

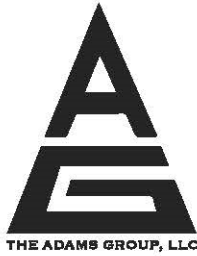
**ROXBOROUGH WATER AND SANITATION DISTRICT**

**FEDERAL AWARDS REPORT IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**December 31, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Roxborough Water and Sanitation District

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of Roxborough Water and Sanitation District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Roxborough Water and Sanitation District's basic financial statements and have issued our report thereon dated May 10, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Roxborough Water and Sanitation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roxborough Water and Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Roxborough Water and Sanitation District's internal control.

*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 deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

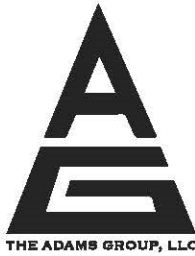
As part of obtaining reasonable assurance about whether Roxborough Water and Sanitation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 10, 2019  
Denver, Colorado

*The Adorno Group, LLC*



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Roxborough Water and Sanitation District

**Report on Compliance for the Major Federal Program**

We have audited Roxborough Water and Sanitation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Roxborough Water and Sanitation District's major federal program for the year ended December 31, 2018. Roxborough Water and Sanitation District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance of Roxborough Water and Sanitation District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we 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 Roxborough Water and Sanitation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Roxborough Water and Sanitation District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Roxborough Water and Sanitation District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of Roxborough Water and Sanitation District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roxborough Water and Sanitation District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roxborough Water and Sanitation 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Roxborough Water and Sanitation District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Roxborough Water and Sanitation District's basic financial statements. We issued our report thereon dated May 10, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*The Adams Group, LLC*

May 10, 2019  
Denver, Colorado

ROXBOROUGH WATER AND SANITATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31,	2018			
	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Pass-through Colorado Water Resources & Power Development Authority: Capitalization Grants for Drinking Water State Revolving Funds	66.468	D15A356	<u>\$ 1,096,179</u>	<u>\$ 0</u>
Total U.S. Environmental Protection Agency			<u>1,096,179</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$ 1,096,179</u>	<u>\$ 0</u>



ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note A General**

The accompany Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance program of the Roxborough Water and Sanitation District (the District). The District's reporting entity is defined in Note 1 to the District's basic financial statements.

**Note B Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal award activity of Roxborough Water and Sanitation District under program of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Roxborough Water and Sanitation District, it is not intended to and does not present the financial position of the operations of Roxborough Water and Sanitation District, and it is not intended to and does not present the financial position, changes in net assets, or cash flows of Roxborough Water and Sanitation District.

**Note C Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note D Indirect Costs**

Roxborough Water and Sanitation District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ROXBOROUGH WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2018

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditors' report issued: *Unmodified opinion*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)?  Yes  No

Type of auditor's report issued on compliance for major program: *unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?  Yes  No

Identification of major program: 66.468 Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

ROXBOROUGH WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended December 31, 2018

**Section II Findings - Financial Statement Findings**

None

ROXBOROUGH WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended December 31, 2018

**Section III Findings – Federal Award Findings and Questioned Costs**

None

ROXBOROUGH WATER AND SANITATION DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2018

**Section IV Findings – Prior Year Findings and Questioned Costs**

None