

FOSTERBURG WATER DISTRICT
FOSTERBURG, ILLINOIS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2017

233 East Center Drive, P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 Fax (618) 465-7710

80 Edwardsville Professional Park
Edwardsville, Illinois 62025
(618) 656-2146 Fax (618) 656-2147

One Westbury Drive, Suite 420
St. Charles, Missouri 63301
(636) 723-7611 Fax (636) 947-4558



www.cjsco.com

FOSTERBURG WATER DISTRICT

TABLE OF CONTENTS
DECEMBER 31, 2017

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9 - 10
Notes to Financial Statements	11 - 16
Other Supplementary Information:	
Combining Statement of Net Position	17
Combining Statement of Revenues, Expenses and Changes in Net Position	18

INDEPENDENT AUDITOR'S REPORT

Fosterburg Water District
Fosterburg, Illinois

We have audited the accompanying financial statements of the business-type activities of Fosterburg Water District ("District") as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Fosterburg Water District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 6) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

C. J. Schlusser & Company, LLC

Certified Public Accountants
Alton, Illinois

February 20, 2018

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, 2017. 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>2017</u>	<u>2016</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
Current assets	\$ 3,663,224	\$ 3,162,141	\$ 501,083	15.8%
Non-current assets	<u>6,222,939</u>	<u>6,209,058</u>	<u>13,881</u>	<u>0.2%</u>
Total assets	<u>9,886,163</u>	<u>9,371,199</u>	<u>514,964</u>	<u>5.5%</u>
Current liabilities	<u>142,698</u>	<u>102,248</u>	<u>40,450</u>	<u>39.6%</u>
Total liabilities	<u>142,698</u>	<u>102,248</u>	<u>40,450</u>	<u>39.6%</u>
Net position:				
Investment in capital assets	6,222,939	6,209,058	13,881	0.2%
Unrestricted	<u>3,520,526</u>	<u>3,059,893</u>	<u>460,633</u>	<u>15.1%</u>
Total net position	<u>\$ 9,743,465</u>	<u>\$ 9,268,951</u>	<u>\$ 474,514</u>	<u>5.1%</u>

Total net position increased \$474,514 resulting in a balance of \$9.743 million as of December 31, 2017. Current assets – unrestricted cash and investments, accounts receivable and inventory - increased \$501,083 as a result of total income from cash flow. Non-current assets increased largely from capital additions of \$457,503, offset by current depreciation of \$441,435.

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Net Position

<u>Analysis of Net Position</u>	<u>Percent</u>	<u>2017</u>	<u>Percent</u>	<u>2016</u>
Net Invested in Capital Assets	63.9%	\$ 6,222,939	67.0%	\$ 6,209,058
Unrestricted	36.1%	<u>3,520,526</u>	33.0%	<u>3,059,893</u>
Total Net Position	<u>100.0%</u>	<u>\$ 9,743,465</u>	<u>100.0%</u>	<u>\$ 9,268,951</u>

Net position reported an increase in fiscal year 2017 related to the net income of \$474,514 in the current year. Net position balances increased in fiscal year 2017 to a total ending balance of \$9.743 million.

Revenue and Expense Summary

<u>Revenue by Type</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Water Billings - General	\$ 2,045,409	\$ 1,686,608	\$ 358,801
Water Billings - Bunker Hill	335,062	287,907	47,155
Other Charges	133,046	32,705	100,341
Miscellaneous	11,461	4,837	6,624
Interest Income	30,735	29,673	1,062
Gain on Disposal	<u>(2,186)</u>	<u>3,800</u>	<u>(5,986)</u>
Total Revenue before Capital Contributions	2,553,527	2,045,530	507,997
Capital Contributions	<u>241,725</u>	<u>-</u>	<u>241,725</u>
Total Revenue	<u>\$ 2,795,252</u>	<u>\$ 2,045,530</u>	<u>\$ 749,722</u>

<u>Expense by Category</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Personal Services	\$ 520,043	\$ 519,597	\$ 446
Contractual Services	1,224,535	995,200	229,335
Supplies and Materials	66,057	59,778	6,279
Heat, Light and Power	68,668	67,948	720
Depreciation and Amortization	<u>441,435</u>	<u>445,921</u>	<u>(4,486)</u>
Total Expenses	<u>\$ 2,320,738</u>	<u>\$ 2,088,444</u>	<u>\$ 232,294</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ 474,514</u>	<u>\$ (42,914)</u>	<u>\$ 517,428</u>

Total revenues increased approximately \$500,000 in the year ended December 31, 2017.

Revenues from customers increased approximately 1.2% due to normal fluctuations in customer usage related to weather.

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase to other charges was due mainly to line connection related services and to reimbursement of costs.

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 approximately \$216,000 to \$1,097,482. Personal services also increased in comparison with the prior year.

Capital Assets

Net capital assets increased \$13,881 in the current year. This decrease is mainly due to current year additions of \$457,503 offset by depreciation of \$441,435.

Capital asset additions for the District included \$19,005 for a new 2017 Ford F150 service truck, \$45,996 for service connections, and \$362,757 for line extensions.

Additional information related to the overall balances of capital assets can be found in Note 5 of the financial statements.

Debt Activity

The District did not have any outstanding debt at any time during the current fiscal year.

Increase in Net Position

The District reported an increase in net position of \$474,514 for the year ended December 31, 2017. Total operating revenues were approximately \$2.5 million and are largely comprised of charges for water and from line connection related services. Non-operating revenues were approximately \$40,000 and were primarily comprised of reimbursements in addition to interest income of \$30,735.

Total operating expenses were approximately \$2.32 million with the largest expenses related to water purchases, personal services and depreciation as presented on the prior page.

The result is an increase in net position that represents just slightly more than 2.04% of total operating expenses and approximately 18.88% of total operating revenues. The net increase of \$474,514 results in a final net position balance of \$9,743,465.

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, 2017

(With Comparative Totals for 2016)

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,280,067	\$ 854,594
Investments	1,980,235	1,969,256
Receivables, net	229,058	192,336
Prepaid Insurance	41,943	41,671
Inventory (at Cost)	131,921	104,284
Total Current Assets	<u>3,663,224</u>	<u>3,162,141</u>
Noncurrent Assets:		
Capital Assets:		
Land	132,071	132,071
Plant and Distribution System	12,273,682	11,855,043
Buildings and Improvements	176,102	176,102
Office and Other Equipment	721,455	701,423
Total	13,303,310	12,864,639
Less - Accumulated Depreciation	<u>(7,080,371)</u>	<u>(6,655,581)</u>
Net Capital Assets	<u>6,222,939</u>	<u>6,209,058</u>
Total Noncurrent Assets	<u>6,222,939</u>	<u>6,209,058</u>
Total Assets	<u>9,886,163</u>	<u>9,371,199</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	124,923	83,998
Unearned Revenue	17,775	18,250
Total Current Liabilities	<u>142,698</u>	<u>102,248</u>
Total Liabilities	<u>142,698</u>	<u>102,248</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	6,222,939	6,209,058
Unrestricted	<u>3,520,526</u>	<u>3,059,893</u>
Total Net Position	<u>\$ 9,743,465</u>	<u>\$ 9,268,951</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for Sales and Services	<u>\$ 2,513,517</u>	<u>\$ 2,007,220</u>
Operating Expenses		
Personal Services	520,043	519,597
Contractual Services	1,224,535	995,200
Supplies and Materials	66,057	59,778
Heat, Light and Power	68,668	67,948
Depreciation	<u>441,435</u>	<u>445,921</u>
Total Operating Expenses	<u>2,320,738</u>	<u>2,088,444</u>
Operating Income (Loss)	<u>192,779</u>	<u>(81,224)</u>
Nonoperating Revenues (Expenses)		
Interest Income	30,735	29,673
Gain (Loss) on Disposal of Fixed Assets	(2,186)	3,800
Miscellaneous	<u>11,461</u>	<u>4,837</u>
Total Nonoperating Revenues (Expenses)	<u>40,010</u>	<u>38,310</u>
Capital Contributions		
Capital Contributions	<u>241,725</u>	<u>-</u>
Change in Net Position	474,514	(42,914)
Net Position, Beginning of Year	<u>9,268,951</u>	<u>9,311,865</u>
Net Position, End of Year	<u>\$ 9,743,465</u>	<u>\$ 9,268,951</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,536,493	\$ 2,030,671
Cash paid to suppliers	(1,457,563)	(1,209,276)
Cash paid to employees for services	<u>(408,724)</u>	<u>(412,336)</u>
Net cash provided by operating activities	<u>670,206</u>	<u>409,059</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(116,880)	(116,880)
Sale of capital assets	3,800	3,800
Principal paid on debt instruments	-	-
Interest paid on debt instruments	-	-
Miscellaneous receipts	<u>4,837</u>	<u>4,837</u>
Net cash provided (used) by capital related financing activities	<u>(108,243)</u>	<u>(108,243)</u>
Cash flows from investing activities:		
Net purchases and maturities of investments	(10,979)	(10,468)
Interest on investments	<u>30,735</u>	<u>29,673</u>
Net cash provided (used) by investing activities	<u>19,756</u>	<u>19,205</u>
Net increase (decrease) in cash and cash equivalents	581,719	320,021
Cash and cash equivalents, beginning of year	<u>854,594</u>	<u>534,573</u>
Cash and cash equivalents, end of year	<u>\$ 1,436,313</u>	<u>\$ 854,594</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Operating Income	\$ 192,779	\$ (81,224)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	441,435	445,921
(Increase) decrease in:		
Customers receivable	22,295	22,295
Unbilled revenue	1,156	1,156
Inventory	(27,637)	10,208
Prepaid insurance	(272)	(607)
Increase (decrease) in:		
Accounts payable	40,925	11,310
Deferred revenue	<u>(475)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 670,206</u>	<u>\$ 409,059</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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 is 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, 2017.

(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 \$500 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District did not record any capitalized interest in the current year.

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:

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

(g) Debt Issuance Costs

Debt issuance costs for proprietary fund types are expensed in the year of the related debt issuance.

(h) 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.

(i) 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.

(j) Inventory

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

(k) Allowance for Doubtful Accounts

The District considers all accounts receivable to be fully collectible and any allowance for uncollectible amounts is immaterial.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) 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.

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, 2017, 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 \$3,257,750 and the bank balance is \$3,297,806. The District's deposits are covered by depository insurance or collateralized with investments held by the financial institution in the District's name, except for a balance of \$467,354 at one bank.

As of December 31, 2017, the District had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	N/A	\$ 4,252
Petty Cash		300
Deposits in Banks		<u>3,255,750</u>
Total deposits and investments		<u>\$ 3,260,302</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 1,280,067
Investments		<u>1,980,235</u>
		<u>\$ 3,260,302</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, 2017, all activity in the pool was reported at the fair value of the pool, which was the same as the pool shares. The interest rate at December 31, 2017 was 1.264%

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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, 2017, 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, 2017, the District did not have a concentration of credit 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 \$20,397 for the year ended December 31, 2017.

NOTE 4: RECEIVABLES

The District's receivables as of December 31, 2017, as reported in the statement of net assets, are comprised as follows:

Customers	\$ 126,278
Unbilled Revenue	<u>102,780</u>
Total Receivables	<u>\$ 229,058</u>

All accounts receivable are considered fully collectible as of December 31, 2017. Any allowance for uncollectible amounts is considered immaterial.

FOSTERBURG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: CAPITAL ASSETS

A summary of cost and accumulated depreciation for the District's property, plant and equipment, as of December 31, 2017, 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	11,855,043	418,639	-	12,273,682
Buildings and Improvements	176,102	-	-	176,102
Office and Other Equipment	701,423	38,864	18,832	721,455
Total capital assets being depreciated	<u>12,732,568</u>	<u>457,503</u>	<u>18,832</u>	<u>13,171,239</u>
Less accumulated depreciation for:				
Plant and Distribution System	6,007,186	388,333	-	6,395,519
Buildings and Improvements	137,880	3,895	-	141,775
Office and Other Equipment	510,515	49,208	16,646	543,077
Total accumulated depreciation	<u>6,655,581</u>	<u>441,436</u>	<u>16,646</u>	<u>7,080,371</u>
Total capital assets, being depreciated, net	<u>6,076,987</u>	<u>16,067</u>	<u>2,186</u>	<u>6,090,868</u>
Total capital assets, net	<u>\$ 6,209,058</u>	<u>\$ 16,067</u>	<u>\$ 2,186</u>	<u>\$ 6,222,939</u>

Depreciation expense for the year ended December 31, 2017 is \$441,435.

NOTE 6: SUBSEQUENT EVENTS

The District has evaluated events occurring after the financial statement date through March 15, 2018 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

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Fund Account</u>	<u>Operations and Maintenance</u>	<u>System Construction</u>	<u>Water Surplus</u>	<u>Total</u>
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 11,074	\$ 10,285	\$ 4,139	\$ 1,254,569	\$ 1,280,067
Investments	-	-	294,922	1,685,313	1,980,235
Receivables:					
Customers	126,278	-	-	-	126,278
Unbilled Revenue	102,780	-	-	-	102,780
Inventory	-	131,921	-	-	131,921
Prepaid Insurance	-	41,943	-	-	41,943
Total Current Assets	<u>240,132</u>	<u>184,149</u>	<u>299,061</u>	<u>2,939,882</u>	<u>3,663,224</u>
Capital Assets:					
Land	-	132,071	-	-	132,071
Plant and Distribution System	-	12,273,682	-	-	12,273,682
Buildings and Improvements	-	176,102	-	-	176,102
Office and Other Equipment	-	721,455	-	-	721,455
Total	-	13,303,310	-	-	13,303,310
Less - Accumulated Depreciation	-	(7,080,371)	-	-	(7,080,371)
Net Capital Assets	-	<u>6,222,939</u>	-	-	<u>6,222,939</u>
Total Assets	<u>\$ 240,132</u>	<u>\$ 6,407,088</u>	<u>\$ 299,061</u>	<u>\$ 2,939,882</u>	<u>\$ 9,886,163</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ -	\$ 124,923	\$ -	\$ -	\$ 124,923
Unearned Revenue	17,775	-	-	-	17,775
Total Current Liabilities	<u>17,775</u>	<u>124,923</u>	-	-	<u>142,698</u>
Total Liabilities	<u>17,775</u>	<u>124,923</u>	-	-	<u>142,698</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	-	6,222,939	-	-	6,222,939
Unrestricted	<u>222,357</u>	<u>59,226</u>	<u>299,061</u>	<u>2,939,882</u>	<u>3,520,526</u>
Total Net Position	<u>\$ 222,357</u>	<u>\$ 6,282,165</u>	<u>\$ 299,061</u>	<u>\$ 2,939,882</u>	<u>\$ 9,743,465</u>

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Total
Operating Revenues:					
Charges for Sales and Services	\$ 2,513,517	\$ -	\$ -	\$ -	2,513,517
Operating Expenses:					
Personal Services:					
Salaries and Wages	-	408,724	-	-	408,724
Social Security	-	32,677	-	-	32,677
Health/Life Insurance	-	57,675	-	-	57,675
Unemployment	-	570	-	-	570
Pension	-	20,397	-	-	20,397
Total Personal Services	-	520,043	-	-	520,043
Contractual Services:					
Professional Fees	-	17,337	-	-	17,337
System Repairs	-	40,175	-	-	40,175
General Repairs and Maintenance	-	16,671	-	-	16,671
Insurance	-	42,325	-	-	42,325
Water Purchases	-	1,097,482	-	-	1,097,482
Training, Travel, Entertainment	-	7,050	-	-	7,050
Miscellaneous	923	2,572	-	-	3,495
Total Contractual Services	923	1,223,612	-	-	1,224,535
Supplies and Materials:					
Apparel and Clothing Allowance	-	5,369	-	-	5,369
Gasoline and Oil	-	11,394	-	-	11,394
Office Supplies and Postage	-	26,054	-	-	26,054
Chemicals	-	4,898	-	-	4,898
System Supplies	-	16,715	-	-	16,715
Small Tools	-	1,627	-	-	1,627
Total Supplies and Materials	-	66,057	-	-	66,057
Heat, Light and Power	\$ -	\$ 68,668	\$ -	\$ -	\$ 68,668
Depreciation	-	441,435	-	-	441,435
Total Operating Expenses	923	2,319,815	-	-	2,320,738
Operating Income (Loss)	2,512,594	(2,319,815)	-	-	192,779
Nonoperating Revenues (Expenses):					
Interest Income	88	-	3,539	27,108	30,735
Gain (Loss) on Disposal of Fixed Assets	-	(2,186)	-	-	(2,186)
Miscellaneous	11,461	-	-	-	11,461
Total Nonoperating Revenues (Expenses)	11,549	(2,186)	3,539	27,108	40,010
Income (Loss) before Capital Contributions	2,524,143	(2,322,001)	3,539	27,108	232,789
Capital Contributions	-	241,725	-	-	241,725
Income (Loss) before Operating Transfers	2,524,143	(2,080,276)	3,539	27,108	474,514
Operating Transfers In (Out)	(2,487,293)	2,081,052	(1,762)	408,003	-
Net Income (Loss)	36,850	776	1,777	435,111	474,514
Net Position, Beginning of Year	185,507	6,281,389	297,284	2,504,771	9,268,951
Net Position, End of Year	\$ 222,357	\$ 6,282,165	\$ 299,061	\$ 2,939,882	\$ 9,743,465