# Flagg Creek Water Reclamation District
## Burr Ridge, Illinois

Financial Statements and Independent Auditor's Report

**For the Year Ended April 30, 2026**

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**
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# INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Flagg Creek Water Reclamation District
Burr Ridge, Illinois

## Report on the Audit of the Financial Statements

## Opinions

We have audited the accompanying financial statements of the Flagg Creek Water Reclamation District, Burr Ridge, Illinois (the District), as of and for the year ended April 30, 2026, and the related notes to 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 financial position of Flagg Creek Water Reclamation District as of April 30, 2026, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 our audit opinions.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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.

Management implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ended April 30, 2026. Therefore, only one year of data is presented. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich CPA LLC

Naperville, Illinois
July 28, 2026

# GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

# FLAGG CREEK WATER RECLAMATION DISTRICT
# MANAGEMENT'S DISCUSSION AND ANALVSIS

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, 2026. 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, 2026 was $55,728,318, an increase of $2,092,491 or 3.9% from April 30, 2025.

Operating revenues available to fund operating expenses increased by $484,719 or 3.8% for the year ended April 30, 2026, from the prior fiscal year.

Operating expenses decreased by $427,474 or 5.0% for the year ended April 30, 2026, 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. Effective at fiscal-year end, the District consolidated its three internally maintained governmental funds into a single fund. All of the District's activities continue to be reported as business-type activities in the government-wide financial statements.

The District reports the following funds in the supplementary information:

Sewerage and User Fund - Effective in fiscal year 2026, the District consolidated its three (3) previously separate subfunds into a single operating fund. As a result, the Sewerage and User Fund (General Fund) is now the District's sole operating fund. It is used to account for all financial resources and activities of the District, including operating revenues and expenses, capital improvement activities, and transactions related to the Illinois Environmental Protection Agency (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, 2026 | % | April 30, 202S | % | Change | % |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ 8,254,294 | 11.7% | $ 11,879,933 | 17.1% | $ (3,625,639) | -30.5% |
| Certificates of deposit | 10,025,160 | 14.2% | 4,023,956 | 5.8% | 6,001,204 | 149.1% |
| Receivables | 1,525,046 | 2.2% | 1,419,832 | 2.0% | 105,214 | 7.4% |
| Prepaid expenses | 193,519 | 0.3% | 100,152 | 0.1% | 93,367 | 93.2% |
| Total current assets | 19,998,019 | 28.4% | 17,423,873 | 25.0% | 2,574,146 | 14.8% |
| Noncurrent assets: | | | | | | |
| Capital assets | 47,463,567 | 67.5% | 49,450,850 | 71.1% | (1,987,283) | -4.0% |
| Net pension asset | 2,873,272 | 4.1% | 967,389 | 1.4% | 1,905,883 | 197.0% |
| Total noncurrent assets | 50,336,839 | 71.5% | 50,418,239 | 72.5% | {81,400) | -0.2% |
| Total assets | 70,334,858 | 100.0% | 67,842,112 | 97.5% | 2,492,746 | 3.7% |
| **Deferred outflows of resources** | 25,939 | 0.0% | 1,718,201 | 2.5% | {1,692,262) | -98.5% |
| Total assets and deferred outflows of resources | $ 70,360,797 | 100.0% | $ 69,560,313 | 100.0% | $ 800,484 | 1.2% |
| **Liabilities** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | $ 686,942 | 1.2% | $ 683,559 | 1.3% | $ 3,383 | 0.5% |
| Accrued expenses | 204,862 | 0.4% | 136,846 | 0.3% | 68,016 | 49.7% |
| Unearned revenues | | 0.0% | 122,854 | 0.2% | (122,854) | -100.0% |
| Accrued compensated absences | 215,199 | 0.4% | 285,487 | 0.5% | (70,288) | -24.6% |
| OPEB liability | 29,309 | 0.1% | | 0.0% | 29,309 | 0.0% |
| Notes payable | 1,612,585 | 2.9% | 1,588,745 | 3.0% | 23,840 | 1.5% |
| Total current liabilities | 2,748,897 | 4.9% | 2,817,491 | 5.3% | (68,594) | -2.4% |
| Long-Term liabilities: | | | | | | |
| OPEB liability | 166,772 | 0.3% | | 0.0% | 166,772 | 0.0% |
| Notes payable | 10,306,604 | 18.5% | 11,919,189 | 22.2% | (1,612,585) | -13.5% |
| Total noncurrent liabilities | 10,473,376 | 18.8% | 11,919,189 | 22.2% | (1,445,813) | -12.1% |
| Total liabilities | 13,222,273 | 23.7% | 14,736,680 | 27.5% | (1,514,407) | -10.3% |
| **Deferred inflows of resources** | 1,410,206 | 2.5% | 1,187,806 | 2.2% | 222,400 | 18.7% |
| Total liabilities and deferred inflows of resources | 14,632,479 | 26.3% | 15,924,486 | 29.7% | (1,292,007) | -8.1% |
| **Net Position:** | | | | | | |
| Net invested in capital assets | 35,070,779 | 62.9% | 35,942,916 | 67.0% | (872,137) | -2.4% |
| Restricted - net pension asset | 2,873,272 | 5.2% | 967,389 | 1.8% | 1,905,883 | 197.0% |
| Restricted - debt service | 2,156,865 | 3.9% | 1,795,113 | 3.3% | 361,752 | 20.2% |
| Unrestricted | 15,627,402 | 28.0% | 14,930,409 | 27.8% | 696,993 | 4.7% |
| Total net position | 55,728,318 | 100.0% | 53,635,827 | 100.0% | 2,092,491 | 3.9% |
| Total liabilities, deferred inflows of resources and net position | $ 70,360,797 | | $ 69,560,313 | | $ 800,484 | |

- Cash decreased $3,625,639 or -30.5% due primarily to an increase of $4,000,000 in certificate of deposit purchases.
- The District held forty (40) $250,000 certificates of deposits (totaling $10,000,000) at April 30, 2026. Maturity dates of certificates of deposits range from 12 to 36 months and have interest rates ranging from 3.45% to 4.25%.
- Prepaid expenses increased $93,367 or 93.2% due to an increase in upfront payments paid for insurance.
- Capital assets decreased $1,987,283 or-4.0% due to the retirement and disposal of existing assets that were replaced through ongoing capital improvement projects. Additionally, current year depreciation expense outpaced current year capital asset additions.
- Unearned revenue decreased $122,854 or -100.0% due to a change in the District's accounting procedures for recognizing permit payments and sewage flow revenues.
- The increase in the OPEB liability was primarily due to changes reflected in the annual actuarial valuation of the District's other post-employment benefits obligation.
- Changes in IMRF deferred outflows and inflows, along with net pension asset, were due to changes in projections (i.e., projected earnings on investments) as well as three strong consecutive years of plan investment income, which directly benefits the District's net pension liability (asset).

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, 2026 was $55,728,318 an increase of $2,092,491 or 3.9%from April 30, 2025.
- 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 - net pension asset of $2,873,272 at April 30, 2026 represent amounts associated with the District's participation in the Illinois Municipal Retirement Fund (IMRF) and is restricted for pension related obligations.
- Restricted - debt service of $2,156,865 at April 30, 2026 represent amounts required to be segregated by Illinois EPA loan covenants, in addition to
- Unrestricted net assets of $15,627,402 at April 30, 2026 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, 2026.

**Condensed Statement of Activities**

| | May 1, 2025 to April 30, 2026 | % | May 1, 2024 to April 30, 2025 | % | Change | % |
|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | |
| Charges for services | $ 13,367,237 | 100.0% | $ 12,882,518 | 100.0% | $ 484,719 | 3.8% |
| Total operating revenues | 13,367,237 | 100.0% | 12,882,518 | 100.0% | 484,719 | 3.8% |
| **Operating Expenses** | | | | | | |
| Operations | 8,061,083 | 67.9% | 8,488,557 | 69.6% | (427,474) | -5.0% |
| Depreciation | 3,802,859 | 32.1% | 3,712,520 | 30.4% | 90,339 | 2.4% |
| Total operating expenses | 11,863,942 | 100.0% | 12,201,077 | 100.0% | (337,135) | -2.8% |
| Operating Income (Loss) | 1,503,295 | | 681,441 | | 821,854 | 120.6% |
| **Non-Operating Revenues (Expenses)** | | | | | | |
| Non-operating revenues | 791,386 | 134.3% | 826,341 | 137.8% | (34,955) | -4.2% |
| Non-operating expenses | (202,190) | -34.3% | (226,502) | -37.8% | 24,312 | -10.7% |
| Total non-operating revenues (expenses) | 589,196 | 100.0% | 599,839 | 100.0% | (10,643) | -1.8% |
| Change In Net Position | 2,092,491 | | 1,281,280 | | 811,211 | 63.3% |
| Net Position, May 1 | 53,635,827 | | 52,354,547 | | 1,281,280 | 2.4% |
| **Net Position, April 30** | $ 55,728,318 | | $ 53,635,827 | | $ 2,092,491 | 3.9% |

- Operating revenues increased $484,719 or 3.8% in the year ended April 30, 2026 due to an increase in sewer service rates.

- Operating expenses decreased $337,135 or -2.8% primarily due to the District's change in group health insurance plans, which accounted for $203,451 or 60.3% of the total operating expense decrease.

**Budget**

The District did not amend its budget during the fiscal year. Operating revenue for the Sewerage and User Fund (General Fund) was $13,090,275 for the year ended April 30, 2026, which was $399,725 or -3.0% less than budgeted. Expenses for this fund were $8,058,645 for the year ended April 30, 2026, which was $207,261 or -2.5% 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, 2026.

The following summarizes capital assets.

| | April 30, 2026 | April 30, 2025 | Change | %Change |
|---|---|---|---|---|
| Land | $ 475,226 | $ 475,226 | $ | 0.0% |
| Construction in progress | 2,174,300 | 2,017,278 | 157,022 | 7.8% |
| Lift stations | 14,630,552 | 13,628,677 | 1,001,875 | 7.4% |
| Sewer improvements | 36,928,538 | 36,702,013 | 226,525 | 0.6% |
| Buildings | 16,599,639 | 16,587,056 | 12,583 | 0.0% |
| Office equipment | 189,961 | 169,894 | 20,067 | 11.8% |
| Vehicles | 1,266,925 | 1,077,912 | 189,013 | 17.5% |
| Plant improvements and equipment | 64,366,609 | 64,780,372 | (413,763) | -0.6% |
| Total capital assets | 136,631,750 | 135,438,428 | 1,193,322 | 0.9% |
| Less: accumulated depreciation | (89,168,183) | (85,987,578) | 3,180,605 | 3.7% |
| Net capital assets | $ 47,463,567 | $ 49,450,850 | $ (1,987,283) | -4.0% |

Additional information regarding capital assets may be found in the accompanying notes to the financial statements within Footnote #3.

**Debt**

The District had six (6) notes payable outstanding with a total balance of $11,919,189 at April 30, 2026.

Additional information regarding debt may be found in the accompanying notes to the financial statements within Footnote #5.

### 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. The Project is estimated to cost approximately $60 to $70 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

# BASIC FINANCIAL STATEMENTS

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2026

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 6,097,429 |
| Restricted cash and cash equivalents | 2,156,865 |
| Investments | 10,025,160 |
| Receivables (net of allowances) | |
| Accounts | 1,480,171 |
| Accrued interest | 44,875 |
| Prepaid expenses | 193,519 |
| Total current assets | 19,998,019 |
| **NONCURRENT ASSETS** | |
| Net pension asset | 2,873,272 |
| Capital assets | |
| Capital assets not being depreciated | 2,649,526 |
| Capital assets being depreciated, net of accumulated depreciation | 44,814,041 |
| Total capital assets | 47,463,567 |
| Total noncurrent assets | 50,336,839 |
| Total assets | 70,334,858 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pension items - IMRF | 25,939 |
| Total deferred outflows of resources | 25,939 |
| Total assets and deferred outflows of resources | 70,360,797 |

(This statement is continued on the following page.)

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

April 30, 2026

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts payable | $ 686,942 |
| Accrued salaries and payroll expenses | 163,768 |
| Accrued interest | 41,094 |
| Compensated absences payable | 215,199 |
| OPEB liability | 29,309 |
| IEPA loans payable | 1,612,585 |
| Total current liabilities | 2,748,897 |
| **LONG-TERM LIABILITIES** | |
| OPEB liability | 166,772 |
| IEPA loans payable | 10,306,604 |
| Total long-term liabilities | 10,473,376 |
| Total liabilities | 13,222,273 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pension items - IMRF | 1,410,206 |
| Total deferred inflows of resources | 1,410,206 |
| Total liabilities and deferred inflows of resources | 14,632,479 |
| **NET POSITION** | |
| Net investment in capital assets | 35,070,779 |
| Restricted - Net pension asset | 2,873,272 |
| Restricted - Debt service | 2,156,865 |
| Unrestricted | 15,627,402 |
| **TOTAL NET POSITION** | $ 55,728,318 |

See accompanying notes to financial statements.

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended April 30, 2026

| | |
|---|---|
| **OPERATING REVENUES** | |
| Charges for services | $ 13,367,237 |
| Total operating revenues | 13,367,237 |
| **OPERATING EXPENSES** | |
| Operations | 8,061,083 |
| Depreciation | 3,802,859 |
| Total operating expenses | 11,863,942 |
| OPERATING INCOME | 1,503,295 |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Personal property replacement taxes | 135,818 |
| Intergovernmental | 15,951 |
| Investment income | 634,031 |
| Gain on sale of capital assets | 5,586 |
| Interest expense | (202,190) |
| Total non-operating revenues (expenses) | 589,196 |
| CHANGE IN NET POSITION | 2,092,491 |
| NET POSITION, MAY 1 | 53,635,827 |
| **NET POSITION, APRIL 30** | $ 55,728,318 |

See accompanying notes to financial statements.

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2026

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from customers | $ 13,177,303 |
| Payments to suppliers | (3,866,440) |
| Payments to employees | (4,551,457) |
| Net cash from operating activities | 4,759,406 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Personal property replacement tax | 135,818 |
| Intergovernmental | 15,951 |
| Net cash from noncapital financing activities | 151,769 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition and construction of capital assets | (1,341,977) |
| Receipts from sale of capital assets | 5,586 |
| Interest paid and fiscal charges | (206,371) |
| Principal paid on long-term debt | (1,588,745) |
| Net cash from capital and related financing activities | (3,131,507) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Investment income received | 594,693 |
| Sale of investments | 500,000 |
| Purchase of investments | (6,500,000) |
| Net cash from investing activities | (5,405,307) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3,625,639) |
| CASH AND CASH EQUIVALENTS, MAY 1 | 11,879,933 |
| **CASH AND CASH EQUIVALENTS, APRIL 30** | $ 8,254,294 |

(This statement is continued on the following page.)

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2026

| | |
|---|---|
| **CASH AND CASH EQUIVALENTS** | |
| Cash and cash equivalents | $ 6,097,429 |
| Restricted cash and cash equivalents | 2,156,865 |
| Total cash and cash equivalents | 8,254,294 |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating income | $ 1,503,295 |
| Adjustments to reconcile operating income to net cash from operating activities | |
| Depreciation | 3,802,859 |
| Changes in assets and liabilities | |
| Accounts receivable | (67,080) |
| Prepaid expenses | (93,367) |
| OPEB items | 196,081 |
| Pension items | 8,779 |
| Accounts payable | (470,213) |
| Accrued wages | 72,194 |
| Compensated absences | (70,288) |
| Unearned revenues | (122,854) |
| Total adjustments | 3,256,111 |
| **NET CASH FROM OPERATING ACTIVITIES** | $ 4,759,406 |
| **NONCASH TRANSACTIONS** | |
| Capital asset additions in accounts payable and retainage | $ 473,599 |

See accompanying notes to financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Flagg Creek Water Reclamation District, Burr Ridge, Illinois (the District) is a local government municipality incorporated under the Illinois State Statutes as a "special district" form of government. The District was formed in 1926 with the first sewers and treatment works becoming operational in 1930. The District provides sanitary sewer service and waste water treatment to the residents and businesses of the following Illinois communities: Burr Ridge, Clarendon Hills, Darien, Elmhurst, Hinsdale, Lombard, Oak Brook, Oakbrook Terrace, Villa Park, Westmont, Willowbrook, and other surrounding areas.

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 special-purpose government pursuant to GASB Statement No. 14, as amended, since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Trustees of the District.

b. Fund Accounting

Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into a single fund.

Funds are classified into the following category: proprietary.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where 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 or (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds operating statements present 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 funds. Non-operating revenue/expenses are incidental to the operations of these funds.

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

The District may report deferred revenue and unearned revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has a legal claim to them, 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 District has a legal claim to resources, the deferred inflow for deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

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. Investments

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. The District 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 asset. 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.

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

f. Accounts Receivable and Unbilled User Fees

The District recognizes wastewater treatment (user) charges in the period in which they are provided. The District bills these services on a bi-monthly basis. Any allowance for uncollectible accounts is provided based upon historical losses.

g. Prepaid Expenses

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

h. 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.

Donated capital assets are recorded at acquisition value at the date of donation. Depreciation is computed under the straight-line method over the estimated useful lives of the assets. Depreciation is not recognized on construction in progress.

The following is a summary of useful lives used for depreciation of the various classes of capital assets:

| Class | Useful Life in Years |
|---|---|
| Lift stations | 5-40 |
| Sewer improvements | 5-70 |
| Buildings | 5-40 |
| Office equipment | 5-7 |
| Vehicles | 5-10 |
| Plant improvement and equipment | 5-40 |

i. Long-Term Obligations

In the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

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

j. Compensated Absences

Vested or accumulated vacation and compensatory time off of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with GASB Statement No. 101, *Compensated Absences,* sick leave is recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

k. Net Position

Restricted net position represents amounts required to be segregated by Illinois EPA revolving loan provisions, unspent property taxes restricted for specific purposes, and any net pension assets. Net position has not been restricted by any enabling legislation adopted by the District. The funds with the highest level of restriction are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt to acquire or construct the capital assets as well as any other non-debt capital related liabilities.

l. Deferred Outflows/Inflows of Resources

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

m. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. DEPOSITS AND INVESTMENTS

The District's is authorized to invest in all investments allowed by Illinois Compiled Statutes. These include:

(A) Non-interest bearing checking accounts constituting direct obligations of any bank as defined by the Illinois Banking Act;

(B) Money market mutual funds registered under the Investment Company Act of 1940, being 15 U.S.C. " 80a-1 et seq., provided that the portfolio of any such money market mutual fund is limited to obligations described in divisions (D) or (E) below and to agreements to repurchase such obligations;

(C) Interest bearing savings, interest bearing money market, interest bearing certificates of deposit or interest bearing time deposit accounts, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

(D) Bonds, notes, certificate of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest; and

(E) Bonds, notes, debentures or other similar obligations of the United States of America, its agencies and its instrumentalities.

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.

The policy of the District is to invest idle public funds in a manner to meet the daily cash flow demands of the District with the primary objectives, in priority order, being: safety of principal, liquidity and return on investments

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 100% of the fair market value of the funds secured, with the collateral held by the District or an independent third party.

## 2. DEPOSITS AND INVESTMENTS

b. Investments

The following table presents the investments and maturities of the District's debt securities as of April 30, 2026:

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| Negotiable CDs | $ 10,000,000 | $ 2,500,000 | $ 7,500,000 | $ - | $ - |
| TOTAL | $ 10,000,000 | $ 2,500,000 | $ 7,500,000 | $ - | $ - |

The District has the following recurring fair value measurements as of April 30, 2026: The negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs). Additionally, the District has an annuity contract that is valued by the value of the underlying asset (Level 3 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. The District's investment policy does limit maturity to not exceed 36 months.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The District limits it credit risk by limiting investments to the investments authorized in its investment policy, as described above. The negotiable CDs were not rated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment policy does address custodial credit risk for investments.

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District's investment policy requires diversification of investments to avoid unreasonable risk, but does not establish any specific limitations.

## 3. CAPITAL ASSETS

A summary of changes in capital assets and accumulated depreciation follows:

| | Balances May 1 | Additions | Retirements | Balances April 30 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land and land rights | $ 475,226 | $ - | $ - | $ 475,226 |
| Construction in progress | 2,017,278 | 1,261,778 | 1,104,756 | 2,174,300 |
| Total capital assets not being depreciated | 2,492,504 | 1,261,778 | 1,104,756 | 2,649,526 |
| Capital assets being depreciated | | | | |
| Lift stations | 13,628,677 | 1,046,486 | 44,611 | 14,630,552 |
| Sewer improvements | 36,702,013 | 226,525 | - | 36,928,538 |
| Buildings | 16,587,056 | 12,583 | - | 16,599,639 |
| Office equipment | 169,894 | 25,867 | 5,800 | 189,961 |
| Vehicles | 1,077,912 | 212,888 | 23,875 | 1,266,925 |
| Plant improvement and equipment | 64,780,372 | 134,205 | 547,968 | 64,366,609 |
| Total capital assets being depreciated | 132,945,924 | 1,658,554 | 622,254 | 133,982,224 |
| Less accumulated depreciation | | | | |
| Lift stations | 4,130,031 | 696,153 | 44,611 | 4,781,573 |
| Sewer improvements | 20,194,275 | 1,298,636 | - | 21,492,911 |
| Buildings | 14,449,573 | 158,078 | - | 14,607,651 |
| Office equipment | 147,370 | 8,896 | 5,800 | 150,466 |
| Vehicles | 928,350 | 67,955 | 23,875 | 972,430 |
| Plant improvement and equipment | 46,137,979 | 1,573,141 | 547,968 | 47,163,152 |
| Total accumulated depreciation | 85,987,578 | 3,802,859 | 622,254 | 89,168,183 |
| Total capital assets being depreciated, net | 46,958,346 | (2,144,305) | - | 44,814,041 |
| CAPITAL ASSETS, NET | $ 49,450,850 | $ (882,527) | $ 1,104,756 | $ 47,463,567 |

## 4. RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to, general liability, property casualty, injuries to employees, workers' compensation, employee health, and public official liability. To limit exposure to these risks, the District has purchased third party indemnity insurance. For the past three years, the District has had no settlement amounts in excess of the insurance coverage.

## 5. LONG-TERM DEBT

### a. Changes in Long-Term Debt

| | Balances May 1 | Additions | Reductions | Balances April 30 | Due Within One Year |
|---|---|---|---|---|---|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Compensated absences* | $ 285,487 | $ - | $ 70,288 | $ 215,199 | $ 215,199 |
| IEPA Loans payable | 13,507,934 | - | 1,588,745 | 11,919,189 | 1,612,585 |
| OPEB liability | - | 196,081 | - | 196,081 | 29,309 |
| TOTAL BUSINESS-TYPE ACTIVITIES | $ 13,793,421 | $ 196,081 | $ 1,659,033 | $ 12,330,469 | $ 1,857,093 |

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

### b. IEPA Loans Payable

IEPA Loans payable at year end are comprised of the following:

| | |
|---|---|
| $7,796,000 Illinois Environmental Protection Agency revolving loan, entered into in May 2011, due in semiannual principal installments through April 2031, interest at 2.50%. Loan was used for improvements to the District Wastewater Treatment Plant. | $ 2,323,046 |
| $12,104,000 Illinois Environmental Protection Agency revolving loan, entered into in August 2011, due in semiannual principal installments through June 2031, interest at 0.00%. $3,026,000 of this loan was forgiven. Loan was used for improvements to the Clarendon Hills Sewer Improvement Project. | 2,496,450 |
| $3,253,648 Illinois Environmental Protection Agency revolving loan, entered into in November 2011, due in semiannual principal installments through November 2031, interest at 1.25%. Loan was used for improvements to the Clarendon Hills Sewer Improvement Project. | 1,062,556 |
| $3,522,065 Illinois Environmental Protection Agency revolving loan, entered into in December 2012, due in semiannual principal installments through December 2032, interest at 2.295%. Loan was used for improvements to the Tertiary Filter Project. | 1,448,019 |

## 5. LONG-TERM DEBT (Continued)

b. IEPA Loans Payable (Continued)

| | |
|---|---|
| $3,351,192 Illinois Environmental Protection Agency revolving loan, entered into in August 2016, due in semiannual principal installments through February 2036, interest at 2.21%. Loan was used for the construction of the Meyers Road Lift Station Project. | $ 1,903,580 |
| $3,771,874 Illinois Environmental Protection Agency revolving loan, entered into in August 2018, due in semiannual principal installments through June 2039, interest at 1.56%. Loan was used for the Phosphorus Removal Project. | 2,685,538 |
| TOTAL IEPA LOANS PAYABLE | $ 11,919,189 |

c. Debt Service Requirements to Maturity

The annual requirements to amortize to maturity debt outstanding as of April 30, 2026 are as follows:

| Fiscal Year Ending April 30, | IEPA Loans Principal | IEPA Loans Interest |
|---|---|---|
| 2027 | $ 1,612,585 | $ 182,528 |
| 2028 | 1,636,951 | 158,162 |
| 2029 | 1,661,856 | 133,257 |
| 2030 | 1,687,312 | 107,801 |
| 2031 | 1,713,332 | 81,781 |
| 2032 | 1,012,724 | 58,293 |
| 2033 | 615,430 | 44,268 |
| 2034 | 401,604 | 32,991 |
| 2035 | 409,211 | 25,384 |
| 2036 | 416,966 | 17,629 |
| 2037 | 210,481 | 10,901 |
| 2038 | 213,778 | 7,605 |
| 2039 | 217,125 | 4,257 |
| 2040 | 109,834 | 857 |
| TOTAL | $ 11,919,189 | $ 865,714 |

## 6. DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 800 Commerce Drive, Oak Brook, Illinois 60523 or by visiting www.imrf.org.

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.

Employees participating in the IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer contribution rate for the fiscal year ended April 30, 2026 was 1.91% of payroll.

*Plan Membership*

At December 31, 2025, IMRF membership consisted of:

| | |
|---|---|
| Inactive employees or their beneficiaries currently receiving benefits | 45 |
| Inactive employees entitled to but not yet receiving benefits | 8 |
| Active employees | 29 |
| TOTAL | 82 |

## 6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions*

The District's net pension liability (asset) was measured as of December 31, 2025 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

| | |
|---|---|
| Actuarial valuation date | December 31, 2025 |
| Actuarial cost method | Entry-age normal |
| Assumptions | |
| Inflation | 2.25% |
| Salary increases | 2.85% to 13.75% |
| Interest rate | 7.25% |
| Asset valuation method | Fair value |

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-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.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District 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 periods of projected benefit payments to determine the total pension liability.

## 6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Long-Term Expected Rate of Return*

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

| Asset Class | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic equity | 32.50% | 7.35% |
| International equity | 18.00% | 7.45% |
| Fixed income | 24.00% | 4.75% |
| Real estate | 10.50% | 6.25% |
| Alternative investments | 14.00% | 3.90% to 8.50% |
| Cash equivalents | 1.00% | 3.00% |
| TOTAL | 100.00% | |

## 6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability (Asset)*

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension Liability (Asset) |
|---|---|---|---|
| BALANCES AT JANUARY 1, 2025 | $ 17,123,510 | $ 18,090,899 | $ (967,389) |
| Changes for the period | | | |
| Service cost | 256,798 | - | 256,798 |
| Interest | 1,213,149 | - | 1,213,149 |
| Difference between expected and actual experience | (577,324) | - | (577,324) |
| Changes of assumptions | - | - | - |
| Employer contributions | - | 41,298 | (41,298) |
| Employee contributions | - | 128,392 | (128,392) |
| Net investment income | - | 2,830,074 | (2,830,074) |
| Benefit payments and refunds | (1,037,646) | (1,037,646) | - |
| Other (net transfer) | - | (201,258) | 201,258 |
| Net changes | (145,023) | 1,760,860 | (1,905,883) |
| BALANCES AT DECEMBER 31, 2025 | $ 16,978,487 | $ 19,851,759 | $ (2,873,272) |

## 6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2026, the District recognized pension expense of $65,192. At April 30, 2026, the District 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 | $ 236 | $ 373,560 |
| Changes in assumption | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,036,646 |
| District contributions subsequent to measurement date | 25,703 | - |
| TOTAL | $ 25,939 | $ 1,410,206 |

$25,703 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction/(increase) of net pension liability (asset) in the reporting year ending April 30, 2027.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

| Fiscal Year Ending April 30, | |
|---|---|
| 2027 | $ 48,991 |
| 2028 | (724,728) |
| 2029 | (422,786) |
| 2030 | (311,447) |
| 2031 | - |
| Thereafter | - |
| TOTAL | $ (1,409,970) |

## 6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Net pension liability (asset) | $ (1,021,585) | $ (2,873,272) | $ (4,345,918) |

## 7. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the District 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 District and can be amended by the District through its personnel manual and union contracts. Certain benefits are controlled by state laws and can only be changed by the Illinois Legislature.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report.

b. Benefits Provided

The District provides pre and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the District's retirement plans. The retirees pay 100% of the blended premium. Once a retiree becomes eligible for Medicare, the amount payable under the District's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

## 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2026, membership consisted of:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 2 |
| Terminated employees entitled to benefits but not yet receiving them | - |
| Active employees | 25 |
| TOTAL | 27 |
| Participating employers | 1 |

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2026, as determined by an actuarial valuation as of May 1, 2026, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Actuarial cost method | Entry-age normal |
| Actuarial value of assets | N/A |
| Salary increases | 4.00% |
| Discount rate | 4.42% |
| Healthcare cost trend rates | 9.10% Initial<br>4.50% Ultimate |

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index.

## 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| BALANCES AT MAY 1, 2025 | $ - |
| Changes for the period | |
| Service cost | 12,810 |
| Interest | 8,670 |
| Differences between expected and actual experience | - |
| Changes in assumptions | 2,410 |
| Benefit payments | (29,309) |
| Other changes | 201,500 |
| Net changes | 196,081 |
| BALANCES AT APRIL 30, 2026 | $ 196,081 |

Changes in assumptions related to the discount rate were made since the previous measurement date.

f. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 4.42% as well as what the District total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.42%) or 1% point higher (5.42%) than the current rate:

| | 1% Decrease (3.42%) | Current Discount Rate (4.42%) | 1% Increase (5.42%) |
|---|---|---|---|
| Total OPEB liability | $ 207,133 | $ 196,081 | $ 185,877 |

## 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 9.10% to 4.50% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1% point lower (8.10% to 3.50%) or 1% point higher (10.10% to 5.50%) than the current rate:

| | 1% Decrease (varies) | Current Healthcare Rate (varies) | 1% Increase (varies) |
|---|---|---|---|
| Total OPEB liability | $ 183,116 | $ 196,081 | $ 210,896 |

g. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2026, the District recognized OPEB expense of $21,788. Under GASB Statement No. 75, plans that qualify for the Alternative Measurement Method, changes to the OPEB liability are not required to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

## 8. CONTRACTUAL COMMITMENTS

The District entered into contracts with four construction companies for services to be provided primarily after April 30, 2026:

| Project | Contract Start Date | Contract Amount | Amount Paid through Year End | Amount Outstanding |
|---|---|---|---|---|
| Steeplechase Lift Station Improvement | 1/8/2025 | $ 36,250 | $ 4,303 | $ 31,947 |
| Steeplechase Lift Station Improvement | 2/12/2025 | 565,606 | 100,620 | 464,986 |
| Brandywine Lift Station Removal | 12/6/2024 | 56,000 | 23,775 | 32,225 |
| Gate Improvements | 6/27/2025 | 1,388,889 | 159,930 | 1,228,959 |

## REQUIRED SUPPLEMENTARY INFORMATION

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Fiscal Year

| MEASUREMENT DATE APRIL 30, | 2026 |
|---|---|
| **TOTAL OPEB LIABILITY** | |
| Service cost | $ 12,810 |
| Interest | 8,670 |
| Differences between expected and actual experience | - |
| Changes of assumptions | 2,410 |
| Benefit payments, including refunds of member contributions | (29,309) |
| Other changes | 201,500 |
| Net change in total OPEB liability | 196,081 |
| Total OPEB liability - beginning | - |
| **TOTAL OPEB LIABILITY - ENDING** | $ 196,081 |
| Covered-employee payroll | $ 2,240,543 |
| Employer's total OPEB liability as a percentage of covered-employee payroll | 8.75% |

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes of assumptions
2026 - Discount rate

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.

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

| **MEASUREMENT DATE DECEMBER 31,** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL PENSION LIABILITY** | | | | | | | | | | |
| Service cost | $ 312,292 | $ 317,399 | $ 297,241 | $ 317,941 | $ 260,413 | $ 231,843 | $ 231,166 | $ 244,346 | $ 231,627 | $ 256,798 |
| Interest | 857,738 | 910,011 | 907,520 | 963,835 | 1,035,208 | 1,072,948 | 1,104,642 | 1,147,751 | 1,183,494 | 1,213,149 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 28,881 | (299,258) | 261,245 | 491,687 | 162,352 | 52,900 | 243,579 | 149,712 | 918 | (577,324) |
| Changes of assumptions | (14,566) | (401,918) | 365,264 | - | (77,827) | - | - | (24,758) | - | - |
| Benefit payments, including refunds of member contributions | (485,550) | (524,823) | (573,913) | (721,317) | (799,167) | (891,455) | (948,943) | (1,033,792) | (1,001,555) | (1,037,646) |
| Net change in total pension liability | 698,795 | 1,411 | 1,257,357 | 1,052,146 | 580,979 | 466,236 | 630,444 | 483,259 | 414,484 | (145,023) |
| Total pension liability - beginning | 11,538,399 | 12,237,194 | 12,238,605 | 13,495,962 | 14,548,108 | 15,129,087 | 15,595,323 | 16,225,767 | 16,709,026 | 17,123,510 |
| **TOTAL PENSION LIABILITY - ENDING** | $ 12,237,194 | $ 12,238,605 | $ 13,495,962 | $ 14,548,108 | $ 15,129,087 | $ 15,595,323 | $ 16,225,767 | $ 16,709,026 | $ 17,123,510 | $ 16,978,487 |
| **PLAN FIDUCIARY NET POSITION** | | | | | | | | | | |
| Contributions - employer | $ 483,827 | $ 462,438 | $ 240,524 | $ 346,121 | $ 170,603 | $ 164,691 | $ 104,330 | $ 23,977 | $ 48,576 | $ 41,298 |
| Contributions - member | 124,729 | 126,850 | 126,149 | 115,504 | 107,074 | 106,481 | 110,467 | 113,573 | 120,750 | 128,392 |
| Net investment income | 708,965 | 2,054,177 | (731,752) | 2,373,200 | 2,209,282 | 2,917,367 | (2,640,631) | 1,829,472 | 1,791,684 | 2,830,074 |
| Benefit payments, including refunds of member contributions | (485,550) | (524,823) | (573,913) | (721,317) | (799,167) | (891,455) | (948,943) | (1,033,792) | (1,001,555) | (1,037,646) |
| Other (net transfer) | 178,738 | (207,847) | 247,204 | 272,238 | 273,880 | 149,866 | 91,046 | 534,732 | (638,052) | (201,258) |
| Net change in plan fiduciary net position | 1,010,709 | 1,910,795 | (691,788) | 2,385,746 | 1,961,672 | 2,446,950 | (3,283,731) | 1,467,962 | 321,403 | 1,760,860 |
| Plan fiduciary net position - beginning | 10,561,181 | 11,571,890 | 13,482,685 | 12,790,897 | 15,176,643 | 17,138,315 | 19,585,265 | 16,301,534 | 17,769,496 | 18,090,899 |
| **PLAN FIDUCIARY NET POSITION - ENDING** | $ 11,571,890 | $ 13,482,685 | $ 12,790,897 | $ 15,176,643 | $ 17,138,315 | $ 19,585,265 | $ 16,301,534 | $ 17,769,496 | $ 18,090,899 | $ 19,851,759 |
| **EMPLOYER'S NET PENSION LIABILITY (ASSET)** | $ 665,304 | $ (1,244,080) | $ 705,065 | $ (628,535) | $ (2,009,228) | $ (3,989,942) | $ (75,767) | $ (1,060,470) | $ (967,389) | $ (2,873,272) |

| MEASUREMENT DATE DECEMBER 31, | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan fiduciary net position as a percentage of the total pension liability | 94.56% | 110.17% | 94.78% | 104.32% | 113.28% | 125.58% | 100.47% | 106.35% | 105.65% | 116.92% |
| Covered payroll | $ 2,771,744 | $ 2,818,883 | $ 2,803,314 | $ 2,578,427 | $ 2,379,418 | $ 2,366,248 | $ 2,545,822 | $ 2,523,847 | $ 2,760,024 | $ 2,699,162 |
| Employer's net pension liability as a percentage of covered payroll | 24.00% | (44.13%) | 25.15% | (24.38%) | (84.44%) | (168.62%) | (2.98%) | (42.02%) | (35.05%) | (106.45%) |

Changes of assumptions
- 2017 - Inflation, salary increases, retirement age, and mortality rates
- 2018 - Discount rate
- 2020 - Inflation, salary increases and mortality rates
- 2023 - Mortality rates

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

| **FISCAL YEAR ENDED APRIL 30,** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 283,827 | $ 262,438 | $ 240,524 | $ 130,984 | $ 170,604 | $ 164,691 | $ 104,330 | $ 23,977 | $ 48,576 | $ 56,413 |
| Contributions in relation to the actuarially determined contribution | 483,827 | 462,438 | 240,524 | 346,121 | 170,603 | 164,691 | 104,330 | 23,977 | 48,576 | 56,413 |
| **CONTRIBUTION DEFICIENCY (Excess)** | $ (200,000) | $ (200,000) | $ - | $ (215,137) | $ 1 | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 2,771,744 | $ 2,818,883 | $ 2,803,314 | $ 2,578,427 | $ 2,379,418 | $ 2,366,248 | $ 2,454,822 | $ 2,523,847 | $ 2,760,024 | $ 2,948,677 |
| Contributions as a percentage of covered payroll | 17.46% | 16.41% | 8.58% | 13.42% | 7.17% | 6.96% | 4.25% | 0.95% | 1.76% | 1.91% |

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal 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 18 years; the asset valuation method was five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually and price inflation of 2.25%.

## SUPPLEMENTAL INFORMATION

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

COMBINING SCHEDULE OF NET POSITION - BY SUBFUND

For the Year Ended April 30, 2026

| | Sewerage and User | Capital Improvement | State Fund IEPA | Total |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | $ 6,097,429 | $ - | $ - | $ 6,097,429 |
| Restricted cash and cash equivalents | 2,156,865 | - | - | 2,156,865 |
| Investments | 10,025,160 | - | - | 10,025,160 |
| Receivables (net of allowances) | | | | |
| Accounts | 1,480,171 | - | - | 1,480,171 |
| Accrued interest | 44,875 | - | - | 44,875 |
| Prepaid expenses | 193,519 | - | - | 193,519 |
| Total current assets | 19,998,019 | - | - | 19,998,019 |
| **NONCURRENT ASSETS** | | | | |
| Net pension asset | 2,873,272 | - | - | 2,873,272 |
| Capital assets | | | | |
| Capital assets not being depreciated | 2,649,526 | - | - | 2,649,526 |
| Capital assets being depreciated, net of accumulated depreciation | 44,814,041 | - | - | 44,814,041 |
| Total capital assets | 47,463,567 | - | - | 47,463,567 |
| Total noncurrent assets | 50,336,839 | - | - | 50,336,839 |
| Total assets | 70,334,858 | - | - | 70,334,858 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension items - IMRF | 25,939 | - | - | 25,939 |
| Total deferred outflows of resources | 25,939 | - | - | 25,939 |
| Total assets and deferred outflows of resources | 70,360,797 | - | - | 70,360,797 |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable | 686,942 | - | - | 686,942 |
| Accrued salaries and payroll expenses | 163,768 | - | - | 163,768 |
| Accrued interest payable | 41,094 | - | - | 41,094 |
| Compensated absences payable | 215,199 | - | - | 215,199 |
| OPEB liability | 29,309 | - | - | 29,309 |
| IEPA loans payable | 1,612,585 | - | - | 1,612,585 |
| Total current liabilities | 2,748,897 | - | - | 2,748,897 |

(This schedule is continued on the following page.)

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

COMBINING SCHEDULE OF NET POSITION - BY SUBFUND (Continuedl)

For the Year Ended April 30, 2026

| | Sewerage and User | Capital Improvement | State Fund IEPA | Total |
|---|---|---|---|---|
| **LONG-TERM LIABILITIES** | | | | |
| OPEB liability | $ 166,772 | $ - | $ - | $ 166,772 |
| IEPA loans payable | 10,306,604 | - | - | 10,306,604 |
| Total long-term liabilities | 10,473,376 | - | - | 10,473,376 |
| Total liabilities | 13,222,273 | - | - | 13,222,273 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension items - IMRF | 1,410,206 | - | - | 1,410,206 |
| Total deferred inflows of resources | 1,410,206 | - | - | 1,410,206 |
| Total liabilities and deferred inflows of resources | 14,632,479 | - | - | 14,632,479 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 35,070,779 | - | - | 35,070,779 |
| Restricted - retirement | 2,873,272 | - | - | 2,873,272 |
| Restricted - debt service | 2,156,865 | - | - | 2,156,865 |
| Unrestricted | 15,627,402 | - | - | 15,627,402 |
| **TOTAL NET POSITION** | $ 55,728,318 | $ - | $ - | $ 55,728,318 |

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

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

For the Year Ended April 30, 2026

| | Sewerage and User | Capital Improvement | State Fund IEPA | Eliminations | Total |
|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | |
| Charges for services | $ 13,090,275 | $ 276,962 | $ - | $ - | $ 13,367,237 |
| Total operating revenues | 13,090,275 | 276,962 | - | - | 13,367,237 |
| **OPERATING EXPENSES** | | | | | |
| Operations | 8,058,645 | 2,438 | - | - | 8,061,083 |
| Depreciation | 3,802,859 | - | - | | 3,802,859 |
| Total operating expenses | 11,861,504 | 2,438 | - | - | 11,863,942 |
| OPERATING INCOME | 1,228,771 | 274,524 | - | - | 1,503,295 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Personal property replacement taxes | 135,818 | - | - | - | 135,818 |
| Intergovernmental | 15,951 | - | - | - | 15,951 |
| Investment income | 147,041 | 415,297 | 71,693 | - | 634,031 |
| Gain on sale of capital assets | 5,586 | - | - | - | 5,586 |
| Interest expense | - | - | (202,190) | - | (202,190) |
| Total non-operating revenues (expenses) | 304,396 | 415,297 | (130,497) | - | 589,196 |
| INCOME (LOSS) BEFORE TRANSFERS | 1,533,167 | 689,821 | (130,497) | - | 2,092,491 |
| **TRANSFERS** | | | | | |
| Transfers in | 5,407,106 | 3,000,000 | 11,627,417 | (20,034,523) | - |
| Transfers (out) | (4,824,000) | (15,210,523) | - | 20,034,523 | - |
| Total transfers | 583,106 | (12,210,523) | 11,627,417 | - | - |
| CHANGE IN NET POSITION | 2,116,273 | (11,520,702) | 11,496,920 | - | 2,092,491 |
| NET POSITION (DEFICIT), MAY 1 | 53,612,045 | 11,520,702 | (11,496,920) | - | 53,635,827 |
| **NET POSITION, APRIL 30** | $ 55,728,318 | $ - | $ - | $ - | $ 55,728,318 |

(See independent auditor's report.)

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE AND USER SUBFUND

For the Year Ended April 30, 2026

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | | | |
| User fees | $ 6,020,000 | $ 5,803,206 | $ (216,794) |
| Sewer service fees | 2,021,000 | 1,938,659 | (82,341) |
| Service availability fees | 5,075,000 | 4,973,222 | (101,778) |
| Fines and other fees | 223,000 | 203,975 | (19,025) |
| Grease trap permits | 41,000 | 39,913 | (1,087) |
| Connection fees | 50,000 | 73,600 | 23,600 |
| Plan review fees | 60,000 | 57,700 | (2,300) |
| **TOTAL OPERATING REVENUES** | $ 13,490,000 | $ 13,090,275 | $ (399,725) |

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE AND USER SUBFUND

For the Year Ended April 30, 2026

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| **OPERATING EXPENSES** | | | |
| Operations | | | |
| Administration | | | |
| Salaries | $ 1,077,300 | $ 1,057,253 | $ (20,047) |
| Employee benefits | 550,000 | 622,035 | 72,035 |
| Payroll taxes | 75,000 | 84,202 | 9,202 |
| Utilities | 60,500 | 49,693 | (10,807) |
| Supplies | 41,000 | 37,248 | (3,752) |
| Postage | 85,000 | 99,779 | 14,779 |
| Insurance | 300,000 | 254,720 | (45,280) |
| Equipment purchases | 5,000 | 6,864 | 1,864 |
| Maintenance contracts | 30,000 | 27,537 | (2,463) |
| Vehicle expense | 1,000 | 2,184 | 1,184 |
| Professional services | 124,000 | 166,569 | 42,569 |
| Administrative services | 140,000 | 69,056 | (70,944) |
| Computer maintenance | 100,000 | 129,409 | 29,409 |
| Total administration | 2,588,800 | 2,606,549 | 17,749 |
| Maintenance of sewers | | | |
| Salaries | 400,000 | 405,465 | 5,465 |
| Employee benefits | 200,000 | 235,363 | 35,363 |
| Payroll taxes | 30,000 | 31,247 | 1,247 |
| Insurance | 10,000 | 12,164 | 2,164 |
| Supplies | 14,000 | 9,474 | (4,526) |
| Utilities | 5,000 | 5,481 | 481 |
| Maintenance contracts | 17,500 | 14,967 | (2,533) |
| Vehicle expense | 88,000 | 25,626 | (62,374) |
| Administrative services | 3,000 | 924 | (2,076) |
| Sewer repairs | 100,000 | 33,011 | (66,989) |
| Professional Services | 30,000 | 364,474 | 334,474 |
| Total maintenance and sewers | 897,500 | 1,138,196 | 240,696 |
| Lift Stations | | | |
| Utilities | 140,000 | 92,576 | (47,424) |
| Supplies | 20,000 | 9,832 | (10,168) |
| Maintenance contracts | 55,000 | 49,329 | (5,671) |
| Total lift stations | 215,000 | 151,737 | (63,263) |

(This schedule is continued on the following page.)

**FLAGG CREEK WATER RECLAMATION DISTRICT**
**BURR RIDGE, ILLINOIS**

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
SEWERAGE AND USER SUBFUND

For the Year Ended April 30, 2026

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| **OPERATING EXPENSES (Continued)** | | | |
| Operations (Continued) | | | |
| Plant wastewater treatment | | | |
| Salaries | $ 1,200,000 | $ 1,278,133 | $ 78,133 |
| Employee benefits | 700,000 | 707,215 | 7,215 |
| Payroll taxes | 95,906 | 99,358 | 3,452 |
| Insurance | 40,000 | 38,511 | (1,489) |
| Supplies | 195,000 | 180,498 | (14,502) |
| Utilities | 510,000 | 432,798 | (77,202) |
| Administrative | 30,000 | 20,232 | (9,768) |
| Permits | 52,500 | 52,500 | - |
| Equipment purchases | 5,000 | 3,207 | (1,793) |
| Maintenance contracts | 210,000 | 254,903 | 44,903 |
| Vehicle expense | 35,000 | 34,385 | (615) |
| Disinfection chemicals | 350,000 | 339,976 | (10,024) |
| Sludge hauling | 650,000 | 421,260 | (228,740) |
| Professional services | 130,000 | 15,825 | (114,175) |
| Computer maintenance | 40,000 | 10,654 | (29,346) |
| Total plant wastewater treatment | 4,243,406 | 3,889,455 | (353,951) |
| Laboratory | | | |
| Salaries | 145,000 | 142,294 | (2,706) |
| Employee benefits | 123,000 | 84,937 | (38,063) |
| Payroll taxes | 15,000 | 10,721 | (4,279) |
| Administrative | 1,200 | 337 | (863) |
| Insurance | 2,500 | 6,044 | 3,544 |
| Supplies | 22,000 | 18,283 | (3,717) |
| Equipment purchases | 1,500 | 689 | (811) |
| Maintenance contracts | 10,000 | 9,236 | (764) |
| Vehicle expense | 1,000 | 167 | (833) |
| Total laboratory | 321,200 | 272,708 | (48,492) |
| Total operations | 8,265,906 | 8,058,645 | (207,261) |
| Depreciation | - | 3,802,859 | 3,802,859 |
| **TOTAL OPERATING EXPENSES** | $ 8,265,906 | $ 11,861,504 | $ 3,595,598 |

(See independent auditor's report.)