

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Caterpillar Trail Public Water District
East Peoria, Illinois

We have audited the accompanying financial statements of **Caterpillar Trail Public Water District** (the District), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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's Responsibility

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

An audit involves performing procedures to obtain audit 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 District'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 opinion.

Basis for Qualified Opinion

As described in Note 1 to the financial statements, the District does not record the cost or estimated fair value of water mains donated to the District by real estate developers and the resultant contributed capital revenue. Accounting principles generally accepted in the United States of America require that such assets be recorded at their estimated fair values as of the date they are received by the District. The amount by which this departure would affect the assets, net position, and changes in net position of the District has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of Caterpillar Trail Public Water District as of June 30, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

(Signed) Benward, Ltd.

September 22, 2017

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 544,956	\$ 470,767
Restricted cash	53,466	94,829
Receivables	133,736	161,711
Prepaid expenses	14,641	10,394
	<hr/>	<hr/>
Total current assets	746,799	737,701
NONCURRENT ASSETS		
Capital assets not being depreciated	221,415	221,415
Capital assets, net of accumulated depreciation	8,438,766	8,733,292
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Total noncurrent assets	8,660,181	8,954,707
	<hr/>	<hr/>
	\$ 9,406,980	\$ 9,692,408
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LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 15,034	\$ 10,173
Accrued liabilities	14,119	16,716
Current maturities of long-term debt	498,355	501,302
	<hr/>	<hr/>
Total current liabilities	527,508	528,191
NONCURRENT LIABILITIES		
Long-term debt, net of current maturities	5,470,227	5,968,581
	<hr/>	<hr/>
Total liabilities	5,997,735	6,496,772
NET POSITION		
Net investment in capital assets	2,691,599	2,484,824
Restricted for:		
Debt service	53,466	54,829
Capital projects	-	40,000
Unrestricted	664,180	615,983
	<hr/>	<hr/>
Total net position	3,409,245	3,195,636
	<hr/>	<hr/>
	\$ 9,406,980	\$ 9,692,408
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See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Operating revenues		
Sale of water	\$ 1,248,075	\$ 1,252,967
Charges for services	5,784	10,000
Late payment and administrative fees	18,752	15,538
Meter and part sales	3,180	3,576
	1,275,791	1,282,081
Operating expenses		
Production and distribution		
Salaries	144,737	143,439
Automobile	3,255	3,857
Payroll taxes	11,146	11,297
Insurance	72,936	67,284
401(k)	15,618	15,657
Utilities	50,767	49,980
Operating supplies	70,725	71,427
Engineering fees	7,414	6,588
System maintenance and equipment	53,244	53,961
Depreciation	355,218	375,320
	785,060	798,810
Administrative		
Salaries	63,956	62,106
Payroll taxes	5,086	4,941
Insurance	1,098	1,012
401(k)	6,116	5,918
Telephone	7,095	6,933
Legal and accounting	18,974	25,837
Office supplies	9,331	7,382
Postage and delivery	9,679	8,790
Miscellaneous	2,150	1,657
	123,485	124,576
Total operating expenses	908,545	923,386
Operating income	367,246	358,695

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Non-operating (revenues) expenses		
Interest income	\$ (1,731)	\$ (1,164)
Interest expense	155,368	167,054
Gain on disposal of capital assets	-	(5,900)
	153,637	159,990
Total non-operating expenses		
Change in net position	213,609	198,705
Total net position, beginning of year	3,195,636	2,996,931
Total net position, end of year	\$ 3,409,245	\$ 3,195,636

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,303,766	\$ 1,233,363
Payments to suppliers	(344,291)	(329,063)
Payments to employees	(210,990)	(209,482)
	748,485	694,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,731	1,164
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds	(15,000)	(15,000)
Principal payments on debt	(486,301)	(474,545)
Interest paid on revenue bonds and debt	(155,397)	(168,471)
Acquisition of capital assets	(60,692)	(31,014)
	(717,390)	(689,030)
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,826	6,952
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	565,596	558,644
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 598,422	\$ 565,596
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 367,246	\$ 358,695
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	355,218	375,320
Effects of changes in operating assets and liabilities		
(Increase) decrease in receivables	27,975	(48,718)
(Increase) decrease in prepaid expenses	(4,247)	6,749
Increase in accounts payable	4,861	6,438
Decrease in accrued liabilities	(2,568)	(3,666)
	\$ 748,485	\$ 694,818
Net cash provided by operating activities	\$ 748,485	\$ 694,818

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Caterpillar Trail Public Water District (the District) is a primary government. The District is governed by a Board of Trustees appointed by the Woodford County Board. However, without the approval of another government, the District has the authority to issue general obligation bonds and to levy property taxes. The District has the right to sue and to be sued and has the right to buy, sell, lease, or mortgage property in its own name.

Except for the effects of not recording water mains donated to the District as further described in Paragraph G, the District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant policies. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

Generally accepted accounting principles require the financial reporting entity to include the primary government and other organizations for which the primary government is financially accountable (component units). Financial accountability includes the primary government's ability to appoint a voting majority of the organization's governing body and the ability to impose will on an organization if an organization is fiscally dependent on the primary government. Based on this guidance, management has determined there are no component units required to be included in the District's basic financial statements.

B. Basis of Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (waterworks operation). Revenue is provided through user charges, which are designed to pay operating expenses (including depreciation of the District's capital assets) and provide for a net income to finance the continued operations of the system. The District recognizes water services provided, service call and hook-up fees, and capital improvement fees as operating revenues. Operating expenses include the costs of services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *how* transactions are recorded within the financial statements. Basis of accounting refers to *when* transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

The District's financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows.

Basis of Accounting

Except for the effects of not recording water mains donated to the District as further described in Paragraph G, the District's financial statements are presented using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when an obligation is incurred, regardless of the timing of related cash flows.

D. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

E. Compensated Absences

The District's policy for compensated absences permits employees to accumulate and carry over up to five days of unused vacation on a calendar-year basis. Upon separation, employees are paid for earned, unused vacation time. Employees can also accumulate and carry over up to 30 days of unused sick days on a calendar-year basis; however, no sick days accrued or currently earned will be paid upon separation of the employee. The policy does not allow employees to accumulate any personal days if not used. The amount of accrued compensated absences at June 30, 2017 and 2016, was \$13,558 and \$16,167, respectively.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

G. Capital Assets

Capital assets are defined by the District as assets with an initial useful life of one year or greater. The costs of maintenance and repairs that do not add to the value or materially extend asset lives are not capitalized. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, except for water mains donated by developers. The District does not record the cost or estimated fair value of water mains donated to the District by real estate developers, and records are not available to determine the effects of the omission of the donated assets and the related understatement of net position. Generally accepted accounting principles require that contributed assets be recorded at their estimated fair value as of the date they are received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized and included in the value of the asset constructed or improved. There was no interest expense capitalized by the District during the current fiscal year.

Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Building improvements	5 - 20 years
Machinery and equipment	3 - 10 years
Waterworks system	7 - 40 years

H. Equity Classification

Equity is classified as net position and displayed in three components:

- (1) Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted net position - Restricted resources with constraints placed on their use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Unrestricted net position - All other resources that do not meet the definition of restricted or net investment in capital assets.

It is the District's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

I. Receivables

Receivables at June 30, 2017 and 2016, include \$16,072 and \$8,618, respectively, from customers for unbilled water usage. Unbilled water usage represents the water services that have been provided but not yet billed.

NOTE 2. CASH AND CASH EQUIVALENTS

The State authorizes the District to make deposits in interest-bearing depository accounts in federally insured and/or state-chartered banks and savings and loan associations, or other financial institutions, as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of government securities, Illinois Funds Money Market Fund, and annuities.

The District's cash at June 30, 2017, consisted of deposits with financial institutions. Deposits with financial institutions are covered by FDIC or NCUA insurance. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2017, the bank balances exceed insured limits by approximately \$115,000. The District does not have a deposit policy for deposits in excess of FDIC limits. At June 30, 2016, the District's cash also consisted of deposits with the Illinois Funds Money Market Fund. The Illinois Funds have a Standard and Poor's credit rating of AAAM, indicating an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks. The Illinois Funds Money Market Fund had weighted average days to maturity of 40 days as of June 30, 2016. The District had no investments in this fund as of June 30, 2017. As of June 30, 2016, the amount invested in this fund was \$11,739.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 221,415	\$ -	\$ -	\$ 221,415
Other capital assets:				
Building improvements	35,365	20,730	-	56,095
Machinery and equipment	102,418	2,675	-	105,093
Office equipment	22,441	-	-	22,441
Waterworks system	12,732,359	37,287	-	12,769,646
Total other capital assets	<u>12,892,583</u>	<u>60,692</u>	<u>-</u>	<u>12,953,275</u>
Less accumulated depreciation for:				
Building improvements	9,992	2,516	-	12,508
Machinery and equipment	43,736	10,944	-	54,680
Office equipment	16,576	2,393	-	18,969
Waterworks system	4,088,987	339,365	-	4,428,352
Total accumulated depreciation	<u>4,159,291</u>	<u>355,218</u>	<u>-</u>	<u>4,514,509</u>
Other capital assets, net	<u>8,733,292</u>	<u>(294,526)</u>	<u>-</u>	<u>8,438,766</u>
Total capital assets, net	<u>\$ 8,954,707</u>	<u>\$ (294,526)</u>	<u>\$ -</u>	<u>\$ 8,660,181</u>

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 221,415	\$ -	\$ -	\$ 221,415
Other capital assets:				
Building improvements	35,365	-	-	35,365
Machinery and equipment	94,646	30,611	22,839	102,418
Office equipment	22,441	-	-	22,441
Waterworks system	12,726,056	6,303	-	12,732,359
Total other capital assets	12,878,508	36,914	22,839	12,892,583
Less accumulated depreciation for:				
Building improvements	8,150	1,842	-	9,992
Machinery and equipment	55,956	10,619	22,839	43,736
Office equipment	12,434	4,142	-	16,576
Waterworks system	3,730,270	358,717	-	4,088,987
Total accumulated depreciation	3,806,810	375,320	22,839	4,159,291
Other capital assets, net	9,071,698	(338,406)	-	8,733,292
Total capital assets, net	\$ 9,293,113	\$ (338,406)	\$ -	\$ 8,954,707

NOTE 4. LONG-TERM DEBT

The changes in the District's long-term debt for the year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due Within One Year
Long-term debt:					
Bonds payable	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -
IEPA loans payable	6,454,883	-	486,301	5,968,582	498,355
Total long-term debt	\$ 6,469,883	\$ -	\$ 501,301	\$ 5,968,582	\$ 498,355

The changes in the District's long-term debt for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due Within One Year
Long-term debt:					
Bonds payable	\$ 30,000	\$ -	\$ 15,000	\$ 15,000	\$ 15,000
IEPA loans payable	6,929,428	-	474,545	6,454,883	486,302
Total long-term debt	<u>\$ 6,959,428</u>	<u>\$ -</u>	<u>\$ 489,545</u>	<u>\$ 6,469,883</u>	<u>\$ 501,302</u>

Bonds Payable

On October 1, 1997, the District issued revenue bonds in the original amount of \$300,000. These bonds mature in annual amounts of \$15,000 payable on June 1 of each year through June 1, 2017, plus interest payable on June 1 and December 1 of each year. The interest rate was adjusted on December 1, 2012, to a rate equal to the lesser of 9 percent or the bank's adjusted treasury rate. The final bond payment was made May 5, 2017. The interest rate as of the final payment date and as of June 30, 2016, was 1.43 percent.

The costs associated with originally issuing the 1997 bonds amounted to \$9,500. These costs were being amortized using the straight-line method over the remaining life of the bonds. During 2014, the District adopted GASB Statement 65, which requires debt issuance costs to be recognized as an expense in the period incurred. As a result, the District wrote off the remaining unamortized bond issue costs in 2014.

The revenue bond ordinances require the District to segregate and restrict certain monies in separate accounts as follows:

Account	Amount	Nature of Authorized Expenditures
Bond and interest	Fractional principal and interest payment portions bear interest at the rate in effect at current time until there is accumulated and held sufficient funds on or before the last day of the month preceding such payment date for both interest and principal.	Paying principal and interest on bonds.
Depreciation	\$300 each month until the account aggregates \$40,000.	Renewal, replacement, and depreciation reserves for the waterworks system.

Due to the final bond payment being made during the year, as of June 30, 2017, the District no longer has a requirement to segregate and restrict monies as noted above; previously restricted monies

have been released. As of June 30, 2016, the District had cash of \$41,363 restricted to these accounts, reported as restricted net position on the Statements of Net Position.

IEPA Loans Payable

On June 27, 2006, the District obtained a loan from the Illinois Environmental Protection Agency (IEPA) for a drinking water project. The loan bears interest at a fixed interest rate of 2.5 percent. The loan requires semi-annual payments with the final payment due on December 24, 2027.

On August 12, 2011, the District obtained a \$305,394 loan from the Illinois Environmental Protection Agency (IEPA) for the purpose of installing a water main along with the rehabilitation of the water storage tank. The loan has a fixed interest rate of 1.25 percent and 20-year repayment term, maturing May 19, 2032.

The schedule of principal and interest requirements of the IEPA loans is as follows:

Fiscal Year	Interest	Principal	Total
2018	\$ 143,237	\$ 498,355	\$ 641,592
2019	130,884	510,708	641,592
2020	118,223	523,369	641,592
2021	105,245	536,347	641,592
2022	91,944	549,648	641,592
2023 - 2027	248,273	2,959,689	3,207,962
2028 - 2032	6,789	390,466	397,255
	<u>\$ 844,595</u>	<u>\$ 5,968,582</u>	<u>\$ 6,813,177</u>

The IEPA loan ordinances require the District to segregate and restrict certain monies in a separate account as follows:

Account	Amount	Nature of Authorized Expenditures
Loans and interest	A repayment fund must be established and maintained for the payment of principal and interest, with a reasonable carryover balance (from year to year) not to exceed the greater of (a) earnings on money in the fund for the preceding bond year or (b) 1/12 of the principal and interest payments on the loan(s) for the preceding bond year.	Paying principal and interest on IEPA loans.

As of June 30, 2017 and 2016, the District had cash of \$53,466 restricted to this account, reported as restricted net position on the Statements of Net Position.

NOTE 5. EMPLOYEE BENEFIT PLAN

The District has a 401(k) defined contribution employee benefit plan. The Plan is available to all employees who meet certain eligibility requirements. For eligible employees, the District contributes the lesser of 5 percent of their eligible salary or the highest percentage allocated, matching up to 6 percent of employee contributions. For the years ended June 30, 2017 and 2016, contributions to the Plan amounted to \$40,802 and \$40,240, respectively, and consisted of \$19,068 and \$18,665, respectively, of employee withholdings and \$21,734 and \$21,575, respectively, of employer contributions.

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; workers' compensation; and natural disasters. The District carries commercial insurance coverage for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

OTHER INFORMATION

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
INFORMATION REQUIRED BY WATER REVENUE BOND ORDINANCE
(UNAUDITED)
JUNE 30, 2017

The following information is required to be included in the report by Section 13 of Water Revenue Bond Ordinances 96 and 100.

1. Statement in detail of the income and expenditures of the system for the fiscal year. (See the Statements of Revenues, Expenses, and Changes in Net Position.)
2. A balance sheet as of the end of the fiscal year, including a statement of the amount held in each of the accounts of the water fund. (See the Statements of Net Position and Note 4 to the financial statements.)
3. A list of all insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy. (See the Schedule of Insurance Policies in Force.)
4. The number of metered water customers and the number of unmetered water customers at the end of the fiscal year, as well as the quantity of water pumped and the quantity of water billed.

All customers are metered. There were 1,997 customers at the end of the fiscal year. There were 137,005,000 gallons pumped and 116,053,905 gallons billed during the fiscal year. The difference in gallons is primarily attributable to flushing hydrants (not billed) and timing of billings in relation to customer water usage.

5. A summary of rates in effect at the end of the fiscal year for services of the system and any changes in the rates effective during the fiscal year.

Residential - \$24.00 minimum charge for first 2,000 gallons per month, \$7.00 per 1,000 gallons over 2,000 gallons up to 10,000 gallons per month, and \$10.00 per 1,000 gallons over 10,000 gallons per month.

Commercial (Low Usage) - \$24.00 minimum charge for first 2,000 gallons per month, \$7.00 per 1,000 gallons over 2,000 gallons up to 10,000 gallons per month, and \$10.00 per 1,000 gallons over 10,000 gallons per month.

Commercial (Regular) - \$145.00 minimum charge for first 15,000 gallons per month, \$7.00 per 1,000 gallons over 15,000 gallons up to 40,000 gallons per month, and \$10.00 per 1,000 gallons over 40,000 gallons per month.

All customers are charged a flat \$5 monthly loan service fee.

The rates disclosed above became effective February 25, 2016. There have been no changes to these rates since this date.

6. The amounts and details of all outstanding bonds. (See Note 4 to the financial statements. There were no outstanding bonds as of June 30, 2017.)

7. Independent auditors' comments regarding the manner in which the District has carried out the accounting requirements of the ordinance and recommendations for any changes or improvements in the operation of the system.

Ordinances require the establishment of the following accounts:

- Bond and interest account
- Depreciation account

There are no restricted asset accounts required as of June 30, 2017, due to making the final bond payment during the year.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
SCHEDULE OF INSURANCE POLICIES IN FORCE
(UNAUDITED)
JUNE 30, 2017

The District is insured through Assurance Agency, Ltd. Policy coverage, effective through May 31, 2018, is as follows:

Aggregate Limits of Liability	\$ 3,000,000
Bodily Injury and Property Damage Liability	\$ 3,000,000
Damage to Premises Rented	\$ 1,000,000
Personal and Advertising Injury Liability	\$ 1,000,000
Medical Payments	\$ 10,000
Errors and Omissions Coverage Each Claim/Aggregate	\$ 5,000,000
Public Official Liability	\$ 5,000,000
Automobiles Liability	\$ 1,000,000
Auto Medical Payments	\$ 5,000
Uninsured Motorist	\$ 1,000,000
Underinsured Motorist	\$ 1,000,000
Umbrella Liability General Aggregate	\$ 2,000,000
Products - Completed Operations Aggregate	\$ 2,000,000
Personal and Advertising Injury	\$ 2,000,000
Each Occurrence	\$ 2,000,000
Commercial Auto or Truckers Liability, Combined Single Limits	\$ 1,000,000
Employers Liability	
Bodily Injury by Accident, Each Accident	\$ 500,000
Bodily Injury by Disease, Each Employee	\$ 500,000
Bodily Injury by Disease, Policy Limit	\$ 500,000