAY 1			8,559,610
NET POSITION, APRIL 30			\$ 8,388,947

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL -  
BUDGETARY BASIS  
WATER FUND**

For the Year Ended April 30, 2023

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 148,330	\$ 148,330	\$ 171,287
Contractual services	265,550	265,550	241,092
Commodities	59,000	59,000	55,889
Other	-	-	537
Capital outlay	130,500	130,500	38,356
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 603,380</b>	<b>\$ 603,380</b>	<b>\$ 507,161</b>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS****SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL - BUDGETARY BASIS  
SEWER FUND**

For the Year Ended April 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services			
Customer charges	\$ 543,000	\$ 543,000	\$ 556,829
Permits and hook up fees	25,000	25,000	80,500
Miscellaneous	30,050	30,050	28,163
Total operating revenues	598,050	598,050	665,492
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Operations	449,600	449,600	328,398
Total operating expenses excluding depreciation	449,600	449,600	328,398
OPERATING INCOME	148,450	148,450	337,094
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Grant revenue	-	-	1,746
Lease income	10,725	10,725	15,526
Investment income	1,000	1,000	59,994
Connection fees	-	-	16,000
Interest expense	(13,692)	(13,692)	(12,673)
Debt service - principal	(47,255)	(47,255)	(48,172)
Total non-operating revenues (expenses)	(49,222)	(49,222)	32,421
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ 99,228	\$ 99,228	369,515
<b>ADJUSTMENTS TO BUDGETARY BASIS</b>			
Depreciation			(412,374)
Debt service - principal			48,172
CHANGE IN NET POSITION (GAAP BASIS)			5,313
NET POSITION, MAY 1			12,635,105
NET POSITION, APRIL 30			\$ 12,640,418

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL -  
BUDGETARY BASIS  
SEWER FUND**

For the Year Ended April 30, 2023

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 99,700	\$ 99,700	\$ 113,843
Contractual services	172,100	172,100	138,061
Commodities	57,300	57,300	47,187
Other	4,000	4,000	1,389
Capital outlay	116,500	116,500	27,918
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 449,600</b>	<b>\$ 449,600</b>	<b>\$ 328,398</b>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

**TOWN OF CORTLAND, ILLINOIS**

**COMBINING STATEMENT OF NET POSITION  
CUSTODIAL FUND - SPECIAL SERVICE AREA FUNDS**

April 30, 2023

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	<b>Special Service Area #1</b>	<b>Special Service Area #4-8</b>	<b>Special Service Area #9-10</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 423,419	\$ -	\$ 184,668	\$ 608,087
Total assets	423,419	-	184,668	608,087
<b>LIABILITIES</b>				
None	-	-	-	-
Total liabilities	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	-	-	-	-
<b>NET POSITION</b>				
Restricted for debt service	\$ 423,419	\$ -	\$ 184,668	\$ 608,087

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(See independent auditor's report.)



**TOWN OF CORTLAND, ILLINOIS****COMBINING STATEMENT OF CHANGES IN NET POSITION  
CUSTODIAL FUND - SPECIAL SERVICE AREA FUNDS**

For the Year Ended April 30, 2023

	<b>Special Service Area #1</b>	<b>Special Service Area #4-8</b>	<b>Special Service Area #9-10</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>				
Contributions				
Property owner	\$ 430,335	\$ -	\$ 201,544	\$ 631,879
Proceeds from sale of parcel	-	96,383	-	96,383
Investment earnings				
Interest	14,450	175	7,170	21,795
Total additions	444,785	96,558	208,714	750,057
<b>DEDUCTIONS</b>				
Contractual services				
Accounting and financial services	-	20,538	-	20,538
Transfers to Capital Projects	12,425	-	10,000	22,425
Debt service				
Principal retirement	290,000	-	68,000	358,000
Interest	122,753	424,084	111,244	658,081
Total deductions	425,178	444,622	189,244	1,059,044
CHANGE IN NET POSITION	19,607	(348,064)	19,470	(308,987)
NET POSITION, MAY 1	403,812	348,064	165,198	917,074
<b>NET POSITION, APRIL 30</b>	<b>\$ 423,419</b>	<b>\$ -</b>	<b>\$ 184,668</b>	<b>\$ 608,087</b>

(See independent auditor's report.)

**SUPPLEMENTAL DATA (UNAUDITED)**

**TOWN OF CORTLAND, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
BUILDING NOTE PAYABLE OF 2020**

April 30, 2023

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Date of Issue	September 25, 2020
Date of Maturity	June 30, 2030
Authorized Issue	\$441,509
Interest Rate	2.98%
Interest Date	June 30 and December 30
Principal Maturity Date	June 30 and December 30
Payable at	Resource Bank N.A., Cortland IL

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 41,142	\$ 9,985	\$ 51,127
2025	42,369	8,759	51,128
2026	43,684	7,443	51,127
2027	45,014	6,114	51,128
2028	46,385	4,743	51,128
2029	47,787	3,341	51,128
2030	49,252	1,878	51,130
2031	25,184	377	25,561
	<u>\$ 340,817</u>	<u>\$ 42,640</u>	<u>\$ 383,457</u>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
IEPA LOAN PAYABLE**

April 30, 2023

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Date of Issue	November 28, 2013
Date of Maturity	September 25, 2034
Disbursements plus capitalized interest	\$986,512
Interest Rate	1.93%
Interest Date	March 25 and September 25
Principal Maturity Date	March 25 and September 25
Payable at	IEPA

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 49,106	\$ 11,841	\$ 60,947
2025	50,058	10,889	60,947
2026	51,029	9,918	60,947
2027	52,018	8,928	60,946
2028	53,027	7,919	60,946
2029	54,056	6,891	60,947
2030	55,104	5,843	60,947
2031	56,173	4,774	60,947
2032	57,262	3,685	60,947
2033	58,372	2,574	60,946
2034	59,504	1,442	60,946
2035	29,925	290	30,215
	<u>\$ 625,634</u>	<u>\$ 74,994</u>	<u>\$ 700,628</u>

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,  
TAX EXTENSIONS AND TAX COLLECTIONS**

Last Ten Levy Years

	2022	2021**	2020	2019	2018	2017*	2016	2015	2014	2013
<b>ASSESSED VALUATIONS</b>										
DeKalb County	\$ 84,861,520	\$ 78,262,644	\$ 74,530,933	\$ 72,062,180	\$ 67,936,779	\$ 63,554,345	\$ 58,341,017	\$ 55,621,683	\$ 52,454,195	\$ 55,340,519
<b>TAX RATES</b>										
Town										
Corporate	0.5905	0.6184	0.6451	0.6800	0.7065	0.7410	0.7970	0.8288	0.8627	0.7888
IMRF	0.0648	0.0716	0.0764	0.0805	0.0839	0.0905	0.0968	0.1025	0.1083	0.0990
Social Security	0.0613	0.0664	0.0698	0.0735	0.0765	0.0826	0.0891	0.0935	0.0981	0.0897
Police protection	0.1768	0.1584	0.1656	0.1311	0.1222	0.1215	0.1286	0.1313	0.1363	0.1246
Total tax rates	0.8934	0.9148	0.9569	0.9651	0.9891	1.0356	1.1115	1.1561	1.2054	1.1021
<b>TAX EXTENSIONS</b>										
Town										
Corporate	\$ 500,183	\$ 484,008	\$ 472,705	\$ 480,763	\$ 475,388	\$ 464,684	\$ 455,964	\$ 451,492	\$ 442,860	\$ 436,526
IMRF	54,914	56,005	55,973	56,915	56,462	56,735	55,412	55,827	55,617	54,787
Social Security	51,910	52,006	51,143	52,007	51,510	51,803	51,002	50,933	50,356	49,640
Police protection	149,730	124,007	121,381	92,730	82,210	76,176	73,551	71,502	69,984	68,954
Total tax extensions	\$ 756,737	\$ 716,026	\$ 701,202	\$ 682,415	\$ 665,570	\$ 649,398	\$ 635,929	\$ 629,754	\$ 618,817	\$ 609,907
<b>TAX COLLECTIONS</b>										
Town										
Corporate	\$ -	\$ 489,623	\$ 471,568	\$ 479,486	\$ 472,462	\$ 483,333	\$ 450,976	\$ 444,481	\$ 438,090	\$ 429,828
IMRF	-	56,411	55,838	56,764	56,115	59,012	54,806	54,961	55,018	53,966
Social Security	-	52,383	51,020	51,870	51,193	53,882	50,443	50,142	49,814	48,866
Police protection	-	124,906	121,089	92,483	81,705	79,234	72,745	70,391	69,231	67,921
Total tax collections	\$ -	\$ 723,323	\$ 699,515	\$ 680,603	\$ 661,475	\$ 675,461	\$ 628,970	\$ 619,975	\$ 612,153	\$ 600,581
<b>PERCENTAGE OF EXTENSIONS COLLECTED AS OF APRIL 30</b>	0.00%	101.02%	99.76%	99.73%	99.38%	104.01%	98.91%	98.45%	98.92%	98.47%

\*Collections exceeded extension in tax year 2017 due to the collection of back taxes.

\*\*Collections exceed extension in tax year 2021 due to the collection of back taxes.

(See independent auditor's report.)

**TOWN OF CORTLAND, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

April 30, 2023

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<b>ASSESSED VALUATION - 2022</b>	<u>\$ 84,861,520</u>
<b>STATUTORY DEBT LIMITATION</b>	
(8.625% of assessed valuation)	<u>\$ 7,319,306</u>
<b>AMOUNT OF DEBT APPLICABLE TO LIMIT</b>	
Building Note Payable of 2020	<u>340,817</u>
Total debt	<u>340,817</u>
<b>LEGAL DEBT MARGIN</b>	<u>\$ 6,978,489</u>

(See independent auditor's report.)