



FOSTERBURG WATER DISTRICT
FOSTERBURG, ILLINOIS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2023

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FOSTERBURG WATER DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Fosterburg Water District
Fosterburg, Illinois

Opinions

We have audited the financial statements of the business-type activities of the Fosterburg Water District ("District"), as of and for the year ended December 31, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Fosterburg Water District as of December 31, 2023, and the respective changes in financial position, and, where applicable, 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 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 our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 combining fund financial statements are presented for purposes of additional analysis and are 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, the combining fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

C. J. Schuman & Company LLC

Certified Public Accountants
Alton, Illinois
April 2, 2024

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Fosterburg Water District's ("District") annual audit presents a management's discussion and analysis of the District's financial activity during the fiscal year ended December 31, 2023. The management discussion and analysis is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the District. The District is reported as a single enterprise fund which accounts for all the operations of the District. The District operations are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public are financed or recovered primarily through user charges. The District performs periodic reviews of its financial position to determine if revenues are sufficient to cover expenses and to provide for adequate reserves.

Financial Analysis of the District as a Whole

	<u>Net Position as of December 31,</u>			
	<u>2023</u>	<u>2022</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
Current assets	\$ 6,248,822	\$ 6,741,929	\$ (493,107)	-7.3%
Non-current assets	<u>4,767,958</u>	<u>5,184,623</u>	<u>(416,665)</u>	<u>-8.0%</u>
Total assets	<u>11,016,780</u>	<u>11,926,552</u>	<u>(909,772)</u>	<u>-7.6%</u>
Current liabilities	479,187	420,562	58,625	13.9%
Non-current liabilities	<u>691,359</u>	<u>987,657</u>	<u>(296,298)</u>	<u>0.0%</u>
Total liabilities	<u>1,170,546</u>	<u>1,408,219</u>	<u>(237,673)</u>	<u>-16.9%</u>
Net position:				
Net investment in capital assets	4,767,958	5,184,623	(416,665)	-8.0%
Restricted for debt service	-	71,623	(71,623)	0.0%
Unrestricted	<u>5,078,276</u>	<u>5,262,087</u>	<u>(183,811)</u>	<u>-3.5%</u>
Total net position	<u>\$ 9,846,234</u>	<u>\$ 10,518,333</u>	<u>\$ (672,099)</u>	<u>-6.4%</u>

Total net position decreased \$672,099 resulting in a balance of \$9.85 million as of December 31, 2023. Current assets – unrestricted cash and investments, accounts receivable and inventory - decreased \$493,107 as a result of increased cost of water purchases. Non-current assets decreased due to current year depreciation of \$486,291 being higher than capital additions. Total liabilities decreased due to the District paying down the loan to assist in funding the progress toward entering into the Alluvial project.

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Net Position

<u>Analysis of Net Position</u>	<u>Percent</u>	<u>2023</u>	<u>Percent</u>	<u>2022</u>
Net Investment in Capital Assets	48.4%	\$ 4,767,958	49.3%	\$ 5,184,623
Restricted	0.0%	-	0.7%	71,623
Unrestricted	51.6%	5,078,276	50.0%	5,262,087
Total Net Position	100.0%	\$ 9,846,234	100.0%	\$ 10,518,333

Net position reported a decrease in fiscal year 2023 related to the net loss of \$672,099 in the current year. Net position balances decreased in fiscal year 2023 to a total ending balance of \$9.85 million.

Revenue and Expense Summary

<u>Revenue by Type</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Water Billings - General	\$ 2,158,258	\$ 2,068,440	\$ 89,818
Water Billings - Bunker Hill	396,095	404,069	(7,974)
Other Charges	63,187	54,500	8,687
Miscellaneous	29,042	6,166	22,876
Interest Income	124,738	41,140	83,598
Total Revenue	\$ 2,771,320	\$ 2,574,315	\$ 197,005

<u>Expense by Category</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Personal Services	\$ 727,730	\$ 680,781	\$ 46,949
Contractual Services	1,973,153	1,366,044	607,109
Supplies and Materials	150,858	109,884	40,974
Heat, Light and Power	79,714	71,190	8,524
Interest Expense	25,673	25,348	325
Depreciation and Amortization	486,291	489,233	(2,942)
Total Expenses	\$ 3,443,419	\$ 2,742,480	\$ 700,939
Excess (Deficiency) of Revenues over Expenses	\$ (672,099)	\$ (168,165)	\$ (503,934)

Total revenues increased \$197,005 in the year ended December 31, 2023.

Revenues from general customer services increased overall related to normal fluctuations in customer usage. Revenues related to other charges increased slightly related to tap-on fees. Interest income also increased in the current year due to higher interest rates.

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest category of expense is contractual services and largely consists of the purchase of water to be resold by the District. The total cost of water increased from the prior year by \$552,024 to \$1,735,881. Personal services and the other expense categories also increased in comparison with the prior year.

Capital Assets

Net capital assets decreased \$416,665 in the current year. This decrease is mainly due to current year additions of \$69,626 being offset by depreciation expense of \$486,291.

Capital asset additions for the District were comprised of meters, services connections, and a computer billing upgrade.

Additional information related to the overall balances of capital assets can be found in Note 6 of the financial statements.

Debt Activity

The District entered into a promissory note in the current year for \$1,490,000 to provide funding for the Alluvial project. The balance on the note at the end of the year was \$987,573.

Additional information related to the debt activity can be found in Note 7 of the financial statements.

Decrease in Net Position

The District reported a decrease in net position of \$672,099 for the year ended December 31, 2023. Total operating revenues were approximately \$2.62 million and are largely comprised of charges for water and from line connection related services. Non-operating revenues were approximately \$154,000 and were primarily comprised of interest income.

Total operating expenses were approximately \$3.42 million with the largest expenses related to water purchases, personal services and depreciation as presented on the prior page.

The result is a decrease in net position that represents just slightly more than 19.66% of total operating expenses and approximately 25.67% of total operating revenues. The net decrease of \$672,099 results in a final net position balance of \$9,846,234.

Requests for Information

This financial report is designed to provide a general overview of the Fosterburg Water District for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District office, 3216 Main Street, Alton, IL 62002.

FOSTERBURG WATER DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,022,907	\$ 2,987,778
Investments	2,692,837	2,578,007
Receivables, net	245,181	205,230
Prepaid Expenses	1,130,756	802,631
Inventory (at Cost)	<u>157,141</u>	<u>168,283</u>
Total Current Assets	<u>6,248,822</u>	<u>6,741,929</u>
Noncurrent Assets:		
Capital Assets:		
Land	132,071	132,071
Plant and Distribution System	12,958,113	12,907,815
Buildings and Improvements	325,302	325,302
Office and Other Equipment	<u>1,023,510</u>	<u>1,004,182</u>
Total	14,438,996	14,369,370
Less - Accumulated Depreciation	<u>(9,671,038)</u>	<u>(9,184,747)</u>
Net Capital Assets	<u>4,767,958</u>	<u>5,184,623</u>
Total Noncurrent Assets	<u>4,767,958</u>	<u>5,184,623</u>
Total Assets	<u>11,016,780</u>	<u>11,926,552</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	165,198	113,157
Unearned Revenue	17,775	17,775
Current Portion Note Payable	<u>296,214</u>	<u>289,630</u>
Total Current Liabilities	<u>479,187</u>	<u>420,562</u>
Noncurrent Liabilities:		
Notes Payable Due After One Year	<u>691,359</u>	<u>987,657</u>
Total Noncurrent Liabilities	<u>691,359</u>	<u>987,657</u>
Total Liabilities	<u>1,170,546</u>	<u>1,408,219</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,767,958	5,184,623
Restricted for Loan Agreement	-	71,623
Unrestricted	<u>5,078,276</u>	<u>5,262,087</u>
Total Net Position	<u>\$ 9,846,234</u>	<u>\$ 10,518,333</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for Sales and Services	\$ 2,617,540	\$ 2,527,009
Operating Expenses		
Personal Services	727,730	680,781
Contractual Services	1,973,153	1,366,044
Supplies and Materials	150,858	109,884
Heat, Light and Power	79,714	71,190
Depreciation	<u>486,291</u>	<u>489,233</u>
Total Operating Expenses	<u>3,417,746</u>	<u>2,717,132</u>
Operating Income	<u>(800,206)</u>	<u>(190,123)</u>
Nonoperating Revenues (Expenses)		
Interest Income	124,738	41,140
Interest Expense and Fiscal Fees	(25,673)	(25,348)
Miscellaneous	<u>29,042</u>	<u>6,166</u>
Total Nonoperating Revenues (Expenses)	<u>128,107</u>	<u>21,958</u>
Change in Net Position	(672,099)	(168,165)
Net Position, Beginning of Year	<u>10,518,333</u>	<u>10,686,498</u>
Net Position, End of Year	<u>\$ 9,846,234</u>	<u>\$ 10,518,333</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,577,589	\$ 2,575,356
Cash paid to suppliers	(2,631,423)	(2,434,684)
Cash paid to employees for services	<u>(564,974)</u>	<u>(528,958)</u>
Net cash provided (used) by operating activities	<u>(618,808)</u>	<u>(388,286)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(69,626)	(35,254)
Proceeds from loan	-	1,490,000
Payment on loan principal	(289,714)	(212,713)
Interest paid on debt instruments	(25,673)	(25,348)
Miscellaneous receipts	<u>29,042</u>	<u>6,166</u>
Net cash provided (used) by capital related financing activities	<u>(355,971)</u>	<u>1,222,851</u>
Cash flows from investing activities:		
Net purchases and maturities of investments	(114,830)	816,172
Interest on investments	<u>124,738</u>	<u>41,140</u>
Net cash provided (used) by investing activities	<u>9,908</u>	<u>857,312</u>
Net change in cash and cash equivalents	(964,871)	1,691,877
Cash and cash equivalents, beginning of year	<u>2,987,778</u>	<u>1,295,901</u>
Cash and cash equivalents, end of year	<u>\$ 2,022,907</u>	<u>\$ 2,987,778</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Operating Income (Loss)	\$ (800,206)	\$ (190,123)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	486,291	489,233
(Increase) decrease in:		
Customers receivable	(39,886)	52,523
Unbilled revenue	(65)	(4,176)
Inventory	11,142	(11,419)
Prepaid expenses	(328,125)	(742,979)
Increase (decrease) in:		
Accounts payable	<u>52,041</u>	<u>18,655</u>
Net cash provided by operating activities	<u>\$ (618,808)</u>	<u>\$ (388,286)</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fosterburg Water District conform to accounting principles generally accepted in the United States of America as applicable to governments. Fosterburg Water District operates as an enterprise fund which is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body 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 governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(a) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Enterprise Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled water service receivables are recorded at year-end. Unearned revenues are reported in relation to payments received for services that have not been performed as of year-end.

(b) Financial Reporting Entity

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

(c) Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District invests in checking and money market accounts, certificates of deposit, and the Illinois Funds. Investments are stated at fair value.

(d) Vacation

The District allows employees to earn vacations annually based on the type of employee and years of service. Employees are allowed to carry over one week of vacation to the following year. Any contingent liability for unpaid vacation is not material at December 31, 2023.

(e) Operating Revenues and Expenses

Operating revenues are primarily comprised of water billings and charges for line and tap connections. Operating expenses include all costs related to the normal operations of the District. Nonoperating revenues and expenses include interest income and expense and other items that are not directly related to current year income from operations. Proceeds from capital grants are reported separately as capital contributions.

(f) Capital Assets

The District defines capital assets as property, plant and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at either historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives, as determined by the District, using the straight-line method. The estimated useful lives are as follows:

<u>Type of Property and Equipment</u>	<u>Estimated Useful Lives (Years)</u>
Building	10 - 40
Building Improvements	10
Plant and Distribution System	15 - 50
Equipment	5 - 12

(g) Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

(h) Estimates

The District uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

(i) Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

(j) Allowance for Doubtful Accounts

The District considers accounts receivable to be essentially collectible. However, the District has set an allowance of \$16,658 for balances in excess of 90 days outstanding.

(k) Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the State of Illinois. As of December 31, 2023, the District has invested its deposits in checking accounts, money market accounts, certificates of deposits or has invested the money in the Illinois Funds. The Illinois Funds is an external investment pool created by the Illinois General Assembly in 1975.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The book balance of the District's deposits is \$4,710,073 and the bank balance is \$4,919,593. The District's deposits were covered by depository insurance or were collateralized with investments held by the financial institution in the District's name.

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 4,771
Petty Cash		900
Deposits as reported above		<u>4,710,073</u>
Total deposits and investments		<u>\$ 4,715,744</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,022,907
Investments		<u>2,692,837</u>
		<u>\$ 4,715,744</u>

The Illinois Funds is a pooled investment that is operated by the State of Illinois as a not-for-profit common law trust and is not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goal of the fund is to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. For the year ended December 31, 2023, all activity in the pool was reported at the fair value of the pool, which was the same as the pool shares.

The annual audit report for the Illinois Funds can be found at http://illinoistreasurer.gov/Local_Governments/The_Illinois_Funds/Annual_Financial_Audit.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk. The District’s investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of December 31, 2023, the credit rating of the District’s investment was as follows:

<u>Investment</u>	<u>Standard & Poor’s Rating</u>
The Illinois Funds (external investment pool)	AAAm

Concentration of Credit Risk. As of December 31, 2023, the District did not have a concentration of credit risk.

Foreign Currency Risk. As of December 31, 2023, the District did not have a foreign currency risk.

NOTE 3: DEFINED CONTRIBUTION PENSION PLAN

The District provides pension benefits for its full-time employees through a defined contribution plan. In a defined contribution plan, benefits are paid solely from amounts contributed to the plan plus investment earnings. The District contributes an amount equal to 5% of the employee's total salary less any Section 457-plan contributions. The District's contributions for each employee (and interest allocated to the employee's account) are fully vested upon entry into the plan. The District contributed \$26,309 for the year ended December 31, 2023.

NOTE 4: RECEIVABLES

The District’s receivables as of December 31, 2023, as reported in the statement of net position, are comprised as follows:

Customers	\$ 144,842
Unbilled Revenue	<u>100,339</u>
Total Receivables	<u>\$ 245,181</u>

An allowance for uncollectible amounts has been set at \$16,658 for balances in excess of 90 days outstanding.

NOTE 5: SUBSEQUENT EVENTS

The District has evaluated events occurring after the financial statement date through April 2, 2024 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: CAPITAL ASSETS

A summary of cost and accumulated depreciation for the District's property, plant and equipment, as of December 31, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 132,071	\$ -	\$ -	\$ 132,071
Capital assets, being depreciated:				
Plant and Distribution System	12,907,815	50,298	-	12,958,113
Buildings and Improvements	325,302	-	-	325,302
Office and Other Equipment	1,004,182	19,328	-	1,023,510
Total capital assets being depreciated	<u>14,237,299</u>	<u>69,626</u>	<u>-</u>	<u>14,306,925</u>
Less accumulated depreciation for:				
Plant and Distribution System	8,381,661	396,544	-	8,778,205
Buildings and Improvements	183,096	9,714	-	192,810
Office and Other Equipment	619,990	80,033	-	700,023
Total accumulated depreciation	<u>9,184,747</u>	<u>486,291</u>	<u>-</u>	<u>9,671,038</u>
Total capital assets, being depreciated, net	<u>5,052,552</u>	<u>(416,665)</u>	<u>-</u>	<u>4,635,887</u>
Total capital assets, net	<u>\$ 5,184,623</u>	<u>\$ (416,665)</u>	<u>\$ -</u>	<u>\$ 4,767,958</u>

Depreciation expense for the year ended December 31, 2023 is \$486,291.

NOTE 7: NOTE PAYABLE

The District entered into a promissory note with United Community Bank on March 3, 2023 in the amount of \$1,490,000. The District will use the proceeds to provide funding to pursue the Alluvia project. The note is payable in 60 monthly installments of \$26,282, including interest at 2.25%, through March 3, 2027.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Business-type Activities:</u>					
Notes from direct borrowings	\$ 1,277,287	\$ -	\$ 289,714	\$ 987,573	\$ 296,214

Future annual debt payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 296,214	\$ 19,174	\$ 315,388
2025	302,948	12,440	315,388
2026	309,835	5,553	315,388
2027	78,576	294	78,870
Total	<u>\$ 987,573</u>	<u>\$ 37,461</u>	<u>\$ 1,025,034</u>

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Fund Account</u>	<u>Operations and Maintenance</u>	<u>System Construction</u>	<u>Water Surplus</u>	<u>Alluvial Tap On</u>	<u>Total</u>
<u>ASSETS</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 3,572	\$ 8,379	\$ 4,643	\$ 1,358,340	\$ 647,973	\$ 2,022,907
Investments	-	-	305,549	2,387,288	-	2,692,837
Receivables:						
Customers	144,842	-	-	-	-	144,842
Unbilled Revenue	100,339	-	-	-	-	100,339
Inventory	-	157,141	-	-	-	157,141
Prepaid Expenses	-	1,130,756	-	-	-	1,130,756
Total Current Assets	<u>248,753</u>	<u>1,296,276</u>	<u>310,192</u>	<u>3,745,628</u>	<u>647,973</u>	<u>6,248,822</u>
Capital Assets:						
Land	-	132,071	-	-	-	132,071
Plant and Distribution System	-	12,958,113	-	-	-	12,958,113
Buildings and Improvements	-	325,302	-	-	-	325,302
Office and Other Equipment	-	1,023,510	-	-	-	1,023,510
Total	-	14,438,996	-	-	-	14,438,996
Less - Accumulated Depreciation	-	(9,671,038)	-	-	-	(9,671,038)
Net Capital Assets	-	<u>4,767,958</u>	-	-	-	<u>4,767,958</u>
Total Assets	<u>\$ 248,753</u>	<u>\$ 6,064,234</u>	<u>\$ 310,192</u>	<u>\$ 3,745,628</u>	<u>\$ 647,973</u>	<u>\$ 11,016,780</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	\$ -	\$ 165,198	\$ -	\$ -	\$ -	\$ 165,198
Unearned Revenue	17,775	-	-	-	-	17,775
Current Portion Loan	-	-	-	-	296,214	296,214
Total Current Liabilities	<u>17,775</u>	<u>165,198</u>	-	-	<u>296,214</u>	<u>479,187</u>
Noncurrent Liabilities:						
Loan (Net of current)	-	-	-	-	691,359	691,359
Total Noncurrent Liabilities	-	-	-	-	<u>691,359</u>	<u>691,359</u>
Total Liabilities	<u>17,775</u>	<u>165,198</u>	-	-	<u>987,573</u>	<u>1,170,546</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	-	4,767,958	-	-	-	4,767,958
Unrestricted	230,978	1,131,078	310,192	3,745,628	(339,600)	5,078,276
Total Net Position	<u>\$ 230,978</u>	<u>\$ 5,899,036</u>	<u>\$ 310,192</u>	<u>\$ 3,745,628</u>	<u>\$ (339,600)</u>	<u>\$ 9,846,234</u>

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Alluvial Tap On	Total
Operating Revenues:						
Charges for Sales and Services	\$ 2,617,540	\$ -	\$ -	\$ -	\$ -	2,617,540
Operating Expenses:						
Personal Services:						
Salaries and Wages	-	564,974	-	-	-	564,974
Social Security	-	43,274	-	-	-	43,274
Health/Life Insurance	-	92,271	-	-	-	92,271
Unemployment	-	902	-	-	-	902
Pension	-	26,309	-	-	-	26,309
Total Personal Services	-	727,730	-	-	-	727,730
Contractual Services:						
Professional Fees	-	61,086	-	-	-	61,086
System Repairs	-	62,644	-	-	-	62,644
General Repairs and Maintenance	-	44,727	-	-	-	44,727
Insurance	-	61,694	-	-	-	61,694
Water Purchases	-	1,735,881	-	-	-	1,735,881
Training, Travel, Entertainment	-	2,402	-	-	-	2,402
Miscellaneous	2,623	2,096	-	-	-	4,719
Total Contractual Services	2,623	1,970,530	-	-	-	1,973,153
Supplies and Materials:						
Apparel and Clothing Allowance	-	7,236	-	-	-	7,236
Gasoline and Oil	-	15,341	-	-	-	15,341
Office Supplies and Postage	-	71,489	-	-	-	71,489
Chemicals	-	13,990	-	-	-	13,990
System Supplies	-	41,806	-	-	-	41,806
Small Tools	-	996	-	-	-	996
Total Supplies and Materials	-	150,858	-	-	-	150,858
Heat, Light and Power	-	79,714	-	-	-	79,714
Depreciation	-	486,291	-	-	-	486,291
Total Operating Expenses	2,623	3,415,123	-	-	-	3,417,746
Operating Income (Loss)	2,614,917	(3,415,123)	-	-	-	(800,206)
Nonoperating Revenues (Expenses):						
Interest Income	21,328	-	4,213	94,747	4,450	124,738
Interest Expense	-	-	-	-	(25,673)	(25,673)
Miscellaneous	29,042	-	-	-	-	29,042
Total Nonoperating Revenues (Expenses)	50,370	-	4,213	94,747	(21,223)	128,107
Income (Loss) before Operating Transfers	2,665,287	(3,415,123)	4,213	94,747	(21,223)	(672,099)
Operating Transfers In (Out)	(2,632,479)	3,271,479	-	(249,000)	(390,000)	-
Net Income (Loss)	32,808	(143,644)	4,213	(154,253)	(411,223)	(672,099)
Net Position, Beginning of Year	198,170	6,042,680	305,979	3,899,881	71,623	10,518,333
Net Position, End of Year	\$ 230,978	\$ 5,899,036	\$ 310,192	\$ 3,745,628	\$ (339,600)	\$ 9,846,234