TOWN OF CORTLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2025

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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, 2025 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, 2025, 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.

Change in Accounting Principle

As described in Note 10 to the financial statements, the Town adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended April 30, 2025. The implementation of this guidance resulted in changes to the accrual of compensated absence balances and a restatement of beginning net position. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 CPA LLC

Naperville, Illinois
September 5, 2025

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

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, 2025. 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 $36,903,810 to $37,384,241, an increase of $480,431 or 1.30%.

- During the year, government-wide revenues totaled $5,518,216, while government-wide expenses totaled $4,980,792 resulting in an increase of net position of $537,424.

- Total fund balances for the governmental funds were $5,205,274 at April 30, 2025 compared to $4,442,171 in the prior year, an increase of $763,103.

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 like 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 non-financial 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.

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 sizable 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 six individual governmental funds, General Fund, Motor Fuel Tax Fund, Tax Increment Financing Fund, Capital Improvement Fund, Special Service Area #1 Fund, and Special Service Area #9 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, Capital Improvements Fund and Tax Increment Financing Fund, all 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.

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 two fiduciary funds: Special Service Area #1 Fund and Special Service Area #9. 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 - 38 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. The required supplementary information can be found on pages 39 - 43 of this report. The combining and individual fund statements and schedules can be found immediately after the required supplementary information, on pages 44 - 58 of this report.

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 $37.4 million.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 7,169,708	6,335,958	4,882,896	4,296,953	12,052,604	10,632,911
Capital Assets	11,784,931	11,792,488	16,861,568	17,538,439	28,646,499	29,330,927
Total Assets	18,954,639	18,128,446	21,744,464	21,835,392	40,699,103	39,963,838
Deferred Outflow of Resources	195,788	334,480	69,284	96,643	265,072	431,123
Total Assets & Deferred Outflows	19,150,427	18,462,926	21,813,748	21,932,035	40,964,175	40,394,961
Long-Term Debt	897,693	878,447	699,270	709,523	1,596,963	1,587,970
Other Liabilities	1,040,978	1,005,924	77,106	67,217	1,118,084	1,073,141
Total Liabilities	1,938,671	1,884,371	776,376	776,740	2,715,047	2,661,111
Deferred Inflows of Resources	864,459	828,548	428	1,492	864,887	830,040
Total Liab. & Deferred Inflows	2,803,130	2,712,919	776,804	778,232	3,579,934	3,491,151
Net Position						
Net Investment in Capital Assets	11,506,425	11,493,111	16,335,098	16,961,911	27,841,523	28,455,022
Restricted	3,240,740	2,504,365	135,600	135,600	3,376,340	2,639,965
Unrestricted (Deficit)	1,600,132	1,752,531	4,566,246	4,056,292	6,166,378	5,808,823
Total Net Position	16,347,297	15,750,007	21,036,944	21,153,803	37,384,241	36,903,810

By far the largest portion of the Town's net position or 74.47% 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 9.03% of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining 16.49% represents an unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

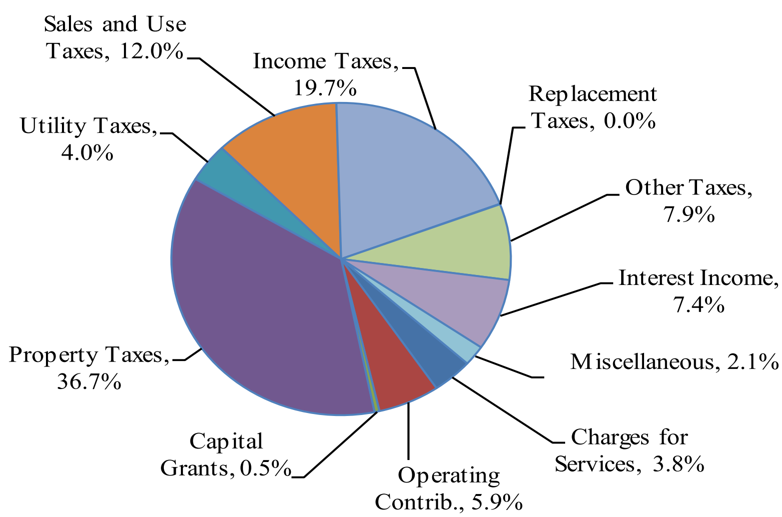
	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	$ 148,966	140,140	1,337,262	1,334,475	1,486,228	1,474,615
Operating Grants/Contrib.	227,684	391,719	-	100,000	227,684	491,719
Capital Grants/Contrib.	18,467	51,624	-	-	18,467	51,624
General Revenues						
Property Taxes	1,425,356	773,128	-	-	1,425,356	773,128
Utility Taxes	155,753	157,087	-	-	155,753	157,087
Replacement Taxes	1,836	2,990	-	-	1,836	2,990
Sales and Use Taxes	464,615	781,225	-	-	464,615	781,225
Income Taxes	764,391	720,016	-	-	764,391	720,016
Other Taxes	305,028	548,716	-	-	305,028	548,716
Interest Income	288,025	268,620	209,879	194,953	497,904	463,573
Miscellaneous / Other	81,191	32,679	89,763	92,924	170,954	125,603
Total Revenues	3,881,312	3,867,944	1,636,904	1,722,352	5,518,216	5,590,296
Expenses						
General Government	782,561	843,462	-	-	782,561	843,462
Public Safety	1,160,667	935,552	-	-	1,160,667	935,552
Highways and Streets	760,260	918,184	-	-	760,260	918,184
Building	242,455	201,500	-	-	242,455	201,500
Economic Development	304,494	208,042	-	-	304,494	208,042
Interest on Long-Term Debt	16,600	13,657	-	-	16,600	13,657
Water	-	-	891,619	807,378	891,619	807,378
Sewer	-	-	822,136	790,536	822,136	790,536
Total Expenses	3,267,037	3,120,397	1,713,755	1,597,914	4,980,792	4,718,311
Change in Net Position	614,275	747,547	(76,851)	124,438	537,424	871,985
Net Position - Beginning	15,750,007	15,002,460	21,153,803	21,029,365	36,903,810	36,031,825
Change in accounting principle	(16,985)	-	(40,008)	-	(56,993)	-
Net Position - Restated	15,733,022	15,002,460	21,113,795	21,029,365	36,846,817	36,031,825
Net Position - Ending	16,347,297	15,750,007	21,036,944	21,153,803	37,384,241	36,903,810

The Town's net position increased by $480,431. Government-wide revenues totaled $5,518,216, while government-wide expenses totaled $4,980,792.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

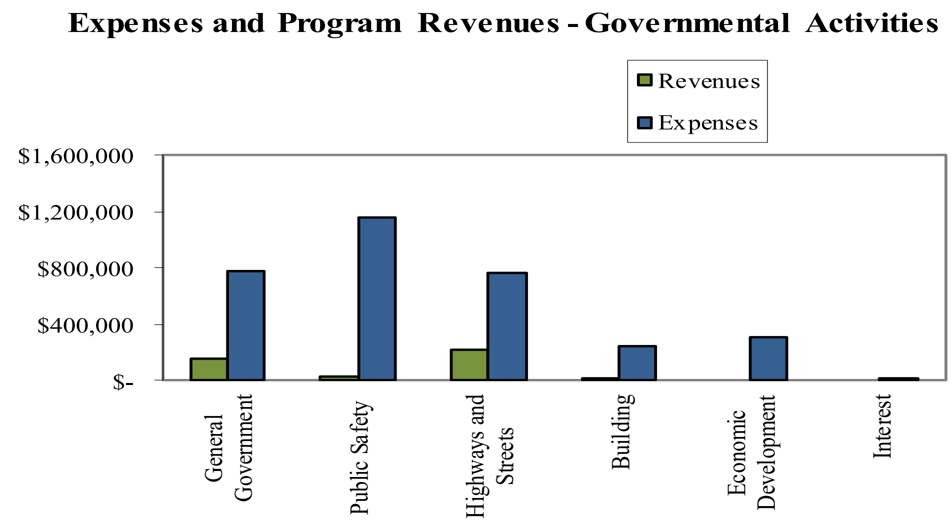
The following table graphically depicts the major revenue sources of the Town. It depicts very clearly the reliance of property taxes and sales and use taxes to fund governmental activities.

Revenues by Source - Governmental Activities



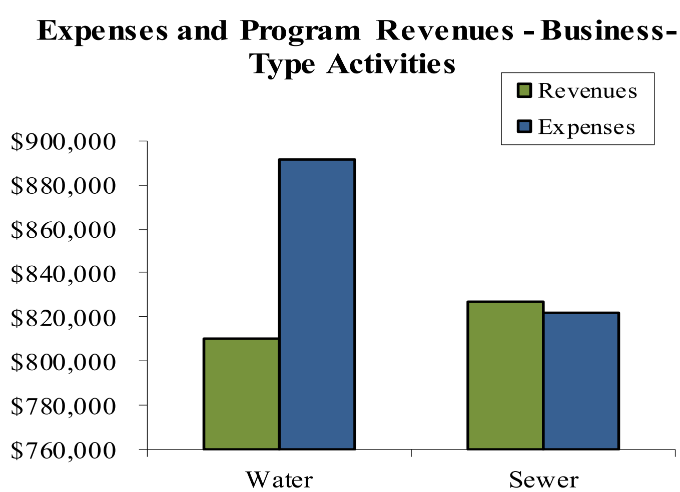
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

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.



Business-Type Activities

Revenues for business-type activities totaled $1,636,904, while expenses totaled $1,713,755 resulting in a decrease to business-type net position of $76,851. Water and sewer expenses increased 7.2 percent when compared to the prior year. The increase in revenue is attributable to the increase in investment income as well as an increase in permit revenue.



The above graph compares program revenues to expenses for water and sewer operations. The graph shows that revenues for the water operations exceeded the water operations expenses by a small margin.

Business-Type Activities – Continued

The sewer operations expenses exceeded the revenue collected in fiscal year 2025. The Town plans to do a water and sewer study in 2026 to evaluate the water and sewer rates.

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 $5,205,274 or an increase of $763,103. The prior years combined ending fund balances totaled $4,442,171.

In the current year, governmental fund balances decreased by $763,103 or 17.2 percent. The General Fund reported a decrease of $311,787. The Capital Improvements Fund reported an increase of $451,251. The Tax Increment Financing Fund reported an increase of $360,053. Nonmajor governmental funds reported an increase of $263,586.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual revenues were higher than budgeted revenues. Actual revenues for the current year were $2,437,925 compared to budgeted revenues of $2,297,209. The positive revenue variance of $140,716 indicates stronger-than-budgeted income, likely due to increased activity or favorable conditions in several revenue categories.

The General Fund actual expenditures were less than budgeted expenditures. Actual expenditures totaled $2,778,410, while budgeted expenditures totaled $3,478,528. The expenditure savings of $700,118 reflect effective cost control or delayed spending.

Overall, this suggests strong financial manager and a better-than-budgeted financial position for the General Fund.

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, 2025, was $28,646,499 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

The total decrease in the Town's investment in capital assets for the current fiscal year was $684,428. The depreciation expense charged for the year was $986,847. Vehicles and equipment assets increased $85,517 due to the purchase of tasers and a squad car for the Cortland Police Department along with a new Ford 350 truck for the Water and Sewer Departments. The Airport Road Box Culvert is a construction in progress project as of April 30, 2025. Additional 2025 projects recorded in infrastructure were the installation of a bike path, a parking lane along Klein Avenue, and new sidewalks along Hahn Drive, Hampstead Street, Pine Avenue and West Chestnut.

Capital Assets - Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 6,203,874	6,203,874	1,156,775	1,156,775	7,360,649	7,360,649
Construction in Progress	12,381	-	-	-	12,381	-
Building and Improvements	841,137	867,672	-	-	841,137	867,672
Vehicles and Equipment	383,356	318,567	213,265	192,537	596,621	511,104
Infrastructure	4,344,183	4,402,375	15,491,528	16,189,127	19,835,711	20,591,502
Total	11,784,931	11,792,488	16,861,568	17,538,439	28,646,499	29,330,927

Additional information on the Town's capital assets can be found in Note 4 on pages 26 - 27 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

As of April 30, 2025, the Town had a total long-term debt outstanding of $1,596,963. This long-term debt is made up of governmental activities and business-type activities outstanding debt of $897,693 and $699,270, respectively. The previous year had a total long-term debt outstanding of $1,644,963. The prior year's total outstanding debt for governmental activities was $895,432 and business-type activities were $749,531. The previous year's beginning balance for compensated absences was restated due to the implementation of GASB 101. Refer to Note 10 for additional information. As of April 30, 2025, the increase in long-term debt is the result of an increase in installment contracts for the lease of the Police Department's tasers. Compensated absences had an increase due to the implementation of GASB 101 as of April 30, 2025. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes Payable	$ 255,548	299,377	-	-	255,548	299,377
Installment contract	22,958	-	-	-	22,958	-
Compensated Absences	139,732	90,509	41,478	40,008	181,210	130,517
Net Pension Liability	479,455	505,546	101,322	102,995	580,777	608,541
Asset Retirement Obligation	-	-	30,000	30,000	30,000	30,000
IEPA Loans Payable	-	-	526,470	576,528	526,470	576,528
Total	897,693	895,432	699,270	749,531	1,596,963	1,644,963

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

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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,000,363	$ 4,579,843	$ 10,580,206
Receivables (net, where applicable, of allowances for uncollectible)			
Property taxes	862,432	-	862,432
Accounts	3,274	293,620	296,894
Due from other governments	196,600	-	196,600
Prepaid items	107,039	9,433	116,472
Capital assets			
Not depreciated	6,216,255	1,156,775	7,373,030
Depreciated (net of accumulated depreciation)	5,568,676	15,704,793	21,273,469
Total assets	18,954,639	21,744,464	40,699,103
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	195,788	41,084	236,872
Asset retirement obligation	-	28,200	28,200
Total deferred outflows of resources	195,788	69,284	265,072
Total assets and deferred outflows of resources	19,150,427	21,813,748	40,964,175
LIABILITIES			
Accounts payable	71,739	40,730	112,469
Accrued payroll	54,047	7,675	61,722
Accrued interest	3,586	988	4,574
Customer deposits	909,006	800	909,806
Unearned revenue	2,600	26,913	29,513
Long-term liabilities			
Due within one year	77,370	59,325	136,695
Due in more than one year	820,323	639,945	1,460,268
Total liabilities	1,938,671	776,376	2,715,047
DEFERRED INFLOWS OF RESOURCES			
Pension related items	2,027	428	2,455
Property taxes	862,432	-	862,432
Total deferred inflows of resources	864,459	428	864,887
Total liabilities and deferred inflows of resources	2,803,130	776,804	3,579,934
NET POSITION			
Net investment in capital assets	11,506,425	16,335,098	27,841,523
Restricted			
Parks	13,962	-	13,962
Capital improvements	947,722	-	947,722
Special service areas	51,191	-	51,191
Debt service	52,561	-	52,561
Highways and streets	890,692	-	890,692
Economic development	1,284,612	-	1,284,612
Radium removal	-	135,600	135,600
Unrestricted	1,600,132	4,566,246	6,166,378
TOTAL NET POSITION	$ 16,347,297	$ 21,036,944	$ 37,384,241

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2025

		Program Revenues		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 782,561	$ 137,219	$ 9,450	$ 3,037
Public safety	1,160,667	6,247	19,450	3,315
Highways and streets	760,260	5,500	198,784	9,315
Building	242,455	-	-	2,800
Economic development	304,494	-	-	-
Interest	16,600	-	-	-
Total governmental activities	3,267,037	148,966	227,684	18,467
Business-Type Activities				
Water	891,619	660,593	-	-
Sewer	822,136	676,669	-	-
Total business-type activities	1,713,755	1,337,262	-	-
TOTAL PRIMARY GOVERNMENT	$ 4,980,792	$ 1,486,228	$ 227,684	$ 18,467

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$ (632,855)	$ -	$ (632,855)
	(1,131,655)	-	(1,131,655)
	(546,661)	-	(546,661)
	(239,655)	-	(239,655)
	(304,494)	-	(304,494)
	(16,600)	-	(16,600)
	(2,871,920)	-	(2,871,920)
	-	(231,026)	(231,026)
	-	(145,467)	(145,467)
	-	(376,493)	(376,493)
	(2,871,920)	(376,493)	(3,248,413)
General Revenues			
Taxes			
Property taxes	1,425,356	-	1,425,356
Utility taxes	155,753	-	155,753
Other taxes	305,028	-	305,028
Intergovernmental			
Sales and use taxes	464,615	-	464,615
Income taxes	764,391	-	764,391
Replacement taxes	1,836	-	1,836
Investment income	288,025	209,879	497,904
Miscellaneous	81,191	89,763	170,954
Total	3,486,195	299,642	3,785,837
CHANGE IN NET POSITION	614,275	(76,851)	537,424
NET POSITION, MAY 1, AS REPORTED	15,750,007	21,153,803	36,903,810
Change in accounting principle	(16,985)	(40,008)	(56,993)
NET POSITION, MAY 1, AS RESTATED	15,733,022	21,113,795	36,846,817
NET POSITION, APRIL 30	$ 16,347,297	$ 21,036,944	$ 37,384,241

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2025

	General	Tax Increment Financing	Capital Improvements	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 2,033,942	$ 1,284,612	$ 1,755,822	$ 925,987	$ 6,000,363
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	862,432	-	-	-	862,432
Accounts	3,274	-	-	-	3,274
Due from other governments	102,211	-	78,493	15,896	196,600
Prepaid items	107,039	-	-	-	107,039
TOTAL ASSETS	$ 3,108,898	$ 1,284,612	$ 1,834,315	$ 941,883	$ 7,169,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 71,739	$ -	$ -	$ -	$ 71,739
Accrued payroll	54,047	-	-	-	54,047
Customer deposits	909,006	-	-	-	909,006
Unearned revenue	2,600	-	-	-	2,600
Total liabilities	1,037,392	-	-	-	1,037,392
DEFERRED INFLOWS OF RESOURCES					
Property taxes	862,432	-	-	-	862,432
Unavailable state taxes	41,294	-	23,316	-	64,610
Total deferred inflows of resources	903,726	-	23,316	-	927,042
FUND BALANCES					
Nonspendable - prepaid items					
Prepaid items	107,039	-	-	-	107,039
Restricted					
Parks	13,962	-	-	-	13,962
Capital improvements	947,722	-	-	-	947,722
Special service areas	-	-	-	51,191	51,191
Debt service	52,561	-	-	-	52,561
Highways and streets	-	-	-	890,692	890,692
Economic development	-	1,284,612	-	-	1,284,612
Assigned for capital improvements	-	-	1,810,999	-	1,810,999
Assigned for subsequent budget	447,280	-	-	-	447,280
Unassigned (deficit)	(400,784)	-	-	-	(400,784)
Total fund balances	1,167,780	1,284,612	1,810,999	941,883	5,205,274
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,108,898	$ 1,284,612	$ 1,834,315	$ 941,883	$ 7,169,708

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, 2025

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 5,205,274
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	11,784,931
Certain revenues that are deferred in governmental funds are recognized as revenue in the governmental activities	64,610
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	195,788
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	(2,027)
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	(479,455)
Compensated absences	(139,732)
Notes payable	(255,548)
Installment contract	(22,958)
Accrued interest payable	(3,586)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 16,347,297

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, 2025

	General	Tax Increment Financing	Capital Improvements	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 857,513	$ 604,399	$ 429,270	$ -	$ 1,891,182
Intergovernmental	1,278,209	-	-	198,784	1,476,993
Charges for services	30,174	-	-	-	30,174
Licenses and permits	112,545	-	-	-	112,545
Fines and forfeitures	6,247	-	-	-	6,247
Investment income	115,574	60,148	73,768	38,535	288,025
Miscellaneous	37,663	-	-	43,528	81,191
Total revenues	2,437,925	664,547	503,038	280,847	3,886,357
EXPENDITURES					
Current					
General government	538,398	-	-	17,261	555,659
Public safety	1,149,146	-	-	-	1,149,146
Highways and streets	563,742	-	-	-	563,742
Building	220,241	-	-	-	220,241
Economic development	-	304,494	-	-	304,494
Capital outlay	241,290	-	51,787	-	293,077
Debt service					
Principal	49,569	-	-	-	49,569
Interest and fiscal charges	16,024	-	-	-	16,024
Total expenditures	2,778,410	304,494	51,787	17,261	3,151,952
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(340,485)	360,053	451,251	263,586	734,405
OTHER FINANCING SOURCES (USES)					
Installment contract issuance	28,698	-	-	-	28,698
Total other financing sources (uses)	28,698	-	-	-	28,698
NET CHANGE IN FUND BALANCES	(311,787)	360,053	451,251	263,586	763,103
FUND BALANCES, MAY 1	1,479,567	924,559	1,359,748	678,297	4,442,171
FUND BALANCES, APRIL 30	$ 1,167,780	$ 1,284,612	$ 1,810,999	$ 941,883	$ 5,205,274

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 763,103
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	239,992
Depreciation on capital assets is reported as an expense in the statement of activities	(247,549)
Certain revenue recognition is different on the full accrual basis than on the modified accrual basis	(5,045)
The change in deferred outflows is reported as an expense on the statement of activities	(138,692)
The change in deferred inflows is reported as an expense on the statement of activities	5,303
The change in the net pension liability is reported as an expense on the statement of activities	26,091
The issuance of long-term debt is reported as an other financing source in governmental funds, but as an increase in debt outstanding on the statement of activities	
Installment contract issued	(28,698)
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	49,569
The change in accrued interest payable is reported as interest expense on the statement of activities	(576)
The change in compensated absences payable is shown as an expense on the statement of activities	(49,223)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 614,275

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2025

	Water	Sewer	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 1,454,516	$ 3,125,327	$ 4,579,843
Receivables (net, where applicable, of allowances for uncollectibles)			
Accounts	138,871	154,749	293,620
Prepaid items	6,134	3,299	9,433
Total current assets	1,599,521	3,283,375	4,882,896
NONCURRENT ASSETS			
Capital assets			
Nondepreciable	20,000	1,136,775	1,156,775
Depreciable	13,244,741	17,780,871	31,025,612
Accumulated depreciation	(6,628,661)	(8,692,158)	(15,320,819)
Total noncurrent assets	6,636,080	10,225,488	16,861,568
Total assets	8,235,601	13,508,863	21,744,464
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	24,645	16,439	41,084
Asset retirement obligation	28,200	-	28,200
Total deferred outflows of resources	52,845	16,439	69,284
Total assets and deferred outflows of resources	8,288,446	13,525,302	21,813,748
CURRENT LIABILITIES			
Accounts payable	18,933	21,797	40,730
Accrued payroll	4,605	3,070	7,675
Accrued interest	-	988	988
Customer deposits	800	-	800
Unearned revenue	-	26,913	26,913
IEPA loan payable	-	51,029	51,029
Compensated absences	4,978	3,318	8,296
Total current liabilities	29,316	107,115	136,431
NONCURRENT LIABILITIES			
IEPA loan payable, net of current portion	-	475,441	475,441
Compensated absences, net of current portion	19,909	13,273	33,182
Net pension liability	60,781	40,541	101,322
Asset retirement obligation	30,000	-	30,000
Total noncurrent liabilities	110,690	529,255	639,945
Total liabilities	140,006	636,370	776,376
DEFERRED INFLOWS OF RESOURCES			
Pension related items	257	171	428
Total liabilities and deferred inflows of resources	140,263	636,541	776,804
NET POSITION			
Net investment in capital assets	6,636,080	9,699,018	16,335,098
Restricted for radium removal	135,600	-	135,600
Unrestricted	1,376,503	3,189,743	4,566,246
TOTAL NET POSITION	$ 8,148,183	$ 12,888,761	$ 21,036,944

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, 2025

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services			
Customer charges	$ 553,693	$ 575,169	$ 1,128,862
Permits and hook up fees	106,900	101,500	208,400
Miscellaneous	8,658	24,050	32,708
Total operating revenues	669,251	700,719	1,369,970
OPERATING EXPENSES			
Operations	570,716	392,643	963,359
Depreciation and amortization	320,903	418,695	739,598
Total operating expenses	891,619	811,338	1,702,957
OPERATING INCOME (LOSS)	(222,368)	(110,619)	(332,987)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	67,998	141,881	209,879
Connection fees	-	18,000	18,000
Lease/rental income	-	39,055	39,055
Interest expense	-	(10,798)	(10,798)
Total non-operating revenues (expenses)	67,998	188,138	256,136
CHANGE IN NET POSITION	(154,370)	77,519	(76,851)
NET POSITION, MAY 1, AS REPORTED	8,326,557	12,827,246	21,153,803
Change in accounting principle	(24,004)	(16,004)	(40,008)
NET POSITION, MAY 1, AS RESTATED	8,302,553	12,811,242	21,113,795
NET POSITION, APRIL 30	$ 8,148,183	$ 12,888,761	$ 21,036,944

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2025

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 669,905	$ 697,316	$ 1,367,221
Payments to employees	(177,863)	(118,141)	(296,004)
Payments to suppliers	(373,845)	(262,374)	(636,219)
Net cash from operating activities	118,197	316,801	434,998
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Lease income	-	39,055	39,055
Connection fees	-	18,000	18,000
Net cash from noncapital financing activities	-	57,055	57,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	67,997	141,881	209,878
Net cash from investing activities	67,997	141,881	209,878
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(31,213)	(31,214)	(62,427)
Principal paid on long-term debt	-	(50,058)	(50,058)
Interest paid on long-term debt	-	(10,889)	(10,889)
Net cash from capital and related financing activities	(31,213)	(92,161)	(123,374)
NET INCREASE IN CASH AND CASH EQUIVALENTS	154,981	423,576	578,557
CASH AND CASH EQUIVALENTS, MAY 1	1,299,535	2,701,751	4,001,286
CASH AND CASH EQUIVALENTS, APRIL 30	$ 1,454,516	$ 3,125,327	$ 4,579,843

(This statement is continued on the following page.)

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2025

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ (222,368)	$ (110,619)	$ (332,987)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation and amortization	320,903	418,695	739,598
Changes in assets and liabilities			
Receivables	654	(1,353)	(699)
Prepaid items	(4,446)	(2,241)	(6,687)
Deferred revenue	-	(2,050)	(2,050)
Accounts payable	5,117	1,747	6,864
Accrued payroll	2,868	2,298	5,166
Compensated absences	883	587	1,470
Pension items	14,586	9,737	24,323
Total adjustments	340,565	427,420	767,985
NET CASH FROM OPERATING ACTIVITIES	$ 118,197	$ 316,801	$ 434,998

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

April 30, 2025

	Custodial
ASSETS	
Cash	$ 687,612
Total assets	687,612
LIABILITIES	
None	-
Total liabilities	-
NET POSITION	
Restricted for debt service	687,612
TOTAL NET POSITION	$ 687,612

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended April 30, 2025

	Custodial
ADDITIONS	
Contributions	
Property owner	$ 630,019
Investment income	
Interest	43,939
Total additions	673,958
DEDUCTIONS	
Contractual services	
Accounting and financial services	1,807
Transfers to Capital Projects	43,528
Debt service	
Principal retirement	400,000
Interest	208,674
Total deductions	654,009
CHANGE IN NET POSITION	19,949
NET POSITION	
May 1	667,663
April 30	$ 687,612

See accompanying notes to financial statements.

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 Tax Increment Financing Fund, a special revenue fund, is used to account for the restricted property tax revenues and expenditures directly related to the Tax Increment Financing District established within the Town.

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 two custodial funds (Special Service Area #1 and Special Service Area #9). 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.

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:

	Years
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 implemented GASB Statement 101, *Compensated Absences*, for year ended April 30, 2025. Vested or accumulated vacation and sick leave that is due to employees who have retired or terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire balance of vacation leave is recognized as a liability at year end. A liability is recognized for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As a result of the implementation of GASB Statement 101, *Compensated Absences*, beginning net position was restated. See Note 10 for additional information.

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 2024 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 2024 levy is intended to finance the fiscal year ended April 30, 2026, the levy is recorded as a receivable and deferred inflow of resources. The 2025 tax levy has not been recorded as a receivable at April 30, 2025. Although the tax attached as a lien on property as of January 1, 2025, the tax will not be levied until December 2025 and, accordingly, is not measurable at April 30, 2025.

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.

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, 2025.

3. CASH AND INVESTMENTS (Continued)

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.

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, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 6,203,874	$ -	$ -	$ 6,203,874
Construction in Progress	-	12,381	-	12,381
Total capital assets not being depreciated	6,203,874	12,381	-	6,216,255
Capital assets being depreciated				
Buildings and improvements	1,293,872	-	-	1,293,872
Vehicles and equipment	1,533,846	158,462	52,288	1,640,020
Infrastructure	6,297,889	69,149	-	6,367,038
Total capital assets being depreciated	9,125,607	227,611	52,288	9,300,930
Less accumulated depreciation for				
Buildings and improvements	426,200	26,535	-	452,735
Vehicles and equipment	1,215,279	93,673	52,288	1,256,664
Infrastructure	1,895,514	127,341	-	2,022,855
Total accumulated depreciation	3,536,993	247,549	52,288	3,732,254
Total capital assets being depreciated, net	5,588,614	(19,938)	-	5,568,676
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 11,792,488	$ (7,557)	$ -	$ 11,784,931
BUSINESS-TYPE ACTIVITIES				
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	986,669	62,427	-	1,049,096
Infrastructure	29,976,516	-	-	29,976,516
Total capital assets being depreciated	30,963,185	62,427	-	31,025,612
Less accumulated depreciation for				
Vehicles and equipment	794,132	41,699	-	835,831
Infrastructure	13,787,389	697,599	-	14,484,988
Total accumulated depreciation	14,581,521	739,298	-	15,320,819
Total capital assets being depreciated, net	16,381,664	(676,871)	-	15,704,793
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 17,538,439	$ (676,871)	$ -	$ 16,861,568

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	$ 3,378
Public safety	40,006
Highways and streets	204,165
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 247,549
BUSINESS-TYPE ACTIVITIES	
Water	$ 320,603
Sewer	418,695
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	$ 739,298

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.	$ 299,377	$ -	$ 43,829	$ 255,548	$ 43,684
TOTAL NOTES PAYABLE (DIRECT PLACEMENT)	$ 299,377	$ -	$ 43,829	$ 255,548	$ 43,684

5. LONG-TERM DEBT (Continued)

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.	$ 576,528	$ -	$ 50,058	$ 526,470	$ 51,029
TOTAL IEPA LOANS PAYABLE	$ 576,528	$ -	$ 50,058	$ 526,470	$ 51,029

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, Restated**	Issuances	Retirements	Balances April 30	Current Portion
Notes payable (direct placement)	$ 299,377	$ -	$ 43,829	$ 255,548	$ 43,684
Installment contract	-	28,698	5,740	22,958	5,740
Compensated absences*/**	90,509	49,223	-	139,732	27,946
Net pension liability	505,546	-	26,091	479,455	-
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	$ 895,432	$ 77,921	$ 75,660	$ 897,693	$ 77,370

The General Fund has typically been used in prior years to liquidate the liability for the notes payable, installment contract, and net pension liability.

*The amount displayed as additions or reductions represents the net change in the liability.

**Compensated absences beginning balances were restated for the implementation of GASB 101, *Compensated Absences*. See Note 10 for additional information.

5. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

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

	Balances May 1, Restated**	Issuances	Retirements	Balances April 30	Current Portion
IEPA loans payable	$ 576,528	$ -	$ 50,058	$ 526,470	$ 51,029
Compensated absences*/**	40,008	1,470	-	41,478	8,296
Net pension liability	102,995	-	1,673	101,322	-
Asset retirement obligation	30,000	-	-	30,000	-
TOTAL BUSINESS-TYPE LONG-TERM LIABILITIES	$ 749,531	$ 1,470	$ 51,731	$ 699,270	$ 59,325

*The amount displayed as additions or reductions represents the net change in the liability.

**Compensated absences beginning balances were restated for the implementation of GASB 101, *Compensated Absences*. See Note 10 for additional information.

d. Installment Contract

The Town has entered into an installment contract on March 31, 2025 for police tasers. Annual installments of $5,740 are due through May 2029. The installment contract bears no interest.

e. 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
2026	$ 43,684	$ 7,443
2027	45,014	6,114
2028	46,385	4,743
2029	47,787	3,341
2030	49,252	1,878
2031	23,426	377
TOTAL	$ 255,548	$ 23,896

5. LONG-TERM DEBT (Continued)

e. Debt Service to Maturity Requirements (Continued)

Year Ending April 30,	Installment Contract Principal	Installment Contract Interest
2026	$ 5,740	$ -
2027	5,740	-
2028	5,740	-
2029	5,738	-
TOTAL	$ 22,958	$ -

Year Ending April 30,	IEPA Loans Payable Principal	IEPA Loans Payable Interest
2026	$ 51,029	$ 9,918
2027	52,018	8,928
2028	53,027	7,919
2029	54,056	6,891
2030	55,104	5,843
2031-2035	261,236	12,765
TOTAL	$ 526,470	$ 52,264

f. 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, 2025, $2,696,000 of the bonds are outstanding.

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. Accordingly, these bonds are not reported as liability in the Town’s financial statements. 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, 2025, $1,731,000 of the 2007-1 bonds are outstanding.

5. LONG-TERM DEBT (Continued)

g. 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.

h. 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.

6. 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, 2025. The Town purchases third party indemnity insurance for employee health. Settled claims have not exceeded coverage for the current or prior two fiscal years.

7. 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.

7. CONTINGENT LIABILITIES (Continued)

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.

8. 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.

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, 2024 (actuarial valuation date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	12
Active employees	18
TOTAL	47

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

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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.

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, 2025 was 8.23% of covered payroll.

Actuarial Assumptions

The Town's net pension liability was measured as of December 31, 2024 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, 2024
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables and future mortality improvements projected using scale MP-2021. 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-2021.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2024 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.

Long-Term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	4.35%
International Equity	18.00%	5.40%
Fixed Income	24.50%	5.20%
Real Estate	10.50%	6.40%
Alternative Investments	12.50%	4.85-6.25%
Cash Equivalents	1.00%	3.60%
TOTAL	100.00%	

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2024	$ 4,414,468	$ 3,745,668	$ 668,800
Changes for the period			
Service cost	115,533	-	115,533
Interest	316,476	-	316,476
Difference between expected and actual experience	26,064	-	26,064
Changes in assumptions	-	-	-
Employer contributions	-	124,469	(124,469)
Employee contributions	-	61,032	(61,032)
Net investment income	-	368,076	(368,076)
Benefit payments and refunds	(214,101)	(214,101)	-
Other (net transfer)	-	(61,156)	61,156
Net changes	243,972	278,320	(34,348)
BALANCES AT DECEMBER 31, 2024	$ 4,658,440	$ 4,023,988	$ 634,452

The table presented on the prior page includes amounts for both the Town and the Library. The Town's proportionate share of the net pension liability at January 1, 2024, the employer contributions and the net pension liability at December 31, 2024 was $608,541, $113,939 and $580,777, respectively. The Library's proportionate share of the net pension liability at January 1, 2024, the employer contributions and the net pension liability at December 31, 2024 was $60,259, $10,530 and $53,675, respectively.

For the year ended April 30, 2025, the Town and Library recognized pension expense of $179,952 and $15,212, respectively.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

At April 30, 2025, 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	$ 119,362	$ -
Changes in assumption	-	2,682
Net difference between projected and actual earnings on pension plan investments	86,603	-
Contributions subsequent to measurement date	51,291	-
TOTAL	$ 257,256	$ 2,682

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, 2025 was $236,872 and $2,455, respectively. The Library's proportionate share of the deferred outflows of resources and deferred inflows of resources at April 30, 2025 was $20,384 and $227, respectively.

$51,291 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, 2026. The Town and Library's proportional share of the contributions subsequent to measurement date was $48,332 and $2,959, respectively. 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,	
2026	$ 130,339
2027	131,008
2028	(38,111)
2029	(19,953)
2030	-
Thereafter	-
TOTAL	$ 203,283

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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 - Town	$ 1,128,161	$ 580,777	$ 139,436
Net pension liability - Library	104,263	53,675	12,886
NET PENSION LIABILITY - TOTAL	$ 1,232,424	$ 634,452	$ 152,322

9. 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, 2025 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, 2025

Liabilities	$ 84,411
Deferred inflows of resources	-
Deferred outflows of resources	-
Total OPEB expense/(income)	(5,437)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2025, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees to benefits but not yet receiving them	-
Active employees	17
TOTAL	17
Participating employers	1

10. RESTATEMENTS

Change in Accounting Principle

For the fiscal year ended April 30, 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*. The implementation of this guidance impacted the beginning accrual balance of compensated absence balances, which resulted in a restatement of beginning net position.

The net effect of the restatements are summarized below:

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	$ 15,750,007	$ 21,153,803	$ 8,326,557	$ 12,827,246
Change in accounting principle - GASB 101	(16,985)	(40,008)	(24,004)	(16,004)
Total net restatement	(16,985)	(40,008)	(24,004)	(16,004)
BEGINNING NET POSITION, AS RESTATED	$ 15,733,022	$ 21,113,795	$ 8,302,553	$ 12,811,242

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, 2025

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	$ 845,559	$ 845,559	$ 857,513
Intergovernmental	1,256,100	1,256,100	1,278,209
Charges for services	30,000	30,000	30,174
Licenses and permits	58,750	58,750	112,545
Fines and forfeitures	8,000	8,000	6,247
Investment income	80,000	80,000	115,574
Miscellaneous	18,800	18,800	37,663
Total revenues	2,297,209	2,297,209	2,437,925
EXPENDITURES			
Current			
General government	609,750	609,750	538,398
Public safety	1,014,659	1,162,534	1,149,146
Highways and streets	598,175	598,175	563,742
Building	324,405	324,405	220,241
Capital outlay	727,345	732,345	241,290
Debt service			
Principal	44,055	44,055	49,569
Interest and fiscal charges	7,264	7,264	16,024
Total expenditures	3,325,653	3,478,528	2,778,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,028,444)	(1,181,319)	(340,485)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,227,769	1,232,769	-
Installment contract issuance	-	-	28,698
Total other financing sources (uses)	1,227,769	1,232,769	28,698
NET CHANGE IN FUND BALANCE	$ 199,325	$ 51,450	(311,787)
FUND BALANCE, MAY 1			1,479,567
FUND BALANCE, APRIL 30			$ 1,167,780

(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, 2025

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	$ 485,000	$ 485,000	$ 604,399
Investment income	25,000	25,000	60,148
Total revenues	510,000	510,000	664,547
EXPENDITURES			
Economic development			
Contractual services	509,500	509,500	304,494
Total expenditures	509,500	509,500	304,494
NET CHANGE IN FUND BALANCE	$ 500	$ 500	360,053
FUND BALANCE, MAY 1			924,559
FUND BALANCE, APRIL 30			$ 1,284,612

(See independent auditor's report.)

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 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, one budget amendment was necessary.

TOWN OF CORTLAND, ILLINOIS

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

Last Ten Calendar Years

MEASUREMENT DATE DECEMBER 31,	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Employer's proportion of net pension liability	90.78%	90.78%	90.78%	92.10%	92.10%	92.33%	91.21%	90.99%	90.99%	91.54%
Employer's proportionate share of net pension liability	$ 499,435	$ 468,152	$ 312,724	$ 588,963	$ 375,117	$ 186,992	$ 15,259	$ 781,315	$ 608,541	$ 580,777
Employer's covered payroll	681,426	740,424	808,412	869,916	965,558	1,050,082	1,066,451	1,189,281	1,173,604	1,246,600
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%	51.85%	46.59%
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%	84.85%	86.38%

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Actuarially determined contribution	$ 79,250	$ 89,334	$ 88,529	$ 90,052	$ 96,849	$ 110,950	$ 105,791	$ 106,323	$ 102,809	$ 113,939
Contributions in relation to the actuarially determined contribution	79,250	89,334	88,529	90,052	96,849	110,950	105,791	106,323	102,809	113,939
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 681,426	$ 740,424	$ 808,412	$ 892,332	$ 989,369	$ 1,068,937	$ 1,125,450	$ 1,179,952	$ 1,185,878	$ 1,385,123
Contributions as a percentage of covered payroll	11.63%	12.07%	10.95%	10.09%	9.79%	10.38%	9.40%	9.01%	8.67%	8.23%

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 19 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 2.75% to 13.75% compounded annually and price inflation of 2.25%.

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, 2025

	Original Budget	Final Budget	Actual
TAXES			
Property taxes	$ 804,859	$ 804,859	$ 803,738
Road and bridge tax	18,700	18,700	17,218
Utility taxes	6,000	6,000	6,272
Video gaming tax	16,000	16,000	30,285
Total taxes	845,559	845,559	857,513
INTERGOVERNMENTAL			
Sales and use tax	476,000	476,000	464,615
State income tax	720,000	720,000	764,391
Replacement tax	3,000	3,000	1,836
Grants and contributions	57,100	57,100	47,367
Total intergovernmental	1,256,100	1,256,100	1,278,209
CHARGES FOR SERVICES			
Franchise fees	30,000	30,000	30,174
Total charges for services	30,000	30,000	30,174
LICENSES AND PERMITS			
Building permits	55,000	55,000	96,435
Other	3,750	3,750	16,110
Total licenses and permits	58,750	58,750	112,545
FINES AND FORFEITURES			
Police fines	8,000	8,000	6,247
Total fines and forfeitures	8,000	8,000	6,247
INVESTMENT INCOME	80,000	80,000	115,574
MISCELLANEOUS			
Park development fees	1,000	1,000	800
Other	17,800	17,800	36,863
Total miscellaneous	18,800	18,800	37,663
TOTAL REVENUES	$ 2,297,209	$ 2,297,209	$ 2,437,925

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2025

		Original Budget		Final Budget		Actual
CURRENT						
General government						
Personnel services						
Salaries - elected officials	$	126,525	$	126,525	$	123,781
Salaries - clerical workers		97,750		97,750		57,094
Payroll taxes		15,900		15,900		14,155
IMRF contribution		15,850		15,850		12,064
Employee health insurance		45,620		45,620		37,853
Total personnel services		301,645		301,645		244,947
Contractual services						
Legal		50,000		50,000		22,283
Audit and accounting		121,430		121,430		126,116
Insurance		23,175		23,175		21,831
Postage		2,500		2,500		1,330
Telephone		16,000		16,000		12,843
Technology upgrades		2,000		2,000		-
Dues and subscriptions		25,000		25,000		25,417
Travel and training		19,500		19,500		6,342
Less reimbursements		(500)		(500)		(1,106)
Total contractual services		259,105		259,105		215,056
Commodities						
Office supplies		5,000		5,000		4,382
Office equipment and maintenance		18,550		18,550		33,630
Copies and printing		750		750		-
Total commodities		24,300		24,300		38,012
Other expenditures		24,700		24,700		40,383
Total general government		609,750		609,750		538,398
Public safety						
Personnel services						
Salaries - police officers		521,800		633,475		629,548
Salaries - special assignment		25,000		42,000		52,466
Salaries - overtime		8,000		8,000		8,000
Salaries - clerical		9,000		12,000		15,376
Payroll taxes		45,200		45,200		53,536
IMRF contribution		48,422		48,422		59,263
Employee health insurance		112,000		112,000		91,316
Uniforms		8,420		8,420		5,703
Total personnel services		777,842		909,517		915,208

(This schedule is continued on the following pages.)

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

For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual
CURRENT (Continued)			
Public safety (Continued)			
Contractual services			
Legal services	$ 1,500	$ 6,800	$ 6,498
Adjudication	3,500	3,500	2,193
Maintenance and operations - vehicles and equipment	18,500	29,400	38,603
Maintenance and operations - police office	1,500	1,500	1,352
Insurance	39,600	39,600	41,471
Telephone	15,500	15,500	12,610
Telecommunications services	66,570	66,570	55,475
Business forms expense	2,500	2,500	-
Travel and training	8,500	8,500	7,467
Total contractual services	157,670	173,870	165,669
Commodities			
Gas and petroleum	18,000	18,000	16,908
Utilities	2,500	2,500	2,483
Office supplies	1,000	1,000	968
Office equipment and maintenance	4,000	4,000	1,935
Copies and printing	1,500	1,500	783
Postage	150	150	200
Dues and subscriptions	39,450	39,450	17,527
Technology upgrades	4,000	4,000	3,325
DUI prevention	2,000	2,000	437
Total commodities	72,600	72,600	44,566
Other expenditures	6,547	6,547	23,703
Total public safety	1,014,659	1,162,534	1,149,146
Highways and streets			
Personnel services			
Salaries - maintenance and operations	203,500	203,500	241,257
Payroll taxes	17,775	17,775	18,796
IMRF contribution	19,000	19,000	21,300
Employee health insurance	34,500	34,500	36,736
Unemployment benefits	3,500	3,500	-
Uniforms	1,600	1,600	1,404
Drug and alcohol program	800	800	425
Total personnel services	280,675	280,675	319,918
Contractual services			
Maintenance and operation - street lights	5,000	5,000	434
Maintenance and operation - garage	5,000	5,000	8,167
Maintenance and operation - town hall	6,000	6,000	4,775
Maintenance and operation - streets	24,000	24,000	4,105

(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, 2025

	Original Budget	Final Budget	Actual
CURRENT (Continued)			
Highways and streets (Continued)			
Contractual services (Continued)			
Maintenance and operation - maintenance vehicles	$ 40,000	$ 40,000	$ 38,315
Maintenance and operation - railroad crossings	1,000	1,000	-
Parks	12,000	12,000	12,609
Street lights	36,500	36,500	28,177
Road salt	35,000	35,000	29,348
Road signs	9,000	9,000	6,703
Tools and hardware	3,000	3,000	2,118
Small equipment purchase	10,000	10,000	1,857
Equipment rental	20,000	20,000	15,084
Office equipment and maintenance	2,000	2,000	1,376
Insurance	44,000	44,000	44,903
Repairs	7,000	7,000	3,067
Forestry	8,000	8,000	7,220
Nuisance mowing	1,000	1,000	-
Telephone	6,000	6,000	3,961
Utilities	8,000	8,000	7,950
Travel and training	2,000	2,000	90
Fees and permits	2,000	2,000	1,180
Miscellaneous	500	500	3,484
Total contractual services	287,000	287,000	224,923
Commodities			
Gas and petroleum	25,000	25,000	18,563
Office supplies	1,000	1,000	188
Total commodities	26,000	26,000	18,751
Other expenditures	4,500	4,500	150
Total highways and streets	598,175	598,175	563,742
Building Department			
Personnel services			
Salaries - code official	40,000	40,000	25,963
Salaries - engineer	140,000	140,000	140,350
Payroll taxes	12,500	12,500	13,011
IMRF contribution	12,800	12,800	12,189
Employee health insurance	1,205	1,205	1,211
Total personnel services	206,505	206,505	192,724
Contractual services			
Engineering: nonreimbursable	40,000	40,000	4,225
Planning/zoning/building	1,500	1,500	8,504
Zoning administration fees	-	-	181

(This schedule is continued on the following page.)

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

For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual
CURRENT (Continued)			
Building Department (Continued)			
Contractual services (Continued)			
Vehicle and equipment maintenance	$ 4,000	$ 4,000	$ 984
Telephone	2,200	2,200	2,266
Conference and training	6,000	6,000	5,133
Copies and printing	600	600	1,028
Grant reimbursement expenses	52,000	52,000	-
Dues and subscriptions	1,500	1,500	309
Total contractual services	107,800	107,800	22,630
Commodities			
Office supplies	7,000	7,000	2,828
Postage	100	100	-
Gasoline	3,000	3,000	2,059
Total commodities	10,100	10,100	4,887
Total building department	324,405	324,405	220,241
CAPITAL OUTLAY			
Equipment and furniture	533,225	533,225	150,484
Building improvements	-	-	10,845
Airport road improvements	-	-	12,639
Vehicles	55,000	60,000	67,322
Road improvements	39,815	39,815	-
Town Hall	5,000	5,000	-
SSA#4	75,000	75,000	-
McPhillips Park	14,305	14,305	-
Public works facility	5,000	5,000	-
Total capital outlay	727,345	732,345	241,290
DEBT SERVICE			
Principal	44,055	44,055	49,569
Interest and fiscal charges	7,264	7,264	16,024
Total debt service	51,319	51,319	65,593
TOTAL EXPENDITURES	$ 3,325,653	$ 3,478,528	$ 2,778,410

(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, 2025

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Utility taxes	$ 155,000	$ 155,000	$ 155,753
Telecommunications	20,000	20,000	22,110
Non-home rule sales tax	215,000	215,000	251,407
Investment income	40,000	40,000	73,768
Miscellaneous	250	250	-
Total revenues	430,250	430,250	503,038
EXPENDITURES			
Capital outlay			
Community programs	10,000	10,000	-
NPDES permit fee	1,000	1,000	-
Donations - community agencies	3,000	3,000	3,000
Street improvements	25,000	25,000	-
Emergency preparedness	-	-	12,385
Holiday decorations	15,000	15,000	3,842
Sidewalk construction	50,000	50,000	32,560
Total expenditures	104,000	104,000	51,787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	326,250	326,250	451,251
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(639,544)	(644,544)	-
Total other financing sources (uses)	(639,544)	(644,544)	-
NET CHANGE IN FUND BALANCE	$ (313,294)	$ (318,294)	451,251
FUND BALANCE, MAY 1			1,359,748
FUND BALANCE, APRIL 30			$ 1,810,999

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF CORTLAND, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2025

	Special Revenue	Capital Projects		Total
	Motor Fuel Tax	Special Service Area #1	Special Service Areas #9	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 874,796	$ 15,507	$ 35,684	$ 925,987
Due from other governments	15,896	-	-	15,896
TOTAL ASSETS	$ 890,692	$ 15,507	$ 35,684	$ 941,883
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	$ -	$ -	$ -	$ -
FUND BALANCES				
Restricted				
Special service areas	-	15,507	35,684	51,191
Highways and streets	890,692	-	-	890,692
Total fund balances	890,692	15,507	35,684	941,883
TOTAL LIABILITIES AND FUND BALANCES	$ 890,692	$ 15,507	$ 35,684	$ 941,883

(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, 2025

	Special Revenue	Capital Projects		Total
	Motor Fuel Tax	Special Service Area #1	Special Service Areas #9	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ 198,784	$ -	$ -	$ 198,784
Investment income	37,248	360	927	38,535
Miscellaneous	-	21,528	22,000	43,528
Total revenues	236,032	21,888	22,927	280,847
EXPENDITURES				
Current				
General government	-	13,261	4,000	17,261
Total expenditures	-	13,261	4,000	17,261
NET CHANGE IN FUND BALANCES	236,032	8,627	18,927	263,586
FUND BALANCES, MAY 1	654,660	6,880	16,757	678,297
FUND BALANCES, APRIL 30	$ 890,692	$ 15,507	$ 35,684	$ 941,883

(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, 2025

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotments	$ 178,000	$ 178,000	$ 198,784
Investment income	30,000	30,000	37,248
Total revenues	208,000	208,000	236,032
EXPENDITURES			
Highways and streets			
Contractual services	65,000	65,000	-
Commodities	150,000	150,000	-
Total expenditures	215,000	215,000	-
NET CHANGE IN FUND BALANCE	$ (7,000)	$ (7,000)	236,032
FUND BALANCE, MAY 1			654,660
FUND BALANCE, APRIL 30			$ 890,692

(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, 2025

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Customer charges	$ 525,000	$ 525,000	$ 532,406
Permits and hook up fees	85,000	85,000	106,900
Meter sales	5,000	5,000	21,287
Miscellaneous	8,370	8,370	8,658
Total operating revenues	623,370	623,370	669,251
OPERATING EXPENSES			
Operations	676,325	676,325	601,929
Total operating expenses	676,325	676,325	601,929
OPERATING INCOME (LOSS)	(52,955)	(52,955)	67,322
NON-OPERATING REVENUES (EXPENSES)			
Investment income	50,000	50,000	67,998
Total non-operating revenues (expenses)	50,000	50,000	67,998
CHANGE IN NET POSITION (BUDGETARY BASIS)	$ (2,955)	$ (2,955)	135,320
ADJUSTMENTS TO GAAP BASIS			
Additions to capital assets			31,213
Depreciation and ARO amortization			(320,903)
CHANGE IN NET POSITION (GAAP BASIS)			(154,370)
NET POSITION, MAY 1, AS REPORTED			8,326,557
Change in accounting principle			(24,004)
NET POSITION, MAY 1, AS RESTATED			8,302,553
NET POSITION, APRIL 30			$ 8,148,183

(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, 2025

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Personnel services	$ 215,975	$ 215,975	$ 196,200
Contractual services	270,350	270,350	288,748
Commodities	70,000	70,000	64,942
Capital outlay	120,000	120,000	52,039
TOTAL OPERATING EXPENSES	$ 676,325	$ 676,325	$ 601,929

(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, 2025

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Customer charges	$ 560,000	$ 560,000	$ 575,169
Permits and hook up fees	50,000	50,000	101,500
Miscellaneous	31,225	31,225	24,050
Total operating revenues	641,225	641,225	700,719
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Operations	441,872	441,872	423,857
Total operating expenses excluding depreciation	441,872	441,872	423,857
OPERATING INCOME	199,353	199,353	276,862
NON-OPERATING REVENUES (EXPENSES)			
Investment income	95,000	95,000	141,881
Connection fees	18,000	18,000	18,000
Lease/rental income	34,800	34,800	39,055
Intergovernmental	2,547	2,547	-
Interest expense	(11,000)	(11,000)	(10,798)
Debt service - principal	(48,000)	(48,000)	(50,058)
Total non-operating revenues (expenses)	91,347	91,347	138,080
CHANGE IN NET POSITION (BUDGETARY BASIS)	$ 290,700	$ 290,700	414,942
ADJUSTMENTS TO BUDGETARY BASIS			
Additions to capital assets			31,214
Depreciation			(418,695)
Debt service - principal			50,058
CHANGE IN NET POSITION (GAAP BASIS)			77,519
NET POSITION, MAY 1, AS REPORTED			12,827,246
Change in accounting principle			(16,004)
NET POSITION, MAY 1, AS RESTATED			12,811,242
NET POSITION, APRIL 30			$ 12,888,761

(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, 2025

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Personnel services	$ 145,775	$ 145,775	$ 130,763
Contractual services	186,850	186,850	184,690
Commodities	63,200	63,200	49,824
Other	3,047	3,047	559
Capital outlay	43,000	43,000	58,021
TOTAL OPERATING EXPENSES	$ 441,872	$ 441,872	$ 423,857

FIDUCIARY FUNDS

TOWN OF CORTLAND, ILLINOIS

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

April 30, 2025

	Special Service Area #1	Special Service Area #9-10	Total Custodial Funds
ASSETS			
Cash and cash equivalents	$ 458,702	$ 228,910	$ 687,612
Total assets	458,702	228,910	687,612
LIABILITIES			
None	-	-	-
Total liabilities	-	-	-
NET POSITION			
Restricted for debt service	$ 458,702	$ 228,910	$ 687,612

TOWN OF CORTLAND, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS - SPECIAL SERVICE AREA FUNDS

For the Year Ended April 30, 2025

	Special Service Area #1	Special Service Area #9-10	Total Custodial Funds
ADDITIONS			
Contributions			
Property owner	$ 422,079	$ 207,940	$ 630,019
Investment earnings			
Interest	28,894	15,045	43,939
Total additions	450,973	222,985	673,958
DEDUCTIONS			
Contractual services			
Accounting and financial services	1,807	-	1,807
Transfers to Capital Projects	21,528	22,000	43,528
Debt service			
Principal retirement	319,000	81,000	400,000
Interest	105,724	102,950	208,674
Total deductions	448,059	205,950	654,009
CHANGE IN NET POSITION	2,914	17,035	19,949
NET POSITION, MAY 1	455,788	211,875	667,663
NET POSITION, APRIL 30	$ 458,702	$ 228,910	$ 687,612

(See independent auditor's report.)

SUPPLEMENTAL DATA (UNAUDITED)

TOWN OF CORTLAND, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
BUILDING NOTE PAYABLE OF 2020

April 30, 2025

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

Fiscal	Requirements		
Year	Principal	Interest	Total
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	23,426	377	25,263
	$ 255,548	$ 23,896	$ 280,904

TOWN OF CORTLAND, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
IEPA LOAN PAYABLE

April 30, 2025

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

Fiscal	Requirements		
Year	**Principal**	**Interest**	**Total**
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
	$ 526,470	$ 52,264	$ 578,734

TOWN OF CORTLAND, ILLINOIS

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

Last Ten Levy Years

	2024	2023*	2022	2021*	2020	2019	2018	2017*	2016	2015
ASSESSED VALUATIONS										
DeKalb County	$ 104,874,093	$ 92,990,574	$ 84,861,520	$ 78,262,644	$ 74,530,933	$ 72,062,180	$ 67,936,779	$ 63,554,345	$ 58,341,017	$ 55,621,683
TAX RATES										
Town										
Corporate	0.4935	0.5418	0.5905	0.6184	0.6451	0.6800	0.7065	0.7410	0.7970	0.8288
IMRF	0.0524	0.0591	0.0648	0.0716	0.0764	0.0805	0.0839	0.0905	0.0968	0.1025
Social Security	0.0496	0.0559	0.0613	0.0664	0.0698	0.0735	0.0765	0.0826	0.0891	0.0935
Police protection	0.2129	0.2086	0.1768	0.1584	0.1656	0.1311	0.1222	0.1215	0.1286	0.1313
Total tax rates	0.8084	0.8654	0.8934	0.9148	0.9569	0.9651	0.9891	1.0356	1.1115	1.1561
TAX EXTENSIONS										
Town										
Corporate	$ 517,543	$ 503,860	$ 500,183	$ 484,008	$ 472,705	$ 480,763	$ 475,388	$ 464,684	$ 455,964	$ 451,492
IMRF	55,006	55,004	54,914	56,005	55,973	56,915	56,462	56,735	55,412	55,827
Social Security	52,007	52,000	51,910	52,006	51,143	52,007	51,510	51,803	51,002	50,933
Police protection	223,287	194,006	149,730	124,007	121,381	92,730	82,210	76,176	73,551	71,502
Total tax extensions	$ 847,843	$ 804,870	$ 756,737	$ 716,026	$ 701,202	$ 682,415	$ 665,570	$ 649,398	$ 635,929	$ 629,754
TAX COLLECTIONS										
Town										
Corporate	$ -	$ 519,412	$ 499,403	$ 489,623	$ 471,568	$ 479,486	$ 472,462	$ 483,333	$ 450,976	$ 444,481
IMRF	-	54,927	54,827	56,411	55,838	56,764	56,115	59,012	54,806	54,961
Social Security	-	51,927	51,828	52,383	51,020	51,870	51,193	53,882	50,443	50,142
Police protection	-	193,733	149,493	124,906	121,089	92,483	81,705	79,234	72,745	70,391
Total tax collections	$ -	$ 819,999	$ 755,551	$ 723,323	$ 699,515	$ 680,603	$ 661,475	$ 675,461	$ 628,970	$ 619,975
PERCENTAGE OF EXTENSIONS COLLECTED AS OF APRIL 30	0.00%	101.88%	99.84%	101.02%	99.76%	99.73%	99.38%	104.01%	98.91%	98.45%

*Collections exceeded tax extensions due to the collection of back taxes.

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2025

ASSESSED VALUATION - 2024	$ 104,874,093
STATUTORY DEBT LIMITATION	
(8.625% of assessed valuation)	$ 9,045,391
AMOUNT OF DEBT APPLICABLE TO LIMIT	
Building Note Payable of 2020	255,548
Total debt	255,548
LEGAL DEBT MARGIN	$ 8,789,843

(See independent auditor's report.)