SIKICH

CATERPILLAR TRAIL
PUBLIC WATER DISTRICT
EAST PEORIA, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

CATERPILLAR TRAIL PUBLIC WATER DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of Caterpillar Trail Public Water District (the District), as of and for the years ended June 30, 2025 and 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 financial statements referred to above present fairly, in all material respects, the financial position of Caterpillar Trail Water District, as of June 30, 2025 and 2024, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 7 to the financial statements, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. The implementation of this guidance resulted in changes to the accrual of compensated absence balances and a restatement of beginning net position. Our opinion was not modified with respect to this matter.

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 12 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.

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 Government 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.

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 supplementary information is presented for purposes of additional analysis and is 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, based on our audit, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich CPA LLC

Naperville, Illinois
December 2, 2025

BASIC FINANCIAL STATEMENTS

CATERPILLAR TRAIL PUBLIC WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 499,655	$ 431,678
Investments	111,233	106,335
Receivables	181,484	216,300
Other current assets	30,382	24,452
Total current assets	822,754	778,765
NONCURRENT ASSETS		
Capital assets not being depreciated	221,415	235,531
Capital assets, net of accumulated depreciation	6,556,883	6,863,451
Total noncurrent assets	6,778,298	7,098,982
Total assets	7,601,052	7,877,747
DEFERRED OUTFLOW OF RESOURCES		
Asset retirement obligation	47,250	49,800
Total assets and deferred outflows	7,648,302	7,927,547
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	30,252	60,164
Accrued liabilities	12,203	9,132
Current maturities of long-term debt	612,716	597,506
Total current liabilities	655,171	666,802
NONCURRENT LIABILITIES		
Long-term debt, net of current maturities	1,097,595	1,701,741
Total liabilities	1,752,766	2,368,543
NET POSITION		
Net investment in capital assets	5,127,987	4,859,735
Unrestricted	767,549	699,269
TOTAL NET POSITION	$ 5,895,536	$ 5,559,004

See accompanying notes to the basic financial statements.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Sale of water	$ 1,730,960	$ 1,631,709
Charges for services	3,500	-
Late payment and administrative fees	24,697	29,124
Meter and part sales	2,091	8,439
Total operating revenue	1,761,248	1,669,272
OPERATING EXPENSES		
Production and distribution	1,210,884	1,160,544
Administrative	235,555	201,225
Total operating expenses	1,446,439	1,361,769
OPERATING INCOME	314,809	307,503
NON-OPERATING REVENUES (EXPENSES)		
Interest income	13,749	10,011
Interest expense	(49,996)	(64,319)
Insurance proceeds	62,447	52,576
Non-operating insurance claim expenses	(4,477)	(64,383)
Total non-operating revenues (expenses)	21,723	(66,115)
CHANGE IN NET POSITION	336,532	241,388
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,559,004	5,319,961
Change in accounting principle	-	(2,345)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	5,559,004	5,317,616
NET POSITION, END OF YEAR	$ 5,895,536	$ 5,559,004

See accompanying notes to the basic financial statements.

CATERPILLAR TRAIL PUBLIC WATER DISTRICT

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,796,064	$ 1,696,864
Payments to suppliers	(732,626)	(611,991)
Payments to employees	(368,172)	(349,112)
Net cash from operating activities	695,266	735,761
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Non-operating insurance claim expenses	(4,477)	(64,383)
Insurance proceeds	62,447	52,576
Net cash from noncapital financing activities	57,970	(11,807)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	13,749	10,011
Acquisition of investments	(182,561)	(108,010)
Proceeds from sale of investments	177,660	102,000
Net cash from investing activities	8,848	4,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on debt	(591,580)	(577,257)
Interest paid on debt	(50,012)	(64,334)
Acquisition of capital assets	(52,515)	(79,288)
Net cash from capital and related financing activities	(694,107)	(720,879)
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,977	7,076
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	431,678	424,602
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 499,655	$ 431,678
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 314,809	$ 307,503
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	373,199	376,642
Amortization	2,550	2,550
Effects of changes in operating assets and liabilities		
(Increase) decrease in receivables	34,816	27,592
(Increase) decrease in other current assets	(5,930)	(2,373)
Increase (decrease) in accounts payable	(29,911)	17,146
Increase (decrease) in accrued liabilities	3,089	615
Increase (decrease) in compensated absences	2,644	6,086
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 695,266	$ 735,761

See accompanying notes to the basic financial statements.

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.

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. <u>Financial Reporting Entity</u>

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. <u>Basis of Presentation</u>

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what 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, and financial position.

Basis of Accounting

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. Investments

Investments with a maturity date of less than one year from the date of purchase and non-negotiable certificates of deposit are recorded at cost or amortized cost. Investments with a maturity date of more than one year from the date of purchase are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. 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, 2025 and 2024, was $32,275 and $29.631, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Compensated Absences (Continued)

The District implemented GASB Statement No. 101, *Compensated Absences*, for the fiscal year ended June 30, 2025. Opening fund balance was restated in accordance with the implementation.

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. 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 acquisition value at the date of donation.

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.

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	5-40 years

i. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Equity Classification (Continued)

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.

j. Receivables

Receivables at June 30, 2025 and 2024, include $21,377 and $33,512, respectively, from customers for unbilled water usage. Unbilled water usage represents the water services that have been provided but not yet billed.

k. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

2. DEPOSITS AND INVESTMENTS

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, The Illinois Funds, Money Market Fund and annuities.

Deposits with Financial Institutions

The District's cash at June 30, 2025 and 2024, consisted of deposits with four 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, 2025 and 2024, the District had no deposits exceeding the insured limits.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments

GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2025 and June 30, 2024:

U.S. Treasury bills and notes: Valued using matrix pricing model using inputs of price or yield of a similar security.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Certificates of deposits	$ -	$ 91,193	$ -	$ 91,193
Mutual funds, publicly traded funds, and interval funds	-	19,960	-	19,960
TOTAL	$ -	$ 111,153	$ -	$ 111,153

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Certificates of deposits	$ -	$ 95,944	$ -	$ 95,944
TOTAL	$ -	$ 95,944	$ -	$ 95,944

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to interest rate risk by remaining sufficiently liquid to meet all operating requirements that may be reasonably anticipated and to provide sufficient liquidity to pay obligations as they come due. The investment policy does not limit the maximum maturity length of investments.

As of June 30, 2025, the District had the following investments and maturities:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
Certificates of deposits	$ 91,193	$ 61,073	$ 31,120	$ -	$ -
Mutual funds, publicly traded funds, and interval funds	19,960	19,960	-	-	-
TOTAL	$ 111,153	$ 81,033	$ 31,120	$ -	$ -

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

As of June 30, 2024, the District had the following investments and maturities:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
Certificates of deposits	$ 95,944	$ 95,944	$ -	$ -	$ -
TOTAL	$ 95,944	$ 95,944	$ -	$ -	$ -

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not address credit risk for investments. ILCS allows investments in short-term commercial paper rated within the three highest classifications by at least two standard rating services and investments in municipal bonds rated at the time of purchase within the four highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions. At June 30, 2025, the certificates of deposits and mutual funds, publicly traded funds, and interval funds are not rated. At June 30, 2024, the certificates of deposits are not rated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment policy states that all certificates of deposits are FDIC insured and all Treasuries are backed by the full faith and credit of the U.S. Government.

Concentration of Credit Risk

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District places no limit on the amount that may be invested in any one issuer. The District places no limit on the amount that may be invested in any one issuer.

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025
Capital assets not being depreciated				
Land	$ 221,415	$ -	$ -	$ 221,415
Construction in progress	14,116	27,005	(41,121)	-
Total capital assets not being depreciated	235,531	27,005	(41,121)	221,415
Capital assets being depreciated				
Building improvements	59,476	-	-	59,476
Machinery and equipment	197,338	30,837	-	228,175
Office equipment	34,927	3,145	-	38,072
Waterworks system	13,840,052	32,649	-	13,872,701
Total capital assets being depreciated	14,131,793	66,631	-	14,198,424
Less accumulated depreciation for				
Building improvements	32,780	2,949	-	35,729
Machinery and equipment	93,095	25,464	-	118,559
Office equipment	34,338	1,617	-	35,955
Waterworks system	7,108,129	343,169	-	7,451,298
Total accumulated depreciation	7,268,342	373,199	-	7,641,541
Total capital assets being depreciated, net	6,863,451	(306,568)	-	6,556,883
TOTAL CAPITAL ASSETS, NET	$ 7,098,982	$ (279,563)	$ (41,121)	$ 6,778,298

3. CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balances July 1, 2023	Increases	Decreases	Balances June 30, 2024
Capital assets not being depreciated				
Land	$ 221,415	$ -	$ -	$ 221,415
Construction in progress	-	14,116	-	14,116
Total capital assets not being depreciated	221,415	14,116	-	235,531
Capital assets being depreciated				
Building improvements	59,476	-	-	59,476
Machinery and equipment	151,082	47,876	1,620	197,338
Office equipment	34,927	-	-	34,927
Waterworks system	13,822,756	17,296	-	13,840,052
Total capital assets being depreciated	14,068,241	65,172	1,620	14,131,793
Less accumulated depreciation for				
Building improvements	29,830	2,950	-	32,780
Machinery and equipment	75,791	18,924	1,620	93,095
Office equipment	32,817	1,521	-	34,338
Waterworks system	6,754,881	353,248	-	7,108,129
Total accumulated depreciation	6,893,319	376,643	1,620	7,268,342
Total capital assets being depreciated, net	7,174,922	(311,471)	-	6,863,451
TOTAL CAPITAL ASSETS, NET	$ 7,396,337	$ (297,355)	$ -	$ 7,098,982

4. LONG-TERM DEBT

The changes in the District’s long-term debt for the year ended June 30, 2025, are as follows:

	Balances July 1, 2024	Additions	Reductions	Balances June 30, 2025	Amount Due Within One Year
IEPA loans payable	$ 2,209,616	$ -	$ 591,580	$ 1,618,036	$ 606,261
Compensated absences*	29,631	2,644	-	32,275	6,455
Asset retirement obligations	60,000	-	-	60,000	-
TOTAL	$ 2,299,247	$ 2,644	$ 591,580	$ 1,710,311	$ 612,716

*The amount presented as additions or reductions represents the net change in the liability.

4. LONG-TERM DEBT (Continued)

The changes in the District's long-term debt for the year ended June 30, 2024, are as follows:

	Balances July 1, 2023, Restated^	Additions	Reductions	Balances June 30, 2024	Amount Due Within One Year
IEPA loans payable	$ 2,786,873	$ -	$ 577,257	$ 2,209,616	$ 591,580
Compensated absences*	23,545	6,086	-	29,631	5,926
Asset retirement obligations	60,000	-	-	60,000	-
TOTAL	$ 2,870,418	$ 6,086	$ 577,257	$ 2,299,247	$ 597,506

*The amount presented as additions or reductions represents the net change in the liability.
^Compensated absences beginning balances were restated for the implementation of GASB Statement No. 101, *Compensated Absences*. See Note 7 for additional information.

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 2.50%. 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 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% and 20-year repayment term, maturing May 19, 2032.

The schedule of principal and interest requirements of the IEPA loans is as follows for the years ended June 30:

Years Ending June 30,	Interest	Principal	Total
2026	$ 35,331	$ 606,261	$ 641,592
2027	20,283	621,310	641,593
2028	4,858	324,692	329,550
2029	799	16,709	17,508
2030	590	16,919	17,509
2031	378	17,131	17,509
2032	163	15,014	15,177
TOTAL	$ 62,402	$ 1,618,036	$ 1,680,438

4. LONG-TERM DEBT (Continued)

The District accounts for certain costs associated with the future capping of three wells in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*. Under Statement No. 83, the act of placing the plant into operation required the District to recognize a liability and corresponding deferred outflow of resources equal to the current cost of activities that state law requires the District to perform upon future retirement of the wells. The wells have remaining useful lives ranging from 15 to 35 years.

The $60,000 reported as a liability was determined based on engineering estimates of the cost to cap the wells. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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 6% of their eligible salary or the highest percentage allocated, matching up to 6% of employee contributions. For the years ended June 30, 2025 and 2024, contributions to the plan amounted to $90,804 and $86,820, respectively, and consisted of $46,682 and $45,168, respectively, of employee withholdings and $44,122 and $41,652, respectively, of employer contributions.

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. The District will provide 85% of the monthly premium for any employee who seeks health insurance. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

7. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of this guidance resulted in an increase in compensated absences of $2,345 for the fiscal year ended June 30, 2023. The implementation of this guidance resulted in a restatement of beginning net position, as follows:

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	$ 5,319,961
Change in accounting principle - GASB 101	(2,345)
Total net restatement	(2,345)
BEGINNING NET POSITION, AS RESTATED	$ 5,317,616

SUPPLEMENTARY INFORMATION

CATERPILLAR TRAIL PUBLIC WATER DISTRICT

SCHEDULE OF EXPENSES

Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING EXPENSES		
Production and distribution		
Salaries	$ 271,628	$ 268,083
Automobile	3,953	5,154
Payroll taxes	20,004	19,959
Insurance	96,033	114,346
401(k)	32,669	32,319
Utilities	88,503	78,647
Operating supplies	152,617	150,258
Engineering fees	24,033	6,811
System maintenance and equipment	145,695	105,775
Depreciation	373,199	376,642
Amortization	2,550	2,550
Total production and distribution expenses	1,210,884	1,160,544
Administrative		
Salaries	102,277	87,730
Payroll taxes	7,771	6,805
Insurance	27,135	24,432
401(k)	11,768	9,333
Telephone	9,661	9,404
Legal and accounting	32,840	25,755
Office supplies	20,990	19,943
Postage and delivery	15,716	14,720
Miscellaneous	7,397	3,103
Total administrative expenses	235,555	201,225
TOTAL OPERATING EXPENSES	$ 1,446,439	$ 1,361,769

(See independent auditor's report.)