



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

FOSTERBURG WATER DISTRICT
FOSTERBURG, ILLINOIS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2024

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FOSTERBURG WATER DISTRICT

TABLE OF CONTENTS DECEMBER 31, 2024

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 7
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10 - 11
Notes to Financial Statements	12 - 17
Other Supplementary Information:	
Combining Statement of Net Position	18
Combining Statement of Revenues, Expenses and Changes in Net Position	19



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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2024, 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, 2024, 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. Schmitt & Company, L.L.C.

Certified Public Accountants

Alton, Illinois

April 14, 2025

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, 2024. 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>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 6,818,523	\$ 6,248,822	\$ 569,701	9.1%
Non-current assets	<u>4,394,195</u>	<u>4,767,958</u>	<u>(373,763)</u>	<u>-7.8%</u>
Total assets	<u>11,212,718</u>	<u>11,016,780</u>	<u>195,938</u>	<u>1.8%</u>
Current liabilities	492,871	479,187	13,684	2.9%
Non-current liabilities	<u>388,470</u>	<u>691,359</u>	<u>(302,889)</u>	<u>-43.8%</u>
Total liabilities	<u>881,341</u>	<u>1,170,546</u>	<u>(289,205)</u>	<u>-24.7%</u>
Net position:				
Net investment in capital assets	4,394,195	4,767,958	(373,763)	-7.8%
Unrestricted	<u>5,937,182</u>	<u>5,078,276</u>	<u>858,906</u>	<u>16.9%</u>
Total net position	<u>\$ 10,331,377</u>	<u>\$ 9,846,234</u>	<u>\$ 485,143</u>	<u>4.9%</u>

Total net position increased \$485,143 resulting in a balance of \$10.33 million as of December 31, 2024. Current assets – unrestricted cash and investments, accounts receivable and inventory - increased \$569,701 as a result of increased rates charges to customers. Non-current assets decreased due to current year depreciation of \$473,190 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>2024</u>	<u>Percent</u>	<u>2023</u>
Net Investment in Capital Assets	42.5%	\$ 4,394,195	48.4%	\$ 4,767,958
Restricted	0.0%	-	0.0%	-
Unrestricted	57.5%	5,937,182	51.6%	5,078,276
Total Net Position	100.0%	\$ 10,331,377	100.0%	\$ 9,846,234

Net position reported an increase in fiscal year 2024 related to the net income of \$485,143 in the current year. Net position balances increased in fiscal year 2024 to a total ending balance of \$10.3 million.

Revenue and Expense Summary

<u>Revenue by Type</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Water Billings - General	\$ 3,128,133	\$ 2,158,258	\$ 969,875
Water Billings - Bunker Hill	621,533	396,095	225,438
Other Charges	52,513	63,187	(10,674)
Miscellaneous	1,091	29,042	(27,951)
Interest Income	169,578	124,738	44,840
Total Revenue	\$ 3,972,848	\$ 2,771,320	\$ 1,201,528
<u>Expense by Category</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Personal Services	\$ 778,745	\$ 727,730	\$ 51,015
Contractual Services	1,978,452	1,973,153	5,299
Supplies and Materials	140,675	150,858	(10,183)
Heat, Light and Power	97,410	79,714	17,696
Interest Expense	19,233	25,673	(6,440)
Depreciation and Amortization	473,190	486,291	(13,101)
Total Expenses	\$ 3,487,705	\$ 3,443,419	\$ 44,286
Excess (Deficiency) of Revenues over Expenses	\$ 485,143	\$ (672,099)	\$ 1,157,242

Total revenues increased \$1,201,528 in the year ended December 31, 2024.

Revenues from general customer services increased overall related to the increase in rates charged to customers. Revenues related to other charges decreased slightly related to tap-on fees. Interest income 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. Personal services increased slightly in comparison to prior year. Total expenditures overall stayed consistent in the current year.

Capital Assets

Net capital assets decreased \$373,763 in the current year. This decrease is mainly due to current year additions of \$99,427 being offset by depreciation expense of \$473,190.

Capital asset additions for the District were comprised of meters, services connections, and a 2023 Ford F150.

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 prior year for \$1,490,000 to provide funding for the Alluvial project. The balance on the note at the end of the year was \$691,418.

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

Increase in Net Position

The District reported an increase in net position of \$485,143 for the year ended December 31, 2024. Total operating revenues were approximately \$3.8 million and are largely comprised of charges for water and from line connection related services. Non-operating revenues were approximately \$171,000 and were primarily comprised of interest income.

Total operating expenses were approximately \$3.47 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 13.99% of total operating expenses and approximately 12.76% of total operating revenues. The net increase of \$485,143 results in a final net position balance of \$10,331,377.

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, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,025,459	\$ 2,022,907
Investments	2,879,265	2,692,837
Receivables, net	367,562	245,181
Prepaid Expenses	1,373,870	1,130,756
Inventory (at Cost)	<u>172,367</u>	<u>157,141</u>
Total Current Assets	<u>6,818,523</u>	<u>6,248,822</u>
Noncurrent Assets:		
Capital Assets:		
Land	132,071	132,071
Plant and Distribution System	13,008,761	12,958,113
Buildings and Improvements	325,302	325,302
Office and Other Equipment	<u>1,072,289</u>	<u>1,023,510</u>
Total	<u>14,538,423</u>	<u>14,438,996</u>
Less - Accumulated Depreciation	<u>(10,144,228)</u>	<u>(9,671,038)</u>
Net Capital Assets	<u>4,394,195</u>	<u>4,767,958</u>
Total Noncurrent Assets	<u>4,394,195</u>	<u>4,767,958</u>
Total Assets	<u>11,212,718</u>	<u>11,016,780</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	172,148	165,198
Unearned Revenue	17,775	17,775
Current Portion Note Payable	<u>302,948</u>	<u>296,214</u>
Total Current Liabilities	<u>492,871</u>	<u>479,187</u>
Noncurrent Liabilities:		
Notes Payable Due After One Year	<u>388,470</u>	<u>691,359</u>
Total Noncurrent Liabilities	<u>388,470</u>	<u>691,359</u>
Total Liabilities	<u>881,341</u>	<u>1,170,546</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,394,195	4,767,958
Unrestricted	<u>5,937,182</u>	<u>5,078,276</u>
Total Net Position	<u>\$ 10,331,377</u>	<u>\$ 9,846,234</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Charges for Sales and Services	\$ 3,802,179	\$ 2,617,540
Operating Expenses		
Personal Services	783,606	727,730
Contractual Services	1,973,591	1,973,153
Supplies and Materials	140,675	150,858
Heat, Light and Power	97,410	79,714
Depreciation	473,190	486,291
Total Operating Expenses	<u>3,468,472</u>	<u>3,417,746</u>
Operating Income (Loss)	<u>333,707</u>	<u>(800,206)</u>
Nonoperating Revenues (Expenses)		
Interest Income	169,578	124,738
Interest Expense and Fiscal Fees	(19,233)	(25,673)
Miscellaneous	1,091	29,042
Total Nonoperating Revenues (Expenses)	<u>151,436</u>	<u>128,107</u>
Change in Net Position	485,143	(672,099)
Net Position, Beginning of Year	<u>9,846,234</u>	<u>10,518,333</u>
Net Position, End of Year	<u>\$ 10,331,377</u>	<u>\$ 9,846,234</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,679,798	\$ 2,577,589
Cash paid to suppliers	(2,647,468)	(2,631,423)
Cash paid to employees for services	(599,204)	(564,974)
Net cash provided (used) by operating activities	<u>433,126</u>	<u>(618,808)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(99,427)	(69,626)
Payment on loan principal	(296,155)	(289,714)
Interest paid on debt instruments	(19,233)	(25,673)
Miscellaneous receipts	<u>1,091</u>	<u>29,042</u>
Net cash provided (used) by capital related financing activities	<u>(413,724)</u>	<u>(355,971)</u>
Cash flows from investing activities:		
Net purchases and maturities of investments	(186,428)	(114,830)
Interest on investments	<u>169,578</u>	<u>124,738</u>
Net cash provided (used) by investing activities	<u>(16,850)</u>	<u>9,908</u>
 Net change in cash and cash equivalents	 2,552	 (964,871)
 Cash and cash equivalents, beginning of year	 <u>2,022,907</u>	 <u>2,987,778</u>
 Cash and cash equivalents, end of year	 <u>\$ 2,025,459</u>	 <u>\$ 2,022,907</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Operating Income (Loss)	\$ 333,707	\$ (800,206)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	473,190	486,291
(Increase) decrease in:		
Customers receivable	(67,680)	(39,886)
Unbilled revenue	(54,701)	(65)
Inventory	(15,226)	11,142
Prepaid expenses	(243,114)	(328,125)
Increase (decrease) in:		
Accounts payable	<u>6,950</u>	<u>52,041</u>
Net cash provided (used) by operating activities	<u>\$ 433,126</u>	<u>\$ (618,808)</u>

See notes to financial statements

FOSTERBURG WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024.

(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>
Buildings and Improvements	10 - 40
Plant and Distribution System	15 - 50
Office and Other 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 \$10,494 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, 2024, 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 \$4,898,796 and the bank balance is \$4,921,924. The District's deposits were not covered by depository insurance or collateralized with investments held by the financial institution in the District's name in the amount of \$262,719.

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 5,028
Petty Cash		900
Deposits as reported above		<u>4,898,796</u>
Total deposits and investments		<u>\$ 4,904,724</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,025,459
Investments		<u>2,879,265</u>
		<u>\$ 4,904,724</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, 2024, 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, 2024, 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, 2024, the District did not have a concentration of credit risk.

Foreign Currency Risk. As of December 31, 2024, 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 \$27,576 for the year ended December 31, 2024.

NOTE 4: RECEIVABLES

The District's receivables as of December 31, 2024, as reported in the statement of net position, are comprised as follows:

Customers	\$ 212,522
Unbilled Revenue	<u>155,040</u>
Total Receivables	<u>\$ 367,562</u>

An allowance for uncollectible amounts has been set at \$10,494 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 14, 2025 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, 2024, is as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 132,071	\$ -	\$ -	\$ 132,071
Capital assets, being depreciated:				
Plant and Distribution System	12,958,113	50,648	-	13,008,761
Buildings and Improvements	325,302	-	-	325,302
Office and Other Equipment	1,023,510	48,779	-	1,072,289
Total capital assets being depreciated	14,306,925	99,427	-	14,406,352
Less accumulated depreciation for:				
Plant and Distribution System	8,778,205	385,022	-	9,163,227
Buildings and Improvements	192,810	9,715	-	202,525
Office and Other Equipment	700,023	78,453	-	778,476
Total accumulated depreciation	9,671,038	473,190	-	10,144,228
Total capital assets, being depreciated, net	4,635,887	(373,763)	-	4,262,124
Total capital assets, net	\$ 4,767,958	\$ (373,763)	\$ -	\$ 4,394,195

Depreciation expense for the year ended December 31, 2024 is \$473,190.

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	\$ 987,573	\$ -	\$ 296,155	\$ 691,418	\$ 302,948

Future annual debt payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 302,948	\$ 12,440	\$ 315,388
2026	309,835	5,553	315,388
2027	78,635	294	78,929
Total	\$ 691,418	\$ 18,287	\$ 709,705

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF NET POSITION DECEMBER 31, 2024

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Alluvial Tap On	Total
<u>ASSETS</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 4,666	\$ 7,044	\$ 4,892	\$ 2,008,705	\$ 152	\$ 2,025,459
Investments	-	-	311,889	2,205,845	361,531	2,879,265
Receivables:						
Customers	212,522	-	-	-	-	212,522
Unbilled Revenue	155,040	-	-	-	-	155,040
Inventory	-	172,367	-	-	-	172,367
Prepaid Expenses	-	1,373,870	-	-	-	1,373,870
Total Current Assets	<u>372,228</u>	<u>1,553,281</u>	<u>316,781</u>	<u>4,214,550</u>	<u>361,683</u>	<u>6,818,523</u>
Capital Assets:						
Land	-	132,071	-	-	-	132,071
Plant and Distribution System	-	13,008,761	-	-	-	13,008,761
Buildings and Improvements	-	325,302	-	-	-	325,302
Office and Other Equipment	-	1,072,289	-	-	-	1,072,289
Total	-	14,538,423	-	-	-	14,538,423
Less - Accumulated Depreciation	-	(10,144,228)	-	-	-	(10,144,228)
Net Capital Assets	-	<u>4,394,195</u>	-	-	-	<u>4,394,195</u>
Total Assets	<u>\$ 372,228</u>	<u>\$ 5,947,476</u>	<u>\$ 316,781</u>	<u>\$ 4,214,550</u>	<u>\$ 361,683</u>	<u>\$ 11,212,718</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	\$ -	\$ 172,148	\$ -	\$ -	\$ -	\$ 172,148
Unearned Revenue	17,775	-	-	-	-	17,775
Current Portion Loan	-	-	-	-	302,948	302,948
Total Current Liabilities	<u>17,775</u>	<u>172,148</u>	<u>-</u>	<u>-</u>	<u>302,948</u>	<u>492,871</u>
Noncurrent Liabilities:						
Loan (Net of current)	-	-	-	-	388,470	388,470
Total Noncurrent Liabilities	-	-	-	-	<u>388,470</u>	<u>388,470</u>
Total Liabilities	<u>17,775</u>	<u>172,148</u>	<u>-</u>	<u>-</u>	<u>691,418</u>	<u>881,341</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	-	4,394,195	-	-	-	4,394,195
Unrestricted	<u>354,453</u>	<u>1,381,133</u>	<u>316,781</u>	<u>4,214,550</u>	<u>(329,735)</u>	<u>5,937,182</u>
Total Net Position	<u>\$ 354,453</u>	<u>\$ 5,775,328</u>	<u>\$ 316,781</u>	<u>\$ 4,214,550</u>	<u>\$ (329,735)</u>	<u>\$ 10,331,377</u>

FOSTERBURG WATER DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

	Fund Account	Operations and Maintenance	System Construction	Water Surplus	Alluvial Tap On	Total
Operating Revenues:						
Charges for Sales and Services	\$ 3,802,179	\$ -	\$ -	\$ -	\$ -	3,802,179
Operating Expenses:						
Personal Services:						
Salaries and Wages	-	599,204	-	-	-	599,204
Social Security	-	45,886	-	-	-	45,886
Health/Life Insurance	-	106,754	-	-	-	106,754
Unemployment	-	4,186	-	-	-	4,186
Pension	-	27,576	-	-	-	27,576
Total Personal Services	-	783,606	-	-	-	783,606
Contractual Services:						
Professional Fees	-	95,786	-	-	-	95,786
System Repairs	-	35,534	-	-	-	35,534
General Repairs and Maintenance	-	54,284	-	-	-	54,284
Insurance	-	49,965	-	-	-	49,965
Water Purchases	-	1,731,036	-	-	-	1,731,036
Training, Travel, Entertainment	-	2,909	-	-	-	2,909
Miscellaneous	2,694	1,383	-	-	-	4,077
Total Contractual Services	2,694	1,970,897	-	-	-	1,973,591
Supplies and Materials:						
Apparel and Clothing Allowance	-	10,039	-	-	-	10,039
Gasoline and Oil	-	16,216	-	-	-	16,216
Office Supplies and Postage	-	78,127	-	-	-	78,127
Chemicals	-	21,745	-	-	-	21,745
System Supplies	-	13,904	-	-	-	13,904
Small Tools	-	644	-	-	-	644
Total Supplies and Materials	-	140,675	-	-	-	140,675
Heat, Light and Power	-	97,410	-	-	-	97,410
Depreciation	-	473,190	-	-	-	473,190
Total Operating Expenses	2,694	3,465,778	-	-	-	3,468,472
Operating Income (Loss)	3,799,485	(3,465,778)	-	-	-	333,707
Nonoperating Revenues (Expenses):						
Interest Income	22,010	-	6,589	123,701	17,278	169,578
Interest Expense	-	-	-	-	(19,233)	(19,233)
Miscellaneous	1,091	-	-	-	-	1,091
Total Nonoperating Revenues (Expenses)	23,101	-	6,589	123,701	(1,955)	151,436
Income (Loss) before Operating Transfers	3,822,586	(3,465,778)	6,589	123,701	(1,955)	485,143
Operating Transfers In (Out)	(3,699,111)	3,342,070	-	345,221	11,820	-
Net Income (Loss)	123,475	(123,708)	6,589	468,922	9,865	485,143
Net Position, Beginning of Year	230,978	5,899,036	310,192	3,745,628	(339,600)	9,846,234
Net Position, End of Year	\$ 354,453	\$ 5,775,328	\$ 316,781	\$ 4,214,550	\$ (329,735)	\$ 10,331,377