

FOSTERBURG WATER DISTRICT
FOSTERBURG, ILLINOIS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2022

FOSTERBURG WATER DISTRICT

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C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
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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, 2022, 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, 2022, 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.

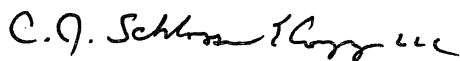
Required Supplementary Information

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.



Certified Public Accountants
Alton, Illinois

May 9, 2023

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, 2022. 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>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 6,741,929	\$ 5,160,173	\$ 1,581,756	30.7%
Non-current assets	<u>5,184,623</u>	<u>5,638,602</u>	<u>(453,979)</u>	<u>-8.1%</u>
Total assets	<u>11,926,552</u>	<u>10,798,775</u>	<u>1,127,777</u>	<u>10.4%</u>
Current liabilities	420,562	112,277	308,285	274.6%
Non-current liabilities	<u>987,657</u>	<u>-</u>	<u>987,657</u>	<u>0.0%</u>
Total liabilities	<u>1,408,219</u>	<u>112,277</u>	<u>1,295,942</u>	<u>1154.2%</u>
Net position:				
Net investment in capital assets	5,184,623	5,638,602	(453,979)	-8.1%
Restricted for debt service	71,623	-	71,623	0.0%
Unrestricted	<u>5,262,087</u>	<u>5,047,896</u>	<u>214,191</u>	<u>4.2%</u>
Total net position	<u>\$ 10,518,333</u>	<u>\$ 10,686,498</u>	<u>\$ (168,165)</u>	<u>-1.6%</u>

Total net position decreased \$168,165 resulting in a balance of \$10.52 million as of December 31, 2022. Current assets – unrestricted cash and investments, accounts receivable and inventory - increased \$1,127,777 as a result of prepaid expenses related to the Alluvial project. Non-current assets decreased due to current year depreciation of \$489,233 being higher than capital additions. Total liabilities also increased due to the District obtaining a 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>2022</u>	<u>Percent</u>	<u>2021</u>
Net Investment in Capital Assets	49.3%	\$ 5,184,623	52.8%	\$ 5,638,602
Restricted	0.7%	71,623	0.0%	-
Unrestricted	50.0%	<u>5,262,087</u>	47.2%	<u>5,047,896</u>
Total Net Position	<u>100.0%</u>	<u>\$ 10,518,333</u>	<u>100.0%</u>	<u>\$ 10,686,498</u>

Net position reported a decrease in fiscal year 2022 related to the net loss of \$168,165 in the current year. Net position balances decreased in fiscal year 2022 to a total ending balance of \$10.52 million.

Revenue and Expense Summary

<u>Revenue by Type</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Water Billings - General	\$ 2,068,440	\$ 2,005,364	\$ 63,076
Water Billings - Bunker Hill	404,069	359,483	44,586
Other Charges	54,500	73,140	(18,640)
Miscellaneous	6,166	8,277	(2,111)
Interest Income	41,140	57,939	(16,799)
Gain (Loss) on Disposal	-	(27,659)	27,659
Total Revenue before Capital Contributions	<u>2,574,315</u>	<u>2,476,544</u>	<u>97,771</u>
Capital Contributions	-	133,545	(133,545)
Total Revenue	<u>\$ 2,574,315</u>	<u>\$ 2,610,089</u>	<u>\$ (35,774)</u>

<u>Expense by Category</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Personal Services	\$ 680,781	\$ 620,744	\$ 60,037
Contractual Services	1,366,044	1,236,595	129,449
Supplies and Materials	109,884	72,420	37,464
Heat, Light and Power	71,190	57,623	13,567
Interest Expense	25,348	-	25,348
Depreciation and Amortization	<u>489,233</u>	<u>479,901</u>	<u>9,332</u>
Total Expenses	<u>\$ 2,742,480</u>	<u>\$ 2,467,283</u>	<u>\$ 275,197</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ (168,165)</u>	<u>\$ 142,806</u>	<u>\$ (310,971)</u>

Total revenues decreased \$35,774 in the year ended December 31, 2022.

Revenues from general customer services increased overall related to normal fluctuations in customer usage. Revenues related to other charges decreased slightly related to tap-on fees. Interest income also decreased in the current year due to lower investment balances. Capital contributions decreased in the current year.

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 \$105,686 to \$1,183,857. Personal services and the other expense categories also increased in comparison with the prior year.

Capital Assets

Net capital assets decreased \$453,979 in the current year. This decrease is mainly due to current year additions of \$35,254 being offset by depreciation expense of \$489,233.

Capital asset additions for the District were comprised of meters and services connections.

Additional information related to the overall balances of capital assets can be found in Note 5 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 \$1,277,287.

Additional information related to the debt activity can be found in Note 6 of the financial statements.

Increase in Net Position

The District reported a decrease in net position of \$168,165 for the year ended December 31, 2022. Total operating revenues were approximately \$2.53 million and are largely comprised of charges for water and from line connection related services. Non-operating revenues were approximately \$47,000 and were primarily comprised of interest income.

Total operating expenses were approximately \$2.72 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 6.19% of total operating expenses and approximately 6.65% of total operating revenues. The net decrease of \$168,165 results in a final net position balance of \$10,518,333.

FOSTERBURG WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022 (With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,987,778	\$ 1,295,901
Investments	2,578,007	3,394,179
Receivables, net	205,230	253,577
Prepaid Expenses	802,631	59,652
Inventory (at Cost)	<u>168,283</u>	<u>156,864</u>
Total Current Assets	<u>6,741,929</u>	<u>5,160,173</u>
Noncurrent Assets:		
Capital Assets:		
Land	132,071	132,071
Plant and Distribution System	12,907,815	12,872,561
Buildings and Improvements	325,302	325,302
Office and Other Equipment	<u>1,004,182</u>	<u>1,009,447</u>
Total	14,369,370	14,339,381
Less - Accumulated Depreciation	<u>(9,184,747)</u>	<u>(8,700,779)</u>
Net Capital Assets	<u>5,184,623</u>	<u>5,638,602</u>
Total Noncurrent Assets	<u>5,184,623</u>	<u>5,638,602</u>
Total Assets	<u>11,926,552</u>	<u>10,798,775</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	113,157	94,502
Unearned Revenue	17,775	17,775
Current Portion Note Payable	<u>289,630</u>	<u>-</u>
Total Current Liabilities	<u>420,562</u>	<u>112,277</u>
Noncurrent Liabilities:		
Notes Payable Due After One Year	<u>987,657</u>	<u>-</u>
Total Noncurrent Liabilities	<u>987,657</u>	<u>-</u>
Total Liabilities	<u>1,408,219</u>	<u>112,277</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	5,184,623	5,638,602
Restricted for Loan Agreement	71,623	-
Unrestricted	<u>5,262,087</u>	<u>5,047,896</u>
Total Net Position	<u>\$ 10,518,333</u>	<u>\$ 10,686,498</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2022 (With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for Sales and Services	\$ <u>2,527,009</u>	\$ <u>2,437,987</u>
Operating Expenses		
Personal Services	680,781	620,744
Contractual Services	1,366,044	1,236,595
Supplies and Materials	109,884	72,420
Heat, Light and Power	71,190	57,623
Depreciation	<u>489,233</u>	<u>479,901</u>
Total Operating Expenses	<u>2,717,132</u>	<u>2,467,283</u>
Operating Income	<u>(190,123)</u>	<u>(29,296)</u>
Nonoperating Revenues (Expenses)		
Interest Income	41,140	57,939
Interest Expense and Fiscal Fees	(25,348)	-
Gain (Loss) on Disposal of Fixed Assets	-	(27,659)
Miscellaneous	<u>6,166</u>	<u>8,277</u>
Total Nonoperating Revenues (Expenses)	<u>21,958</u>	<u>38,557</u>
Capital Contributions		
Capital Contributions	<u>-</u>	<u>133,545</u>
Change in Net Position	(168,165)	142,806
Net Position, Beginning of Year	<u>10,686,498</u>	<u>10,543,692</u>
Net Position, End of Year	<u>\$ 10,518,333</u>	<u>\$ 10,686,498</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,575,356	\$ 2,468,050
Cash paid to suppliers	(2,434,684)	(1,488,821)
Cash paid to employees for services	<u>(528,958)</u>	<u>(474,427)</u>
Net cash provided (used) by operating activities	<u>(388,286)</u>	<u>504,802</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(35,254)	(435,897)
Proceeds from loan	1,490,000	-
Payment on loan principal	(212,713)	-
Grant receipts	-	79,333
Interest paid on debt instruments	(25,348)	-
Miscellaneous receipts	<u>6,166</u>	<u>8,277</u>
Net cash provided (used) by capital related financing activities	<u>1,222,851</u>	<u>(348,287)</u>
Cash flows from investing activities:		
Net purchases and maturities of investments	816,172	(31,942)
Interest on investments	<u>41,140</u>	<u>9,347</u>
Net cash provided (used) by investing activities	<u>857,312</u>	<u>(22,595)</u>
Net change in cash and cash equivalents	1,691,877	133,920
Cash and cash equivalents, beginning of year	<u>1,295,901</u>	<u>1,161,981</u>
Cash and cash equivalents, end of year	<u>\$ 2,987,778</u>	<u>\$ 1,295,901</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Operating Income (Loss)	\$ (190,123)	\$ (29,296)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	489,233	479,901
(Increase) decrease in:		
Customers receivable	52,523	28,981
Unbilled revenue	(4,176)	1,082
Inventory	(11,419)	44,414
Prepaid expenses	(742,979)	(13,013)
Increase (decrease) in:		
Accounts payable	<u>18,655</u>	<u>(7,267)</u>
Net cash provided by operating activities	<u>\$ (388,286)</u>	<u>\$ 504,802</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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, 2022.

(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.

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

(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, 2022, 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 \$5,560,351 and the bank balance is \$5,679,784. 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, 2022, the District had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 4,534
Petty Cash		900
Deposits as reported above		<u>5,560,351</u>
Total deposits and investments		<u>\$ 5,565,785</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,987,778
Investments		<u>2,578,007</u>
		<u>\$ 5,565,785</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, 2022, 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, 2022, 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, 2022, 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 \$24,506 for the year ended December 31, 2022.

NOTE 4: RECEIVABLES

The District's receivables as of December 31, 2022, as reported in the statement of net position, are comprised as follows:

Customers	\$ 104,956
Unbilled Revenue	<u>100,274</u>
Total Receivables	<u>\$ 205,230</u>

All accounts receivable are considered fully collectible as of December 31, 2022. 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, 2022, 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	12,872,561	35,254	-	12,907,815
Buildings and Improvements	325,302	-	-	325,302
Office and Other Equipment	1,009,447	-	5,265	1,004,182
Total capital assets being depreciated	14,207,310	35,254	5,265	14,237,299
Less accumulated depreciation for:				
Plant and Distribution System	7,981,770	399,891	-	8,381,661
Buildings and Improvements	173,381	9,715	-	183,096
Office and Other Equipment	545,628	79,627	5,265	619,990
Total accumulated depreciation	8,700,779	489,233	5,265	9,184,747
Total capital assets, being depreciated, net	5,506,531	(453,979)	-	5,052,552
Total capital assets, net	\$ 5,638,602	\$ (453,979)	\$ -	\$ 5,184,623

Depreciation expense for the year ended December 31, 2022 is \$489,233.

NOTE 6: 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. Future annual debt payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 289,630	\$ 25,758	\$ 315,388
2024	296,214	19,174	315,388
2025	302,948	12,440	315,388
2026	309,835	5,553	315,388
2027	78,660	294	78,954
Total	\$ 1,277,287	\$ 63,219	\$ 1,340,506

NOTE 7: SUBSEQUENT EVENTS

The District has evaluated events occurring after the financial statement date through May 9, 2023 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, 2022

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Alluvial Tap On	Total
<u>ASSETS</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 10,715	\$ 300	\$ 4,412	\$ 1,623,441	\$ 1,348,910	\$ 2,987,778
Investments	-	-	301,567	2,276,440	-	2,578,007
Receivables:						
Customers	104,956	-	-	-	-	104,956
Unbilled Revenue	100,274	-	-	-	-	100,274
Inventory	-	168,283	-	-	-	168,283
Prepaid Expenses	-	802,631	-	-	-	802,631
Total Current Assets	<u>215,945</u>	<u>971,214</u>	<u>305,979</u>	<u>3,899,881</u>	<u>1,348,910</u>	<u>6,741,929</u>
Capital Assets:						
Land	-	132,071	-	-	-	132,071
Plant and Distribution System	-	12,907,815	-	-	-	12,907,815
Buildings and Improvements	-	325,302	-	-	-	325,302
Office and Other Equipment	-	1,004,182	-	-	-	1,004,182
Total	-	14,369,370	-	-	-	14,369,370
Less - Accumulated Depreciation	-	(9,184,747)	-	-	-	(9,184,747)
Net Capital Assets	-	<u>5,184,623</u>	-	-	-	<u>5,184,623</u>
Total Assets	<u>\$ 215,945</u>	<u>\$ 6,155,837</u>	<u>\$ 305,979</u>	<u>\$ 3,899,881</u>	<u>\$ 1,348,910</u>	<u>\$ 11,926,552</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	\$ -	\$ 113,157	\$ -	\$ -	\$ -	\$ 113,157
Unearned Revenue	<u>17,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,775</u>
Total Current Liabilities	<u>17,775</u>	<u>113,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,932</u>
Current Liabilities (Payable from Restricted Assets):						
Current Portion Loan	-	-	-	-	289,630	289,630
Total Current Liabilities (Payable from Restricted Assets)	-	-	-	-	<u>289,630</u>	<u>289,630</u>
Noncurrent Liabilities:						
Loan (Net of current)	-	-	-	-	987,657	987,657
Total Noncurrent Liabilities	-	-	-	-	<u>987,657</u>	<u>987,657</u>
Total Liabilities	<u>17,775</u>	<u>113,157</u>	<u>-</u>	<u>-</u>	<u>1,277,287</u>	<u>1,408,219</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	-	5,184,623	-	-	-	5,184,623
Restricted for Loan Agreement	-	-	-	-	71,623	71,623
Unrestricted	<u>198,170</u>	<u>858,057</u>	<u>305,979</u>	<u>3,899,881</u>	<u>-</u>	<u>5,262,087</u>
Total Net Position	<u>\$ 198,170</u>	<u>\$ 6,042,680</u>	<u>\$ 305,979</u>	<u>\$ 3,899,881</u>	<u>\$ 71,623</u>	<u>\$ 10,518,333</u>

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2022

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Alluvial Tap On	Total
Operating Revenues:						
Charges for Sales and Services	\$ 2,527,009	\$ -	\$ -	\$ -	\$ -	2,527,009
Operating Expenses:						
Personal Services:						
Salaries and Wages	-	528,958	-	-	-	528,958
Social Security	-	41,194	-	-	-	41,194
Health/Life Insurance	-	85,286	-	-	-	85,286
Unemployment	-	837	-	-	-	837
Pension	-	24,506	-	-	-	24,506
Total Personal Services	-	680,781	-	-	-	680,781
Contractual Services:						
Professional Fees	-	48,819	-	-	-	48,819
System Repairs	-	33,954	-	-	-	33,954
General Repairs and Maintenance	-	42,258	-	-	-	42,258
Insurance	-	50,210	-	-	-	50,210
Water Purchases	-	1,183,857	-	-	-	1,183,857
Training, Travel, Entertainment	-	2,985	-	-	-	2,985
Miscellaneous	2,544	1,417	-	-	-	3,961
Total Contractual Services	2,544	1,363,500	-	-	-	1,366,044
Supplies and Materials:						
Apparel and Clothing Allowance	-	7,632	-	-	-	7,632
Gasoline and Oil	-	17,730	-	-	-	17,730
Office Supplies and Postage	-	35,410	-	-	-	35,410
Chemicals	-	14,707	-	-	-	14,707
System Supplies	-	34,203	-	-	-	34,203
Small Tools	-	202	-	-	-	202
Total Supplies and Materials	-	109,884	-	-	-	109,884
Heat, Light and Power	-	71,190	-	-	-	71,190
Depreciation	-	489,233	-	-	-	489,233
Total Operating Expenses	2,544	2,714,588	-	-	-	2,717,132
Operating Income (Loss)	2,524,465	(2,714,588)	-	-	-	(190,123)
Nonoperating Revenues (Expenses):						
Interest Income	620	-	2,689	35,291	2,540	41,140
Interest Expense	-	-	-	-	(25,348)	(25,348)
Miscellaneous	6,166	-	-	-	-	6,166
Total Nonoperating Revenues (Expenses)	6,786	-	2,689	35,291	(22,808)	21,958
Income (Loss) before Operating Transfers	2,531,251	(2,714,588)	2,689	35,291	(22,808)	(168,165)
Operating Transfers In (Out)	(2,529,932)	2,947,760	(2,194)	(510,065)	94,431	-
Net Income (Loss)	1,319	233,172	495	(474,774)	71,623	(168,165)
Net Position, Beginning of Year	196,851	5,809,508	305,484	4,374,655	-	10,686,498
Net Position, End of Year	\$ 198,170	\$ 6,042,680	\$ 305,979	\$ 3,899,881	\$ 71,623	\$ 10,518,333