

CATERPILLAR TRAIL PUBLIC WATER DISTRICT

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	3
Statements of Revenues, Expenses, and Changes in Net Position	4
Statements of Cash Flows	6
Notes to the Basic Financial Statements	7
OTHER INFORMATION	
Information Required by Water Revenue Bond Ordinance (Unaudited)	15
Schedule of Insurance Policies in Force (Unaudited)	17



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, 2016 and 2015, 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, 2016 and 2015, 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.

Henrod Banwart, CPA

September 29, 2016

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 470,767	\$ 463,703
Restricted cash	94,829	94,941
Receivables	161,711	112,993
Prepaid expenses	10,394	17,143
	737,701	688,780
NONCURRENT ASSETS		
Capital assets not being depreciated	221,415	221,415
Capital assets, net of accumulated depreciation	8,733,292	9,071,698
	8,954,707	9,293,113
	\$ 9,692,408	\$ 9,981,893
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 10,173	\$ 3,735
Accrued liabilities	16,716	21,799
Current maturities of long-term debt	501,302	489,546
	528,191	515,080
NONCURRENT LIABILITIES		
Long-term debt, net of current maturities	5,968,581	6,469,882
	6,496,772	6,984,962
NET POSITION		
Net investment in capital assets	2,484,824	2,333,685
Restricted for:		
Debt service	54,829	54,941
Capital projects	40,000	40,000
Unrestricted	615,983	568,305
	3,195,636	2,996,931
	\$ 9,692,408	\$ 9,981,893

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating revenues		
Sale of water	\$ 1,252,967	\$ 1,174,928
Charges for services	10,000	12,070
Late payment and administrative fees	15,538	17,161
Meter and part sales	3,576	3,845
	1,282,081	1,208,004
Operating expenses		
Production and distribution:		
Salaries	143,439	139,672
Automobile	3,857	4,314
Payroll taxes	11,297	10,553
Insurance	67,284	62,804
401(k)	15,657	13,944
Utilities	49,980	40,126
Operating supplies	71,427	54,949
Engineering fees	6,588	-
System maintenance and equipment	53,961	50,681
Depreciation	375,320	374,194
	798,810	751,237
Administrative:		
Salaries	62,106	58,951
Payroll taxes	4,941	5,119
Insurance	1,012	333
401(k)	5,918	4,903
Telephone	6,933	6,728
Legal and accounting	25,837	21,351
Office supplies	7,382	5,699
Postage and delivery	8,790	7,921
Miscellaneous	1,657	3,560
	124,576	114,565
Total operating expenses	923,386	865,802
Operating income	358,695	342,202

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Non-operating (revenues) expenses		
Interest income	\$ (1,164)	\$ (1,225)
Interest expense	167,054	180,773
Gain on disposal of capital assets	(5,900)	-
Total non-operating expenses	159,990	179,548
Change in net position	198,705	162,654
Total net position, beginning of year	2,996,931	2,834,277
Total net position, end of year	\$ 3,195,636	\$ 2,996,931

See accompanying notes.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,233,363	\$ 1,218,197
Payments to suppliers	(329,063)	(309,289)
Payments to employees	(209,482)	(194,409)
	694,818	714,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,164	1,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds	(15,000)	(33,750)
Principal payments on debt	(474,545)	(463,072)
Interest paid on revenue bonds and debt	(168,471)	(179,451)
Acquisition of capital assets	(31,014)	(38,507)
	(689,030)	(714,780)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,952	944
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	558,644	557,700
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 565,596	\$ 558,644
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 358,695	\$ 342,202
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	375,320	374,194
Effects of changes in operating assets and liabilities		
(Increase) decrease in receivables	(48,718)	10,193
(Increase) decrease in prepaid expenses	6,749	(9,430)
Increase (decrease) in accounts payable	6,438	(6,874)
Increase (decrease) in accrued liabilities	(3,666)	4,214
	\$ 694,818	\$ 714,499

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. Effective June 2015, employees can 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, 2016 and 2015, was \$16,167 and \$13,650, 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	10 - 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, 2016 and 2015, include \$8,618 and \$16,904, 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, 2016, consisted of deposits with financial institutions and the Illinois Funds Money Market Fund. 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, 2016, the bank balances exceed insured limits by approximately \$18,000. The District does not have a deposit policy for deposits in excess of FDIC limits. 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 has weighted average days to maturity of 40 days as of June 30, 2016 and 2015. The amount invested in this fund was \$11,739 and \$4,241 as of June 30, 2016 and 2015, respectively.

NOTE 3. CAPITAL ASSETS

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

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 221,415	\$ -	\$ -	\$ 221,415
Other capital assets:				
Building improvements	35,365	-	-	35,365
Machinery and equipment	74,957	19,689	-	94,646
Office equipment	16,441	6,000	-	22,441
Waterworks system	12,713,238	12,818	-	12,726,056
Total other capital assets	12,840,001	38,507	-	12,878,508
Less accumulated depreciation for:				
Building improvements	6,309	1,841	-	8,150
Machinery and equipment	47,342	8,614	-	55,956
Office equipment	9,204	3,230	-	12,434
Waterworks system	3,369,761	360,509	-	3,730,270
Total accumulated depreciation	3,432,616	374,194	-	3,806,810
Other capital assets, net	9,407,385	(335,687)	-	9,071,698
Total capital assets, net	\$ 9,628,800	\$ (335,687)	\$ -	\$ 9,293,113

NOTE 4. LONG-TERM DEBT

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	\$ 6,959,428	\$ -	\$ 489,545	\$ 6,469,883	\$ 501,302

The changes in the District's long-term debt for the year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year
Long-term debt:					
Bonds payable	\$ 63,750	\$ -	\$ 33,750	\$ 30,000	\$ 15,000
IEPA loans payable	7,392,500	-	463,072	6,929,428	474,546
Total long-term debt	<u>\$ 7,456,250</u>	<u>\$ -</u>	<u>\$ 496,822</u>	<u>\$ 6,959,428</u>	<u>\$ 489,546</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 interest rate as of June 30, 2016 and 2015, was 1.43 percent.

The schedule of principal and interest requirements of the revenue bonds is as follows:

Fiscal Year	Interest	Principal	Total
2017	\$ 215	\$ 15,000	\$ 15,215

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.

As of June 30, 2016 and 2015, the District had cash of \$41,363 and \$41,475, respectively, 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
2017	\$ 155,290	\$ 486,302	\$ 641,592
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 - 2026	319,935	2,888,027	3,207,962
2027 - 2031	26,908	996,760	1,023,668
2032	164	15,015	15,179
	<u>\$ 999,886</u>	<u>\$ 6,454,883</u>	<u>\$ 7,454,769</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, 2016 and 2015, the District had cash of \$53,466 restricted to this account and 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 3 percent of their eligible salary or the highest percentage allocated, matching up to 6 percent of employee contributions. Effective January 1, 2015, the District changed its policy to contribute the lesser of 5 percent or the highest percentage allocated for eligible employees, matching up to 6 percent of employee contributions. For the years ended June 30, 2016 and 2015, contributions to the Plan amounted to \$40,240 and \$38,123, respectively, and consisted of \$18,665 and \$19,276, respectively, of employee withholdings and \$21,575 and \$18,847, respectively, of employer contributions.

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and 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, 2016

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 1,992 customers at the end of the fiscal year. There were 145,737,000 gallons pumped and 123,283,197 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 - \$22.79 minimum charge for first 2,000 gallons per month, \$6.62 per 1,000 gallons over 2,000 gallons up to 10,000 gallons per month, and \$9.54 per 1,000 gallons over 10,000 gallons per month. Effective February 2016, rates increased to \$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) - \$22.79 minimum charge for first 2,000 gallons per month, \$6.62 per 1,000 gallons over 2,000 gallons up to 10,000 gallons per month, and \$9.54 per 1,000 gallons over 10,000 gallons per month. Effective February 2016, rates increased to \$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) - \$140.67 minimum charge for first 17,500 gallons per month, \$6.62 per 1,000 gallons over 17,500 gallons up to 50,000 gallons per month, and \$10.16 per 1,000 gallons over 50,000 gallons per month. Effective February 2016, rates increased to \$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.

As noted on the previous page, rates were increased on February 25, 2016. The rates prior to that date went into effect June 26, 2013.

6. The amounts and details of all outstanding bonds. (See Note 4 to the financial statements.)
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

Restricted asset accounts have been established and transfers have been made to these accounts during the current year as required. Reserves have been created out of net position for all of the restricted asset accounts.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
SCHEDULE OF INSURANCE POLICIES IN FORCE
(UNAUDITED)
JUNE 30, 2016

The District is insured through Assurance Agency, Ltd. Policy coverage, effective through May 31, 2017, is as follows:

	Per Occurrence
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