

CLARK-EDGAR RURAL WATER DISTRICT

MARSHALL, ILLINOIS

ANNUAL FINANCIAL REPORT

FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED APRIL 30, 2011, AND 2010

**COPY**

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JAMES D. MOTLEY, C.P.A.  
ROBERT D. MOTLEY

December 16, 2011

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S OPINION

To the Board of Trustees  
Clark-Edgar Rural Water District  
Marshall, Illinois

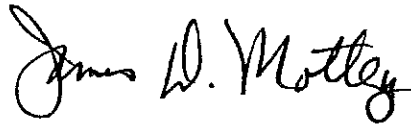
I have audited the accompanying statements of net assets of the Clark-Edgar Rural Water District as of April 30, 2011, and 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board of Trustees. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clark-Edgar Rural Water District as of April 30, 2011, and 2010, and its revenues, expenses, and changes in net assets, and cash flows of its proprietary fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 16, 2011, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audits.

The management's discussion and analysis on pages 5 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



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December 16, 2011

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ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
RELATED MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Clark-Edgar Rural Water District  
Marshall, Illinois

I have audited the financial statements of the Clark-Edgar Rural Water District, as of and for the years ended April 30, 2011, and 2010, and have issued my report thereon dated December 16, 2011. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a control deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

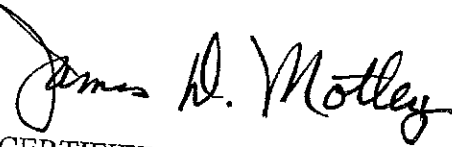
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the District, in a separate letter dated December 16, 2011.

This report is intended solely for the information of management, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANT

# CLARK-EDGAR RURAL WATER DISTRICT

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December 16, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

Our discussion and analysis of the District's financial performance provides an overview of the District's activities for the fiscal year ended April 30, 2011. Please read it in conjunction with the District's financial statements, which begin on page 8.

Condensed financial information is as follows:

### NET ASSETS

	April 30	
	2011	2010
	(In Thousands)	
Current Assets	\$ 194	\$ 213
Restricted Assets	1,752	1,102
Capital Assets	24,064	22,910
Total Assets	<u>\$ 26,010</u>	<u>\$ 24,225</u>
Long-Term Debt	\$ 14,707	\$ 14,437
Other Liabilities	905	714
Total Liabilities	<u>\$ 15,612</u>	<u>\$ 15,151</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	\$ 8,613	\$ 8,472
Restricted	1,731	1,058
Unrestricted	54	(456)
Total Net Assets	<u>\$ 10,398</u>	<u>\$ 9,074</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**  
(Unaudited)

**CHANGES IN NET ASSETS**

	Year Ended April 30	
	2011	2010
	(In Thousands)	
Revenues:		
Charges for Services	\$ 1,907	\$ 1,673
Federal Grants	1,179	680
Other Revenues	2	2
Total Revenues	\$ 3,088	\$ 2,355
Expenses:		
Operating Expenses	\$ 1,292	\$ 1,296
Interest on Loans & Long-Term Debt	472	280
Total Expenses	\$ 1,764	\$ 1,576
Increase in Net Assets	\$ 1,324	\$ 779

Overall the District has moved in a positive direction this year. Net assets rose from \$9,074,000 in 2010, to \$10,398,000 in 2011, an increase in total net assets of \$1,324,000 for the past fiscal year, a 14.6% increase over last year's total net assets.

Current, restricted, and capital assets combined rose from \$24,225,000 for the 2010 fiscal year, to \$26,010,000 for the 2011 fiscal year, an increase of \$1,785,000. Total liabilities rose from \$15,151,000 for 2010, to \$15,612,000 for the 2011 fiscal year, resulting in an increase of \$461,000. Overall total expenses rose approximately 11.9%, from \$1,576,000 in 2010 to \$1,764,000 in 2011.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)**  
(Unaudited)

Summaries of Capital Assets and Outstanding Debt are as follows:

<u>CAPITAL ASSETS</u>	Year Ended	
	April 30	
	<u>2011</u>	<u>2010</u>
	(In Thousands)	
<u>CAPITAL ASSETS</u>		
Land	\$ 90	\$ 36
Easements	283	290
Water Distribution System	20,321	21,092
Construction in Progress	3,276	1,431
Building	34	38
Vehicles and Equipment	58	22
Office Furniture and Equipment	3	1
Total Capital Assets	<u>\$ 24,065</u>	<u>\$ 22,910</u>
<u>OUTSTANDING DEBT</u>		
Revenue Bonds	\$ 6,553	\$ 6,585
Construction Loan Payable	<u>8,245</u>	<u>7,852</u>
Total Outstanding Debt	<u>\$ 14,798</u>	<u>\$ 14,437</u>

This has been a most challenging year for the District. We have experienced a change in overall management personnel, seven construction projects in various stages of completion, the self-funding of a major tower renovation project, and lived through the largest, longest, and most expensive natural disaster in our brief history.

As we go forward, I foresee the completion of all construction now in progress, the bidding and beginning of at least three more projects, and we should be able to expect more meters, users, greater pumpage, and more opportunity to be of service to our area.



Kevin Conover, General Manager/Operator

CLARK-EDGAR RURAL WATER DISTRICT

FINANCIAL STATEMENTS

CLARK-EDGAR RURAL WATER DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

April 30, 2011 and 2010

<u>ASSETS</u>	<u>4-30-11</u>	<u>4-30-10</u>
Current Assets		
Cash	\$ 7,368	\$ 52,121
Receivables		
Consumers	108,846	88,610
Estimated Unbilled Water Usage	67,628	63,381
Prepaid Insurance	9,811	9,040
Total Current Assets	<u>\$ 193,653</u>	<u>\$ 213,152</u>
NonCurrent Assets		
Restricted Assets		
Cash	<u>\$ 1,751,765</u>	<u>\$ 1,102,147</u>
Capital Assets		
Land	\$ 89,734	\$ 36,334
Easement Costs	390,200	387,571
Less Accumulated Amortization	(107,133)	(97,378)
Water Distribution System	24,645,279	24,799,554
Less Accumulated Depreciation	(4,324,249)	(3,708,117)
Equipment and Vehicles	272,291	226,035
Less Accumulated Depreciation	(215,632)	(203,847)
Buildings	69,160	69,160
Less Accumulated Depreciation	(34,654)	(31,196)
Office Computers, Furniture, and Equipment	24,358	21,061
Less Accumulated Depreciation	(20,776)	(20,111)
Construction in Progress	<u>3,275,897</u>	<u>1,430,552</u>
Net Capital Assets	<u>\$ 24,064,475</u>	<u>\$ 22,909,618</u>
Total Noncurrent Assets	<u>\$ 25,816,240</u>	<u>\$ 24,011,765</u>
Total Assets	<u>\$ 26,009,893</u>	<u>\$ 24,224,917</u>

(Continued)

CLARK-EDGAR RURAL WATER DISTRICT

STATEMENT OF NET ASSETS (CONT.)

PROPRIETARY FUND

April 30, 2011 and 2010

<u>LIABILITIES</u>	<u>4-30-11</u>	<u>4-30-10</u>
Current Liabilities		
Bank Overdraft (Oper & Maint)	\$ 41,332	\$ 133,439
Accounts Payable	46,743	507,706
Accrued Salaries and Vacation Pay	11,533	15,395
Payroll Taxes Payable	1,294	541
Health Insurance Payable	(1,189)	1,375
Wage Garnishment Payable	-	2,011
Renters Deposits Payable	9,700	8,075
Revenue Bonds Payable (Current Portion)	183,000	183,000
Loan Payable (Current Portion)	367,775	301,181
Construction Loan Payable	653,544	-
Total Current Liabilities	<u>\$ 1,313,732</u>	<u>\$ 1,152,723</u>
Noncurrent Liabilities		
Revenue Bonds Payable (Net of Current Portion)	\$ 6,370,500	\$ 6,402,000
EPA Loan Payable	7,876,888	7,551,011
Accrued Sick Pay	7,462	12,164
Tap Fees Liability	43,805	33,055
Total Noncurrent Liabilities	<u>\$ 14,298,655</u>	<u>\$ 13,998,230</u>
Total Liabilities	<u>\$ 15,612,387</u>	<u>\$ 15,150,953</u>
<u>NET ASSETS (ASSETS MINUS LIABILITIES)</u>		
Invested in Capital Assets, Net of Related Debt	\$ 8,612,768	\$ 8,472,426
Restricted for Construction	49,899	88,243
Restricted for Bond Requirements	1,681,504	969,674
Unrestricted	53,335	(456,379)
Total Net Assets (Assets Minus Liabilities)	<u>\$ 10,397,506</u>	<u>\$ 9,073,964</u>

The notes to financial statements are an integral part of this statement.

CLARK-EDGAR RURAL WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUND

For the Years Ended April 30, 2011 and 2010

	Year Ended 4-30-11	Year Ended 4-30-10
<b>OPERATING REVENUES</b>		
Charges for Water Usage and Services	\$ 1,757,155	\$ 1,574,643
Tap Fees	76,455	34,000
Tap Fees (\$2,000 each)	42,000	34,000
Penalties and Miscellaneous Charges	31,337	30,696
	<u>\$ 1,906,947</u>	<u>\$ 1,673,339</u>
<b>OPERATING EXPENSES</b>		
Personal Services	\$ 280,218	\$ 264,293
Contractual Services	233,901	242,741
Supplies	131,364	313,842
Depreciation and Amortization	641,794	472,831
Other	4,899	1,974
	<u>\$ 1,292,176</u>	<u>\$ 1,295,681</u>
Total Operating Expenses	<u>\$ 1,292,176</u>	<u>\$ 1,295,681</u>
Operating Income	<u>\$ 614,771</u>	<u>\$ 377,658</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest on Bank Deposits	\$ 1,752	\$ 1,684
Interest on Revenue Bonds (See Note 4)	(275,718)	(280,161)
Interest on EPA Loan	(195,867)	-
	<u>\$ (469,833)</u>	<u>\$ (278,477)</u>
Total Non-Operating Revenues (Expenses)	<u>\$ (469,833)</u>	<u>\$ (278,477)</u>
Income before Contributions	\$ 144,938	\$ 99,181
Capital Contributions (CDAP Construction Grants)	<u>1,178,604</u>	<u>680,098</u>
Increase in Net Assets	\$ 1,323,542	\$ 779,279
Total Net Assets, Beginning of Year	<u>9,073,964</u>	<u>8,294,685</u>
Total Net Assets, End of Year	<u>\$ 10,397,506</u>	<u>\$ 9,073,964</u>

The notes to financial statements are an integral part of this statement.

CLARK-EDGAR RURAL WATER DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Years Ended April 30, 2011 and 2010

	<u>Year Ended 4-30-11</u>	<u>Year Ended 4-30-10</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Consumers	\$ 1,894,839	\$ 1,655,437
Cash Paid for Personal Services	(292,604)	(263,033)
Cash Paid for Contractual Services, Supplies, and Other	<u>(340,145)</u>	<u>(577,563)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,262,090</u>	<u>\$ 814,841</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Bonds Issued	\$ 60,000	\$ 590,000
Long-Term EPA Construction Loan Issued	693,652	8,000,000
Interest Paid on Bonds and EPA Loan	(471,585)	(280,161)
Principal Payments on Bonds and Long-Term Loans	(392,681)	(239,308)
Grant Payments Received	1,178,604	680,098
Interim Financing for Construction (Repayment)	-	(7,229,166)
Acquisition and Construction of Capital Assets	(2,258,404)	(2,365,656)
Construction Loan Advancements Received	<u>653,544</u>	<u></u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (536,870)</u>	<u>\$ (844,193)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Bank Deposits	<u>\$ 1,752</u>	<u>\$ 1,684</u>
Net Increase (Decrease) in Cash	\$ 696,972	\$ (27,668)
Cash, Beginning Balance	<u>1,020,829</u>	<u>1,048,497</u>
Cash, Ending Balance (Net of Bank Overdraft)	<u>\$ 1,717,801</u>	<u>\$ 1,020,829</u>

(Continued)

CLARK-EDGAR RURAL WATER DISTRICT

STATEMENT OF CASH FLOWS (CONT.)

PROPRIETARY FUND

For the Years Ended April 30, 2011 and 2010

	Year Ended 4-30-11	Year Ended 4-30-10
	<u>                    </u>	<u>                    </u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 614,771	\$ 377,658
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Amortization of Easement Costs	9,755	9,689
Depreciation	632,039	463,142
Change in Assets and Liabilities		
(Increase) Decrease in Receivables from Customers	(24,483)	(7,727)
(Increase) Decrease in Prepaid Expenses	(771)	(1,554)
Increase (Decrease) in Accounts Payable for Operations	790	(17,452)
Increase (Decrease) in Renters Deposits	1,625	(175)
Increase (Decrease) in Payroll Taxes Payable	753	(108)
Increase (Decrease) in Tap Fees Liability	10,750	(10,000)
Increase (Decrease) in Accrued Compensation	(8,564)	1,268
Increase (Decrease) in Health Insurance Payable	(2,564)	100
Increase (Decrease) in Wage Garnishment Payable	(2,011)	-
	<u>                    </u>	<u>                    </u>
Net Cash Provided by Operating Activities	<u>\$ 1,232,090</u>	<u>\$ 814,841</u>
 CASH, April 30, 2011, and April 30, 2010		
Operation and Maintenance Account (Net of Overdraft)	\$ (33,964)	\$ (81,318)
Restricted Accounts:		
Construction	49,899	88,244
Bond Requirements	1,701,866	1,013,903
	<u>                    </u>	<u>                    </u>
Total As Per Previous Page	<u>\$ 1,717,801</u>	<u>\$ 1,020,829</u>

The notes to financial statements are an integral part of this statement.

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 1 – Summary of Significant Accounting Policies

The District's accounting policies are described as follows:

A. Description of Financial Statements

The District has only one fund, a proprietary/enterprise fund. Therefore, the basic financial statements consist of the following financial statements for that fund: Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows.

B. Reporting Entity

The District was organized and incorporated in 1990 under the provisions of the general laws of the State of Illinois providing for the organization of water districts, including the Public Water District Act. The District's reporting entity includes the District's Board of Trustees and all related activities for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside activities and entities should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

The District's Trustees are appointed by the County Boards of Clark and Edgar Counties. However, the District is a separate and distinct entity and is not a component unit of either County.

(continued)



CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 1 - continued

C. Basis of Presentation – Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one fund as follows:

PROPRIETARY FUND

Enterprise Fund -- the Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenditures disbursed, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body decides that periodic determination of revenues, expenses and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into invested in capital assets, restricted net assets, and unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 1 - continued

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and how they are reported on the financial statements. Enterprise Funds, the only kind of fund used by the District, are usually accounted for by the accrual basis of accounting. The District maintains its accounting records and presents its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled water usage receivable is recorded at year end. Operating revenues consist primarily of charges for water usage and services, tap fees, penalties, and miscellaneous charges pertaining to operating a water utility. Other revenues and expenses such as interest earned, interest expense, and capital construction grants are shown as non-operating revenues/expenses and capital contributions.

All exhaustible fixed assets used by the proprietary fund are valued at historical cost and depreciation is charged as an expense against the fund's operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Distribution System	40 years
Equipment and Vehicle	5-10 years
Buildings	20 years
Office Furniture and Equipment	5-10 years

The easement costs are being amortized over an arbitrary period of 40 years using the straight-line method.

E. Budgets and Budgetary Accounting

The District formally adopted an operating budget for the year ended April 30, 2011, on May 17, 2010. The budget made provision for additions to reserves, but made no provision for depreciation. No formal budget comparison is presented in the financial statements.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 1 - continued

F. Cash Equivalent Investments

Cash equivalents includes any short-term investments with maturities of ninety days or less. The District's only investments during the year ended April 30, 2011, were in interest bearing checking accounts in local banks and in Illinois Funds money market accounts.

G. Applications of FASB Statements and Interpretations

All FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements are applied to the District's proprietary activities.

Note 2 - Cash/Collateralization of Deposits

At April 30, 2011, the carrying amount of the District's deposits was \$1,717,601, excluding petty cash of \$200 and bank overdrafts of \$41,332. The balance per the bank was \$1,788,277. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

A. Cash

The following table categorizes the Cash accounts according to levels of risk.

	Carrying Amount	Bank Balance
Category #1	\$ 6,097	\$ 35,097
Category #2	-	-
Category #3	-	-
Sub-Total	\$ 6,097	\$ 35,097
The Illinois Funds	1,711,504	1,753,180
Total	\$ 1,717,601	\$ 1,788,277

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 2 – continued

B. Description of Categories

Category #1 includes cash and investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category #2 includes cash and investments covered by collateral held by the financial institution's trust department in the District's name.

Category #3 includes cash and investments which are uninsured and uncollateralized.

C. The Illinois Funds

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

Note 3 – Summary of Changes in Proprietary Fund Type Property and Equipment

Detail of the Property and Equipment as of April 30, 2011, is as follows:

	Balance 5-01-10	2010 - 2011		Balance 4-30-11
		Additions	Deletions	
<u>ASSETS</u>				
Land	\$ 36,334	\$ 53,400	\$ -	\$ 89,734
Easement Costs	387,571	2,629	-	390,200
Water Distribution System	24,799,555	-	154,276	24,645,279
Equipment and Vehicles	226,035	46,256	-	272,291
Buildings	69,160	-	-	69,160
Office Computers, Furniture & Equipme	21,061	3,297	-	24,358
Construction in Progress	1,430,552	1,845,345	-	3,275,897
Totals	<u>\$ 26,970,268</u>	<u>\$ 1,950,927</u>	<u>\$ 154,276</u>	<u>\$ 28,766,919</u>

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 3 - continued

	Balance 5-01-10	2010 - 2011		Balance 4-30-11
		Additions	Deletions	
<u>ACCUMULATED DEPRECIATION OR AMORTIZATION</u>				
Land	\$ -	\$ -	\$ -	\$ -
Easement Costs	97,378	9,755	-	107,133
Water Distribution System	3,708,117	616,132	-	4,324,249
Equipment and Vehicles	203,848	11,784	-	215,632
Buildings	31,196	3,458	-	34,654
Office Computers, Furniture & Equipment	20,111	665	-	20,776
Construction in Progress	-	-	-	-
	\$4,060,650	\$641,794	\$ -	\$4,702,444
Totals	\$4,060,650	\$641,794	\$ -	\$4,702,444

During the years ended April 30, 2010, and 2011, construction loan interest amounts of \$129,902 and \$30,816 respectively were capitalized in Construction in Progress in accordance with the District's policy of capitalizing construction loan interest during the construction period.

Note 4 - Summary of Bond and Illinois EPA Construction Loan Transactions for the Year Ended April 30, 2011.

	IL EPA CONSTRUCTION		
	BONDS	LOAN/BONDS	TOTAL
Bonds and EPA Loans Payable, May 1, 2010	\$ 6,585,000	\$ 7,852,193	\$ 14,437,193
Bonds and Loans Issued	60,000	693,651	753,651
Principal Retired	(91,500)	(301,181)	(392,681)
Bonds and EPA Loans Payable, April 30, 2011	\$ 6,553,500	\$ 8,244,663	\$ 14,798,163

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 4 - continued

At April 30, 2011, the District had bonds payable outstanding as explained further for the following issues:

Waterworks System Revenue Bonds (Series 1994) -- Serial bonds totaling \$1,300,000 due in annual installments of \$10,000 to \$80,000 through May 1, 2034; interest at 5.25 percent. These bonds were purchased by the Farmers Home Administration (FmHA) of the United States of America.

Waterworks System Revenue Bonds (Series 1996) -- Serial bonds totaling \$400,000 due in annual installments of \$4,000 to \$24,000 through May 1, 2035; interest at 4.875 percent. These bonds were purchased by the Farmers Home Administration (FmHA) of the United States of America.

Waterworks System Revenue Bonds (Series A 1998) -- Serial bonds totaling \$1,500,000 due in annual installments of \$15,000 to \$90,000 through May 1, 2037; interest at 4.50 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United States of America.

Waterworks System Revenue Bonds (Series 2001) -- Serial bonds totaling \$2,000,000 due in annual installments of \$20,000 to \$100,000 through May 1, 2041; interest at 4.50 percent. These bonds were purchased by the Farmers Home Administration (FmHA) of the United States of America.

Waterworks System Revenue Bonds (Series A 2002) -- Serial bonds totaling \$400,000 due in annual installments of \$4,000 to \$8,000 through May 1, 2041; interest at 4.50 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United State of America.

Waterworks System Revenue Bonds (Series B 2002) -- Serial bonds totaling \$83,000 due in annual installments of \$1,000 to \$20,000 through May 1, 2042; interest at 4.50 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United States of America.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 4 – continued

Waterworks System Revenue Bonds (Series A 2003) – Serial bonds totaling \$240,000 due in annual installments of \$2,500 to \$12,500 through May 1, 2043; interest at 4.25 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United States of America.

Waterworks System Revenue Bonds (Series B 2003) – Serial bonds totaling \$545,000 due in annual installments of \$5,000 to \$30,000 through May 1, 2042; interest at 4.25 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United States of America.

Waterworks System Revenue Bonds (Series 2004) – Serial bonds totaling \$127,000 due in annual installments of \$1,000 to \$7,000 through May 1, 2044; interest at 4.75 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of the United States of America.

Waterworks System Revenue Bonds (Series 2010) - Serial bonds totaling \$740,000 due in annual installments of \$10,000 to \$40,000 through May 1, 2049; interest at 4.125 percent. These bonds were purchased by the Rural Development Agency, Department of Agriculture of United States of America. Note: Only \$650,000 of the \$740,000 were issued as of April 30, 2011.

Illinois EPA Construction Loan for Water Source Project - To finance the construction of the water source project the District borrowed funds via an Illinois EPA construction loan. The note was issued May 12, 2008, and including the addition of \$86,196 in accrued interest reached a total of \$8,000,000 during the year ended April 30, 2010. As of April 30, 2010, the loan was set up on a tentative repayment schedule. During the year ended April 30, 2011, the loan was finalized and the final repayment schedule was set.

The annual requirements to amortize the Waterworks System Revenue Bonds and the Illinois EPA Construction Loan outstanding as of April 30, 2011, including interest payments of \$10,288,944 are as follows:

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 4 – continued

Years Ending April 30	Principal	Interest	Total
2012	\$ 91,500	\$ 136,771	\$ 228,271
2012	475,276	503,408	978,684
2013	518,528	489,202	1,007,730
2014	528,012	473,160	1,001,172
2015	537,735	456,878	994,613
2016	550,203	440,351	990,554
2017	561,422	423,467	984,889
2018	571,897	406,283	978,180
2019	596,636	388,833	985,469
2020	622,646	370,393	993,039
2021	633,932	351,002	984,934
2022	645,502	331,328	976,830
2023	658,363	311,361	969,724
2024	709,523	291,049	1,000,572
2025	721,988	268,613	990,601
2026	738,768	245,864	984,632
2027	754,368	222,599	976,967
2028	802,798	198,692	1,001,490
2029	816,566	173,039	989,605
2030	257,500	150,614	408,114
2031	276,500	138,637	415,137
2032	300,500	125,729	426,229
2033	300,500	111,739	412,239
2034	329,500	97,752	427,252
2035	253,000	82,367	335,367
2036	234,000	71,031	305,031
2037	270,000	60,649	330,649
2038	184,000	48,651	232,651
2039	184,000	40,519	224,519
2040	197,500	32,184	229,684
2041	206,500	23,488	229,988
2042	82,500	14,398	96,898
2043	49,500	10,890	60,390
2044	37,000	8,789	45,789
2045	30,000	7,219	37,219
2046	40,000	5,775	45,775
2047	40,000	4,125	44,125
2048	40,000	2,475	42,475
2049	40,000	825	40,825
Not issued as of April 30, 2011	(90,000)	-	(90,000)
Totals	<u>\$ 14,798,163</u>	<u>\$ 7,520,149</u>	<u>\$ 22,318,312</u>

(continued)



CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 4 – continued

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1, and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, Debt Service requirements.

Note 5 - Waterworks System Revenue Bond Ordinance Requirements

A Water Distribution Fund revenue bond ordinance dated August 25, 1994, is in effect at April 30, 2011, for Waterworks System Revenue Bonds issued beginning on that date.

The revenue bond ordinance requires that all monies held in the Water Distribution Fund be segregated and restricted in separate special reserve accounts, in the priority indicated by the order of the following:

(a) Construction Account

There shall be paid into the Construction Account all grants, connection fees and other amounts as and when received and advanced in connection with the bonds herein authorized and issued to be applied to the acquisition, construction and installation of the Project.

(b) Operation and Maintenance Account

There shall be paid into the Operation and Maintenance Account after the first delivery of any bonds hereunder on the first business day of each month an amount sufficient to pay the reasonable expenses of the operation, maintenance and repair of the District's waterworks system for the current month, including, without limiting the generality of the foregoing, salaries, wages, taxes, costs of materials and supplies, insurance, power, fuel, reasonable repairs and extensions necessary to render efficient services.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 – continued

(c) Bond and Interest Account

There shall be paid into the Bond and Interest Account on the first business day of each month, after the required payment has been determined, a fractional amount of the interest becoming due on the next succeeding interest payment date on all outstanding bonds authorized to be issued under the terms of this ordinance and including the interest to become due on all bonds as may be issued in the future on a parity with and to share ratably and equally in the earnings of the waterworks system with the bonds herein authorized and under the conditions hereinafter set out (such bonds to be issued in the future being hereinafter referred to as “bonds hereafter issued and on a parity with the bonds herein authorized”), and there shall be paid into the Bond and Interest Account on the first business day of each month not less than a fractional amount of the principal and/or interest becoming due on the next succeeding principal maturity date and/or interest due date of all of the bonds issued under the terms of this ordinance and including the principal and/or interest to become due on all bonds as may be hereafter issued and on a parity with the bonds herein authorized until there shall have been accumulated in the Bond and Interest Account on or before the day preceding such current due date or maturity date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both, of all bonds issued hereunder and including the maturing principal or interest, or both, of all bonds hereafter issued and on a parity with the bonds herein authorized and maturing or coming due by their terms on such current maturity date.

In computing the fractional amount of the interest and principal requirements of the bonds herein authorized and to be set aside each month in the Bond and Interest Account for the payment thereof, the fraction shall be so computed that sufficient funds will be set aside in the Bond and Interest Account and be available for the prompt payment of such principal of and interest on the revenue bonds herein authorized as the same will become due.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 – continued

Payments into the Bond and Interest Account may be suspended in any fiscal year at such time as there shall have been paid into such Account sufficient monies to pay the total principal and interest for such pertinent fiscal year, but such payments shall again be resumed at the beginning of the new fiscal year. All monies in such Account shall be used only for the purpose of paying interest and principal on the bonds hereby authorized as the same shall become due and including principal and interest on all bonds hereafter issued and on a parity with the bonds herein authorized.

At the time of initial delivery of the bonds, or as needed, there shall be transferred from the Construction Account to the Bond and Interest Account a sum sufficient to pay the interest estimated to accrue on the bonds during the estimated time necessary to complete the hereinabove described construction, extension and improvement of the Project.

(d) Reserve Account

Based on the bonds which are currently outstanding the District is now required to pay \$3,529 into the Reserve Account each month until such account accumulates a total amount of \$393,360. After \$393,360 has accumulated in such Reserve Account, no further deposits need to be made therein except to replace withdrawals at a monthly rate of \$3,529.

The monies in such Reserve Account shall be used to the extent necessary to prevent or remedy a default in the payment of the interest on or principal of any bonds of the District which by their terms are payable from the revenues of the waterworks system and shall be transferred to the Bond and Interest Account for such purpose, and whenever such an amount is withdrawn from such Reserve account and so transferred to the Bond and Interest Account, the amount so transferred shall be added to the amount to be next and thereafter paid into such Reserve Account to again

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 - continued

be paid monthly at the foregoing rate (in addition to any then required deposit) until full reimbursement to such Reserve Account has been made.

(e) Depreciation Account

There shall be paid into the Depreciation Account the amounts from time to time provided by resolution of the Board of Trustees. The monies in such Depreciation Account shall be used to the extent necessary to make any needful repairs or replacements to the District's waterworks system and, although not reasonably expected, to prevent or remedy a default in the payment of the interest on or principal of any bonds of the District which by their terms are payable from the revenues of such system. During the year ended April 30, 2011, the Board authorized 12 monthly payments of \$4,500 each for a total of \$54,000 transferred into the account. During the year there were some minor repairs paid out of the account. On October 18, 2005, the Board approved a transfer of \$137,580 from the Depreciation Account to pay for test wells in the water source project. When the transfer was actually made \$127,580 was transferred out of the Depreciation Account and \$10,000 was transferred out of the Reserve Account. These water sources project expenditures from the Depreciation Account will be treated as internal loans to be repaid after the project is completed and is on line. Also, during the year ended April 30, 2011, the Board authorized a payment from the Depreciation Account to a contractors, and individuals (for crop damage) in the amount of \$32,155. They also purchased 17.8 Acres of Land for the well site in the amount of \$53,400.

(f) Surplus

After all the required payments into the accounts hereinabove described have been made, including the payments of any deficiencies, and when there is on deposit in the above-described Reserve Account the full maximum amount required to be accumulated in such Reserve Account, then all monies remaining in the Waterworks Fund may be used for the purpose of calling and redeeming

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 – continued

and prepaying any outstanding bonds of the District which by their terms the payable from the income and revenues of the waterworks system as such bonds become redeemable according to their terms, or such monies may to the extent permitted by law be used for the purpose of constructing extensions and improvements to the waterworks system of the District.

The monies in any of the Accounts created by subparagraphs (a) through (e), as hereinabove created and set forth in this section may by resolution adopted by the District be invested from time to time by the Treasurer of the District in interest bearing bonds or other direct and general obligations of the United States Government maturing in not more than ten (10) years after the purchase date thereof and in certificates of deposit or time deposits constituting direct obligations of any savings and loan association or of any bank as defined in the Illinois Banking Act to the extent such certificates or deposits are insured by the Federal Deposit Insurance Corporation or its successors and mature in not more than ten (10) years after the purchase date thereof, and such investments shall be sold from time to time by such Treasurer pursuant to a resolution of the Board of Trustees as funds may be needed for the purpose for which such Accounts have been created. All accrued interest received from any such investments shall be considered and treated as income and revenues of the waterworks system and be deposited as received in the District's Waterworks Fund.

The monies in each of the several Accounts above described are to be kept separate and apart from all other funds and monies of the District and originally were to be deposited in the Old National Bank, Marshall, Illinois, However, by Board approval the monies are now being kept in the Illinois Funds as described in Note 2.

It is hereby covenanted and agreed that the revenues of the District's waterworks system are to be paid into the various special Accounts hereinabove established and created in the order in which such Accounts have been listed, and if within any period of time the revenues are insufficient to place the required amounts in any of such Accounts, the deficiencies shall be made up during the following period or periods after payments into all the Accounts enjoying a prior claim of the revenues from the District's waterworks system have been made in full.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 - continued

The Waterworks System Revenue Bonds, Series of 1996, dated August 8, 1996, Series of 1998, dated March 23, 1998, Series of 2001, dated October 22, 2001, Series of 2002, dated November 21, 2002, Series of 2003, dated July 21, 2003 and September 11, 2003, and Series of 2004 for Phase VI, the Sulphur Springs project have bond ordinance requirements which are similar to the 1994 Issue. The additional reserve account requirements are outlined in the following paragraphs.

The Waterworks System Revenue Bonds, Series of 1996, dated April 8, 1996, requires a reserve account to be established into which is to be deposited each month the sum of \$200 until there is accumulated the sum of \$24,000.

In addition to the deposit requirements of the prior bond ordinances, the Series of 1998 bond ordinance requires that there shall be paid into the Reserve Account the sum of \$560 each month until the account accumulates an additional total of \$67,200. After the additional \$67,200 has been accumulated, no further deposits need to be made except to replace withdrawals at a monthly rate of \$560.

As a result of the issuance of the \$2,000,000 Series of 2001 Bonds beginning in May of 2002, the monthly transfers were increased as follows: the Bond and Interest account from \$15,375 to \$24,660 and the Reserve Account from \$1,370 to \$2,295.

As a result of the issuance of the \$483,000 Series A and Series B 2002 Bonds and 2003 Bond Issues of \$545,000 and \$240,000 for Phase 4 work in Symmes Township and Phase 5 work in Dolson Township respectively, and the 2004 Bond Issue of \$127,000 for the Phase 6 work in Sulphur Springs, the monthly transfers are as follows: the Bond and Interest Account, \$31,052 and the Reserve Account, \$3,529. The monthly Reserve Account deposits will be required until a total of \$393,360 has been accumulated. As of April 30, 2011, the District's Operations and Maintenance Account and Construction Account monies were deposited in accounts in the Illinois Funds. A Water Collections Account is maintained at the First Bank and Trust which has offices in Paris and Marshall, Illinois. The Bond and Interest Account, Reserve Account, and Depreciation Account are in an account with the Illinois Funds, Firststar Bank.

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 - continued

The activity in the Bond and Interest Accounts for the year ended April 30, 2011, was as follows:

Rural Development (USDA) Bonds:	
Balance (Deficit), May 1, 2010	\$ 347,385
12 Monthly Transfers of \$35,000	420,000
Less: Bond Principal and Interest Payments	<u>(380,505)</u>
Balance, April 30, 2011	<u>\$ 386,880</u>
Illinois EPA Bonds:	
Balance (Deficit), May 1, 2010	\$ 242,205
12 Monthly Transfers of \$46,793	561,516
Interest Added	1,299
Less: Bond Principal and Interest Payments	<u>(479,880)</u>
Balance, April 30, 2011	<u>\$ 325,140</u>

The activity in the Reserve Account for the year ended April 30, 2011, was as follows:

Balance, May 1, 2010	\$ 246,525
12 Monthly Transfers of \$3,529	42,348
Reimbursement from Phase 7	10,000
Reimbursement from Contractor	<u>115,062</u>
Balance, April 30, 2011	<u>\$ 413,935</u>

The activity in the Depreciation Accounts for the year ended April 30, 2011, was as follows:

Regular Depreciation:	
Balance, May 1, 2010	\$ 94,260
12 Monthly Transfers of \$4,500	54,000
Reimbursement from Phase 7	407,398
Expenditures for Repairs & Crop Damage	(32,155)
Purchase of 17.8 Acres of Land	<u>(53,400)</u>
Balance, April 30, 2011	<u>\$ 470,103</u>

(continued)

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 5 - continued

EPA Depreciation:

Balance, May 1, 2010	\$	39,300
12 Monthly Transfers of \$3,275		39,300
Balance, April 30, 2011	\$	<u>78,600</u>

The Reserve and Escrow Account (Cash) in the Illinois Funds as of April 30, 2011, is summarized as follows:

Bond and Interest Account	\$	712,020
Reserve Account		413,935
Depreciation Account		<u>548,703</u>
Total Reserve and Escrow Account	\$	<u>1,674,658</u>

Note 6 – Pension and Retirement Fund Commitments

The District is not a participating member of the Illinois Municipal Retirement Fund (IMRF), and therefore has no IMRF commitments. The District employees are covered under Social Security.

Employees also have an IRA Simple plan available to them. They can have amounts withheld from their wages up to the allowable IRS limit. The District matches the employee withholdings up to a maximum of 3% of wages. The District's total matching contributions for wages paid during the year ended April 30, 2011, was \$6,368. For the payroll period ended April 30, 2011, which was paid May 2, 2011, the District's obligation was \$182.



CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 7 - Vacation and Sick Leave

The District has adopted a formal policy pertaining to compensated absences. As of April 30, 2011, vacation and sick leave pay has been accrued as follows:

Vacation Pay	\$	4,742
Sick Pay		<u>7,462</u>
Total Accrued Compensated Absences	\$	12,204
Accrued Salaries Payable		<u>6,791</u>
Total Accrued Compensation and Benefits	\$	<u><u>18,995</u></u>

Note 8 - Crop Damage Payments

Crop damage payments are capitalized and amortized as part of the Easement Costs.

Note 9 - Tap Fees Liability

As of April 30, 2011, the District has received deposits from potential future customers who were not reached for service by the Phase II construction project. A pertinent clause from the User's Contract is as follows:

"In the event the required number of users are not obtained or for some other reason the project cannot continue, the user fees will be used to pay organizational and other miscellaneous expenses and after all expenses are paid any remaining user fees will be prorated to each depositor."

Due to the above clause it could be concluded that the District will have no material liability for such deposits to be refunded in the case that water service is never extended to these potential users. However, as of April 30, 2011, the District has established a liability amount of \$43,805 to reflect this obligation.

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 10 - Restricted Cash and Restricted Net Assets

The Cash Account is shown as restricted and net assets has been restricted to show that those funds that are available only for construction and bond requirement purposes. As of April 30, 2011, the Restricted Cash Account can be summarized as follows:

Restricted for Construction:	
System Construction Account	\$ 15,605
Construction Tap Fee Deposit Account	34,294
Total Restricted for Construction	\$ 49,899
Restricted for Bond Purposes	1,681,504
Total Restricted Net Assets	\$ 1,731,403
Restricted for Internal Purposes	20,362
Total Restricted Cash	\$ 1,751,765

Note 11- Risk Financing and Related Insurance Issues

The District is exposed to the normal risks of loss similar to that of other rural water districts. Protection from these risks of loss is provided through insurance policies purchased through private insurance carriers. There was no significant reduction in insurance coverage from coverage in the prior year in the major categories of risk. There were no significant insurance claims or settlements during the year.

Note 12 - Invested in Capital Assets (Net of Related Debt)

Balance, May 1, 2010	\$ 8,472,426
Summary of Changes:	
Acquisition and Construction of Capital Assets	1,796,651
Less: Amortization and Depreciation	(641,794)
Less: Additional Construction Loans and Bonds	(753,651)
Less: Increase in Outstanding Debt	(260,864)
	\$ 8,612,768
Balance, April 30, 2011	\$ 8,612,768

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 13 - Water Purchases

Since its inception the District has purchased water from the City of Marshall at rates as indicated by a contractual agreement with the City. During the year ended April 30, 2010, the District substantially completed a water source project which had been in process for the past few years. The District's well went on line in January, 2010. After going on line with the District's well only a nominal amount of water was purchased from Marshall each month.

Note 14 - Economic Dependency -- Major Customer

One major water customer, Christensen Farms, represents approximately 12.5 percent of the monthly billing.

Note 15 - Construction in Progress

As mentioned in Note 13 the District's water source project went on line in January, 2010. The final capitalized costs of that project through April 30, 2011, totaled \$9,393,700 including capitalized construction period interest. The distribution system continues to be constructed in phases.

The composition of construction in progress as of April 30, 2011, is as follows:

General	\$	500
Phase VIII - Stratton Township		646,139
Phase IX - Hunter Township		582,631
Phase X - Casey Township		863,509
Phase XI - Village of Redmon		349,418
Phase XII - Parker Township		289,447
Phase XIII - Westfield Township		145,266
Phase XIV - Johnson Township		362,947
Paris Township & Rt. 16 West		27,299
Phase XVI - SW Embrass/NW Kansas		2,155
Tower 1 Paint		5,940
Buck Township		250
Paris Township		396
		<hr/>
Total Construction in Progress	\$	<u>3,275,897</u>

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 16 - Other Post-Employment Benefits (OPEB)

As of April 30, 2011, the District has no significant liability for other post-employment benefits.

Note 17 - Contingent Liabilities – Pending Legal Matters

As of April 30, 2011, there are no significant legal matters pending.

Note 18 - Copier Lease

The District has a 5 year (60 month) copier lease with IKON Financial Services dated February 14, 2008, at \$159.29 per month for 60 months.

Note 19- Line of Credit Loan

The District has a line of credit loan for \$2,750,000 with First Financial Bank of Marshall, Illinois, to help finance the cost of several water line extensions in various townships. The loan renewal dated February 22, 2011, is due in one year on February 22, 2012, and bears interest at 2.49%. Activity on the loan for the year ended April 30, 2011, can be summarized as follows:

Balance, May 1, 2010	\$	-
Loan Advances Received		653,544
Balance, April 30, 2011	\$	<u>653,544</u>

As of December 16, 2011, the loan has a balance of \$1,580,723. After the water line extensions are completed the District plans to issue bonds to pay off the construction, line of credit loan. As interest is paid on the loan it is capitalized as part of the cost of the water line projects.

Note 20 - Federal Emergency Management Agency (FEMA) Disaster Payment

In November of 2011, a payment of \$22,850 was received from FEMA to reimburse the District for additional costs incurred during ice storms in January and February of 2011. The payment was not accrued in the April 30, 2011, financial statements due to the delay and the uncertainty of the payment.

SUPPLEMENTAL INFORMATION

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December 16, 2011

JAMES D. MOTLEY, C.P.A.

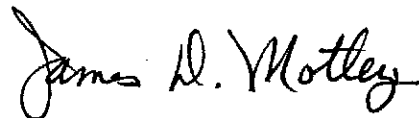
ROBERT D. MOTLEY

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees  
Clark-Edgar Rural Water District  
Marshall, Illinois

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Information Section and Annual Federal Financial-Compliance Section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the financial statements of the Clark-Edgar Rural Water District. However, they have been subjected to the auditing procedures applied in my audit of the financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT

CLARK-EDGAR RURAL WATER DISTRICT

ENTERPRISE FUND - WATER DISTRIBUTION FUND ACCOUNTS

STATEMENT OF NET ASSETS

April 30, 2011

<u>ASSETS</u>	<u>Operation and Maintenance Account</u>	<u>System Construction Account</u>	<u>Totals</u>
Current Assets			
Cash	\$ 7,368	\$ -	\$ 7,368
Receivables			
Consumers	108,846	-	108,846
Estimated Unbilled Water Usage	67,628	-	67,628
Prepaid Insurance	9,811	-	9,811
Total Current Assets	<u>\$ 193,653</u>	<u>\$ -</u>	<u>\$ 193,653</u>
Noncurrent Assets			
Restricted Assets			
Cash	\$ 1,701,866	\$ 49,899	\$ 1,751,765
Capital Assets			
Land	\$ 89,734	\$ -	\$ 89,734
Easement Costs	390,200	-	390,200
Less Accumulated Amortization	(107,133)	-	(107,133)
Water Distribution System	24,645,279	-	24,645,279
Less Accumulated Depreciation	(4,324,249)	-	(4,324,249)
Equipment and Vehicles	272,291	-	272,291
Less Accumulated Depreciation	(215,632)	-	(215,632)
Buildings	69,160	-	69,160
Less Accumulated Depreciation	(34,654)	-	(34,654)
Office Furniture and Equipment	24,358	-	24,358
Less Accumulated Depreciation	(20,776)	-	(20,776)
Construction in Progress	-	3,275,897	3,275,897
Net Capital Assets	<u>\$ 20,788,578</u>	<u>\$ 3,275,897</u>	<u>\$ 24,064,475</u>
Total Noncurrent Assets	<u>\$ 22,490,444</u>	<u>\$ 3,325,796</u>	<u>\$ 25,816,240</u>
Total Assets	<u>\$ 22,684,097</u>	<u>\$ 3,325,796</u>	<u>\$ 26,009,893</u>

(Continued)

CLARK-EDGAR RURAL WATER DISTRICT

ENTERPRISE FUND - WATER DISTRIBUTION FUND ACCOUNTS

STATEMENT OF NET ASSETS (CONT.)

April 30, 2011

	Operation and Maintenance Account	System Construction Account	Totals
<u>LIABILITIES</u>			
Current Liabilities			
Bank Overdraft (Oper & Maint.)	\$ 41,332	\$ -	\$ 41,332
Accounts Payable	29,899	16,844	46,743
Accrued Salaries & Vacation Pay	11,533	-	11,533
Payroll Taxes Payable	1,294	-	1,294
Health Insurance Payable	(1,189)	-	(1,189)
Renters Deposits Payable	9,700	-	9,700
Revenue Bonds Payable (Current Portion)	183,000	-	183,000
EPA Payable	367,775	-	367,775
Construction Loan Payable (First Financial)	653,544	-	653,544
Total Current Liabilities	<u>\$ 1,296,888</u>	<u>\$ 16,844</u>	<u>\$ 1,313,732</u>
Noncurrent Liabilities			
Revenue Bonds Payable	\$ 6,370,500	\$ -	\$ 6,370,500
EPA Loan Payable	7,462	-	7,462
Accrued Sick Pay	-	43,805	43,805
Tap Fees Liability	7,876,888	-	7,876,888
Total Noncurrent Liabilities	<u>\$ 14,254,850</u>	<u>\$ 43,805</u>	<u>\$ 14,298,655</u>
Total Liabilities	<u>\$ 15,551,738</u>	<u>\$ 60,649</u>	<u>\$ 15,612,387</u>
<u>NET ASSETS</u>			
Invested in Capital Assets,			
Net of Related Debt	\$ 5,397,520	\$ 3,215,248	\$ 8,612,768
Restricted for Construction	-	49,899	49,899
Restricted for Bond Requirements	1,681,504	-	1,681,504
Unrestricted	53,335	-	53,335
Total Net Assets	<u>\$ 7,132,359</u>	<u>\$ 3,265,147</u>	<u>\$ 10,397,506</u>

Reference should be made to the auditor's report regarding this information.



CLARK-EDGAR RURAL WATER DISTRICT

ENTERPRISE FUND - WATER DISTRIBUTION FUND  
 COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
For the Years Ended April 30, 2011 and April 30, 2010

	Years Ended April 30	
	2011	2010
<b>OPERATING REVENUES</b>		
Charges for Water Usage and Services	\$ 1,757,155	\$ 1,574,643
Tap Fees	76,455	34,000
Tap Fees (\$2,000 each)	42,000	34,000
Penalties and Miscellaneous Charges	31,337	30,696
<b>Total Operating Revenues</b>	<b>\$ 1,906,947</b>	<b>\$ 1,673,339</b>
<b>OPERATING EXPENSES</b>		
Personal Services		
Salaries, Benefits, and Related Payroll Taxes	\$ 280,218	\$ 264,293
Contractual Services		
Advertising	\$ 1,401	\$ 1,565
Planning, Development, and Grant Writing	-	9,275
Insurance and Bonds	31,892	33,595
Utilities - Electricity and Gas	114,157	101,682
Communications - Telephone, Pager, Radios, and Internet	7,928	8,896
Legal Fees	3,109	2,464
Board of Directors Fees	3,500	3,250
Auditing	15,500	14,500
Illinois EPA Water Testing	9,134	707
Contractual Services	11,659	14,055
Mileage, Travel, and Conferences	1,186	474
Printing and Reproduction	777	135
Dues, Subscriptions, and Miscellaneous	10,233	4,836
Repairs and Maintenance	19,044	42,253
NSF Charges, Bank Fees, and Refunds	2,807	5,054
Licenses & Permits	500	-
Recording	1,074	-
<b>Total Contractual Services</b>	<b>\$ 233,901</b>	<b>\$ 242,741</b>

Continued

CLARK-EDGAR RURAL WATER DISTRICT

ENTERPRISE FUND - WATER DISTRIBUTION FUND  
 COMPARATIVE STATEMENT OF REVENUES AND EXPENSES (CONT.)  
For the Years Ended April 30, 2011 and April 30, 2010

	Years Ended April 30	
	2011	2010
OPERATING EXPENSES - Continued		
Supplies		
Water Purchases	\$ 4,827	\$ 209,802
Postage and Office Supplies	21,778	19,924
Field Supplies	41,898	38,720
Fuel	22,297	19,397
Clothing	104	-
New System/Plant Chemicals	40,460	25,999
Total Supplies	\$ 131,364	\$ 313,842
Depreciation and Amortization		
Amortization of Easement Costs	\$ 9,755	\$ 9,689
Depreciation of Water Distribution System, Equipment, Vehicles, and Buildings	632,039	463,142
Total Depreciation and Amortization	\$ 641,794	\$ 472,831
Other		
Bad Debts	\$ 4,899	\$ 1,974
Total Operating Expenses	\$ 1,292,176	\$ 1,295,681
Operating Income	\$ 614,771	\$ 377,658
NON-OPERATING REVENUES (EXPENSES)		
Interest on Bank Deposits	\$ 1,752	\$ 1,684
Interest on Revenue Bonds	(275,718)	(280,161)
Interest on EPA Loan	(195,867)	-
Total Non-Operating Revenues (Expenses)	\$ (469,833)	\$ (278,477)
Income before Contributions	\$ 144,938	\$ 99,181

Reference should be made to the auditor's report regarding this information.

CLARK-EDGAR RURAL WATER DISTRICT

ENTERPRISE FUND - WATER DISTRIBUTION FUND  
 STATEMENT OF CHANGES IN NET ASSETS  
Year Ended April 30, 2011

	Operation and Maintenance Account	System Construction Account	Totals
Income before Contributions	\$ 144,938	\$ -	\$ 144,938
Capital Contributions	-	1,178,604	1,178,604
Transfer	<u>(1,085,641)</u>	<u>1,085,641</u>	<u>-</u>
Changes in Net Assets	\$ (940,703)	\$ 2,264,245	\$ 1,323,542
Balances, May 1, 2010	<u>8,073,062</u>	<u>1,000,902</u>	<u>9,073,964</u>
Balance, April 30, 2011	<u><u>\$ 7,132,359</u></u>	<u><u>\$ 3,265,147</u></u>	<u><u>\$ 10,397,506</u></u>

Reference should be made to the auditor's report regarding this information.

CLARK-EDGAR RURAL WATER DISTRICT

BUDGET REPORT

For the Year Ended April 30, 2011

	<u>Budget</u>	<u>Actual</u>
<b>INCOME</b>		
Water Sales	\$ 1,564,090	\$ 1,757,155
Penalties and Miscellaneous Charges	20,000	31,337
Interest on Accounts	1,000	1,752
New Services (\$2,000 taps)	<u>25,000</u>	<u>42,000</u>
Total Income	<u>\$ 1,610,090</u>	<u>\$ 1,832,244</u>
<b>EXPENSES</b>		
Water Purchases	\$ 10,000	\$ 4,827
Interest on Bonds	300,000	275,718
Interest on EPA Loans	202,043	195,866
Reserve Accounts	54,348	54,348
Advertising	1,500	1,401
Auditing	15,000	15,500
Copier and Fax Lease	2,500	1,911
Dues, Subscriptions, and Miscellaneous	5,300	10,233
IEPA Water Testing	10,000	9,134
Insurance - General Liability and Workers Comp	37,000	31,892
Insurance - Medical	41,300	42,120
Legal Fees	3,000	3,109
Repairs and Installations of Meters	7,000	5,872
Fuel	20,000	22,297
Other Contractual Services (Trash Pick-Up, Mowing and Pest Control)	7,000	11,659
Payroll Expense	274,560	238,098
Board of Directors Fees	4,000	3,500
Postage	12,200	11,751
Planning, Development and Grant Writing	1,000	-
Printing and Reproductions	1,000	777
Repairs and Maintenance	28,500	13,172
Computer Software, Supplies and Technical Support	6,500	5,016
Office Furniture and Supplies	3,500	3,100
Clothing	250	104
Supplies - Field	40,000	41,898
Taxes, Licenses, and Permits	500	500
Telephone, Pager, Radios, and Internet	8,500	7,928
Travel/Conference	1,000	1,186
Utilities - Gas	15,000	9,950
Utilities - Electricity	110,000	104,207
Other Expenses - NSF Charges & Other Bank Fees	800	2,807
New System/Plant Chemicals	<u>120,000</u>	<u>40,460</u>
Total Expenses	<u>\$ 1,343,301</u>	<u>\$ 1,170,341</u>

Reference should be made to the auditor's report regarding this information.

CLARK-EDGAR RURAL WATER DISTRICT

SCHEDULE OF CASH

April 30, 2011

	<u>Cash</u>
<u>Operations and Maintenance Account</u>	
The Illinois Funds #7139169093 (Overdraft)	\$ (41,332) (B)
The Illinois Funds #151600218391	1,071
First Bank and Trust #02 0631150 0	6,097
Petty Cash and Cash on Hand	<u>200</u>
 Total Operation and Maintenance Account	 <u>\$ (33,964) (A)</u>

RESTRICTED ACCOUNTS:

System Construction Account

The Illinois Funds #7139173335	<u>\$ 49,899</u>
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Restricted Accounts - The Illinois Funds #7139169093

Bond and Interest	\$ 386,880
EPA Bond and Interest	325,140
Bond Reserve	413,935
Depreciation Reserve	470,103
EPA Depreciation Reserve	78,600
Vehicle Acquisition	20,361
First Financial Reserve	<u>6,847</u>
 Total Illinois Funds #7139169093	 <u>\$ 1,701,866 (B)</u>

Total Restricted Accounts	<u>\$ 1,751,765</u>
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Total All Accounts	<u><u>\$ 1,717,801</u></u>
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(A) Cash balances of \$7,368 less overdraft \$(41,332) = net overdraft of \$(33,964).

(B) The Illinois funds #7139169093	
Operations and Maintenance (Overdraft)	\$ (41,332)
Restricted Accounts	<u>1,701,866</u>
Net Balance	<u><u>\$ 1,660,534</u></u>

Reference should be made to the auditor's report regarding this information.

CLARK-EDGAR RURAL WATER DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 1994, DATED AUGUST 25, 1994

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	022-023	05/01/11	5.25%	\$ 20,000	\$ 28,613	\$ 48,613
2012	024-025	05/01/12	5.25	20,000	56,175	76,175
2013	026-028	05/01/13	5.25	30,000	55,125	85,125
2014	029-031	05/01/14	5.25	30,000	53,550	83,550
2015	032-034	05/01/15	5.25	30,000	51,975	81,975
2016	035-037	05/01/16	5.25	30,000	50,400	80,400
2017	038-040	05/01/17	5.25	30,000	48,825	78,825
2018	041-043	05/01/18	5.25	30,000	47,250	77,250
2019	044-047	05/01/19	5.25	40,000	45,675	85,675
2020	048-051	05/01/20	5.25	40,000	43,575	83,575
2021	052-055	05/01/21	5.25	40,000	41,475	81,475
2022	056-059	05/01/22	5.25	40,000	39,375	79,375
2023	060-063	05/01/23	5.25	40,000	37,275	77,275
2024	064-068	05/01/24	5.25	50,000	35,175	85,175
2025	069-073	05/01/25	5.25	50,000	32,550	82,550
2026	074-078	05/01/26	5.25	50,000	29,925	79,925
2027	079-083	05/01/27	5.25	50,000	27,300	77,300
2028	084-089	05/01/28	5.25	60,000	24,675	84,675
2029	090-095	05/01/29	5.25	60,000	21,525	81,525
2030	096-101	05/01/30	5.25	60,000	18,375	78,375
2031	102-108	05/01/31	5.25	70,000	15,225	85,225
2032	109-115	05/01/32	5.25	70,000	11,550	81,550
2033	116-122	05/01/33	5.25	70,000	7,875	77,875
2034	123-130	05/01/34	5.25	80,000	4,200	84,200
Totals				<u>\$ 1,090,000</u>	<u>\$ 827,663</u>	<u>\$ 1,917,663</u>

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)  
April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 1996, DATED AUGUST 8, 1996

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	2	05/01/11	4.875%	\$ 8,000	\$ 8,190	\$ 16,190
2012	2	05/01/12	4.875	8,000	15,990	23,990
2013	2	05/01/13	4.875	8,000	15,600	23,600
2014	2	05/01/14	4.875	8,000	15,210	23,210
2015	2	05/01/15	4.875	8,000	14,820	22,820
2016	2	05/01/16	4.875	8,000	14,430	22,430
2017	2	05/01/17	4.875	8,000	14,040	22,040
2018	2	05/01/18	4.875	8,000	13,650	21,650
2019	2	05/01/19	4.875	12,000	13,260	25,260
2020	3	05/01/20	4.875	12,000	12,675	24,675
2021	3	05/01/21	4.875	12,000	12,090	24,090
2022	3	05/01/22	4.875	12,000	11,505	23,505
2023	3	05/01/23	4.875	12,000	10,920	22,920
2024	3	05/01/24	4.875	12,000	10,335	22,335
2025	3	05/01/25	4.875	12,000	9,750	21,750
2026	3	05/01/26	4.875	16,000	9,165	25,165
2027	4	05/01/27	4.875	16,000	8,385	24,385
2028	4	05/01/28	4.875	16,000	7,605	23,605
2029	4	05/01/29	4.875	16,000	6,825	22,825
2030	4	05/01/30	4.875	16,000	6,045	22,045
2031	4	05/01/31	4.875	20,000	5,265	25,265
2032	5	05/01/32	4.875	20,000	4,290	24,290
2033	5	05/01/33	4.875	20,000	3,315	23,315
2034	5	05/01/34	4.875	24,000	2,340	26,340
2035	6	05/01/35	4.875	24,000	1,170	25,170
Totals				\$ 336,000	\$ 246,870	\$ 582,870

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)  
April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 1998, DATED MARCH 23, 1998

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	014-015	05/01/10	4.50%	\$ 30,000	\$ 29,363	\$ 59,363
2012	016-017	05/01/12	4.50	30,000	57,375	87,375
2013	018-019	05/01/13	4.50	30,000	56,025	86,025
2014	020-021	05/01/14	4.50	30,000	54,675	84,675
2015	022-023	05/01/15	4.50	30,000	53,325	83,325
2016	024-025	05/01/16	4.50	30,000	51,975	81,975
2017	026-027	05/01/17	4.50	30,000	50,625	80,625
2018	028-029	05/01/18	4.50	30,000	49,275	79,275
2019	030-031	05/01/19	4.50	30,000	47,925	77,925
2020	032-034	05/01/20	4.50	45,000	46,575	91,575
2021	035-037	05/01/21	4.50	45,000	44,550	89,550
2022	038-040	05/01/22	4.50	45,000	42,525	87,525
2023	041-043	05/01/23	4.50	45,000	40,500	85,500
2024	044-046	05/01/24	4.50	45,000	38,475	83,475
2025	047-049	05/01/25	4.50	45,000	36,450	81,450
2026	050-052	05/01/26	4.50	45,000	34,425	79,425
2027	053-055	05/01/27	4.50	45,000	32,400	77,400
2028	056-059	05/01/28	4.50	60,000	30,375	90,375
2029	060-063	05/01/29	4.50	60,000	27,675	87,675
2030	064-067	05/01/30	4.50	60,000	24,975	84,975
2031	068-071	05/01/31	4.50	60,000	22,275	82,275
2032	072-075	05/01/32	4.50	60,000	19,575	79,575
2033	076-079	05/01/33	4.50	60,000	16,875	76,875
2034	080-084	05/01/34	4.50	75,000	14,175	89,175
2035	085-089	05/01/35	4.50	75,000	10,800	85,800
2036	090-094	05/01/36	4.50	75,000	7,425	82,425
2037	095-100	05/01/37	4.50	90,000	4,050	94,050
Totals				<u>\$ 1,305,000</u>	<u>\$ 944,663</u>	<u>\$ 2,249,663</u>

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.



CLARK-EDGAR RURAL WATER DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 2001, DATED OCTOBER 22, 2001

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	007	05/01/10	4.50%	\$ 20,000	\$ 41,850	\$ 61,850
2012	009	05/01/12	4.50	20,000	82,800	102,800
2013	010-011	05/01/13	4.50	40,000	81,900	121,900
2014	012-013	05/01/14	4.50	40,000	80,100	120,100
2015	014-015	05/01/15	4.50	40,000	78,300	118,300
2016	016-017	05/01/16	4.50	40,000	76,500	116,500
2017	018-019	05/01/17	4.50	40,000	74,700	114,700
2018	020-021	05/01/18	4.50	40,000	72,900	112,900
2019	022-023	05/01/19	4.50	40,000	71,100	111,100
2020	024-025	05/01/20	4.50	40,000	69,300	109,300
2021	026-027	05/01/21	4.50	40,000	67,500	107,500
2022	028-029	05/01/22	4.50	40,000	65,700	105,700
2023	030-031	05/01/23	4.50	40,000	63,900	103,900
2024	032-034	05/01/24	4.50	60,000	62,100	122,100
2025	035-037	05/01/25	4.50	60,000	59,400	119,400
2026	038-040	05/01/26	4.50	60,000	56,700	116,700
2027	041-043	05/01/27	4.50	60,000	54,000	114,000
2028	044-046	05/01/28	4.50	60,000	51,300	111,300
2029	047-049	05/01/29	4.50	60,000	48,600	108,600
2030	050-052	05/01/30	4.50	60,000	45,900	105,900
2031	053-055	05/01/31	4.50	60,000	43,200	103,200
2032	056-059	05/01/32	4.50	80,000	40,500	120,500
2033	060-063	05/01/33	4.50	80,000	36,900	116,900
2034	064-067	05/01/34	4.50	80,000	33,300	113,300
2035	068-071	05/01/35	4.50	80,000	29,700	109,700
2036	072-075	05/01/36	4.50	80,000	26,100	106,100
2037	076-080	05/01/37	4.50	100,000	22,500	122,500
2038	081-085	05/01/38	4.50	100,000	18,000	118,000
2039	086-090	05/01/39	4.50	100,000	13,500	113,500
2040	091-095	05/01/40	4.50	100,000	9,000	109,000
2041	096-100	05/01/41	4.50	100,000	4,500	104,500
Totals				\$ 1,860,000	\$ 1,581,750	\$ 3,441,750

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

## CLARK-EDGAR RURAL WATER DISTRICT

## SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLESERIES OF 2002, DATED NOVEMBER 21, 2002

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	008	05/01/11	4.50%	\$ 4,000	\$ 8,370	\$ 12,370
2012	009	05/01/12	4.50	4,000	16,560	20,560
2013	010-011	05/01/13	4.50	8,000	16,380	24,380
2014	012-013	05/01/14	4.50	8,000	16,020	24,020
2015	014-015	05/01/15	4.50	8,000	15,660	23,660
2016	016-017	05/01/16	4.50	8,000	15,300	23,300
2017	018-019	05/01/17	4.50	8,000	14,940	22,940
2018	020-021	05/01/18	4.50	8,000	14,580	22,580
2019	022-023	05/01/19	4.50	8,000	14,220	22,220
2020	024-025	05/01/20	4.50	8,000	13,860	21,860
2021	026-027	05/01/21	4.50	8,000	13,500	21,500
2022	028-029	05/01/22	4.50	8,000	13,140	21,140
2023	030-031	05/01/23	4.50	8,000	12,780	20,780
2024	032-034	05/01/24	4.50	12,000	12,420	24,420
2025	035-037	05/01/25	4.50	12,000	11,880	23,880
2026	038-040	05/01/26	4.50	12,000	11,340	23,340
2027	041-043	05/01/27	4.50	12,000	10,800	22,800
2028	044-046	05/01/28	4.50	12,000	10,260	22,260
2029	047-049	05/01/29	4.50	12,000	9,720	21,720
2030	050-052	05/01/30	4.50	12,000	9,180	21,180
2031	053-055	05/01/31	4.50	12,000	8,640	20,640
2032	056-059	05/01/32	4.50	16,000	8,100	24,100
2033	060-063	05/01/33	4.50	16,000	7,380	23,380
2034	064-067	05/01/34	4.50	16,000	6,660	22,660
2035	068-071	05/01/35	4.50	16,000	5,940	21,940
2036	072-075	05/01/36	4.50	16,000	5,220	21,220
2037	076-080	05/01/37	4.50	16,000	4,500	20,500
2038	081-085	05/01/38	4.50	20,000	3,780	23,780
2039	086-090	05/01/39	4.50	20,000	2,880	22,880
2040	091-095	05/01/40	4.50	20,000	1,980	21,980
2041	096-100	05/01/41	4.50	24,000	1,080	25,080
Totals				\$ 372,000	\$ 317,070	\$ 689,070

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

## CLARK-EDGAR RURAL WATER DISTRICT

## SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLESERIES OF 2002, DATED NOVEMBER 21, 2002

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	006	05/01/11	4.50%	\$ 1,000	\$ 1,733	\$ 2,733
2012	008	05/01/12	4.50	1,000	3,420	4,420
2013	009	05/01/13	4.50	1,000	3,375	4,375
2014	010	05/01/14	4.50	1,000	3,330	4,330
2015	011	05/01/15	4.50	1,000	3,285	4,285
2016	012	05/01/16	4.50	1,000	3,240	4,240
2017	013-014	05/01/17	4.50	2,000	3,195	5,195
2018	015-016	05/01/18	4.50	2,000	3,105	5,105
2019	017-018	05/01/19	4.50	2,000	3,015	5,015
2020	019-020	05/01/20	4.50	2,000	2,925	4,925
2021	021-022	05/01/21	4.50	2,000	2,835	4,835
2022	023-024	05/01/22	4.50	2,000	2,745	4,745
2023	025-026	05/01/23	4.50	2,000	2,655	4,655
2024	027-028	05/01/24	4.50	2,000	2,565	4,565
2025	029-030	05/01/25	4.50	2,000	2,475	4,475
2026	031-032	05/01/26	4.50	2,000	2,385	4,385
2027	033-034	05/01/27	4.50	2,000	2,295	4,295
2028	035-036	05/01/28	4.50	2,000	2,205	4,205
2029	037-038	05/01/29	4.50	2,000	2,115	4,115
2030	039-041	05/01/30	4.50	3,000	2,025	5,025
2031	042-044	05/01/31	4.50	3,000	1,890	4,890
2032	045-047	05/01/32	4.50	3,000	1,755	4,755
2033	048-050	05/01/33	4.50	3,000	1,620	4,620
2034	051-053	05/01/34	4.50	3,000	1,485	4,485
2035	054-056	05/01/35	4.50	3,000	1,350	4,350
2036	057-059	05/01/36	4.50	3,000	1,215	4,215
2037	060-063	05/01/37	4.50	4,000	1,080	5,080
2038	064-067	05/01/38	4.50	4,000	900	4,900
2039	068-071	05/01/39	4.50	4,000	720	4,720
2040	072-075	05/01/40	4.50	4,000	540	4,540
2041	076-079	05/01/41	4.50	4,000	360	4,360
2042	080-083	05/01/42	4.50	4,000	180	4,180
Totals				\$ 77,000	\$ 68,018	\$ 145,018

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)  
 April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE  
SERIES OF 2003, DATED SEPTEMBER 11, 2003

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	007	05/01/11	4.25%			
2012	008-009	05/01/12	4.25	\$ 5,000	\$ 10,944	\$ 15,944
2013	010-011	05/01/13	4.25	10,000	21,675	31,675
2014	012-013	05/01/14	4.25	10,000	21,250	31,250
2015	014-015	05/01/15	4.25	10,000	20,825	30,825
2016	016-017	05/01/16	4.25	10,000	20,400	30,400
2017	018-019	05/01/17	4.25	10,000	19,975	29,975
2018	020-021	05/01/18	4.25	10,000	19,550	29,550
2019	022-023	05/01/19	4.25	10,000	19,125	29,125
2020	024-025	05/01/20	4.25	10,000	18,700	28,700
2021	026-027	05/01/21	4.25	10,000	18,275	28,275
2022	028-029	05/01/22	4.25	10,000	17,850	27,850
2023	030-031	05/01/23	4.25	10,000	17,425	27,425
2024	032-034	05/01/24	4.25	10,000	17,000	27,000
2025	035-037	05/01/25	4.25	15,000	16,575	31,575
2026	038-040	05/01/26	4.25	15,000	15,937	30,937
2027	041-043	05/01/27	4.25	15,000	15,300	30,300
2028	044-046	05/01/28	4.25	15,000	14,663	29,663
2029	047-049	05/01/29	4.25	15,000	14,025	29,025
2030	050-052	05/01/30	4.25	15,000	13,387	28,387
2031	053-056	05/01/31	4.25	15,000	12,750	27,750
2032	057-060	05/01/32	4.25	20,000	12,113	32,113
2033	061-064	05/01/33	4.25	20,000	11,262	31,262
2034	065-068	05/01/34	4.25	20,000	10,413	30,413
2035	069-072	05/01/35	4.25	20,000	9,562	29,562
2036	073-077	05/01/36	4.25	20,000	8,713	28,713
2037	078-082	05/01/37	4.25	25,000	7,862	32,862
2038	083-087	05/01/38	4.25	25,000	6,800	31,800
2039	088-092	05/01/39	4.25	25,000	5,738	30,738
2040	093-097	05/01/40	4.25	25,000	4,675	29,675
2041	098-103	05/01/41	4.25	25,000	3,612	28,612
2042	104-109	05/01/42	4.25	30,000	2,550	32,550
Totals				30,000	1,275	31,275
				\$ 515,000	\$ 430,206	\$ 945,206

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

## CLARK-EDGAR RURAL WATER DISTRICT

## SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLESERIES OF 2003, DATED JULY 21, 2003

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	006	05/01/11	4.25%	\$ 2,500	\$ 4,834	\$ 7,334
2012	007	05/01/12	4.25	2,500	9,562	12,062
2013	008	05/01/13	4.25	2,500	9,456	11,956
2014	009	05/01/14	4.25	2,500	9,350	11,850
2015	010	05/01/15	4.25	2,500	9,244	11,744
2016	011-012	05/01/16	4.25	5,000	9,137	14,137
2017	013-014	05/01/17	4.25	5,000	8,925	13,925
2018	015-016	05/01/18	4.25	5,000	8,713	13,713
2019	017-018	05/01/19	4.25	5,000	8,500	13,500
2020	019-020	05/01/20	4.25	5,000	8,287	13,287
2021	021-022	05/01/21	4.25	5,000	8,075	13,075
2022	023-024	05/01/22	4.25	5,000	7,863	12,863
2023	025-026	05/01/23	4.25	5,000	7,650	12,650
2024	027-028	05/01/24	4.25	5,000	7,438	12,438
2025	029-030	05/01/25	4.25	5,000	7,225	12,225
2026	031-032	05/01/26	4.25	5,000	7,013	12,013
2027	033-035	05/01/27	4.25	7,500	6,800	14,300
2028	036-038	05/01/28	4.25	7,500	6,481	13,981
2029	039-041	05/01/29	4.25	7,500	6,163	13,663
2030	042-044	05/01/30	4.25	7,500	5,844	13,344
2031	045-047	05/01/31	4.25	7,500	5,525	13,025
2032	048-050	05/01/32	4.25	7,500	5,206	12,706
2033	051-053	05/01/33	4.25	7,500	4,887	12,387
2034	054-056	05/01/34	4.25	7,500	4,569	12,069
2035	057-060	05/01/35	4.25	10,000	4,250	14,250
2036	061-064	05/01/36	4.25	10,000	3,825	13,825
2037	065-068	05/01/37	4.25	10,000	3,400	13,400
2038	069-072	05/01/38	4.25	10,000	2,975	12,975
2039	073-076	05/01/39	4.25	10,000	2,550	12,550
2040	077-081	05/01/40	4.25	12,500	2,125	14,625
2041	082-086	05/01/41	4.25	12,500	1,594	14,094
2042	087-091	05/01/42	4.25	12,500	1,062	13,562
2043	092-096	05/01/43	4.25	12,500	531	13,031
Totals				<u>\$ 227,500</u>	<u>\$ 199,059</u>	<u>\$ 426,559</u>

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 2004, DATED SEPTEMBER 28, 2004

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	007	05/01/11	4.75%	\$ 1,000	\$ 2,874	\$ 3,874
2012	008-009	05/01/12	4.75	2,000	5,700	7,700
2013	010-011	05/01/13	4.75	2,000	5,605	7,605
2014	012-013	05/01/14	4.75	2,000	5,510	7,510
2015	014-015	05/01/15	4.75	2,000	5,415	7,415
2016	016-017	05/01/16	4.75	2,000	5,320	7,320
2017	018-019	05/01/17	4.75	2,000	5,225	7,225
2018	020-021	05/01/18	4.75	2,000	5,130	7,130
2019	022-023	05/01/19	4.75	2,000	5,035	7,035
2020	024-025	05/01/20	4.75	2,000	4,940	6,940
2021	026-027	05/01/21	4.75	2,000	4,845	6,845
2022	028-029	05/01/22	4.75	2,000	4,750	6,750
2023	030-032	05/01/23	4.75	3,000	4,655	7,655
2024	033-035	05/01/24	4.75	3,000	4,512	7,512
2025	036-038	05/01/25	4.75	3,000	4,370	7,370
2026	039-041	05/01/26	4.75	3,000	4,228	7,228
2027	042-044	05/01/27	4.75	3,000	4,085	7,085
2028	045-047	05/01/28	4.75	3,000	3,942	6,942
2029	048-050	05/01/29	4.75	3,000	3,800	6,800
2030	051-054	05/01/30	4.75	4,000	3,658	7,658
2031	055-058	05/01/31	4.75	4,000	3,467	7,467
2032	059-062	05/01/32	4.75	4,000	3,278	7,278
2033	063-066	05/01/33	4.75	4,000	3,087	7,087
2034	067-070	05/01/34	4.75	4,000	2,898	6,898
2035	071-075	05/01/35	4.75	5,000	2,707	7,707
2036	076-080	05/01/36	4.75	5,000	2,470	7,470
2037	081-085	05/01/37	4.75	5,000	2,233	7,233
2038	086-090	05/01/38	4.75	5,000	1,995	6,995
2039	091-095	05/01/39	4.75	5,000	1,757	6,757
2040	096-101	05/01/40	4.75	6,000	1,520	7,520
2041	102-107	05/01/41	4.75	6,000	1,235	7,235
2042	108-113	05/01/42	4.75	6,000	950	6,950
2043	114-120	05/01/43	4.75	7,000	665	7,665
2044	121-127	05/01/44	4.75	7,000	333	7,333
Totals				<u>\$ 121,000</u>	<u>\$ 122,194</u>	<u>\$ 243,194</u>

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)

April 30, 2011

WATERWORKS SYSTEM REVENUE BONDS AND INTEREST PAYABLE

SERIES OF 2009, DATED SEPTEMBER 23, 2009

Fiscal Year Ending April 30	Bond Numbers	Date Due	Rate of Interest	Bond Maturities	Interest Requirements	Total
2012	-	05/01/11	4.125%	\$ -	\$ -	\$ -
2012	001	05/01/12	4.125	10,000	30,319	40,319
2013	002	05/01/13	4.125	10,000	29,906	39,906
2014	003	05/01/14	4.125	10,000	29,494	39,494
2015	004	05/01/15	4.125	10,000	29,081	39,081
2016	005	05/01/16	4.125	10,000	28,669	38,669
2017	006	05/01/17	4.125	10,000	28,256	38,256
2018	007	05/01/18	4.125	10,000	27,844	37,844
2019	008	05/01/19	4.125	10,000	27,431	37,431
2020	009	05/01/20	4.125	10,000	27,019	37,019
2021	010	05/01/21	4.125	10,000	26,606	36,606
2022	011	05/01/22	4.125	10,000	26,194	36,194
2023	012	05/01/23	4.125	10,000	25,781	35,781
2024	013	05/01/24	4.125	10,000	25,369	35,369
2025	014	05/01/25	4.125	10,000	24,956	34,956
2026	015	05/01/26	4.125	10,000	24,544	34,544
2027	016	05/01/27	4.125	10,000	24,131	34,131
2028	017-018	05/01/28	4.125	20,000	23,513	43,513
2029	019-020	05/01/29	4.125	20,000	22,687	42,687
2030	021-022	05/01/30	4.125	20,000	21,863	41,863
2031	023-024	05/01/31	4.125	20,000	21,037	41,037
2032	025-026	05/01/32	4.125	20,000	20,213	40,213
2033	027-028	05/01/33	4.125	20,000	19,387	39,387
2034	029-030	05/01/34	4.125	20,000	18,563	38,563
2035	031-032	05/01/35	4.125	20,000	17,737	37,737
2036	033-034	05/01/36	4.125	20,000	16,913	36,913
2037	035-036	05/01/37	4.125	20,000	16,087	36,087
2038	037-038	05/01/38	4.125	20,000	15,263	35,263
2039	039-040	05/01/39	4.125	20,000	14,437	34,437
2040	041-043	05/01/40	4.125	30,000	13,406	43,406
2041	044-046	05/01/41	4.125	30,000	12,169	42,169
2042	047-049	05/01/42	4.125	30,000	10,931	40,931
2043	050-052	05/01/43	4.125	30,000	9,694	39,694
2044	053-055	05/01/44	4.125	30,000	8,456	38,456
2045	056-058	05/01/45	4.125	30,000	7,219	37,219
2046	059-062	05/01/46	4.125	40,000	5,775	45,775
2047	063-066	05/01/47	4.125	40,000	4,125	44,125
2048	067-070	05/01/48	4.125	40,000	2,475	42,475
2049	071-074	05/01/49	4.125	40,000	825	40,825
Unissued as of April 30, 2010				(90,000)	-	(90,000)
Totals				\$ 650,000	\$ 738,375	\$ 1,388,375

Note: Bonds & interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal & interest payments have been set up to be paid by automatic transfer precisely on May 1 & Nov. 1 of each year. Therefore, two lines are presented for the fiscal year ended April 30, 2012, debt service requirements.

CLARK-EDGAR RURAL WATER DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS (CONT.)  
April 30, 2011

ILLINOIS EPA CONSTRUCTION LOAN AND INTEREST PAYABLE

ISSUED 2009

ESTIMATED SCHEDULE, LOAN CLOSING NOT FINALIZED

Fiscal Year Ending April 30	Date Due	Rate of Interest	Principal Maturities	Interest Requirements	Total	
2012	07/17/11	01/17/12	2.50%	\$ 367,776	\$ 203,832	\$ 571,608
2013	07/17/12	01/17/13	2.50	377,028	194,580	571,608
2014	07/17/13	01/17/14	2.50	386,512	185,096	571,608
2015	07/17/14	01/17/15	2.50	396,235	175,373	571,608
2016	07/17/15	01/17/16	2.50	406,203	165,405	571,608
2017	07/17/16	01/17/17	2.50	416,422	155,186	571,608
2018	07/17/17	01/17/18	2.50	426,897	144,711	571,608
2019	07/17/18	01/17/19	2.50	437,636	133,972	571,608
2020	07/17/19	01/17/20	2.50	448,646	122,962	571,608
2021	07/17/20	01/17/21	2.50	459,932	111,676	571,608
2022	07/17/21	01/17/22	2.50	471,502	100,106	571,608
2023	07/17/22	01/17/23	2.50	483,363	88,245	571,608
2024	07/17/23	01/17/24	2.50	495,523	76,085	571,608
2025	07/17/24	01/17/25	2.50	507,988	63,620	571,608
2026	07/17/25	01/17/26	2.50	520,768	50,840	571,608
2027	07/17/26	01/17/27	2.50	533,868	37,740	571,608
2028	07/17/27	01/17/28	2.50	547,298	24,310	571,608
2029	07/17/28	01/17/29	2.50	561,066	10,542	571,608
Totals			\$ 8,244,663	\$ 2,044,281	\$ 10,288,944	

\* Including additional construction interest of \$15,360.

Note: Bonds and interest due on May 1 have been considered to be a requirement of the period ending the previous April 30. However, the principal and interest payments have been set up to be paid by automatic transfer precisely on May 1 and November 1 of each year. Therefore, two lines are presented for the fiscal year ending April 30, 2011, debt service requirements.



ANNUAL FEDERAL FINANCIAL-COMPLIANCE SECTION

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JAMES D. MOTLEY, C.P.A.

ROBERT D. MOTLEY

December 16, 2011

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS

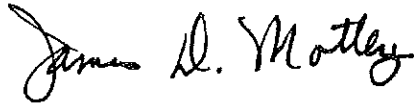
To the President and Board of Trustees  
Clark-Edgar Rural Water District  
Marshall, Illinois

I have audited the financial statements of Clark-Edgar Rural Water District as of and for the year ended April 30, 2011, and have issued my report thereon dated December 16, 2011. These financial statements are the responsibility of the Management of the District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by presentation. I believe that my audit provides a reasonable basis for my opinion.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 16, 2011, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the financial statements of Clark-Edgar Rural Water District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT

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JAMES D. MOTLEY, C.P.A.

ROBERT D. MOTLEY

December 16, 2011

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Board of Trustees  
Clark-Edgar Rural Water District  
Marshall, Illinois

Compliance

I have audited the compliance of Clark-Edgar Rural Water District with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133, "Compliance Supplement," that could have a direct and material effect on each of the District's major federal programs for the year ended April 30, 2011. The District's major federal programs are identified in the accompanying summary schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the District's compliance with those requirements.

In my opinion, Clark Edgar Rural Water District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs identified on the Schedule of Expenditures of Federal Awards for the year ended April 30, 2011.

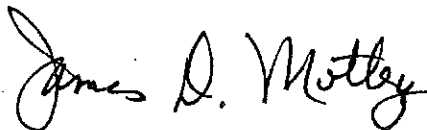
### Internal Control Over Compliance

The management of Clark-Edgar Rural Water District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine by auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information and use of, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANT

CLARK-EDGAR RURAL WATER DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

Year Ended April 30, 2011

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY</u>			
Community Development Assistance Program - Block Grant* to			
Stratton Township	14.228	07-242041	\$ 92,556
Hunter Township	14.228	07-242013	236,055
Casey Township	14.228	04-24275	163,689
Redmon, Village of	14.228	07-245021	242,268
Parker Township	14.228	07-245019	180,228
Westfield Township	14.228	07-245028	55,500
Johnson Township	14.228	07-245013	<u>208,308</u>
Total CDAP Block Grants	14.228		<u>\$ 1,178,604 (M)</u>
EPA and Illinois EPA			
Illinois Water Revolving Fund	66.468		<u>\$ 563,714 (M)</u>
<u>USDA, RURAL DEVELOPMENT</u>			
Rural Waterworks System			
Revenue Bonds	10.760		<u>\$ 60,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,802,318</u>

(M) - A major program.

\* Public Facilities Construction Grant.

See accompanying notes to schedule of expenditures of federal awards.

Reference should be made to the auditor's report regarding this information.

CLARK-EDGAR RURAL WATER DISTRICT  
NOTES OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ending April 30, 2011

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended April 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations.

Note 2 - Summary of Significant Accounting Policies

GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Clark-Edgar Rural Water District. The District's reporting entity is defined in Note 1 to the District's financial statements. Federal awards passed through other governmental agencies are included on the schedule.

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards received are reflected in the District's financial statements within the Enterprise Fund, a Proprietary Fund, the only fund used by the District, as bonds payable and as capital contributions.

RELATIONSHIP TO PROGRAM FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Program Financial Reports.

Note 3 – Subrecipients

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the District provided federal awards to subrecipients as follows:

None.

CLARK-EDGAR RURAL WATER DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended April 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Clark-Edgar Rural Water District.
2. No material weaknesses or reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Clark-Edgar Rural Water District were disclosed during the audit.
4. No instances of deficiency in internal control over major federal award programs were disclosed during the audit of Clark-Edgar Rural Water District.
5. The auditor's report on compliance for the major federal award program expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs to be reported in Part C of this schedule or that the auditor is required to report under section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
  - a. Community Development Assistance Program – Block Grants
  - b. EPA and Illinois EPA – Illinois Water Revolving
8. The threshold used for distinguishing Types A and B was \$300,000.00.
9. The Clark-Edgar Rural Water District was determined not to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. Internal Control Over Financial Reporting:
  - a. Material weakness identified: NONE
  - b. Reportable conditions identified: NONE
2. Noncompliance material to financial statements noted: NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. Internal Control Over Major Programs:
  - a. Material weaknesses identified: NONE
  - b. Reportable conditions identified: NONE
2. Audit findings and questioned costs that are required to be reported in accordance with Circular A-133: NONE



CLARK-EDGAR RURAL WATER DISTRICT  
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended April 30, 2010

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

N/A