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STATE OF INDIANA
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March 27, 2009

Board of Directors
Cordry Sweetwater Conservancy
District Water Supply System
8377 Cordry Drive
Nineveh, IN 46164

We have reviewed the audit report prepared by Horizon CPA Services, Independent Public Accountants, for the period January 1, 2006 to December 31, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Cordry Sweetwater Conservancy Water District Supply System, as of December 31, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

CORDRY SWEETWATER
CONSERVANCY DISTRICT
DEPARTMENT OF WATER

Audited
Financial Statements

December 31, 2006 and 2005

**CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER**

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HORIZON

cpa services

Independent Accountant's Audit Report

Board of Directors
Cordry Sweetwater Conservancy District
Department of Water

We have audited the accompanying Statement of Financial Position of Cordry-Sweetwater Conservancy District Department of Water (a non-profit organization) as of December 31, 2006 and 2005 and the related Statements of Operations and Changes in Net Assets and Statements of Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cordry Sweetwater Conservancy District Department of Water as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Horizon CPA Services, Inc.

Horizon CPA Services, Inc.
Indianapolis, IN

January 23, 2007

**Cordry Sweetwater Conservancy District
Department of Water Works
Statement of Financial Position
December 31, 2006 and 2005**

	2006	2005
<i><u>ASSETS</u></i>		
Current Assets:		
Cash	\$ 22,503	\$ 8,960
Certificates of Deposit	169,896	162,758
Accrued Interest Receivable	597	461
Accounts Receivable - Customers (net of allowance of \$300 at December 31, 2006 and 2005)	25,295	28,110
Inventory - Supplies	10,239	11,538
Prepaid Expense and Deposit	4,677	3,861
Total Current Assets	233,207	215,688
Plant, Property & Equipment (Note 2):		
Land and Land Rights	1,073	1,073
Water Plant and System	1,122,082	1,117,225
Office Furniture & Equipment	25,797	25,797
Maintenance Building & Equipment	106,767	98,930
Total Property, Plant & Equipment	1,255,719	1,243,025
Less Accumulated Depreciation	693,091	687,200
Property, Plant & Equipment, net of Accumulated Depreciation	562,628	555,825
Other Assets:		
Unamortized Debt Issue Expense (Note 3)	4,788	5,715
Total Assets	\$ 800,623	\$ 777,228
<i><u>LIABILITIES AND NET ASSETS</u></i>		
Current Liabilities:		
Accounts Payable	\$ 9,854	\$ 9,720
Sales Tax Payable	1,418	1,499
Accrued Payroll	2,257	1,897
Current Portion of Bonds Payable (Note 5)	45,000	44,000
Current Portion of Note Payable (Note 6)	5,430	
Accrued Interest	3,358	3,943
Meter Deposits (Note 4)	69,575	64,245
Total	136,892	125,304
Long-term Liabilities:		
Bonds Payable-Net of Current Portion (Note 5)	203,000	248,000
Note Payable-Cat Financial (Note 6)	21,469	-
Total	224,469	248,000
Contributions in Aid of Construction, net of Accumulated Amortization	1,059	1,084
Net Assets:		
Restricted	94,337	95,543
Unrestricted	343,866	307,297
Total Net Assets	438,203	402,840
Total Liabilities and Net Assets	\$ 800,623	\$ 777,228

See accompanying Independent Accountant's Audit Report and notes to financial statements.

Cordry Sweetwater Conservancy District
Department of Water Works
Statements of Operations and Changes in Net Assets
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<i>Income:</i>		
Metered Sales	\$ 312,615	\$ 300,676
Hydrant Rental	92,025	20,000
Discounts Forfeited	3,380	3,067
Connection Charges	750	6,300
Outside Surcharge	2,160	1,608
Other Charges	2,223	1,027
Interest Income	7,274	4,824
Total Income	<u>420,427</u>	<u>337,502</u>
<i>Expenses:</i>		
Purchased Water	113,848	112,192
Power for Pumping	3,973	3,718
Operating Labor	58,402	48,832
Operating Supplies & Expense	11,027	4,650
Maintenance	12,441	8,840
Conservancy Manager Salary	3,130	4,348
Office Salaries	43,815	42,470
Office Supplies & Expense	7,210	5,902
Outside Services	2,715	1,180
Insurance	9,462	9,080
Employee Pension & Benefits	52,931	48,185
Transportation	9,665	8,247
Interest	14,815	16,340
Depreciation and Amortization	28,453	26,583
Legal Fees & Accounting Fees	3,850	3,338
Other Operating Expense	9,327	4,410
Total Expenses	<u>385,064</u>	<u>348,315</u>
Excess of Income over Expenses/ (Expenses Over Income)	35,363	(10,813)
Net Assets - Beginning of Year	<u>402,840</u>	<u>413,653</u>
Net Assets - End of Year	<u>\$ 438,203</u>	<u>\$ 402,840</u>

Cordry Sweetwater Conservancy District
Department of Water Works
Statement of Cash Flows
December 31, 2006 and 2005

	2006	2005
<i>Cash flow From Operating Activities:</i>		
Net Income/(Loss)	\$ 35,363	\$ (10,813)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation & Amortization	28,453	26,583
Decrease/(Increase) in A/R	2,815	(7,188)
Increase in Accrued Interest Receivable	(136)	(255)
Decrease/(Increase) in Inventory	1,299	(2,715)
Increase in Pre-Paid	(816)	(816)
Increase in A/P	134	47
Increase/(Decrease) in Sales Tax Payable	(81)	221
Increase/(Decrease) in Accrued Payroll	360	(25)
Decrease in Accrued Interest Payable	(585)	(570)
Increase in Meter Deposits	5,330	5,455
Net Cash Provided by Operating Activities	72,136	9,924
<i>Cash Flow From Investing Activities:</i>		
Purchase of Utility Plant	(34,354)	(3,585)
Interfund Activity	-	-
Net Cash Used by Investing Activity	(34,354)	(3,585)
<i>Cash Flow From Financing Activities:</i>		
Borrowing for New Equipment	26,899	-
Repayment of Bonds Payable	(44,000)	(43,000)
Net Cash Used by Financing Activity	(17,101)	(43,000)
Net Increase/(Decrease) in Cash	20,681	(36,661)
Cash at Beginning of Year	171,718	208,379
Cash at End of Year	\$ 192,399	\$ 171,718

CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER
Notes to Financial Statements
(See Independent Accountant's Auditor Report)
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies:

Cordry Sweetwater Conservancy District (the "District") was established on June 27, 1959 by the Brown County Circuit Court pursuant to the Indiana Conservancy Act. The specific purpose for which the District was established is to (1) provide water supply, including treatment and distribution, and (2) develop forests, wildlife areas and park and recreational facilities were feasible in connection with beneficial water management, to an area designated in Hamblin Township, Brown County, Indiana and consist of approximately 2,300 acres.

The financial statements presented relate only to the District's Department of Water. The significant accounting policies are described below.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Also, in order to present the observance of limitations and restrictions placed on the use of resources available to the utility, consolidating financial statements are presented in the supplementary schedules. These financial statements are prepared in accordance with fund accounting principles, a procedure by which available resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. All financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances are reported in three self-balancing fund groups as follows:

1. Operating Fund - Resources available for general operation, maintenance, and administration of the utility.
2. Special Waterworks Utility Fund - Resources accumulated through transfers from operation to be used for unusual and extraordinary repair, renewal, replacement and renovation of the water distribution system. Also, in the event of a deficiency in the Bond and Interest Fund, resources from this fund would be utilized to eliminate such a deficit.
3. Bond and Interest Fund - Resources accumulated through transfers from operation for the payment of debt service and reserve requirements.

Revenue

The District's primary source of income is derived from the sale of water to individuals. The District also receives revenue from the collection of hydrant fees and connection charges.

Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments with an initial maturity of less than six months, when purchased, to be cash equivalents.

The District's carrying amount of cash was \$192,398 and \$171,718 for 2006 and 2005, respectively. Of these balances, \$169,896 in 2006 and \$162,758 in 2005, was held in 90 day certificate of deposits and designated as a cash reserve fund for bond principal and interest payments (Bond and Interest Fund) and a separate cash reserve fund for unusual and extraordinary repair, renewal, replacement and renovation of the water distribution system (Special Waterworks Utility Fund).

CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER
Notes to Financial Statements, continued
(See Independent Accountant's Auditor Report)
December 31, 2006 and 2005

Significant Concentration of Credit Risk

The Company has concentrated its credit risk for cash by maintaining deposits in banks which exceed the \$100,000 covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represent amounts billed for water services provided that have not yet been collected. Accounts receivable considered uncollectible are charged to bad debt expense as amounts are deemed uncollectible. The allowance account is adjusted at year end to reflect the percentage of sales considered uncollectible. A provision for doubtful accounts has been made in the amount of \$300 at December 31, 2006 and 2005. Bad debt expense was \$1,060 and \$175 for the years ended December 31, 2006 and 2005, respectively

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Income Taxes

The District is exempt from Federal income taxes under Section 501(c)(12) of the Internal Revenue Code.

Note 2 - Fixed Assets

Plant, property and equipment is stated at original cost which includes material, labor, other direct costs and indirect charges, including contract engineering and certain legal fees. Depreciation is provided using the straight-line method over estimated useful lives of the assets ranging from 3 to 60 years. Depreciation for the years ended December 31, 2006 and 2005 was \$27,526 and \$25,563 respectively. Depreciation was reduced by amortization of Contribution-in-Aid of Construction. Amortization of Contribution-in-Aid of Construction for the years ended December 31, 2006 and 2005 was \$25 and \$25, respectively.

Note 3 - Other Assets

Other assets consist of bond issuance cost incurred related to the issuance of the 1997 Bonds. These costs are being amortized over 174 months, the term of the bonds. The amount amortized in 2006 and 2005, was \$927 and \$1,022, respectively.

Note 4- Meter Deposits

The District requires customers to make a deposit with the utility upon connection onto the water system. These deposited funds are placed in separate cash accounts and are refunded upon the customer discontinuing service. Deposits may be applied against outstanding balances due.

CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER
Notes to Financial Statements, continued
(See Independent Accountant's Auditor Report)
December 31, 2006 and 2005

Note 5 – Bonds Payable

The utility is obligor on \$480,000 Cordry Sweetwater Conservancy District Water Revenue Bonds dated April 1, 1972 ("1972 Bonds"). The securities are negotiable, serial, coupon bonds bearing interest at 5 percent per annum, payable semiannually on April 1 and October 1. The bonds mature serially on April 1, in years and amounts as follows:

<u>Years</u>	<u>Amount per Year</u>	<u>Payment</u>
2007-2008	\$30,000	\$ 60,000
2009-2010	\$35,000	70,000
2011	\$15,000	15,000
Total Due Under 1972 Bonds		<u>\$ 145,000</u>

The bond ordinance calls for monthly transfers from the Operating Fund to the Bond and Interest Fund to cover the annual principal payment and the semiannual interest payments. The ordinance also requires the transfer of the net earnings from operations, after provision has been made for the Operating Fund and the Bond and Interest Fund amounts, to a Special Waterworks Utility Fund, which is to be used for the unusual and extraordinary repair, renewal, replacement and renovation of the Waterworks as discussed in Note 1.

The utility is also obligor on \$200,000 Cordry Sweetwater Conservancy District Waterworks Revenue Bonds dated October 1, 1997 ("1997 Bonds"). The securities are negotiable, serial, coupon bonds bearing interest at 6 percent per annum, payable semiannually on April 1 and October 1. The bonds mature serially on April 1, in years and amounts as follows:

<u>Years</u>	<u>Amount per Year</u>	<u>Payment</u>
2007	\$15,000	\$ 15,000
2008	\$16,000	16,000
2009-2010	\$17,000	34,000
2011	\$18,000	18,000
2012	\$20,000	20,000
Total Due Under 1997 Bonds		<u>\$ 103,000</u>

The bond ordinance calls for monthly transfers from the Operating Fund to the Bond and Interest Fund to cover the annual principles payment and the semiannual interest payments. The ordinance also requires the transfer of the net earnings from operations, after provision has been made for the Operating Fund and the Bond and Interest Fund amounts, to a Special Waterworks Utility Fund, which is to be used for the unusual and extraordinary repair, renewal, replacement and renovation of the Waterworks as discussed in Note 1.

CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER
Notes to Financial Statements, continued
(See Independent Accountant's Auditor Report)
December 31, 2006 and 2005

The combined future principal payments on the 1972 Bonds and 1997 Bonds payable as of December 31, 2006 are summarized as follows:

<u>Year Ending December 31</u>	<u>Payment</u>
2007	\$ 45,000
2008	46,000
2009	52,000
2010	52,000
Thereafter	53,000
Total	\$ 248,000

Interest expense for the year ended December 31, 2006 and 2005 totaled \$14,815 and \$16,340, respectively.

Note 6 – Note Payable

During the current year the utility financed the purchase of a piece of equipment with Cat Financial Services. The note has an interest rate of 5.35 percent per annum, payable semiannually. The note has the following principal payment schedule:

<u>Years</u>	<u>Payment</u>
2007	\$ 5,430
2008	5,725
2009	6,035
2010	6,362
2011	3,347
Total	\$ 26,899

Note 7 – Fund Transfers

	Balance Due December 31, 2005	2006 Transfers Required	2006 Transfers Made	Balance Due December 31, 2006
Operating Fund	\$ -	\$ -	\$ -	\$ -
Bond and Interest Fund	-	53,875	(53,875)	-
Special Waterworks Utility Fund	-	-	-	-
Total	\$ -	\$ 53,875	\$ (53,875)	\$ -

SUPPLEMENTAL INFORMATION

HORIZON

cpa services

Independent Auditor's Report on Supplemental Information

Board of Directors
Cordry Sweetwater Conservancy District
Department of Water

Our report on our audit of the basic financial statements of Cordry-Sweetwater Conservancy District Department of Water (a non-profit organization) for the year ended December 31, 2006 and 2005 appears on page two. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information in Schedules I, II, III, IV and V is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in Schedules I, II and III has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in Schedule IV and V, has been subjected to auditing procedures as such information relates to the audit of the basic financial statements only, and, accordingly, Schedules IV and V taken as a whole, we express no opinion on them.

Horizon CPA Services, Inc.

Horizon CPA Service, Inc.
Indianapolis, IN

January 23, 2007

Schedule I

**Cordry Sweetwater Conservancy District
Department of Water Works
Consolidating Statement of Financial Position - By Fund Balance
December 31, 2006 and 2005**

	Operating Fund	Special Waterworks Utility Fund	Bond and Interest Fund	Total All Funds December 31,	
				2006	2005
<u>ASSETS</u>					
Current Assets:					
Cash	\$ 19,373	\$ -	\$ 3,130	\$ 22,503	\$ 8,960
Certificates of Deposit	77,688	1,290	90,918	169,896	162,758
Accrued Interest Receivable	212	96	289	597	461
Accounts Receivable - Customers (net of allowance of \$300 at December 31, 2006 and 2005)	25,295	-	-	25,295	28,110
Inventory - Supplies	10,239	-	-	10,239	11,538
Prepaid Expense and Deposit	4,677	-	-	4,677	3,861
Total Current Assets	<u>137,484</u>	<u>1,386</u>	<u>94,337</u>	<u>233,207</u>	<u>215,688</u>
Plant, Property & Equipment (Note 2):					
Land and Land Rights	1,073	-	-	1,073	1,073
Water Plant and System	1,122,082	-	-	1,122,082	1,117,225
Office Furniture & Equipment	25,797	-	-	25,797	25,797
Maintenance Building & Equipment	106,767	-	-	106,767	98,930
Total Property, Plant & Equipment	1,255,719	-	-	1,255,719	1,243,025
Less Accumulated Depreciation	693,091	-	-	693,091	687,200
Property, Plant & Equipment, net of Accumulated Depreciation	<u>562,628</u>	<u>-</u>	<u>-</u>	<u>562,628</u>	<u>555,825</u>
Other Assets:					
Unamortized Debt Issue Expense (Note 3)	4,788	-	-	4,788	5,715
Total Assets	<u>\$ 704,900</u>	<u>\$ 1,386</u>	<u>\$ 94,337</u>	<u>\$ 800,623</u>	<u>\$ 777,228</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Current Liabilities:					
Accounts Payable	\$ 9,854	\$ -	\$ -	\$ 9,854	\$ 9,720
Sales Tax Payable	1,418	-	-	1,418	1,499
Accrued Payroll	2,257	-	-	2,257	1,897
Current Portion of Bonds Payable (Note 5)	45,000	-	-	45,000	44,000
Current Portion of Note Payable (Note 6)	5,430	-	-	5,430	-
Accrued Interest	3,358	-	-	3,358	3,943
Meter Deposits (Note 4)	69,575	-	-	69,575	64,245
Total	<u>136,892</u>	<u>-</u>	<u>-</u>	<u>136,892</u>	<u>125,304</u>
Long-term Liabilities:					
Bonds Payable-Net of Current Portion (Note 5)	203,000	-	-	203,000	248,000
Note Payable-Cat Financial	21,469	-	-	21,469	-
Total	<u>224,469</u>	<u>-</u>	<u>-</u>	<u>224,469</u>	<u>248,000</u>
Contributions in Aid of Construction, net of Accumulated Amortization	1,059	-	-	1,059	1,084
Net Assets:					
Restricted	-	-	94,337	94,337	95,543
Unrestricted	342,480	1,386	-	343,866	307,297
Total Net Assets	<u>342,480</u>	<u>1,386</u>	<u>94,337</u>	<u>438,203</u>	<u>402,840</u>
Total Liabilities and Net Assets	<u>\$ 704,900</u>	<u>\$ 1,386</u>	<u>\$ 94,337</u>	<u>\$ 800,623</u>	<u>\$ 777,228</u>

See accompanying Independent Accountant's Audit Report on Supplemental Information.

Schedule II

Cordry Sweetwater Conservancy District
Department of Water Works
Consolidating Statements of Operations and Changes in Net Assets - By Fund Balance
December 31, 2006 and 2005

	Operating Fund	Special Waterworks Utility Fund	Bond and Interest Fund	Total All Funds December 31,	
				2006	2005
<i>Income:</i>					
Metered Sales	\$ 312,615	\$ -	\$ -	\$ 312,615	\$ 300,676
Hydrant Rental	92,025	-	-	92,025	20,000
Discounts Forfeited	3,380	-	-	3,380	3,067
Connection Charges	750	-	-	750	6,300
Outside Surcharge	2,160	-	-	2,160	1,608
Other Charges	2,223	-	-	2,223	1,027
Interest Income	2,581	1,173	3,520	7,274	4,824
Total Income	415,734	1,173	3,520	420,427	337,502
<i>Expenses:</i>					
Purchased Water	113,848	-	-	113,848	112,192
Power for Pumping	3,973	-	-	3,973	3,718
Operating Labor	58,402	-	-	58,402	48,832
Operating Supplies & Expense	11,027	-	-	11,027	4,650
Maintenance	12,441	-	-	12,441	8,840
Conservancy Manager Salary	3,130	-	-	3,130	4,348
Office Salaries	43,815	-	-	43,815	42,470
Office Supplies & Expense	7,210	-	-	7,210	5,902
Outside Services	2,715	-	-	2,715	1,180
Insurance	9,462	-	-	9,462	9,080
Employee Pension & Benefits	52,931	-	-	52,931	48,185
Transportation	9,665	-	-	9,665	8,247
Interest	14,815	-	-	14,815	16,340
Depreciation and Amortization	28,453	-	-	28,453	26,583
Legal Fees & Accounting Fees	3,850	-	-	3,850	3,338
Other Operating Expense	9,327	-	-	9,327	4,410
Total Expenses	385,064	-	-	385,064	348,315
Excess of Income over Expenses/ (Expenses Over Income)	30,670	1,173	3,520	35,363	(10,813)
Net Assets - Beginning of Year	294,631	12,666	95,543	402,840	413,653
<i>Interfund Transfers:</i>					
1) Transfers to Bond & Interest Fund in Accordance with the Bond Resolution (Note 1 and 6)	(41,421)	(12,454)	53,875	-	-
2) Transfer to Operating Fund for Debt Service Payment (Principle & Interest) (Note 1 and 6)	58,600	-	(58,600)	-	-
Net Assets - End of Year	\$ 342,480	\$ 1,385	\$ 94,338	\$ 438,203	\$ 402,840

See accompanying Independent Accountant's Audit Report on Supplemental Information.

Schedule III

**Cordry Sweetwater Conservancy District
Department of Water Works
Consolidating Statement of Cash Flows - By Fund Balance
December 31, 2006 and 2005**

	Operating Fund	Special Waterworks Utility Fund	Bond and Interest Fund	Total All Funds December 31,	
				2006	2005
<i>Cash flow From Operating Activities:</i>					
Net Income/(Loss)	\$ 30,670	\$ 1,173	\$ 3,520	\$ 35,363	\$ (10,813)
Adjustments to Reconcile Net Income to					
Net Cash Provided by Operating Activities:					
Depreciation & Amortization	28,453	-	-	28,453	26,583
Decrease/(Increase) in A/R	2,815	-	-	2,815	(7,188)
Increase in Accrued Interest Receivable	(48)	(21)	(67)	(136)	(255)
Decrease/(Increase) in Inventory	1,299	-	-	1,299	(2,715)
Increase in Pre-Paid	(816)	-	-	(816)	(816)
Increase in A/P	134	-	-	134	47
Increase/(Decrease) in Sales Tax Payable	(81)	-	-	(81)	221
Increase/(Decrease) in Accrued Payroll	360	-	-	360	(25)
Decrease in Accrued Interest Payable	(585)	-	-	(585)	(570)
Increase in Meter Deposits	5,330	-	-	5,330	5,455
Net Cash Provided by Operating Activities	<u>67,531</u>	<u>1,152</u>	<u>3,453</u>	<u>72,136</u>	<u>9,924</u>
<i>Cash Flow From Investing Activities:</i>					
Purchase of Utility Plant	(34,354)	-	-	(34,354)	(3,585)
Interfund Activity	17,179	(12,454)	(4,725)	-	-
Net Cash Used by Investing Activity	<u>(17,175)</u>	<u>(12,454)</u>	<u>(4,725)</u>	<u>(34,354)</u>	<u>(3,585)</u>
<i>Cash Flow From Financing Activities:</i>					
Borrowing for new equipment	26,899	-	-	26,899	-
Repayment of Bonds Payable	(44,000)	-	-	(44,000)	(43,000)
Net Cash Used by Financing Activity	<u>(17,101)</u>	<u>-</u>	<u>-</u>	<u>(17,101)</u>	<u>(43,000)</u>
Net Increase/(Decrease) in Cash	33,255	(11,302)	(1,272)	20,681	(36,661)
Cash at Beginning of Year	<u>63,806</u>	<u>12,592</u>	<u>95,320</u>	<u>171,718</u>	<u>208,379</u>
Cash at End of Year	<u>\$ 97,061</u>	<u>\$ 1,290</u>	<u>\$ 94,048</u>	<u>\$ 192,399</u>	<u>\$ 171,718</u>

See accompanying Independent Accountant's Audit Report on Supplemental Information.

Schedule IV

**CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER**

*Schedule of Insurance Coverage
December 31, 2006*

<u>Carrier & Policy Number</u>	<u>Policy and Details</u>		<u>Policy End Date</u>
Timothy R. Downey Insurance - Policy No. 1308-0103	Worker's Compensation & Employer's Liability: Worker's Compensation & Occupational Disease - Statutory Employer Liability	\$ 1,000,000/ \$ 1,000,000/ \$ 1,000,000	April 11, 2007
CAN Surety - Policy No: 0601-68861960	Fidelity Bond	\$ 200,000	May 24, 2007
National Fire & Casualty Co. - Policy No: NFC02925PR	Office Building Earthquake-Office Personal Property Earthquake-PP Pole Barn Earthquake-Barn Water Tower Earthquake-WT New Tower Earthquake-NT Pump Station Earthquake-PS	\$ 72,100 \$ 72,100 \$ 17,000 \$ 17,000 \$ 13,000 \$ 13,000 \$ 257,000 \$ 257,500 \$ 257,500 \$ 257,500 \$ 30,900 \$ 30,900	August 1, 2007
National Fire & Casualty Co. - Policy No: NFC02925MA	Contractor's Equipment \$204,849	\$ 204,849	August 1, 2007
National Fire & Casualty Co. - Policy No: NFC02925ML	Aggregate General Liability	\$ 2,000,000 \$ 1,000,000	August 1, 2007
National Fire & Casualty Co. - Policy No: NFC02925AU	General Automobile Liability \$1,000,000	\$ 1,000,000	August 1, 2007

See accompanying Independent Accountant's Audit Report on Supplemental Information.

Schedule V

**CORDRY SWEETWATER CONSERVANCY DISTRICT
DEPARTMENT OF WATER**

*Schedule of Water Rates
December 31, 2006*

The water rate schedule used for the year ended December 31, 2006 is presented below:

a) Water Rates Per Month (Per 1,000 gallons):

First	3,000 gallons	\$ 6.10	
Next	12,000 gallons	\$ 5.48	
Next	15,000 gallons	\$ 4.93	(Minimum \$19.40 per month)
Next	20,000 gallons	\$ 4.36	
Next	50,000 gallons	\$ 3.62	

Note: All rates above include a \$1.74 per 1,000 gallon "tracker" increase effective May 24, 1996

b) Fire Protection Service:

Fire Hydrant Fees \$463.02 per hydrant per year

c) New Service Connection Fee \$750.00

d) Road Bore Fee \$200.00

e) Meter Deposit \$100.00

f) Disconnect Fee \$ 40.00

There were 1,344 metered customers and 126 fire hydrants at December 31, 2006.

See accompanying Independent Accountant's Audit Report on Supplemental Information.