

TOWN OF CORTLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2019

“We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before these statements are submitted as final.”

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Trustees
Town of Cortland, Illinois

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, 2019 and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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, 2019, 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.

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.

Other 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, supplemental information and supplemental data as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental information 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The supplemental data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Preliminary and Tentative
For Discussion Purposes Only

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF NET POSITION

April 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,571,296	\$ 1,549,150	\$ 3,120,446
Receivables (net, where applicable, of allowances for uncollectible)			
Property taxes	686,297	-	686,297
Accounts	-	258,054	258,054
Due from other governments	232,064	-	232,064
Prepaid items	31,680	5,216	36,896
Capital assets			
Not depreciated	6,309,884	1,156,775	7,466,659
Depreciated (net of accumulated depreciation)	6,359,041	19,935,389	26,294,430
Total assets	15,190,262	22,904,584	38,094,846
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	224,264	41,973	266,237
Total assets and deferred outflows of resources	15,414,526	22,946,557	38,361,083
LIABILITIES			
Customer deposits	965,311	1,520	966,831
Accounts payable	63,731	42,939	106,670
Accrued payroll	43,319	7,713	51,032
Accrued interest	6,968	-	6,968
Unearned revenue	71,000	-	71,000
Long-term liabilities			
Due within one year	35,039	45,474	80,513
Due in more than one year	982,330	860,270	1,842,600
Total liabilities	2,167,698	957,916	3,125,614
DEFERRED INFLOWS OF RESOURCES			
Pension related items	46,141	8,636	54,777
Property taxes	686,297	-	686,297
Total deferred inflows of resources	732,438	8,636	741,074
Total liabilities and deferred inflows of resources	2,900,136	966,552	3,866,688
NET POSITION			
Net investment in capital assets	12,182,806	20,279,273	32,462,079
Restricted			
Parks	14,306	-	14,306
Capital improvements	437,495	-	437,495
Special service areas	14,217	-	14,217
Debt service	50,873	-	50,873
Highways and streets	123,779	-	123,779
Economic development	103,311	-	103,311
Radium removal	-	135,600	135,600
Unrestricted (deficit)	(412,397)	1,565,132	1,152,735
TOTAL NET POSITION	\$ 12,514,390	\$ 21,980,005	\$ 34,494,395

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 678,781	\$ 183,747	\$ 100	\$ 3,150
Public safety	906,985	11,273	-	-
Highways and streets	1,091,090	3,400	108,392	3,500
Building	292,731	-	-	-
Interest	26,305	-	-	-
Total governmental activities	2,995,892	198,420	108,492	6,650
Business-Type Activities				
Water	740,206	531,462	-	-
Sewer	719,637	569,317	3,500	-
Total business-type activities	1,459,843	1,100,779	3,500	-
TOTAL PRIMARY GOVERNMENT	\$ 4,455,735	\$ 1,299,199	\$ 111,992	\$ 6,650

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (491,784)	\$ -	\$ (491,784)
	(895,712)	-	(895,712)
	(975,798)	-	(975,798)
	(292,731)	-	(292,731)
	(26,305)	-	(26,305)
	(2,682,330)	-	(2,682,330)
	-	(208,744)	(208,744)
	-	(146,820)	(146,820)
	-	(355,564)	(355,564)
	(2,682,330)	(355,564)	(3,037,894)
General Revenues			
Taxes			
Property taxes	737,222	-	737,222
Utility taxes	139,802	-	139,802
Replacement taxes	1,614	-	1,614
Other taxes	78,347	-	78,347
Intergovernmental			
Sales and use taxes	733,948	-	733,948
Income taxes	414,570	-	414,570
Investment income	54,406	27,124	81,530
Miscellaneous	22,045	71,465	93,510
Gain on sale of capital asset	12,000	6,000	18,000
Total	2,193,954	104,589	2,298,543
CHANGE IN NET POSITION	(488,376)	(250,975)	(739,351)
NET POSITION, MAY 1	13,002,766	22,230,980	35,233,746
NET POSITION, APRIL 30	\$ 12,514,390	\$ 21,980,005	\$ 34,494,395

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2019

	General	Capital Improvements	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,122,873	\$ 216,567	\$ 231,856	\$ 1,571,296
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	686,297	-	-	686,297
Due from other funds	1,000	-	-	1,000
Due from other governments	147,452	75,161	9,451	232,064
Advances to other funds	150,000	-	-	150,000
Prepaid items	31,680	-	-	31,680
TOTAL ASSETS	\$ 2,139,302	\$ 291,728	\$ 241,307	\$ 2,672,337
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Customer deposits	\$ 965,311	\$ -	\$ -	\$ 965,311
Accounts payable	63,731	-	-	63,731
Accrued payroll	43,319	-	-	43,319
Unearned revenue	71,000	-	-	71,000
Due to other funds	-	1,000	-	1,000
Advances from other funds	-	150,000	-	150,000
Total liabilities	1,143,361	151,000	-	1,294,361
DEFERRED INFLOWS OF RESOURCES				
Property taxes	686,297	-	-	686,297
Unavailable state taxes	76,428	25,494	-	101,922
Total deferred inflows of resources	762,725	25,494	-	788,219
FUND BALANCES				
Nonspendable - prepaid items				
Prepaid items	31,680	-	-	31,680
Advances	150,000	-	-	150,000
Restricted				
Parks	14,306	-	-	14,306
Capital improvements	437,495	-	-	437,495
Special service areas	-	-	14,217	14,217
Debt service	50,873	-	-	50,873
Highways and streets	-	-	123,779	123,779
Economic development	-	-	103,311	103,311
Unrestricted				
Assigned for capital improvements	-	115,234	-	115,234
Unassigned (deficit)	(451,138)	-	-	(451,138)
Total fund balances	233,216	115,234	241,307	589,757
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,139,302	\$ 291,728	\$ 241,307	\$ 2,672,337

See accompanying notes to financial statements.

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

April 30, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 408,077
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	12,668,925
Certain revenues that are deferred in governmental funds are recognized as revenue in the governmental activities	101,922
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	224,264
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	(46,141)
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	(496,110)
Compensated absences	(35,140)
Notes payable	(486,119)
Accrued interest payable	(6,968)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 12,332,710</u></u>

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	General	Capital Improvements	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 684,863	\$ 185,026	\$ 66,791	\$ 936,680
Intergovernmental	890,123	260,701	108,392	1,259,216
Charges for services	134,371	-	-	134,371
Licenses and permits	55,748	-	-	55,748
Fines and forfeitures	11,273	-	-	11,273
Investment income	29,718	7,355	17,333	54,406
Miscellaneous	25,801	-	22	25,823
Total revenues	1,831,897	453,082	192,538	2,477,517
EXPENDITURES				
Current				
General government	538,378	-	86,967	625,345
Public safety	686,677	-	-	686,677
Highways and streets	556,423	-	168,430	724,853
Building	292,731	-	-	292,731
Capital outlay	222,019	204,613	-	426,632
Debt service				
Principal	27,867	-	-	27,867
Interest and fiscal charges	26,684	-	-	26,684
Total expenditures	2,350,779	204,613	255,397	2,810,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(518,882)	248,469	(62,859)	(333,272)
OTHER FINANCING SOURCES (USES)				
Transfers in	332,000	-	-	332,000
Transfers (out)	-	(332,000)	-	(332,000)
Proceeds from sale of capital assets	12,000	-	-	12,000
Total other financing sources (uses)	344,000	(332,000)	-	12,000
NET CHANGE IN FUND BALANCES	(174,882)	(83,531)	(62,859)	(321,272)
FUND BALANCES, MAY 1	408,098	198,765	304,166	911,029
FUND BALANCES, APRIL 30	\$ 233,216	\$ 115,234	\$ 241,307	\$ 589,757

See accompanying notes to financial statements.

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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (321,272)
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	36,307
Contributions of capital assets are reported as capital contributions on the statement of activities	42,231
Depreciation on capital assets is reported as an expense in the statement of activities	(221,005)
Certain revenue recognition is different on the full accrual basis than on the modified accrual basis	17,999
The change in deferred outflows is reported as an expense on the statement of activities	83,065
The change in deferred inflows is reported as an expense on the statement of activities	128,944
The change in the net pension liability is reported as an expense on the statement of activities	(276,240)
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	27,845
The change in accrued interest payable is reported as interest expense on the statement of activities	401
The change in compensated absences payable is shown as an expense on the statement of activities	<u>(6,651)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (488,376)</u></u>

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes OnlySTATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2019

	Water	Sewer	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 552,004	\$ 997,146	\$ 1,549,150
Receivables (net, where applicable, of allowances for uncollectibles)			
Accounts	117,207	140,847	258,054
Prepaid items	3,770	1,446	5,216
Total current assets	672,981	1,139,439	1,812,420
NONCURRENT ASSETS			
Capital assets			
Nondepreciable	20,000	1,136,775	1,156,775
Depreciable	13,176,111	17,663,787	30,839,898
Accumulated depreciation	(4,713,063)	(6,191,446)	(10,904,509)
Total noncurrent assets	8,483,048	12,609,116	21,092,164
Total assets	9,156,029	13,748,555	22,904,584
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	25,178	16,795	41,973
Total assets and deferred outflows of resources	9,181,207	13,765,350	22,946,557
CURRENT LIABILITIES			
Accounts payable	25,415	17,524	42,939
Accrued payroll	4,628	3,085	7,713
Customer deposits	1,520	-	1,520
IEPA loan payable	-	45,474	45,474
Total current liabilities	31,563	66,083	97,646
NONCURRENT LIABILITIES			
IEPA loan payable, net of current portion	-	767,417	767,417
Net pension liability	55,699	37,154	92,853
Total noncurrent liabilities	55,699	804,571	860,270
Total liabilities	87,262	870,654	957,916
DEFERRED INFLOWS OF RESOURCES			
Pension related items	5,180	3,456	8,636
Total liabilities and deferred inflows of resources	92,442	874,110	966,552
NET POSITION			
Net investment in capital assets	8,483,048	11,796,225	20,279,273
Restricted for radium removal	135,600	-	135,600
Unrestricted	470,117	1,095,015	1,565,132
TOTAL NET POSITION	\$ 9,088,765	\$ 12,891,240	\$ 21,980,005

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOISPreliminary and Tentative
For Discussion Purposes OnlySTATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended April 30, 2019

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services			
Customer charges	\$ 492,962	\$ 534,317	\$ 1,027,279
Permits and hook up fees	38,500	35,000	73,500
Miscellaneous	7,618	36,365	43,983
	<hr/>		
Total operating revenues	539,080	605,682	1,144,762
OPERATING EXPENSES			
Operations	420,588	279,746	700,334
Depreciation	319,618	423,053	742,671
	<hr/>		
Total operating expenses	740,206	702,799	1,443,005
	<hr/>		
OPERATING INCOME (LOSS)	(201,126)	(97,117)	(298,243)
NON-OPERATING REVENUES (EXPENSES)			
Grant revenue	-	3,500	3,500
Investment income	9,167	17,957	27,124
Miscellaneous income	-	27,482	27,482
Gain on sale of capital asset	-	6,000	6,000
Interest expense	-	(16,338)	(16,338)
Court order	-	(500)	(500)
	<hr/>		
Total non-operating revenues (expenses)	9,167	38,101	47,268
	<hr/>		
CHANGE IN NET POSITION	(191,959)	(59,016)	(250,975)
	<hr/>		
NET POSITION, MAY 1	9,280,724	12,950,256	22,230,980
	<hr/>		
NET POSITION, APRIL 30	\$ 9,088,765	\$ 12,891,240	\$ 21,980,005
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See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 535,556	\$ 605,873	\$ 1,141,429
Payments to employees	(114,062)	(76,034)	(190,096)
Payments to suppliers	(294,112)	(193,670)	(487,782)
Net cash from operating activities	127,382	336,169	463,551
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental	-	3,500	3,500
Net cash from noncapital financing activities	-	3,500	3,500
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9,167	17,957	27,124
Net cash from investing activities	9,167	17,957	27,124
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	(44,609)	(44,609)
Interest paid on long-term debt	-	(16,339)	(16,339)
Purchase of capital assets	-	(126,000)	(126,000)
Proceeds on disposal of capital assets	-	6,000	6,000
Court order	-	26,982	26,982
Net cash from capital and related financing activities	-	(153,966)	(153,966)
NET INCREASE IN CASH AND CASH EQUIVALENTS	136,549	203,660	340,209
CASH AND CASH EQUIVALENTS, MAY 1	415,455	793,487	1,208,942
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 552,004	\$ 997,147	\$ 1,549,151

(This statement is continued on the following page.)

TOWN OF CORTLAND, ILLINOIS**Preliminary and Tentative
For Discussion Purposes Only****STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (201,126)	\$ (97,117)	\$ (298,243)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	319,618	423,053	742,671
Changes in assets and liabilities			
Receivables	(3,524)	191	(3,333)
Prepaid items	188	3,557	3,745
Deferred outflows	(4,607)	(5,977)	(10,584)
Accounts payable	12,323	1,331	13,654
Accrued payroll	1,169	779	1,948
Net pension liability	23,668	20,310	43,978
Deferred inflows	(20,327)	(9,958)	(30,285)
Total adjustments	328,508	433,286	761,794
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 127,382</u>	<u>\$ 336,169</u>	<u>\$ 463,551</u>

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

STATEMENT OF FIDUCIARY NET POSITION

April 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 575,442</u>
TOTAL ASSETS	<u><u>\$ 575,442</u></u>
LIABILITIES	
Due to bondholders	<u>\$ 575,442</u>
TOTAL LIABILITIES	<u><u>\$ 575,442</u></u>

See accompanying notes to financial statements.

TOWN OF CORTLAND, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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 generally accepted accounting principles, these financial statements present the Town (the primary government) and its component unit. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government.

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 assets held on behalf of outside parties, including other governments or on behalf of other funds within the government. The Town utilizes agency funds to account for funds received and reserved for debt service on the noncommitment debt.

c. Government-Wide and Fund Financial Statements

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

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

The Town reports the following major governmental funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports three agency funds. The Town maintains three agency funds. The Special Service Area #1 is used to account for escrow monies held for bondholders. The Special Service Area #4-8 is used to account for escrow monies held for bondholders. The Special Service Area #9-10 is used to account for escrow monies held for bondholders.

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)

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.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

g. Capital Assets

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

i. 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)

j. 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.

k. 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.

l. Compensated Absences

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

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

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 2018 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 2018 levy is intended to finance the fiscal year ended April 30, 2020, the levy is recorded as a receivable and deferred inflow of resources. The 2019 tax levy has not been recorded as a receivable at April 30, 2019. Although the tax attached as a lien on property as of January 1, 2019, the tax will not be levied until December 2019 and, accordingly, is not measurable at April 30, 2019.

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 investments." 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, 2019.

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. The Town's investment in The Illinois Funds has an average maturity of less than one year.

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, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 6,267,653	\$ 42,231	\$ -	\$ 6,309,884
Total capital assets not being depreciated	<u>6,267,653</u>	<u>42,231</u>	<u>-</u>	<u>6,309,884</u>
Capital assets being depreciated				
Buildings and improvements	1,293,872	-	-	1,293,872
Vehicles and equipment	1,217,214	36,307	16,018	1,237,503
Infrastructure	6,297,889	-	-	6,297,889
Total capital assets being depreciated	<u>8,808,975</u>	<u>36,307</u>	<u>16,018</u>	<u>8,829,264</u>
Less accumulated depreciation for				
Buildings and improvements	248,708	29,582	-	278,290
Vehicles and equipment	876,763	65,464	16,018	926,209
Infrastructure	1,139,765	125,959	-	1,265,724
Total accumulated depreciation	<u>2,265,236</u>	<u>221,005</u>	<u>16,018</u>	<u>2,470,223</u>
Total capital assets being depreciated, net	<u>6,543,739</u>	<u>(184,698)</u>	<u>-</u>	<u>6,359,041</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 12,811,392</u>	<u>\$ (142,467)</u>	<u>\$ -</u>	<u>\$ 12,668,925</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,156,775	\$ -	\$ -	\$ 1,156,775
Total capital assets not being depreciated	<u>1,156,775</u>	<u>-</u>	<u>-</u>	<u>1,156,775</u>
Capital assets being depreciated				
Vehicles and equipment	796,003	126,000	58,621	863,382
Infrastructure	29,976,516	-	-	29,976,516
Total capital assets being depreciated	<u>30,772,519</u>	<u>126,000</u>	<u>58,621</u>	<u>30,839,898</u>
Less accumulated depreciation for				
Vehicles and equipment	655,122	37,856	58,621	634,357
Infrastructure	9,565,337	704,815	-	10,270,152
Total accumulated depreciation	<u>10,220,459</u>	<u>742,671</u>	<u>58,621</u>	<u>10,904,509</u>
Total capital assets being depreciated, net	<u>20,552,060</u>	<u>(616,671)</u>	<u>-</u>	<u>19,935,389</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 21,708,835</u>	<u>\$ (616,671)</u>	<u>\$ -</u>	<u>\$ 21,092,164</u>

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 26,436
Public safety	165,804
Highways and streets	<u>28,765</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 221,005</u></u>
BUSINESS-TYPE ACTIVITIES	
Water	\$ 319,618
Sewer	<u>423,053</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u><u>\$ 742,671</u></u>

5. LONG-TERM DEBT

a. Notes Payable

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 are direct obligations and pledge the full faith and credit of the Town. Notes payable currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances	Current Portion
Building Note Payable of 2011 - due in annual installments of \$49,179 to \$476,594 including interest at 4.30% through June 30, 2020.	\$ 513,964	\$ -	\$ 27,845	\$ 486,119	\$ 28,011
TOTAL NOTES PAYABLE	<u><u>\$ 513,964</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,845</u></u>	<u><u>\$ 486,119</u></u>	<u><u>\$ 28,011</u></u>

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 August 12, 2034.	\$ 857,500	\$ -	\$ 44,609	\$ 812,891	\$ 45,474
TOTAL IEPA LOANS PAYABLE	\$ 857,500	\$ -	\$ 44,609	\$ 812,891	\$ 45,474

c. Changes in Long-Term Liabilities

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

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Notes payable	\$ 513,964	\$ -	\$ 27,845	\$ 486,119	\$ 28,011
Compensated absences	28,489	12,349	5,698	35,140	7,028
Net pension liability	219,870	276,240	-	496,110	-
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	\$ 762,323	\$ 288,589	\$ 33,543	\$ 1,017,369	\$ 35,039

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

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

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
IEPA loans payable	\$ 857,500	\$ -	\$ 44,609	\$ 812,891	\$ 45,474
Net pension liability	48,875	43,978	-	92,853	-
TOTAL BUSINESS-TYPE LONG-TERM LIABILITIES	\$ 906,375	\$ 43,978	\$ 44,609	\$ 905,744	\$ 45,474

5. LONG-TERM DEBT (Continued)

d. Debt Service to Maturity Requirements

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

Year Ending April 30,	Notes Payable	
	Principal	Interest
2020	\$ 28,011	\$ 20,904
2021	458,108	19,649
TOTAL	\$ 486,119	\$ 40,553

Year Ending April 30,	IEPA Loans Payable	
	Principal	Interest
2020	\$ 45,474	\$ 15,473
2021	46,356	14,591
2022	47,255	13,692
2023	48,172	12,775
2024	49,106	11,841
2025-2029	260,188	44,545
2030-2034	286,415	18,318
2035	29,925	290
TOTAL	\$ 812,891	\$ 131,525

e. Special Service Area Bonds

On February 23, 2017, the Town issued \$4,890,000 Special Service Area #1 Refunding Bonds, Series 2017, which were used to refund through an in-substance defeasance the \$4,686,000 Special Service Area #1 Bonds. The bonds are payable solely from the special service area tax levied upon the properties located in the special service area and do not constitute an indebtedness of the Town. The Town, through its trustee, is acting solely as agent in receiving the taxes from the County and remitting principal and interest payments to the bond holders. Accordingly, these bonds are not reported as a liability in the Town's financial statements. As of April 30, 2019, \$4,405,000 of the bonds are outstanding.

On May 5, 2006, the Town issued \$23,845,000 Special Tax Revenue Bonds, Series 2006 (Sheaffer System Project). The bonds are payable solely from the special service area tax levied upon the properties located in the special service area or payments made at the time of building permit and do not constitute an indebtedness of the Town. The Town, through its trustee, is acting solely as agent in receiving the taxes from the County and payments made at the time of building permit and remitting them to the

5. LONG-TERM DEBT (Continued)

e. Special Service Area Bonds (Continued)

bond holders. Interest is due on March 1 and September 1 of the year commencing on September 1, 2006. Principal payments are due on March 1 commencing on March 1, 2014 and maturing March 1, 2017. As of April 30, 2019, \$23,365,000 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. 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, 2019, \$2,124,000 of the 2007-1 bonds are outstanding.

f. Conduit Debt

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

6. INTERFUND ACTIVITY

a. Due From/To Other Funds

Due from/to other funds at April 30, 2019 consisted of the following:

	Due From	Due To
General Fund	\$ -	\$ 1,000
Capital Improvements Fund	1,000	-
TOTAL	\$ 1,000	\$ 1,000

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

6. INTERFUND ACTIVITY (Continued)

b. Advances To/From

Advances to/from other funds at April 30, 2019 consisted of the following:

	Advance To	Advance From
General Fund	\$ -	\$ 150,000
Capital Improvements Fund	150,000	-
TOTAL	<u>\$ 150,000</u>	<u>\$ 150,000</u>

\$150,000 was advanced from the General Fund to the Capital Improvements Fund to fund certain capital improvements projects.

c. Interfund Transfers

Interfund transfers during the year ended April 30, 2019 consisted of the following:

	Transfers In	Transfers Out
General	\$ 332,000	\$ -
Capital Improvements	-	332,000
TOTAL	<u>\$ 332,000</u>	<u>\$ 332,000</u>

The purpose of significant transfers are as follows:

- The transfer of \$332,000 during the year from Capital Improvements Fund to the General Fund was for capital outlay and debt service payments. It will not be repaid.

7. RISK MANAGEMENT

The Town participates in the Illinois Public Risk Fund for workers' compensation insurance and purchases third party insurance for liability insurance. The Town's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Town is not aware of any additional assessments that may be owed as of April 30, 2019. The Town purchases third party indemnity insurance for employee health. Settled claims have not exceeded coverage for the current or prior two fiscal years.

8. CONTINGENT LIABILITIES

a. Grants

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

b. Litigation

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

9. DEFINED BENEFIT PENSION PLAN

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Administration

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

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2018 (actuarial valuation date), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	11
Active employees	17
 TOTAL	 38

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

Benefits Provided

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

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 calendar year ended 2018 and 2019 was 10.44% and 9.33% of covered payroll, respectively.

Actuarial Assumptions

The Town's net pension liability was measured as of December 31, 2018 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.

9. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Asset valuation method	Market value

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2018 was 7.25%. The discount rate used to measure the total pension liability at December 31, 2017 was 7.50%. 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.

9. 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, 2018	\$ 2,564,461	\$ 2,268,422	\$ 296,039
Changes for the period			
Service cost	88,401	-	88,401
Interest	192,305	-	192,305
Difference between expected and actual experience	30,752	-	30,752
Changes in assumptions	93,168	-	93,168
Employer contributions	-	98,609	(98,609)
Employee contributions	-	42,504	(42,504)
Net investment income	-	(109,846)	109,846
Benefit payments and refunds	(89,203)	(89,203)	-
Other (net transfer)	-	29,916	(29,916)
Net changes	315,423	(28,020)	343,443
BALANCES AT DECEMBER 31, 2018	\$ 2,879,884	\$ 2,240,402	\$ 639,482

The table presented above includes amounts for both the Town and the Library. The Town's proportionate share of the net pension liability at January 1, 2018, the employer contributions and the net pension liability at December 31, 2018 was \$90,052 and \$588,963, respectively. The Library's proportionate share of the net pension liability at January 1, 2018, the employer contributions and the net pension liability at December 31, 2018 was \$7,727 and \$50,519, respectively.

For the year ended April 30, 2019, the Town recognized pension expense of \$181,447.

9. 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, 2019, 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	\$ 46,746	\$ 5,937
Changes in assumption	72,365	53,539
Net difference between projected and actual earnings on pension plan investments	141,126	-
Contributions subsequent to measurement date	28,837	-
TOTAL	<u>\$ 289,074</u>	<u>\$ 59,476</u>

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, 2019 was \$266,237 and \$54,777, respectively. The Library's proportionate share of the deferred outflows of resources and deferred inflows of resources at April 30, 2019 was \$22,837 and \$4,699, respectively.

\$26,559 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2020. 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:

<u>Year Ending April 30,</u>	
2020	\$ 57,522
2021	30,429
2022	35,267
2023	61,683
2024	-
Thereafter	-
TOTAL	<u>\$ 184,901</u>

9. 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	\$ 978,421	\$ 588,963	\$ 268,224
Net pension liability - library	83,925	50,519	23,007
NET PENSION LIABILITY - TOTAL	\$ 1,062,346	\$ 639,482	\$ 291,231

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Town provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The Town's total OPEB liability as of April 30, 2019 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, 2019.

Liabilities	\$ 59,632
Deferred inflows of resources	-
Deferred outflows of resources	963
Total OPEB expense	7,929

10. 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, 2019, membership consisted of:

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 690,650	\$ 689,947	\$ 684,863
Intergovernmental	875,000	860,950	890,123
Charges for services	59,838	134,560	134,371
Licenses and permits	42,750	53,850	55,748
Fines and forfeitures	15,000	15,000	11,273
Investment income	16,012	26,832	29,718
Miscellaneous	31,200	33,680	25,801
Total revenues	<u>1,730,450</u>	<u>1,814,819</u>	<u>1,831,897</u>
EXPENDITURES			
Current			
General government	598,225	574,325	538,378
Public safety	665,250	671,482	686,677
Highways and streets	548,375	545,161	556,423
Building	162,815	257,515	292,731
Capital outlay	325,171	218,065	222,019
Debt service			
Principal	27,326	27,845	27,867
Interest and fiscal charges	22,108	26,347	26,684
Total expenditures	<u>2,349,270</u>	<u>2,320,740</u>	<u>2,350,779</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(618,820)</u>	<u>(505,921)</u>	<u>(518,882)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	275,000	332,000	332,000
Transfers (out)	-	(150,000)	-
Proceeds from sale of capital assets	8,000	8,000	12,000
Total other financing sources (uses)	<u>283,000</u>	<u>190,000</u>	<u>344,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (335,820)</u>	<u>\$ (315,921)</u>	<u>(174,882)</u>
FUND BALANCE, MAY 1			<u>408,098</u>
FUND BALANCE, APRIL 30			<u><u>\$ 233,216</u></u>

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2019

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 accounting principles generally accepted in the United States of America.
2. The Town, each year prior to April 30 of the fiscal year, must file and pass the budget for the fiscal year ended April 30. This budget can be subsequently amended by a two-thirds vote of the Board of Trustees.
3. The budget basis shown in the applicable budget versus actual statements for proprietary funds differs from the financial statements basis by principal reductions in debt and amounts capitalized as capital assets and depreciation expenses.
4. Budgets are adopted and formal budgetary integration is employed as a control device during the year at the line item level for the General Fund, Special Revenue Funds, Capital Projects Funds (except for the Special Service Area #1, Special Service Areas #4-8 and Special Service Areas #9-10) and Enterprise Funds.
5. All budgets lapse at the end of the year for which the budgets were adopted. During the year, budget amendments were necessary.

The following funds had expenditures greater than the appropriation for the year ended April 30, 2019:

Fund	Actual Expenditures	Final Budget
General Fund	\$ 2,350,779	\$ 2,320,740

TOWN OF CORTLAND, ILLINOIS

**Preliminary and Tentative
For Discussion Purposes Only**

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

Last Four Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018
Employer's proportion of net pension liability	90.78%	90.78%	90.78%	92.10%
Employer's proportionate share of net pension liability	\$ 499,435	\$ 468,152	\$ 312,724	\$ 588,963
Employer's covered payroll	681,426	740,424	808,412	869,916
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.29%	63.23%	38.68%	67.70%
Plan fiduciary net position as a percentage of the total pension liability	76.01%	78.88%	88.46%	77.79%

There was a change in 2016 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates and discount rates.

There was a change in 2017 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to retirement, termination and disability rates and discount rates.

There was a change in 2018 in relation on the investment rate of return and allocation of the net pension liability between the functions of the Town and Library.

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

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019
Actuarially determined contribution	\$ 79,250	\$ 89,334	\$ 88,529	\$ 90,052
Contributions in relation to the actuarially determined contribution	79,250	89,334	88,529	90,052
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 681,426	\$ 740,424	\$ 808,412	\$ 892,332
Contributions as a percentage of covered payroll	11.63%	12.07%	10.95%	10.09%

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 25 years; the asset valuation method was at five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.50% compounded annually.

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

(See independent auditor's report.)

Preliminary and Tentative
For Discussion Purposes Only

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

MAJOR GOVERNMENTAL FUNDS

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
TAXES			
Property taxes	\$ 649,650	\$ 649,650	\$ 649,440
Replacement tax	1,000	1,297	1,614
Road and bridge tax	22,000	21,000	20,991
Utility taxes	18,000	18,000	12,818
Total taxes	690,650	689,947	684,863
INTERGOVERNMENTAL			
Sales and use tax	435,000	435,000	473,247
State income tax	425,000	425,000	414,570
Video gaming tax	-	950	2,306
Grants	15,000	-	-
Total intergovernmental	875,000	860,950	890,123
CHARGES FOR SERVICES			
Franchise fees	26,000	26,000	26,810
Fundraisers	1,200	1,200	426
Festival receipts	17,638	19,158	19,158
Airport road rent	15,000	88,202	87,977
Total charges for services	59,838	134,560	134,371
LICENSES AND PERMITS			
Building permits	35,000	46,000	44,363
Other	7,750	7,850	11,385
Total licenses and permits	42,750	53,850	55,748
FINES AND FORFEITURES			
Police fines	15,000	15,000	11,273
Total fines and forfeitures	15,000	15,000	11,273
INVESTMENT INCOME			
	16,012	26,832	29,718
MISCELLANEOUS			
Park development fees	500	1,900	1,900
Contributions	5,700	8,955	7,954
Other	25,000	22,825	15,947
Total miscellaneous	31,200	33,680	25,801
TOTAL REVENUES	\$ 1,730,450	\$ 1,814,819	\$ 1,831,897

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
CURRENT			
General government			
Personnel services			
Salaries - elected officials	\$ 113,250	\$ 113,250	\$ 112,414
Salaries - clerical workers	85,875	85,875	87,305
Payroll taxes	15,250	15,250	14,565
IMRF contribution	16,250	16,250	15,644
Employee health insurance	35,000	48,000	48,050
Total personnel services	265,625	278,625	277,978
Contractual services			
Legal	110,000	96,500	92,197
Audit and accounting	114,200	114,200	106,945
Street lighting	-	-	1,100
Insurance	16,000	16,000	11,853
Postage	2,550	2,670	1,880
Telephone	15,000	16,500	17,966
Dues and subscriptions	5,000	5,000	4,421
Travel and training	13,000	8,224	7,526
Contracted groups, events and labor	16,000	16,000	15,000
Less reimbursements	-	(19,500)	(31,872)
Total contractual services	291,750	255,594	227,016
Commodities			
Office supplies	14,000	12,000	10,375
Office equipment and maintenance	17,500	17,500	14,290
Copies and printing	3,050	3,050	1,021
Total commodities	34,550	32,550	25,686
Other expenditures	6,300	7,556	7,698
Total general government	598,225	574,325	538,378
Public safety			
Personnel services			
Salaries - police officers	348,000	348,000	356,912
Salaries - special assignment	45,000	45,000	42,762
Salaries - overtime	5,000	5,000	4,525
Salaries - clerical	3,000	1,500	1,406
Payroll taxes	30,000	30,000	29,184
IMRF contribution	36,000	36,000	36,388
Employee health insurance	45,000	45,000	58,901
Uniforms	9,300	10,400	10,314
Total personnel services	521,300	520,900	540,392
Contractual services			
Legal services	1,500.00	1,500.00	175.00
Maintenance and operations - vehicles and equipment	8,500	8,600	9,604
Maintenance and operations - police office	500	500	274

(This schedule is continued on the following pages.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
CURRENT (Continued)			
Public safety (Continued)			
Contractual services (Continued)			
Insurance	\$ 23,000	\$ 30,832	\$ 29,155
Telephone	10,500	10,800	13,003
Equipment purchase and maintenance	5,000	5,000	5,477
Telecommunications services	56,900	56,900	56,900
Travel and training	5,900	4,000	3,679
Dues and subscriptions	750	750	679
Postage	100	100	63
Total contractual services	112,650	118,982	119,009
Commodities			
Gas and petroleum	14,000	14,000	14,872
Office supplies	800	800	449
Office equipment and maintenance	5,000	5,300	5,705
Copies and printing	500	500	532
Technology upgrades	5,000	5,000	2,309
DUI prevention	2,000	2,000	-
Total commodities	27,300	27,600	23,867
Other expenditures	4,000	4,000	3,409
Total public safety	665,250	671,482	686,677
Highways and streets			
Personnel services			
Salaries - maintenance and operations	248,250	248,250	252,796
Payroll taxes	18,900	18,900	19,287
IMRF contribution	24,550	24,550	23,799
Employee health insurance	26,800	26,800	26,094
Uniforms	1,600	1,600	1,253
Drug and alcohol program	400	400	332
Total personnel services	320,500	320,500	323,561
Contractual services			
Maintenance and operation - street lights	1,000	1,000	137
Maintenance and operation - garage	5,500	5,500	4,889
Maintenance and operation - town hall	7,000	7,000	7,190
Maintenance and operation - streets	23,000	13,227	11,528
Maintenance and operation - maintenance vehicles	18,000	18,000	20,032
Maintenance and operation - parks	36,935	22,500	21,006
Maintenance and operation - railroad crossings	2,000	2,000	715
Street lights	28,000	28,000	35,201
Road salt	10,000	10,000	19,111
Road signs	1,500	1,500	1,166
Tools and hardware	3,000	3,000	2,235
Small equipment purchase	4,140	4,140	4,139
Streets	-	610	609
Equipment rental	2,500	11,900	15,130

(This schedule is continued on the following pages.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
CURRENT (Continued)			
Highways and streets (Continued)			
Contractual services (Continued)			
Portable equipment rental	\$ 2,500	\$ 2,500	\$ 2,340
Scavenger services	500	700	684
Office equipment and maintenance	250	250	28
Copies and printing	1,500	1,500	1,576
Insurance	28,000	35,584	32,667
Repairs	10,800	11,800	7,372
Forestry	10,500	10,500	10,905
Nuisance mowing	3,000	200	-
Telephone	3,500	4,500	5,185
Utilities	9,000	9,000	10,275
Travel and training	1,000	500	144
Miscellaneous	500	500	254
Total contractual services	213,625	205,911	214,518
Commodities			
Gas and petroleum	14,000	18,500	18,245
Office supplies	250	250	99
Total commodities	14,250	18,750	18,344
Total highways and streets	548,375	545,161	556,423
Building Department			
Personnel services			
Salaries - Code Official	30,250	30,250	23,970
Payroll taxes	2,315	2,315	1,798
Total personnel services	32,565	32,565	25,768
Contractual services			
Engineering	-	-	115,113
Engineering: nonreimbursable	50,000	88,000	4,227
Engineering: reimbursable	-	-	4,831
Planning/zoning/building	75,000	132,000	118,767
Zoning administration fees	-	-	19,316
Building inspection fees	-	-	150
Vehicle and equipment	350	350	-
Office supplies	400	400	-
Telephone	1,500	1,500	1,705
Copies and printing	500	100	290
Total contractual services	127,750	222,350	264,399
Commodities			
Office	2,500	2,600	2,564
Total commodities	2,500	2,600	2,564
Total building department	162,815	257,515	292,731

(This schedule is continued on the following page.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Equipment and furniture	\$ 38,861	\$ 39,020	\$ 36,261
Construction	30,000	42,500	42,230
Public works facility	23,310	23,310	23,310
Police facility	12,000	8,000	16,042
Vehicles	43,000	41,000	41,852
Cemetery improvements	12,000	12,000	11,315
Airport road property maintenance	-	10,605	10,531
Town hall	1,000	1,000	-
Street repairs	-	40,130	40,128
Road improvements	165,000	500	350
Total capital outlay	<u>325,171</u>	<u>218,065</u>	<u>222,019</u>
DEBT SERVICE			
Principal	27,326	27,845	27,867
Interest and fiscal charges	22,108	26,347	26,684
Total debt service	<u>49,434</u>	<u>54,192</u>	<u>54,551</u>
TOTAL EXPENDITURES	<u>\$ 2,349,270</u>	<u>\$ 2,320,740</u>	<u>\$ 2,350,779</u>

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Utility taxes	\$ 123,000	\$ 123,000	\$ 139,802
Telecommunications	52,000	52,000	45,224
Intergovernmental			
Non-home rule sales tax	235,000	235,000	260,701
Investment income	4,500	5,000	7,355
	<hr/>	<hr/>	<hr/>
Total revenues	414,500	415,000	453,082
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Capital outlay			
Community programs	25,000	6,000	-
NPDES permit fee	1,000	1,000	1,000
Donations - CTLD Fireman's Association	1,600	-	-
Donations - community agencies	5,500	5,500	1,000
Grant writer	1,000	1,000	96
Emergency preparedness	-	2,414	2,414
Holiday decorations	3,000	1,500	822
Sidewalk repairs	15,000	15,000	10,755
Street repairs	-	176,325	176,322
Public works project	-	11,204	11,204
Debt service			
Interest and fiscal charges	-	-	1,000
	<hr/>	<hr/>	<hr/>
Total expenditures	52,100	219,943	204,613
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	362,400	195,057	248,469
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	150,000	-
Transfers (out)	(332,000)	(446,000)	(332,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(332,000)	(296,000)	(332,000)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 30,400</u>	<u>\$ (100,943)</u>	(83,531)
FUND BALANCE, MAY 1			<hr/>
			198,765
FUND BALANCE, APRIL 30			<u><u>\$ 115,234</u></u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2019

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	Motor Fuel Tax	Tax Increment Financing	Special Service Area #1	Special Service Areas #4-8	Special Service Areas #9-10	
ASSETS						
Cash and cash equivalents	\$ 114,328	\$ 103,311	\$ 3,583	\$ 394	\$ 10,240	\$ 231,856
Due from other governments	9,451	-	-	-	-	9,451
TOTAL ASSETS	\$ 123,779	\$ 103,311	\$ 3,583	\$ 394	\$ 10,240	\$ 241,307
LIABILITIES AND FUND BALANCES						
LIABILITIES						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES						
Restricted						
Special service areas	-	-	3,583	394	10,240	14,217
Highways and streets	123,779	-	-	-	-	123,779
Economic development	-	103,311	-	-	-	103,311
Total fund balances	123,779	103,311	3,583	394	10,240	241,307
TOTAL LIABILITIES AND FUND BALANCES	\$ 123,779	\$ 103,311	\$ 3,583	\$ 394	\$ 10,240	\$ 241,307

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	Motor Fuel Tax	Tax Increment Financing	Special Service Area #1	Special Service Areas #4-8	Special Service Areas #9-10	
REVENUES						
Taxes	\$ -	\$ 66,791	\$ -	\$ -	\$ -	\$ 66,791
Intergovernmental	108,392	-	-	-	-	108,392
Investment income	3,673	1,111	111	273	12,165	17,333
Miscellaneous	22	-	-	-	-	22
Total revenues	112,087	67,902	111	273	12,165	192,538
EXPENDITURES						
Current						
General government	-	-	8,728	68,239	10,000	86,967
Highways and streets	137,844	30,586	-	-	-	168,430
Total expenditures	137,844	30,586	8,728	68,239	10,000	255,397
NET CHANGE IN FUND BALANCES	(25,757)	37,316	(8,617)	(67,966)	2,165	(62,859)
FUND BALANCES, MAY 1	149,536	65,995	12,200	68,360	8,075	304,166
FUND BALANCES, APRIL 30	\$ 123,779	\$ 103,311	\$ 3,583	\$ 394	\$ 10,240	\$ 241,307

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Intergovernmental			
Motor fuel tax allotments	\$ 100,000	\$ 100,000	\$ 108,392
Investment income	1,500	3,900	3,673
Miscellaneous	-	-	22
	<hr/>		
Total revenues	101,500	103,900	112,087
	<hr/>		
EXPENDITURES			
Highways and streets			
Contractual services	15,000	16,200	16,182
Commodities	175,000	122,000	121,662
	<hr/>		
Total expenditures	190,000	138,200	137,844
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (88,500)</u>	<u>\$ (34,300)</u>	(25,757)
FUND BALANCE, MAY 1			<hr/> 149,536
FUND BALANCE, APRIL 30			<hr/> \$ 123,779 <hr/>

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Taxes collected			
Property taxes	\$ 43,000	\$ 66,791	\$ 66,791
Investment income	400	900	1,111
	<hr/>		
Total revenues	43,400	67,691	67,902
	<hr/>		
EXPENDITURES			
Highways and streets			
Contractual services	60,000	63,700	30,586
	<hr/>		
Total expenditures	60,000	63,700	30,586
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (16,600)</u>	<u>\$ 3,991</u>	37,316
FUND BALANCE, MAY 1			<hr/> 65,995
FUND BALANCE, APRIL 30			<hr/> <u>\$ 103,311</u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

TOWN OF CORTLAND, ILLINOISPreliminary and Tentative
For Discussion Purposes OnlySCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - BUDGETARY BASIS
WATER FUND

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Customer charges	\$ 475,000	\$ 475,000	\$ 486,062
Permits and hook up fees	21,000	35,000	38,500
Meter sales	5,000	6,300	6,900
Miscellaneous	6,770	7,120	7,618
	<hr/>		
Total operating revenues	507,770	523,420	539,080
	<hr/>		
OPERATING EXPENSES			
Operations	419,232	432,332	420,588
	<hr/>		
Total operating expenses	419,232	432,332	420,588
	<hr/>		
OPERATING INCOME	88,538	91,088	118,492
	<hr/>		
NON-OPERATING REVENUES (EXPENSES)			
Investment income	3,500	8,300	9,167
	<hr/>		
Total non-operating revenues (expenses)	3,500	8,300	9,167
	<hr/>		
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ 92,038	\$ 99,388	127,659
	<hr/>		
ADJUSTMENTS TO GAAP BASIS			
Depreciation			(319,618)
	<hr/>		
CHANGE IN NET POSITION (GAAP BASIS)			(191,959)
	<hr/>		
NET POSITION, MAY 1			9,280,724
	<hr/>		
NET POSITION, APRIL 30			\$ 9,088,765
	<hr/>		

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Personnel services	\$ 113,559	\$ 113,559	\$ 113,965
Contractual services	235,973	239,073	231,979
Commodities	59,700	69,700	64,672
Capital outlay	10,000	10,000	9,972
TOTAL OPERATING EXPENSES	\$ 419,232	\$ 432,332	\$ 420,588

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Customer charges	\$ 527,000	\$ 527,000	\$ 534,317
Permits and hook up fees	-	35,000	35,000
Miscellaneous	23,100	36,425	36,365
	<hr/>		
Total operating revenues	550,100	598,425	605,682
<hr/>			
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Operations	719,642	314,853	279,746
	<hr/>		
Total operating expenses excluding depreciation	719,642	314,853	279,746
<hr/>			
OPERATING INCOME (LOSS)	(169,542)	283,572	325,936
<hr/>			
NON-OPERATING REVENUES (EXPENSES)			
Grant revenue	3,500	3,500	3,500
Investment income	8,000	16,400	17,957
Miscellaneous income	-	27,482	27,482
Proceeds from sale of asset	-	-	6,000
Interest expense	(16,338)	(16,338)	(16,338)
Debt service - principal	(44,609)	(44,609)	(43,761)
Court order	-	(500)	(500)
	<hr/>		
Total non-operating revenues (expenses)	(49,447)	(14,065)	(5,660)
<hr/>			
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (218,989)	\$ 269,507	320,276
<hr/>			
ADJUSTMENTS TO BUDGETARY BASIS			
Depreciation			(423,053)
Debt service - principal			43,761
			<hr/>
CHANGE IN NET POSITION (GAAP BASIS)			(59,016)
<hr/>			
NET POSITION, MAY 1			12,950,256
<hr/>			
NET POSITION, APRIL 30			\$ 12,891,240
<hr/>			

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

For the Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Personnel services	\$ 74,662	\$ 75,373	\$ 81,188
Contractual services	96,780	191,780	158,854
Commodities	42,700	42,200	35,893
Other	4,000	4,000	(122,418)
Capital outlay	501,500	1,500	126,229
TOTAL OPERATING EXPENSES	\$ 719,642	\$ 314,853	\$ 279,746

(See independent auditor's report.)

AGENCY FUNDS

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2019

	Balances May 1	Increases	Decreases	Balances April 30
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 543,750	\$ 617,997	\$ 586,305	\$ 575,442
TOTAL ASSETS	\$ 543,750	\$ 617,997	\$ 586,305	\$ 575,442
LIABILITIES				
Due to bondholders	\$ 543,750	\$ 617,997	\$ 586,305	\$ 575,442
TOTAL LIABILITIES	\$ 543,750	\$ 617,997	\$ 586,305	\$ 575,442
Special Service Area #1				
ASSETS				
Cash and cash equivalents	\$ 422,813	\$ 414,294	\$ 394,680	\$ 442,427
TOTAL ASSETS	\$ 422,813	\$ 414,294	\$ 394,680	\$ 442,427
LIABILITIES				
Due to bondholders	\$ 422,813	\$ 414,294	\$ 394,680	\$ 442,427
TOTAL LIABILITIES	\$ 422,813	\$ 414,294	\$ 394,680	\$ 442,427
Special Service Areas #4-8				
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -
LIABILITIES				
Due to bondholders	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -

(This statement is continued on the following page.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS

For the Year Ended April 30, 2019

	Balances			Balances
	May 1	Increases	Decreases	April 30
Special Service Areas #9-10				
ASSETS				
Cash and cash equivalents	\$ 120,937	\$ 203,703	\$ 191,625	\$ 133,015
TOTAL ASSETS	\$ 120,937	\$ 203,703	\$ 191,625	\$ 133,015
LIABILITIES				
Due to bondholders	\$ 120,937	\$ 203,703	\$ 191,625	\$ 133,015
TOTAL LIABILITIES	\$ 120,937	\$ 203,703	\$ 191,625	\$ 133,015

(See independent auditor's report.)

SUPPLEMENTAL INFORMATION

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended April 30, 2019

CSFA Number	Program Name	State	Federal	Other	Total
XX-XXXX	Name				
	All other costs not allocated	-	-		
TOTALS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA (UNAUDITED)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

**LONG-TERM DEBT REQUIREMENTS
BUILDING NOTE PAYABLE OF 2011**

April 30, 2019

Date of Issue	March 2, 2011
Date of Maturity	June 30, 2020
Authorized Issue	\$655,200
Interest Rate	4.30%
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 Year	Requirements		
	Principal	Interest	Total
2020	\$ 28,011	\$ 20,904	\$ 48,915
2021	458,108	19,649	477,757
	<u>\$ 486,119</u>	<u>\$ 40,553</u>	<u>\$ 526,672</u>

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

April 30, 2019

Date of Issue	November 28, 2013
Date of Maturity	November 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 Year	Requirements		
	Principal	Interest	Total
2020	\$ 45,474	\$ 15,473	\$ 60,947
2021	46,356	14,591	60,947
2022	47,255	13,692	60,947
2023	48,172	12,775	60,947
2024	49,106	11,841	60,947
2025	50,058	10,889	60,947
2026	51,029	9,918	60,947
2027	52,018	8,928	412,443
2028	53,027	7,919	60,946
2029	54,056	6,891	60,947
2030	55,104	5,843	60,947
2031	56,173	4,774	60,947
2032	57,262	3,685	60,947
2033	58,372	2,574	60,946
2034	59,504	1,442	60,946
2035	29,925	290	30,215
	<u>\$ 812,891</u>	<u>\$ 131,525</u>	<u>\$ 1,295,913</u>

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

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

Last Ten Levy Years

	2018	2017*	2016	2015	2014	2013	2012	2011	2010	2009
ASSESSED VALUATIONS										
DeKalb County	\$ 67,936,779	\$ 63,554,345	\$ 58,341,017	\$ 55,621,683	\$ 52,454,195	\$ 55,340,519	\$ 61,888,203	\$ 71,006,914	\$ 77,920,413	\$ 81,482,372
TAX RATES										
Town										
Corporate	0.7065	0.7410	0.7970	0.8288	0.8627	0.7888	0.6908	0.5985	0.5345	0.4913
IMRF	0.0839	0.0905	0.0968	0.1025	0.1083	0.0990	0.0867	0.0751	0.0678	0.0604
Social Security	0.0765	0.0826	0.0891	0.0935	0.0981	0.0897	0.0785	0.0680	0.0613	0.0540
Police protection	0.1222	0.1215	0.1286	0.1313	0.1363	0.1246	0.1092	0.0946	0.0818	0.0736
Total tax rates	0.9891	1.0356	1.1115	1.1561	1.2054	1.1021	0.9652	0.8362	0.7454	0.6793
TAX EXTENSIONS										
Town										
Corporate	\$ 475,388	\$ 464,684	\$ 455,964	\$ 451,492	\$ 442,860	\$ 436,526	\$ 427,524	\$ 424,976	\$ 416,531	\$ 400,307
IMRF	56,462	56,735	55,412	55,827	55,617	54,787	53,657	53,326	52,830	49,207
Social Security	51,510	51,803	51,002	50,933	50,356	49,640	48,582	48,285	47,781	44,000
Police protection	82,210	76,176	73,551	71,502	69,984	68,954	67,582	67,173	63,708	60,004
Total tax extensions	\$ 665,570	\$ 649,398	\$ 635,929	\$ 629,754	\$ 618,817	\$ 609,908	\$ 597,345	\$ 593,760	\$ 580,850	\$ 553,518
TAX COLLECTIONS										
Town										
Corporate	\$ -	\$ 483,333	\$ 450,976	\$ 444,481	\$ 438,090	\$ 429,828	\$ 424,062	\$ 422,729	\$ 416,017	\$ 399,610
IMRF	-	59,012	54,806	54,961	55,018	53,966	53,237	53,069	52,765	49,121
Social Security	-	53,882	50,443	50,142	49,814	48,866	48,203	48,047	47,722	43,924
Police protection	-	79,234	72,745	70,391	69,231	67,921	67,004	66,791	63,629	59,899
Total tax collections	\$ -	\$ 675,461	\$ 628,970	\$ 619,975	\$ 612,153	\$ 600,581	\$ 592,506	\$ 590,636	\$ 580,133	\$ 552,554
PERCENTAGE OF EXTENSIONS COLLECTED AS OF APRIL 30										
	0.00%	104.01%	98.91%	98.45%	98.92%	98.47%	99.19%	99.47%	99.88%	99.83%

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

(See independent auditor's report.)

TOWN OF CORTLAND, ILLINOIS

Preliminary and Tentative
For Discussion Purposes Only

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2019

ASSESSED VALUATION - 2018	<u>\$ 67,936,779</u>
STATUTORY DEBT LIMITATION (8.625% of assessed valuation)	<u>\$ 5,859,547</u>
AMOUNT OF DEBT APPLICABLE TO LIMIT Building Note Payable of 2011	<u>486,119</u>
Total debt	<u>486,119</u>
LEGAL DEBT MARGIN	<u>\$ 5,373,428</u>

(See independent auditor's report.)

COMPLIANCE SECTION

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
STATE OF ILLINOIS PUBLIC ACT 85-1142**

Honorable Mayor and
Members of the Board of Trustees
Town of Cortland, Illinois

We have examined management's assertion that the Town of Cortland, Illinois (the Town) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2019. The Town's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, management's assertion that the Town of Cortland, Illinois, complied with the aforementioned requirements for the year ended April 30, 2019, is fairly stated in all material respects.

This report is intended solely for the information and use of the Board of Trustees, management, the joint review board and the Illinois State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

Naperville, Illinois
August xx, 2019