FLAGG CREEK WATER RECLAMATION DISTRICT

BURR RIDGE, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
FLAGG CREEK WATER RECLAMATION DISTRICT
Burr Ridge, Illinois

Opinions

We have audited the accompanying financial statements of the business-type activities of **FLAGG CREEK WATER RECLAMATION DISTRICT** (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of April 30, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

O'Neill & Gaspardo, LLC

O'NEILL & GASPARDO, LLC
Mokena, Illinois
July 24, 2025

FLAGG CREEK WATER RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Flagg Creek Water Reclamation District (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ended April 30, 2025. We encourage readers to read this information in conjunction with the District's financial statements.

Financial Highlights

The District's total net position at April 30, 2025 was $53,635,827, an increase of $1,281,280 or 2.4% from April 30, 2024.

Operating revenues available to fund operating expenses increased by $88,596 or .7% for the year ended April 30, 2025, from the prior fiscal year.

Operating expenses increased by $253,915 or 3.4% for the year ended April 30, 2025, from the prior fiscal year.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the District's overall status.

The statement of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. Increases and decreases in net position serve as a useful indicator of change in net position and whether the financial position of the District as a whole is improving or deteriorating.

The statement of revenues, expenses and changes in net position reports how the District's net position changed during the current fiscal year. All revenues and expenses are included regardless of when cash is received or paid.

The statement of cash flows reports the District's cash receipts, cash payments, and net changes in cash resulting from operations, investing, financing, and provides what cash was used for, and what was the change in the cash balance during the reporting period.

Supplementary Information

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Internally, the District maintains three separate governmental funds. Although these funds are maintained as governmental funds internally, all of the District's activities are considered business-type activities in the government-wide financial statements.

The District reports the following funds in the supplementary information:

Sewerage and User Fund - The Sewerage and User Fund (General Fund) is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund. General operating expenses and the capital improvement costs that are not paid through other funds are paid from the General Fund. In addition, funds from the General Fund may be transferred to an applicable fund to cover their expenses.

Capital Improvements Fund - The Capital Improvements Fund is used to account for revenues and expenses that are for the expansion and major maintenance of the facilities. In addition, funds from the Capital Improvements Fund may be transferred to an applicable fund to cover their expenses.

State Fund IEPA - The State Fund IEPA accounts for transactions relating to capital improvement projects financed through the IEPA revolving loan program.

The District may use any unexpended funds to pay long-term debt.

A budgetary comparison statement has been provided (as supplementary information) for the Sewerage and User Fund.

Financial Analysis

Condensed Statement of Net Position

	April 30, 2025	%	April 30, 2024	%	Change	%
Assets						
Current assets:						
Cash and cash equivalents	$ 11,879,933	17.1%	$ 13,760,765	18.5%	$ (1,880,832)	-13.7%
Certificates of deposit	2,250,000	3.2%	3,750,000	5.0%	(1,500,000)	-40.0%
Annuity	23,956	0.0%	42,415	0.1%	(18,459)	-43.5%
Receivables	1,419,832	2.0%	1,412,968	1.9%	6,864	0.5%
Prepaid expenses	100,152	0.1%	174,202	0.2%	(74,050)	-42.5%
Total current assets	15,673,873	22.5%	19,140,350	25.7%	(3,466,477)	-18.1%
Noncurrent assets:						
Certificates of deposit	1,750,000	2.5%	750,000	1.0%	1,000,000	133.3%
Capital assets	49,450,850	71.1%	50,817,957	68.3%	(1,367,107)	-2.7%
Net pension asset	967,389	1.4%	1,060,470	1.4%	(93,081)	-8.8%
Total noncurrent assets	52,168,239	75.0%	52,628,427	70.7%	(460,188)	-0.9%
Total assets	67,842,112	97.5%	71,768,777	96.4%	(3,926,665)	-5.5%
Deferred outflows of resources	1,718,201	2.5%	2,655,426	3.6%	(937,225)	-35.3%
Total assets and deferred outflows of resources	$ 69,560,313	100.0%	$ 74,424,203	100.0%	$ (4,863,890)	-6.5%
Liabilities						
Current liabilities:						
Accounts payable	$ 683,559	4.3%	$ 5,060,285	22.9%	$ (4,376,726)	-86.5%
Accrued expenses	136,846	0.9%	125,109	0.6%	11,737	9.4%
Unearned revenues	122,854	0.8%	111,096	0.5%	11,758	10.6%
Accrued compensated absences	285,487	1.8%	254,691	1.2%	30,796	12.1%
Notes payable	1,588,745	10.0%	1,565,319	7.1%	23,426	1.5%
Total current liabilities	2,817,491	17.7%	7,116,500	32.2%	(4,299,009)	-60.4%
Noncurrent liabilities:						
Notes payable	11,919,189	74.8%	13,508,034	61.2%	(1,588,845)	-11.8%
Total noncurrent liabilities	11,919,189	74.8%	13,508,034	61.2%	(1,588,845)	-11.8%
Total liabilities	14,736,680	92.5%	20,624,534	93.5%	(5,887,854)	-28.5%
Deferred inflows of resources	1,187,806	7.5%	1,445,122	6.5%	(257,316)	-17.8%
Total liabilities and deferred inflows of resources	15,924,486	100.0%	22,069,656	100.0%	(6,145,170)	-27.8%
Net Position:						
Net invested in capital assets	35,942,916	67.0%	35,744,605	68.3%	198,311	0.6%
Restricted - debt service	1,795,113	3.3%	1,795,113	3.4%	-	0.0%
Unrestricted	15,897,798	29.6%	14,814,829	28.3%	1,082,969	7.3%
Total net position	53,635,827	100.0%	52,354,547	100.0%	1,281,280	2.4%
Total liabilities, deferred inflows of resources and net position	$ 69,560,313		$ 74,424,203		$ (4,863,890)	

- Cash decreased $1,880,832 or -13.7% due primarily to $4,376,024 payment to the Illinois Tollway Authority.
- The District held sixteen (16) $250,000 certificates of deposits (totaling $4,000,000) at April 30, 2025. Maturity dates of certificates of deposits range from 12 to 24 months and have interest rates ranging from 3.80% to 5.10%.
- Capital assets decreased $1,367,107 or -2.7% due to depreciation expense exceeding capital asset purchases.
- Accounts payable decreased $4,376,726 or -86.5% due to the District paying $4,376,024 of accounts payable due to the Illinois Tollway Authority.
- Changes in IMRF deferred outflows and inflows were due to changes in projections (i.e., projected earnings on investments).

Net position:

- Net position may serve, over time, as a useful indicator of the District's financial position. The District's total net position at April 30, 2025 was $53,635,827 an increase of $1,281,280 or 2.4% from April 30, 2024.
- Net position reflects the District's investment in capital assets, less debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services, so they are not available for future spending. In addition, the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.
- Restricted – debt service of $1,795,113 at April 30, 2025 represent amounts required to be segregated by Illinois EPA loan covenants.
- Unrestricted net assets of $15,897,798 at April 30, 2025 can be used for any purpose.

Condensed Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position shows the nature and source of the changes in net position. The following summarizes the revenue and expenses of the District's activities for the fiscal year ended April 30, 2025.

Condensed Statement of Activities

	May 1, 2024 to April 30, 2025	%	May 1, 2023 to April 30, 2024	%	Change	%
Revenues:						
Operating revenues	$ 12,882,518	101.4%	$ 12,793,922	88.4%	$ 88,596	0.7%
Non-operating revenues	599,839	4.7%	1,209,091	8.4%	(609,252)	-50.4%
Net pension obligation - GASB 68	(772,989)	-6.1%	475,863	3.3%	(1,248,852)	-262.4%
Total revenues	12,709,368	100.0%	14,478,876	100.0%	(1,769,508)	-12.2%
Expenses:						
Operating expenses	7,715,568	67.5%	7,461,653	67.3%	253,915	3.4%
Depreciation	3,712,520	32.5%	3,621,689	32.7%	90,831	2.5%
Total expenses	11,428,088	100.0%	11,083,342	100.0%	344,746	3.1%
Change in net position	1,281,280		3,395,534		(2,114,254)	-62.3%
Net position, beginning of year	52,354,547		48,959,013		3,395,534	6.9%
Net position, end of year	$ 53,635,827		$ 52,354,547		$ 1,281,280	2.4%

- Non-operating revenues decreased $609,252 or -50.4% in the year ended April 30, 2025 due to contributed capital assets from the Illinois Tollway Authority of $683,321 in the year ended April 30, 2024.
- Net IMRF pension obligation changed from income of $475,863 in the year ended April 30, 2024 to expense of $772,989 in the year ended April 30, 2025 due to differences between projected and actual earnings on investments.
- The increase in operating expenses of $253,915 or 3.4% for the year ended April 30, 2025 was due primarily to an increase in sludge hauling expenses due to seasonal availability and scheduling.

Budget

The District did not amend its budget during the fiscal year. Operating and non-operating revenue for the Sewerage and User Fund (General Fund) was $12,937,681 for the year ended April 30, 2025, which was $179,319 or -1.4% less than budgeted. Expenses for this fund were $7,712,021 for the year ended April 30, 2025, which was $40,979 or -.5% less than budgeted.

Capital Assets

The District's investment in capital assets decreased $1,367,107 or -2.7% due to an increase of $2,303,446 in capital assets being offset by increased accumulated depreciation of $3,670,554 in the year ended April 30, 2025.

The following summarizes capital assets.

	April 30, 2025	April 30, 2024	Change	% Change
Land	$ 475,226	$ 475,226	$ -	0.0%
Construction in progress	2,017,278	2,651,360	(634,082)	-23.9%
Lift stations	13,628,677	12,008,147	1,620,530	13.5%
Sewer improvements	36,702,013	36,197,342	504,671	1.4%
Buildings	16,587,056	16,587,056	-	0.0%
Office equipment	169,894	163,800	6,094	3.7%
Vehicles	1,077,912	1,072,873	5,039	0.5%
Plant improvements and equipment	64,780,372	63,979,177	801,195	1.3%
Total capital assets	135,438,428	133,134,981	2,303,447	1.7%
Less: accumulated depreciation	(85,987,578)	(82,317,024)	(3,670,554)	4.5%
Net capital assets	$ 49,450,850	$ 50,817,957	$ (1,367,107)	-2.7%

Additional information regarding capital assets may be found in the accompanying notes to the financial statements.

Debt

The District had six (6) notes payable outstanding with a total balance of $13,507,934 at April 30, 2025.

Additional information regarding debt may be found in the accompanying notes to the financial statements.

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared, the District was aware of the following items that will have a significant financial impact on the District:

- The District has started the "2027 WWTP Improvements Project" which is still in its design phase. The District is seeking funding through a low interest loan from the State Water Pollution Control Loan Program, as well as requested funds from potential Federal and State Programs primarily for energy efficiencies and environmental benefits. The Project is estimated to cost approximately $55 to $65 million.

  This Project will change from current chemical treatment for removal of phosphorus to Biological Nutrient Removal (BNR), change disinfection processes from chlorination to UV disinfection, construct excess flow improvements, rehabilitate the excess flow lagoon, install a solar panel array, and will include multiple other plant improvements. The project is expected to decrease chemical costs, reduce sludge disposal costs, reduce energy costs, and ensure regulatory compliance with future discharge requirements. The project is expected to commence in 2027 and construction could go into 2029 to 2030 or later to complete.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Mike Holland, Executive Director of the District.

End of Management's Discussion and Analysis

STATEMENT OF NET POSITION
April 30, 2025

Current assets:	
Cash and cash equivalents	$ 10,084,820
Restricted cash and cash equivalents	1,795,113
Certificates of deposit	2,250,000
Annuity	23,956
Receivables:	
Accounts, net of ($24,200) allowance	744,033
Unbilled user fee revenue	669,058
Interest	6,741
Prepaid expenses	100,152
Total current assets	15,673,873
Noncurrent assets:	
Certificates of deposit	1,750,000
Capital assets not being depreciated	2,492,504
Capital assets being depreciated, net of accumulated depreciation	46,958,346
Net pension asset	967,389
Total noncurrent assets	52,168,239
Total assets	67,842,112
Deferred outflows of resources:	
Deferred amounts related to pension	1,718,201
Total assets and deferred outflows of resources	$ 69,560,313

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STATEMENT OF NET POSITION
April 30, 2025

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Current liabilities:	
Accounts payable	$ 683,559
Accrued salaries and payroll expenses	91,574
Accrued interest	45,272
Unearned revenues	122,854
Accrued compensated absences	285,487
Notes payable	1,588,745
Total current liabilities	2,817,491
Noncurrent liabilities:	
Notes payable	11,919,189
Total noncurrent liabilities	11,919,189
Total liabilities	14,736,680
Deferred inflows of resources:	
Deferred amounts related to pension	1,187,806
Net position:	
Net investment in capital assets	35,942,916
Restricted - debt service	1,795,113
Unrestricted	15,897,798
Total net position	53,635,827
Total liabilities, deferred inflows of resources and net position	$ 69,560,313

FLAGG CREEK WATER RECLAMATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended April 30, 2025

Operating revenues:	
Charges for services:	
User fees	$ 5,614,741
Sewer service fees	1,844,320
Service availability fees	4,905,767
Fines and other fees	226,816
Grease trap permits	40,075
Connection fees	191,599
Plan review fees	59,200
Total operating revenues	12,882,518
Operating expenses:	
Administration	2,448,932
Maintenance of sewers	817,482
Lift stations	157,887
Plant wastewater treatment	3,919,702
Laboratory	371,565
Total operating expenses	7,715,568
Operating income before depreciation and net pension obligation - GASB 68	5,166,950
Depreciation	3,712,520
Net pension obligation - GASB 68	772,989
Operating income	681,441
Non-operating revenues (expenses):	
Replacement taxes	141,785
Grants	9,024
Investment income	670,332
Gain on sale of capital assets	5,200
Interest expense	(226,502)
Total non-operating revenues (expenses)	599,839
Change in net position	1,281,280
Net position:	
Beginning of year	52,354,547
End of year	$ 53,635,827

STATEMENT OF CASH FLOWS
Year Ended April 30, 2025

Cash flows from operating activities:	
Receipts from customers	$ 12,878,342
Payments to employees	(2,756,448)
Payments to suppliers	(9,219,264)
Net cash from operating activities	902,630
Cash flows from noncapital financing activities:	
Replacement taxes	141,785
Grants	9,024
Net cash from noncapital financing activities	150,809
Cash flows from capital and related financing activities:	
Purchase of capital assets	(2,345,413)
Proceeds from sale of capital assets	5,200
Principal paid on capital debt	(1,565,419)
Interest paid on capital debt	(226,502)
Net cash used in capital and related financing activities	(4,132,134)
Cash flows from investing activities:	
Purchase of certificates of deposit	(3,250,000)
Proceeds from certificates of deposit	3,750,000
Investment income received	697,863
Net cash from investing activities	1,197,863
Net decrease in cash and cash equivalents	(1,880,832)
Cash and cash equivalents, beginning of year	13,760,765
Cash and cash equivalents, end of year	$ 11,879,933
Cash and cash equivalents	
Unrestricted	$ 10,084,820
Restricted	1,795,113
Total cash and cash equivalents	$ 11,879,933

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FLAGG CREEK WATER RECLAMATION DISTRICT

STATEMENT OF CASH FLOWS
Year Ended April 30, 2025

Continued from previous page…

Cash flows from operating activities:	
Operating income	$ 681,441
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	3,712,520
Net pension obligation - GASB 68	772,989
Changes in assets and liabilities	
Accounts receivable	(35,827)
Unbilled user fee revenue	19,889
Prepaid expenses	74,050
Accounts payable	(4,376,722)
Accrued salaries and payroll expenses	14,929
Accrued interest	(3,192)
Unearned revenues	11,758
Accrued compensated absences	30,795
Total adjustments	221,189
Net cash from operating activities	$ 902,630

NOTES TO FINANCIAL STATEMENTS

April 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FLAGG CREEK WATER RECLAMATION DISTRICT (the "District") is an Illinois unit of local government organized under the Illinois Sanitary District Act of 1917. The Board of Trustees is appointed by state legislators who serve communities within District boundaries. The District was formed in 1926 with the first sewers and treatment works becoming operational in 1930. The District serves parts or all of the following Illinois communities: Burr Ridge, Clarendon Hills, Darien, Elmhurst, Hinsdale, Lombard, Oak Brook, Oakbrook Terrace, Villa Park, Westmont and Willowbrook, including some unincorporated areas within these communities.

The financial statements of the District have been prepared in accordance 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 District's accounting policies are described below.

A. Reporting Entity

The District is considered to be a primary government since it is legally separate and fiscally independent. These financial statements include all funds, functions, programs, and activities under the control of the Board of Trustees of the District.

B. Basis of Presentation

The accounts of the District are Enterprise Funds. Enterprise Funds are proprietary type funds used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows or resources, liabilities, deferred inflows of resources associated with the operation of this fund is included in the statement of net position. The proprietary fund's statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating revenues and expenses are directly attributable to the operation of the proprietary fund. Non-operating revenues/expenses are incidental to the operations of the fund.

The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of 30 days or less when purchased to be cash equivalents. Cash includes demand deposits and money market accounts with banks and cash on hand.

E. Receivables and Revenue Recognition
The District recognizes revenue in the period in which the service is provided. Unbilled receivables have been estimated at April 30, 2025.

F. Capital Assets
Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are stated at cost or at estimated historical cost.

Capital assets contributed to the District are recorded at fair value on the date contributed. Depreciation is computed under the straight-line method over the estimated useful lives of the assets.

The range of estimated useful lives by type of asset is as follows:

Lift stations	5 – 40 years
Sewer improvements	5 – 70 years
Buildings	5 – 40 years
Office equipment	5 – 7 years
Vehicles	5 – 10 years
Plant improvement and equipment	5 – 40 years

G. Compensated Absences
Compensated absences are recorded in the period in which they are earned by employees whether or not actually paid.

H. Deferred Outflows/Inflows of Resources
The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The only deferred outflows and inflows of resources of the District are due to the District's participation in the Illinois Municipal Retirement Fund (IMRF).

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Net Position
Restricted net position represents amounts required to be segregated by Illinois EPA loan covenants. Restricted net position is used for applicable expenses when it becomes unrestricted before unrestricted net position is used.

Net investment in capital assets represents the book value of capital assets less long-term debt principal outstanding issued to construct or acquire capital assets.

J. Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. DEFINED BENEFIT PENSION PLAN

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

Benefits Provided
Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1⅔% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1st every year after retirement.

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

Employees hired ***on or after*** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1⅔% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1st every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms
As of December 31, 2024, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	47
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	29
Total	84

Contributions
As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2024 was 1.76%. For the fiscal year ended April 30, 2025, the District contributed $48,576 to the Plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset
The District's net pension asset was measured as of December 31, 2024. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The amount is included in noncurrent assets on the statement of net position.

Actuarial Assumptions
The following are the methods and assumptions used to determine total pension liability at December 31, 2024:

- The **Actuarial Cost Method** used was Entry Age Normal.

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used.
- For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio target percentage	Long-term expected real rate of return
Equities	33.50%	4.35%
International equities	18.00%	5.40%
Fixed income	24.50%	5.20%
Real estate	10.50%	6.40%
Alternatives	12.50%	4.85% - 6.25%
Cash equivalents	1.00%	3.60%
Total	100.00%	

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2024. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.08% and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability (Asset)

	Total pension liability (A)	**Plan fiduciary net position (B)**	**Net pension liability (asset) (A) - (B)**
Balances at December 31, 2023	$ 16,709,026	$ 17,769,496	$ (1,060,470)
Changes for the year:			
Service cost	231,627	-	231,627
Interest on the total pension liability	1,183,494	-	1,183,494
Changes in benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	918	-	918
Changes of assumptions	-	-	-
Contributions - employer	-	48,576	(48,576)
Contributions - employee	-	120,750	(120,750)
Net investment income	-	1,791,684	(1,791,684)
Benefits payments, including refunds of employee contributions	(1,001,555)	(1,001,555)	-
Other (net transfers)	-	(638,052)	638,052
Net changes	414,484	321,403	93,081
Balances at December 31, 2024	$ 17,123,510	$ 18,090,899	$ (967,389)

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% lower (6.25%)	Current discount rate (7.25%)	1% higher (8.25%)
Net pension liability	$ 19,012,278	$ 17,123,510	$ 15,612,374
Plan fiduciary net position	18,090,899	18,090,899	18,090,899
Net pension liability / (asset)	$ 921,379	$ (967,389)	$ (2,478,525)

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

For the year ended April 30, 2025, the District recognized pension expense of $816,266. At April 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred amounts related to pensions	**Deferred outflows of resources**	**Deferred inflows of resources**
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	$ 46,785	$ -
Changes of assumptions	-	7,642
Net difference between projected and actual earnings on pension plan investments	1,614,900	1,180,164
Total deferred amounts to be recognized in pension expense in future periods	1,661,685	1,187,806
Pension contributions made subsequent to the measurement date	56,516	-
Total deferred amounts related to pensions	$ 1,718,201	$ 1,187,806

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

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

Year ending December 31,	Net deferred outflows of resources
2025	$ 264,495
2026	564,204
2027	(243,483)
2028	(111,337)
2029	-
Thereafter	-
Total	$ 473,879

NOTE 3. CASH AND INVESTMENTS

Cash and investment balances were as follows at April 30, 2025:

Petty cash	$ 400
Fifth-Third Bank - checking account	4,103,088
Fifth-Third Bank - money market account	3,930,422
Old Second Bank - checking accounts	3,846,023
Certificates of deposit	4,000,000
Total cash and investments	$ 15,879,933

The District held sixteen (16) $250,000 certificates of deposits (totaling $4,000,000) at April 30, 2025. Maturity dates of certificates of deposits range from 12 to 24 months and have interest rates ranging from 3.80% to 5.10%.

The District is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issues or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a $1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-

NOTE 3. CASH AND INVESTMENTS – Continued

for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The District's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and rate of return.

The District's deposits and investments are subject to the following risks. The District does have a formal investment policy that addresses these risks.

- Custodial credit risk is the risk that the District will not be able to recover its deposits with financial institutions in the event of the failure of the financial institutions. The District requires pledging of collateral for all bank balances in excess of federal depository insurance to limit this risk.
- Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations, resulting in investment losses by the District. The District limits it credit risk by limiting investments to the investments authorized in its investment policy, as described above.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to interest rate risk by remaining sufficiently liquid to meet all operating requirements that may be reasonably anticipated and to provide sufficient liquidity to pay obligations as they come due and not purchasing any security with maturity that exceeds 36 months.
- Concentration of credit risk is the risk of loss attributed to funds being concentrated in a limited number of investments. The District requires pledging of collateral for all bank balances in excess of federal depository insurance to limit this risk.

The District's deposits with financial institutions were categorized as follows at April 30, 2025:

Insured by federal depository insurance	$ 4,500,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the District's name	11,482,706
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the District's name	-
Uncollateralized	-
Total deposits with financial institutions	$ 15,982,706

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 4. CAPITAL ASSETS

Following is a summary of changes in the capital assets for the year ended April 30, 2025:

	Beginning Balance	Additions & Transfers	Retirements	Ending Balance
Capital assets, not depreciable:				
Land	$ 475,226	$ -	$ -	$ 475,226
Construction in progress	2,651,360	(634,082)	-	2,017,278
Total capital assets, not deprec.	3,126,586	(634,082)	-	2,492,504
Capital assets, depreciable:				
Lift stations	12,008,147	1,620,530	-	13,628,677
Sewer improvements	36,197,342	504,671	-	36,702,013
Buildings	16,587,056	-	-	16,587,056
Office equipment	163,800	23,164	(17,070)	169,894
Vehicles	1,072,873	29,936	(24,897)	1,077,912
Plant improvement and equipment	63,979,177	801,195	-	64,780,372
Total capital assets, depreciable	130,008,395	2,979,496	(41,967)	132,945,924
Less accumulated depreciation for:				
Lift stations	(3,501,959)	(628,072)	-	(4,130,031)
Sewer improvements	(18,905,969)	(1,288,306)	-	(20,194,275)
Buildings	(14,272,975)	(176,598)	-	(14,449,573)
Office equipment	(155,375)	(9,065)	17,070	(147,370)
Vehicles	(896,482)	(56,765)	24,897	(928,350)
Plant improvement and equipment	(44,584,264)	(1,553,715)	-	(46,137,979)
Total accumulated depreciation	(82,317,024)	(3,712,521)	41,967	(85,987,578)
Total capital assets depreciable, net	47,691,371	(733,025)	-	46,958,346
Capital assets, net	$ 50,817,957	$ (1,367,107)	$ -	$ 49,450,850

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 5. LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Accrued compensated absences	$ 254,691	$ 30,796	$ -	$ 285,487	$ 285,487
Notes payable	15,073,353	-	(1,565,419)	13,507,934	1,588,745
Total long term liabilities	$ 15,328,044	$ 30,796	$ (1,565,419)	$ 13,793,421	$ 1,874,232

Notes payable consisted of the following at April 30, 2025:

1) In May 2011 the District's Water Pollution Control Revolving Fund loan agreement in the amount of $7,796,000 with the Illinois Environmental Protection Agency (IEPA) for improvements to the District Wastewater Treatment Plant was finalized. Repayment of the loan is being made in semi-annual payments. The note bears interest at 2.50% and matures on April 28, 2031. The oustanding balance of this loan was $2,754,018 at April 30, 2025.

2) In August 2011 the District's loan agreement in the amount of $12,104,000 with the IEPA for improvements to the Clarendon Hills Sewer Improvement Project was finalized. This loan was funded by $6,052,000 from the Water Pollution Control Center Loan Program and $6,052,000 from the American Recovery and Reinvestment Act of 2009 (ARRA). Only one-half of the ARRA funds, $3,026,000, needed to be repaid. Repayment of the loan is being made in semi-annual payments. The note bears interest at 0.00% and matures on June 1, 2031. The oustanding balance of this loan was $2,950,350 at April 30, 2025.

3) In November 2011 the District's loan agreement in the amount of $3,253,648 with the IEPA for improvements to the Clarendon Hills Sewer Improvement Project was finalized. Repayment of the loan is being made in semi-annual payments. The note bears interest at 1.25% and matures on November 29, 2031. The oustanding balance of this loan was $1,232,053 at April 30, 2025.

4) In December 2012 the District's loan agreement in the amount of $3,522,065 with the IEPA for improvements to the Tertiary Filter Project was finalized. Repayment of the loan is being made in semi-annual payments. The note bears interest at 2.295%, and matures on December 23, 2032. The oustanding balance of this loan was $1,636,637 at April 30, 2025.

5) In August 2016 the District's loan agreement in the amount of $3,351,192 with the IEPA for construction of the Meyers Road Lift Station Project was finalized. Repayment of the loan is being made in semi-annual payments. The note bears interest at 2.21% and matures on February 13, 2036. The oustanding balance of this loan was $2,071,928 at April 30, 2025.

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 5. LONG-TERM LIABILITIES – Continued

6) In August 2018 the District's loan agreement in the amount of $3,771,874 with the IEPA for Phosphorus Removal Project was finalized. Repayment of the loan is being made in semi-annual payments. The note bears interest at 1.56% and matures on June 28, 2039. The oustanding balance of this loan was $2,862,948 at April 30, 2025.

Minimum future payments for the notes payable are as follows at April 30, 2025.

Fiscal year ending April 30th	Principal	Interest	Total
2026	$ 1,588,745	$ 206,368	$ 1,795,113
2027	1,612,584	182,528	1,795,112
2028	1,636,952	158,161	1,795,113
2029	1,661,855	133,258	1,795,113
2030	1,687,312	107,799	1,795,111
2031-2035	4,152,301	242,715	4,395,016
2036-2040	1,168,185	41,251	1,209,436
Total	$ 13,507,934	$ 1,072,080	$ 14,580,014

NOTE 6. RISK OF LOSS

The District is exposed to various risks of loss through property ownership, employee injury, liability of employees, actions of elected officials and other risks. The District purchased commercial insurance policies to overcome these risks. Claims have not exceeded coverage in the last three years.

NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE 7. CONTRACTUAL COMMITTMENTS

The District entered into contracts with four construction companies for services to be provided primarily after April 30, 2025.

Project Number	Project	Contract Start Date	Contract Amount (a)	Amount Paid thru 4/30/25 (b)	Amount Outstanding (a) - (b)
2021-E	Ginger Creek South Lift Station	2/29/2024	$ 43,000	$ 33,000	$ 10,000
2024-B	Steeplechase Lift Station Improvement	1/8/2025	36,250	2,553	33,697
2024-B	Steeplechase Lift Station Improvement	2/12/2025	565,606	-	565,606
2024-H	Brandywine Lift Station Removal	12/6/2024	56,000	12,052	43,948
			$ 700,856	$ 47,605	$ 653,251

NOTE 8. SUBSEQUENT EVENTS

The District has evaluated events subsequent to April 30, 2025 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

FLAGG CREEK WATER RECLAMATION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
April 30, 2025

Calendar year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	$ 231,627	$ 244,346	$ 231,166	$ 231,843	$ 260,413	$ 317,941	$ 297,241	$ 317,399	$ 312,292	$ 312,359
Interest on total pension liability	1,183,494	1,147,751	1,104,642	1,072,948	1,035,208	963,835	907,520	910,011	857,738	819,447
Change in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience of total pension liability	918	149,712	243,579	52,900	162,352	491,687	261,245	(299,258)	28,881	(181,321)
Changes of assumptions	-	(24,758)	-	-	(77,827)	-	365,264	(401,918)	(14,566)	13,709
Benefit payments, including refunds of employee contributions	(1,001,555)	(1,033,792)	(948,943)	(891,455)	(799,167)	(721,317)	(573,913)	(524,823)	(485,550)	(391,156)
Net change in total pension liability	414,484	483,259	630,444	466,236	580,979	1,052,146	1,257,357	1,411	698,795	573,038
Total pension liability - beginning	16,709,026	16,225,767	15,595,323	15,129,087	14,548,108	13,495,962	12,238,605	12,237,194	11,538,399	10,965,361
Total pension liability - ending (A)	$ 17,123,510	$ 16,709,026	$ 16,225,767	$ 15,595,323	$ 15,129,087	$ 14,548,108	$ 13,495,962	$ 12,238,605	$ 12,237,194	$ 11,538,399
Plan fiduciary net position:										
Contributions - employer	$ 48,576	$ 23,977	$ 104,330	$ 164,691	$ 170,603	$ 346,121	$ 240,524	$ 462,438	$ 483,827	$ 479,708
Contributions - employee	120,750	113,573	110,467	106,481	107,074	115,504	126,149	126,850	124,729	121,495
Net investment income	1,791,684	1,829,472	(2,640,631)	2,917,367	2,209,282	2,373,200	(731,752)	2,054,177	708,965	52,814
Benefit payments, including refunds of employee contributions	(1,001,555)	(1,033,792)	(948,943)	(891,455)	(799,167)	(721,317)	(573,913)	(524,823)	(485,550)	(391,156)
Other (net transfer)	(638,052)	534,732	91,046	149,866	273,880	272,238	247,204	(207,847)	178,738	(159,394)
Net change in plan fiduciary net position	321,403	1,467,962	(3,283,731)	2,446,950	1,961,672	2,385,746	(691,788)	1,910,795	1,010,709	103,467
Plan fiduciary net position - beginning	17,769,496	16,301,534	19,585,265	17,138,315	15,176,643	12,790,897	13,482,685	11,571,890	10,561,181	10,457,714
Plan fiduciary net position - ending (B)	$ 18,090,899	$ 17,769,496	$ 16,301,534	$ 19,585,265	$ 17,138,315	$ 15,176,643	$ 12,790,897	$ 13,482,685	$ 11,571,890	$ 10,561,181
Net pension liability (asset) - ending (A) - (B)	$ (967,389)	$ (1,060,470)	$ (75,767)	$ (3,989,942)	$ (2,009,228)	$ (628,535)	$ 705,065	$ (1,244,080)	$ 665,304	$ 977,218
Plan fiduciary net position as a percentage of the total pension liability	105.65%	106.35%	100.47%	125.58%	113.28%	104.32%	94.78%	110.17%	94.56%	91.53%
Covered valuation payroll	$ 2,760,024	$ 2,523,847	$ 2,454,822	$ 2,366,248	$ 2,379,418	$ 2,578,427	$ 2,803,314	2,818,883	$ 2,771,744	$ 2,699,878
Net pension liability as a percentage of covered valuation payroll	-35.05%	-42.02%	-3.09%	-168.62%	-84.44%	-24.38%	25.15%	-44.13%	24.00%	36.19%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
April 30, 2025

Calendar year ended December 31,	Actuarially determined contribution (a)	Actual contribution (b)	Contribution deficiency (excess) (a-b)	Covered valuation payroll (c)	Actual contribution as a percentage of covered valuation payroll (b/c)
2024	$ 48,576	$ 48,576	$ -	$ 2,760,024	1.76%
2023	23,977	23,977	-	2,523,847	0.95%
2022	104,330	104,330	-	2,454,822	4.25%
2021	164,691	164,691	-	2,366,248	6.96%
2020	170,604	170,603	1	2,379,418	7.17%
2019	130,984	346,121	(215,137)	2,578,427	13.42%
2018	240,524	240,524	-	2,803,314	8.58%
2017	262,438	462,438	(200,000)	2,818,883	16.41%
2016	283,827	483,827	(200,000)	2,771,744	17.46%
2015	279,707	479,708	(200,001)	2,699,878	17.77%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2025

NOTE 1. SCHEDULE OF EMPLOYER CONTRIBUTION

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2024 Contribution Rate*
Valuation Date:

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

Methods and Assumptions Used to Determine 2024 Contribution Rates

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	10-year rolling period 19-year closed period.
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.75% to 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2022 actuarial valuation.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION BY SUBFUND

April 30, 2025

	Sewerage and User	Capital Improv.	State Fund IEPA	Total
Current assets:				
Cash and cash equivalents	$ 4,103,488	$ 5,720,159	$ 261,173	$ 10,084,820
Restricted cash and cash equivalents	-	-	1,795,113	1,795,113
Certificates of deposit	-	2,250,000	-	2,250,000
Annuity	23,956	-	-	23,956
Receivables:				
Accounts, net of ($24,200) allowance	744,033	-	-	744,033
Unbilled user fee revenue	669,058	-	-	669,058
Interest	-	6,741	-	6,741
Prepaid expenses	100,152	-	-	100,152
Total current assets	5,640,687	7,976,900	2,056,286	15,673,873
Noncurrent assets:				
Certificates of deposit	-	1,750,000	-	1,750,000
Capital assets not being depreciated	475,226	2,017,278	-	2,492,504
Capital assets being depreciated, net of accumulated depreciation	46,958,346	-	-	46,958,346
Net pension asset	967,389	-	-	967,389
Total noncurrent assets	48,400,961	3,767,278	-	52,168,239
Deferred outflows of resources:				
Deferred amounts related to pension	1,718,201	-	-	1,718,201
Total assets and deferred outflows of resources	$ 55,759,849	$ 11,744,178	$ 2,056,286	$ 69,560,313

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COMBINING STATEMENT OF NET POSITION BY SUBFUND
April 30, 2025

Continued from previous page…

	Sewerage and User	Capital Improv.	State Fund IEPA	Total
Current liabilities:				
Accounts payable	$ 552,512	$ 131,047	$ -	$ 683,559
Accrued salaries and payroll expenses	91,574	-	-	91,574
Accrued interest	-	-	45,272	45,272
Unearned revenues	30,425	92,429	-	122,854
Accrued compensated absences	285,487	-	-	285,487
Notes payable	-	-	1,588,745	1,588,745
Total current liabilities	959,998	223,476	1,634,017	2,817,491
Noncurrent liabilities:				
Notes payable	-	-	11,919,189	11,919,189
Total noncurrent liabilities	-	-	11,919,189	11,919,189
Total liabilities	959,998	223,476	13,553,206	14,736,680
Deferred inflows of resources:				
Deferred amounts related to pension	1,187,806	-	-	1,187,806
Net position:				
Net investment in capital assets	47,433,572	2,017,278	(13,507,934)	35,942,916
Restricted - debt service	-	-	1,795,113	1,795,113
Unrestricted	6,178,473	9,503,424	215,901	15,897,798
Total net position	53,612,045	11,520,702	(11,496,920)	53,635,827
Total liabilities, deferred inflows of resources and net position	$ 55,759,849	$ 11,744,178	$ 2,056,286	$ 69,560,313

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY SUBFUND

Year Ended April 30, 2025

	Sewerage and User	Capital Improv.	State Fund IEPA	Total
Operating revenues:				
Charges for services:				
User fees	$ 5,614,741	$ -	$ -	$ 5,614,741
Sewer service fees	1,844,320	-	-	1,844,320
Service availability fees	4,905,767	-	-	4,905,767
Fines and other fees	226,816	-	-	226,816
Grease trap permits	40,075	-	-	40,075
Connection fees	45,900	145,699	-	191,599
Plan review fees	59,200	-	-	59,200
Total operating revenues	12,736,819	145,699	-	12,882,518
Operating expenses:				
Administration	2,445,385	3,547	-	2,448,932
Maintenance of sewers	817,482	-	-	817,482
Lift stations	157,887	-	-	157,887
Plant wastewater treatment	3,919,702	-	-	3,919,702
Laboratory	371,565	-	-	371,565
Total operating expenses	7,712,021	3,547	-	7,715,568
Operating income before depreciation and net pension obligation - GASB 68	5,024,798	142,152	-	5,166,950
Depreciation	3,712,520	-	-	3,712,520
Net pension obligation - GASB 68	772,989	-	-	772,989
Operating income	539,289	142,152	-	681,441
Non-operating revenues (expenses):				
Replacement taxes	141,785	-	-	141,785
Grants	9,024	-	-	9,024
Investment income	44,853	544,147	81,332	670,332
Gain on sale of capital assets	5,200	-	-	5,200
Interest expense	-	-	(226,502)	(226,502)
Total non-operating revenues (exp.)	200,862	544,147	(145,170)	599,839
Income (loss) before transfers	740,151	686,299	(145,170)	1,281,280

Continued on next page ...

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY SUBFUND
Year Ended April 30, 2025

Continued from previous page…

	Sewerage and User	Capital Improv.	State Fund IEPA	Total
Transfers				
Transfers in	$ 2,888,739	$ 2,450,000	$ 1,824,000	$ 7,162,739
Transfers out	(4,274,000)	(2,888,739)	-	(7,162,739)
Total transfers	(1,385,261)	(438,739)	1,824,000	-
Net change in net assets	(645,110)	247,560	1,678,830	1,281,280
Net position:				
Beginning of year	54,257,155	11,273,142	(13,175,750)	52,354,547
End of year	$ 53,612,045	$ 11,520,702	$ (11,496,920)	$ 53,635,827

FLAGG CREEK WATER RECLAMATION DISTRICT

SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEWERAGE AND USER SUBFUND
Year Ended April 30, 2025

	Budget	Actual	Over (Under)
Operating revenues:			
Charges for services:			
User fees	$ 5,700,000	$ 5,614,741	$ (85,259)
Sewer service fees	1,855,000	1,844,320	(10,680)
Service availability fees	5,000,000	4,905,767	(94,233)
Fines and other fees	203,000	226,816	23,816
Grease trap permits	41,000	40,075	(925)
Connection fees	50,000	45,900	(4,100)
Plan review fees	55,000	59,200	4,200
Scrap metal fees	1,000	-	(1,000)
Total operating revenues	12,905,000	12,736,819	(168,181)
Nonoperating revenues:			
Replacement taxes	200,000	141,785	(58,215)
Investment income	2,000	44,853	42,853
Other income	10,000	14,224	4,224
Total non-operating revenues	212,000	200,862	(11,138)
Total revenues	$ 13,117,000	$ 12,937,681	$ (179,319)
Operating expenses:			
Administration:			
Salaries	$ 950,000	$ 1,028,361	$ 78,361
Employee benefits	550,000	585,069	35,069
Payroll taxes	75,000	75,397	397
Utilities	50,000	32,660	(17,340)
Supplies	40,000	39,730	(270)
Postage	92,000	64,433	(27,567)
Telephone	14,000	16,087	2,087
Insurance	270,000	285,586	15,586
Equipment purchases	5,000	4,177	(823)
Maintenance contracts	30,000	41,112	11,112
Vehicle expense	10,000	4,566	(5,434)
Professional services	150,000	112,784	(37,216)
Administrative services	15,000	53,648	38,648
Computer maintenance	85,000	101,775	16,775
Total administration	2,336,000	2,445,385	109,385

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SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEWERAGE AND USER SUBFUND
Year Ended April 30, 2025

Continued from previous page ...

	Budget	Actual	Over (Under)
Maintenance of sewers:			
Salaries	$ 400,000	$ 399,689	$ (311)
Employee benefits	200,000	189,665	(10,335)
Payroll taxes	30,000	30,347	347
Insurance	10,000	12,966	2,966
Uniforms	2,000	1,224	(776)
Supplies	10,000	10,816	816
Telephone	5,000	5,514	514
Equipment purchases	500	404	(96)
Maintenance contracts	15,000	20,668	5,668
Vehicle expense	54,500	52,697	(1,803)
Administrative services	1,000	1,246	246
Computer maintenance	15,000	14,820	(180)
Sewer repairs	100,000	58,164	(41,836)
Professional Services	26,500	19,262	(7,238)
Total maintenance and sewers	869,500	817,482	(52,018)
Lift Stations:			
Utilities	155,000	107,180	(47,820)
Supplies	20,000	17,440	(2,560)
Administrative	10,000	-	(10,000)
Maintenance contracts	30,000	33,267	3,267
Total lift stations	215,000	157,887	(57,113)
Plant wastewater treatment:			
Salaries	1,185,000	1,183,776	(1,224)
Employee benefits	700,000	631,393	(68,607)
Payroll taxes	90,000	89,694	(306)
Insurance	40,000	39,371	(629)
Uniforms	16,000	16,682	682

Continued on next page ...

SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEWERAGE AND USER SUBFUND
Year Ended April 30, 2025

Continued from previous page …

	Budget	Actual	Over (Under)
Utilities	$ 525,000	$ 461,267	$ (63,733)
Supplies	185,000	154,487	(30,513)
Administrative	20,000	19,773	(227)
Telephone	13,000	12,871	(129)
Permits	52,500	52,500	-
Equipment purchases	27,000	14,135	(12,865)
Maintenance contracts	195,000	212,313	17,313
Vehicle expense	54,500	32,775	(21,725)
Disinfection chemicals	350,000	301,159	(48,841)
Sludge hauling	475,000	661,440	186,440
Professional services	25,000	23,475	(1,525)
Computer maintenance	15,000	12,591	(2,409)
Total plant wastewater treatment	3,968,000	3,919,702	(48,298)
Laboratory:			
Salaries	190,000	190,347	347
Employee benefits	120,000	123,505	3,505
Payroll taxes	15,000	14,552	(448)
Administrative	1,000	932	(68)
Insurance	5,000	5,981	981
Uniforms	2,000	2,732	732
Supplies	20,000	20,854	854
Equipment purchases	500	386	(114)
Maintenance contracts	10,000	10,452	452
Vehicle expense	1,000	191	(809)
Computer Maintenance	-	1,633	1,633
Total laboratory	364,500	371,565	7,065
Total operating expenses	$ 7,753,000	$ 7,712,021	$ (40,979)