

ROXBOROUGH WATER AND SANITATION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2006

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Board of Directors
Roxborough Water and Sanitation District
Littleton, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Roxborough Water and Sanitation District as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of the Roxborough Water and Sanitation District, as listed in the table of contents. These financial statements are the responsibility of the Roxborough Water and Sanitation District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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. We believe that our audit provides a reasonable basis for our opinions.

The Roxborough Water and Sanitation District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Roxborough Water and Sanitation District as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roxborough Water and Sanitation District's basic financial statements. The individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

Swanhorst & Company LLC

July 18, 2007

BASIC FINANCIAL STATEMENTS

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF NET ASSETS

December 31, 2006

	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2006	2005
ASSETS				
Cash and Investments	\$ 5,112,526	\$ 32,013,919	\$ 37,126,445	\$ 34,504,096
Restricted Cash and Investments	2,928,046	176,550	3,104,596	9,159,203
Accounts Receivable	11,410	444,522	455,932	335,356
Property Taxes Receivable	1,833,018	-	1,833,018	1,763,127
Prepaid Expenses	21,656	11,804	33,460	26,924
Accounts Receivable, Noncurrent	-	37,818	37,818	46,593
Debt Issuance Costs, Net of Accumulated Amortization	84,806	-	84,806	89,269
Capital Assets, Net of Accumulated Depreciation	18,519	22,185,695	22,204,214	14,041,110
TOTAL ASSETS	10,009,981	54,870,308	64,880,289	59,965,678
LIABILITIES				
Accounts Payable	1,645	1,676,945	1,678,590	295,636
Deposits	-	26,896	26,896	20,896
Deferred Property Taxes	1,833,018	-	1,833,018	1,763,127
Deferred Revenues	-	8,589	8,589	9,304
Accrued Interest Payable	135,848	-	135,848	47,724
Noncurrent Liabilities				
Due Within One Year	495,000	-	495,000	480,000
Due in More Than One Year	11,135,690	70,660	11,206,350	11,707,780
TOTAL LIABILITIES	13,601,201	1,783,090	15,384,291	14,324,467
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	(8,588,160)	22,185,695	13,597,535	10,990,368
Restricted for Debt Service	4,724,848	-	4,724,848	4,217,143
Restricted for Emergencies	25,300	-	25,300	23,500
Unrestricted	246,792	30,901,523	31,148,315	30,410,200
TOTAL NET ASSETS	\$ (3,591,220)	\$ 53,087,218	\$ 49,495,998	\$ 45,641,211

The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 244,518	\$ -	\$ -	\$ -
Interest on Long-Term Debt	284,529	-	-	-
Total Governmental Activities	529,047	-	-	-
Business-Type Activities				
Water	2,486,490	2,587,642	46,465	1,878,067
Sewer	1,422,895	1,650,659	37,196	632,636
Total Business-Type Activities	3,909,385	4,238,301	83,661	2,510,703
TOTAL PRIMARY GOVERNMENT	\$ 4,438,432	\$ 4,238,301	\$ 83,661	\$ 2,510,703
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Investment Income				
Miscellaneous				
TRANSFERS				
SPECIAL ITEM				
Capital Contributions to Other Entities				
TOTAL GENERAL REVENUES, TRANSFERS AND SPECIAL ITEM				
CHANGE IN NET ASSETS				
NET ASSETS, Beginning				
NET ASSETS, Ending				

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2006	2005
\$ (244,518)	\$ -	\$ (244,518)	\$ (404,634)
(284,529)	-	(284,529)	(156,797)
(529,047)	-	(529,047)	(561,431)
-	2,025,684	2,025,684	2,500,110
-	897,596	897,596	1,815,679
-	2,923,280	2,923,280	4,315,789
(529,047)	2,923,280	2,394,233	3,754,358
1,781,935	-	1,781,935	1,631,579
173,186	-	173,186	194,691
154,429	1,431,449	1,585,878	802,556
2,765	-	2,765	-
(6,797,357)	6,797,357	-	-
-	(2,083,210)	(2,083,210)	-
(4,685,042)	6,145,596	1,460,554	2,628,826
(5,214,089)	9,068,876	3,854,787	6,383,184
1,622,869	44,018,342	45,641,211	39,258,027
\$ (3,591,220)	\$ 53,087,218	\$ 49,495,998	\$ 45,641,211

ROXBOROUGH WATER AND SANITATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	
				2006	2005
ASSETS					
Cash and Investments	\$ 258,424	\$ 4,854,102	\$ -	\$ 5,112,526	\$ 4,669,488
Restricted Cash and Investments	-	-	2,928,046	2,928,046	8,982,653
Accounts Receivable	4,816	6,594	-	11,410	13,713
Property Taxes Receivable	773,686	1,059,332	-	1,833,018	1,763,127
Prepaid Items	21,656	-	-	21,656	26,250
TOTAL ASSETS	<u>\$ 1,058,582</u>	<u>\$ 5,920,028</u>	<u>\$ 2,928,046</u>	<u>\$ 9,906,656</u>	<u>\$ 15,455,231</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 1,645	\$ -	\$ -	\$ 1,645	\$ 4,309
Deferred Property Taxes	773,686	1,059,332	-	1,833,018	1,763,127
TOTAL LIABILITIES	<u>775,331</u>	<u>1,059,332</u>	<u>-</u>	<u>1,834,663</u>	<u>1,767,436</u>
FUND BALANCES					
Reserved for Emergencies	25,300	-	-	25,300	23,500
Unreserved, reported in General Fund	257,951	-	-	257,951	464,499
Debt Service Fund	-	4,860,696	-	4,860,696	4,217,143
Capital Projects Fund	-	-	2,928,046	2,928,046	8,982,653
TOTAL FUND BALANCES	<u>283,251</u>	<u>4,860,696</u>	<u>2,928,046</u>	8,071,993	13,687,795
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,058,582</u>	<u>\$ 5,920,028</u>	<u>\$ 2,928,046</u>		

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount is net of accumulated depreciation of \$75,422.	18,519	24,815
Long-term liabilities including loans payable (\$11,180,000), loan premium (\$439,531), accrued compensated absences (\$11,159), bond issuance costs \$84,806 and accrued interest payable (\$135,848), are not due and payable in the current year and, therefore, are not reported in the funds.	(11,681,732)	(12,089,741)
Total Net Assets of Governmental Activities	<u>\$ (3,591,220)</u>	<u>\$ 1,622,869</u>

The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2006

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	
				<u>2006</u>	<u>2005</u>
REVENUES					
Property Taxes	\$ 764,598	\$ 1,017,337	\$ -	\$ 1,781,935	\$ 1,631,579
Specific Ownership Taxes	73,099	100,087	-	173,186	194,691
Investment Income	1,584	152,845	-	154,429	107,887
Miscellaneous Revenues	2,765	-	-	2,765	3,270
	<u>842,046</u>	<u>1,270,269</u>	<u>-</u>	<u>2,112,315</u>	<u>1,937,427</u>
TOTAL REVENUES					
EXPENDITURES					
General Government	218,983	15,302	-	234,285	398,207
Capital Outlay	1,400	-	6,054,607	6,056,007	1,041,542
Debt Service					
Principal	-	480,000	-	480,000	135,000
Interest and Fiscal Charges	-	215,075	-	215,075	157,121
Debt Issuance Costs	-	-	-	-	93,732
	<u>220,383</u>	<u>710,377</u>	<u>6,054,607</u>	<u>6,985,367</u>	<u>1,825,602</u>
TOTAL EXPENDITURES					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>621,663</u>	<u>559,892</u>	<u>(6,054,607)</u>	<u>(4,873,052)</u>	<u>111,825</u>
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	-	-	-	9,600,000
Debt Premium	-	-	-	-	485,797
Transfers In	-	83,661	-	83,661	184,827
Transfers Out	(826,411)	-	-	(826,411)	(526,935)
	<u>(826,411)</u>	<u>83,661</u>	<u>-</u>	<u>(742,750)</u>	<u>9,743,689</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCES	(204,748)	643,553	(6,054,607)	(5,615,802)	9,855,514
FUND BALANCES, Beginning	487,999	4,217,143	8,982,653	13,687,795	3,832,281
FUND BALANCES, Ending	<u>\$ 283,251</u>	<u>\$ 4,860,696</u>	<u>\$ 2,928,046</u>	<u>\$ 8,071,993</u>	<u>\$ 13,687,795</u>

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$	(5,615,802)	\$	9,855,514
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount represents depreciation expense in the current year.

	(6,296)	16,815
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of loan premium \$23,133, amortization of debt issuance costs (\$4,463) and accrued interest payable (\$88,124).

	(69,454)	(9,991,741)
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Loan payments \$480,000 and changes in compensated absences (\$2,537) are expenditures in the governmental funds, but they change long-term liabilities in the statement of net assets and do not affect the statement of activities.

	<u>477,463</u>	<u>132,683</u>
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Change in Net Assets of Governmental Activities	\$	<u>(5,214,089)</u>	\$	<u>13,271</u>
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The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

	WATER	SEWER	TOTAL PROPRIETARY FUNDS	
			2006	2005
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 7,053,072	\$ 5,656,706	\$ 12,709,778	\$ 7,634,274
Investments	19,304,141	-	19,304,141	22,200,334
Restricted Cash and Investments	176,550	-	176,550	176,550
Accounts Receivable	291,681	152,841	444,522	321,643
Prepaid Expenses	5,902	5,902	11,804	674
TOTAL CURRENT ASSETS	26,831,346	5,815,449	32,646,795	30,333,475
NONCURRENT ASSETS				
Accounts Receivable	37,818	-	37,818	46,593
Capital Assets, Net of Accumulated Depreciation	7,719,183	14,466,512	22,185,695	14,016,295
TOTAL NONCURRENT ASSETS	7,757,001	14,466,512	22,223,513	14,062,888
TOTAL ASSETS	34,588,347	20,281,961	54,870,308	44,396,363
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	174,654	1,502,291	1,676,945	291,327
Deposits	17,000	9,896	26,896	20,896
Deferred Revenues	4,724	3,865	8,589	9,304
TOTAL CURRENT LIABILITIES	196,378	1,516,052	1,712,430	321,527
NONCURRENT LIABILITIES				
Accrued Compensated Absences	35,330	35,330	70,660	56,494
TOTAL LIABILITIES	231,708	1,551,382	1,783,090	378,021
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	7,719,183	14,466,512	22,185,695	14,016,295
Unrestricted	26,637,456	4,264,067	30,901,523	30,002,047
TOTAL NET ASSETS	\$ 34,356,639	\$ 18,730,579	\$ 53,087,218	\$ 44,018,342

The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2006

	WATER	SEWER	TOTAL PROPRIETARY FUNDS	
			2006	2005
OPERATING REVENUES				
Charges for Services	\$ 2,377,184	\$ 1,253,266	\$ 3,630,450	\$ 3,426,298
Permit Fees	53,825	50,525	104,350	119,500
Meter Fees	63,480	-	63,480	69,900
Reimbursed Expenses	68,306	339,154	407,460	133,938
Miscellaneous	24,847	7,714	32,561	247,568
TOTAL OPERATING REVENUES	2,587,642	1,650,659	4,238,301	3,997,204
OPERATING EXPENSES				
Personnel Services	395,022	395,022	790,044	747,052
Operations	1,755,039	613,622	2,368,661	1,919,011
Depreciation	336,429	414,251	750,680	649,114
TOTAL OPERATING EXPENSES	2,486,490	1,422,895	3,909,385	3,315,177
OPERATING INCOME	101,152	227,764	328,916	682,027
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,045,639	385,810	1,431,449	694,669
Availability Charges	46,465	37,196	83,661	176,892
TOTAL NONOPERATING REVENUES (EXPENSES)	1,092,104	423,006	1,515,110	871,561
NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	1,193,256	650,770	1,844,026	1,553,588
Transfers In	555,781	270,630	826,411	519,000
Transfers Out	(46,465)	(37,196)	(83,661)	(176,892)
Capital Contributions From Other Funds	-	6,054,607	6,054,607	1,017,347
Capital Contributions	1,878,067	632,636	2,510,703	3,456,870
NET INCOME BEFORE SPECIAL ITEM	3,580,639	7,571,447	11,152,086	6,369,913
SPECIAL ITEM				
Capital Contributions to Other Entities	-	(2,083,210)	(2,083,210)	-
CHANGE IN NET ASSETS	3,580,639	5,488,237	9,068,876	6,369,913
NET ASSETS, Beginning	30,776,000	13,242,342	44,018,342	37,648,429
NET ASSETS, Ending	\$ 34,356,639	\$ 18,730,579	\$ 53,087,218	\$ 44,018,342

The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2006
Increase (Decrease) in Cash and Cash Equivalents

	WATER	SEWER	TOTAL PROPRIETARY FUNDS	
			2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received From Customers	\$ 2,508,859	\$ 1,620,623	\$ 4,129,482	\$ 4,102,842
Cash Payments to Suppliers	(1,709,066)	(737,118)	(2,446,184)	(1,990,461)
Cash Payments to Employees	(387,939)	(387,939)	(775,878)	(742,035)
Net Cash Provided by Operating Activities	411,854	495,566	907,420	1,370,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	555,781	270,630	826,411	519,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(187,043)	(2,059,627)	(2,246,670)	(1,342,733)
Capital Assets Constructed for Other Entities	-	(1,250,002)	(1,250,002)	-
Escrow Deposit	-	-	-	(176,550)
Capital Charges Received	1,878,067	632,636	2,510,703	3,456,870
Availability Charges Received	46,465	37,196	83,661	176,892
Transfers to Other Funds	(46,465)	(37,196)	(83,661)	(176,892)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,691,024	(2,676,993)	(985,969)	1,937,587
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases and Sales of Investments, Net	(1,704,165)	4,600,358	2,896,193	(11,692,289)
Investment Income	1,045,639	385,810	1,431,449	694,669
Net Cash Provided (Used) by Investing Activities	(658,526)	4,986,168	4,327,642	(10,997,620)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,000,133	3,075,371	5,075,504	(7,170,687)
CASH AND CASH EQUIVALENTS, Beginning	5,052,939	2,581,335	7,634,274	14,804,961
CASH AND CASH EQUIVALENTS, Ending	\$ 7,053,072	\$ 5,656,706	\$ 12,709,778	\$ 7,634,274
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 101,152	\$ 227,764	\$ 328,916	\$ 682,027
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	336,429	414,251	750,680	649,114
Loss on Disposal of Capital Assets	-	-	-	26,100
Changes in Assets and Liabilities				
Accounts Receivable	(84,390)	(29,714)	(114,104)	121,734
Prepaid Expenses	(5,440)	(5,690)	(11,130)	6,326
Accounts Payable	51,413	(117,806)	(66,393)	(103,876)
Deposits	6,000	-	6,000	(9,700)
Deferred Revenues	(393)	(322)	(715)	(6,396)
Accrued Compensated Absences	7,083	7,083	14,166	5,017
Net Cash Provided by Operating Activities	\$ 411,854	\$ 495,566	\$ 907,420	\$ 1,370,346
NONCASH TRANSACTIONS				
Capital Assets Contributed by Other Funds	\$ -	\$ 6,054,607	\$ 6,054,607	\$ 1,017,347

The accompanying notes are an integral part of the financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Roxborough Park Metropolitan District was formed on January 12, 1972, to provide water, sewer and fire protection services within its boundaries. Effective July 1, 1999, the District's fire protection services were merged into the West Metro Fire Protection District (the "WMFP"). By intergovernmental agreement, the District conveyed ownership of the fire station and all fire equipment to the WMFP, along with property tax revenues related to these services. Effective May 1, 2006, the District changed its name to the Roxborough Water and Sanitation District (the "District"). The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provided benefits to, or imposes financial burdens on the District. Based on the application of this criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Property taxes, specific ownership taxes, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for resources accumulated for, and payments made on, long-term obligations of the District.

The *Capital Improvement Fund* is used to account for debt proceeds and the related capital projects.

Additionally, the District reports the following major proprietary funds:

The *Water Fund* accounts for the activities associated with the provision of water services.

The *Sewer Fund* accounts for the activities associated with the provision of sewer services.

Assets, Liabilities and Net Assets/Fund Balances

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. Pooled cash and investments are categorized as cash equivalents.

Investments - Investments are stated at fair value.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Collection and Distribution Systems	30 - 50 years
Vehicles and Equipment	3 - 10 years

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets/Fund Balances (Continued)

Deferred Revenues - Deferred revenues include property taxes earned but levied for a subsequent year.

Compensated Absences - Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time, and for all accrued sick time at a rate of one day for every two days accumulated. A liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only when due.

Long-Term Debt - In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current year. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Assets/Fund Balances - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 2: CASH AND INVESTMENTS

At December 31, 2006, cash and investments consisted of the following:

Petty Cash	\$	400
Deposits		414,478
Investments		36,888,117
CWRPDA Cash and Investments Held by Third Party		<u>2,928,046</u>
Total	\$	<u>40,231,041</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$	37,126,445
Restricted Cash and Investments		<u>3,104,596</u>
Total	\$	<u>40,231,041</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. At December 31, 2006, the State regulatory commissioners had indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2006, the District had bank deposits of \$989,394 collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

The District is required to comply with State statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, as follows. State statutes do not address custodial risk. The District's investment policy follows State statutes.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District had the following investments at December 31, 2006:

Investment Type	S&P Rating	Investment Maturities (in Years)		
		Less Than 1	1-5	Fair Value
Local Government Investment Pool	AAAm	\$ 14,711,142	\$ -	\$ 14,711,142
Money Market Funds	AAAm	2,872,834	-	2,872,834
U.S. Agency Securities	AAA	7,184,096	10,268,977	17,453,073
U.S. Treasury Notes	AAA	1,851,068	-	1,851,068
Total		\$ 26,619,140	\$ 10,268,977	\$ 36,888,117

Interest Rate Risk - State statutes limit investments in U.S. Agency securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (“NRSROs”). State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

Custodial Credit Risk - At December 31, 2006, the Colorado Water Resources and Power Development Authority was holding cash and investments of \$2,928,046 on behalf of the District but not in the District’s name.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in one issuer. At December 31, 2006, the District’s investments in the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation were 21%, 15%, and 8%, respectively, of the District’s total investments.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2006, the District had \$14,711,142 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At December 31, 2006, the Capital Improvement Fund held \$2,928,046 restricted for capital projects, and the Water Fund had cash of \$176,550 restricted for an escrow deposit.

NOTE 3: PREPAID RENT

During 1999, the District prepaid rent of \$75,000 for the District's office space. The lease period began on July 1, 1999, and ends on July 1, 2009. During the year ended December 31, 2006, rent expense of \$7,500 was recognized and the balance of the prepaid rent was \$18,750.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, is summarized below:

	<u>Balances</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/06</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Furniture and Equipment	\$ 93,941	\$ -	\$ -	\$ 93,941
Total Capital Assets, Being Depreciated	<u>93,941</u>	<u>-</u>	<u>-</u>	<u>93,941</u>
Less Accumulated Depreciation				
Furniture and Equipment	(69,126)	(6,296)	-	(75,422)
Total Accumulated Depreciation	<u>(69,126)</u>	<u>(6,296)</u>	<u>-</u>	<u>(75,422)</u>
Total Capital Assets, Being Depreciated, Net	<u>24,815</u>	<u>(6,296)</u>	<u>-</u>	<u>18,519</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 24,815</u></u>	<u><u>\$ (6,296)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,519</u></u>

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/05	Additions	Deletions	Balances 12/31/06
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 204,511	\$ -	\$ -	\$ 204,511
Tap Fees	-	5,097,600	-	5,097,600
Water Rights	854,408	46,940	-	901,348
Total Capital Assets, Not Being Depreciated	<u>1,058,919</u>	<u>5,144,540</u>	<u>-</u>	<u>6,203,459</u>
Capital Assets, Being Depreciated				
Land Improvements	5,514	-	-	5,514
Collection and Distribution Systems	21,806,820	3,775,540	-	25,582,360
Vehicles and Equipment	340,436	-	-	340,436
Total Capital Assets, Being Depreciated	<u>22,152,770</u>	<u>3,775,540</u>	<u>-</u>	<u>25,928,310</u>
Less Accumulated Depreciation				
Land Improvements	(5,514)	-	-	(5,514)
Collection and Distribution Systems	(8,953,300)	(712,124)	-	(9,665,424)
Vehicles and Equipment	(236,580)	(38,556)	-	(275,136)
Total Accumulated Depreciation	<u>(9,195,394)</u>	<u>(750,680)</u>	<u>-</u>	<u>(9,946,074)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,957,376</u>	<u>3,024,860</u>	<u>-</u>	<u>15,982,236</u>
Business-Type Activities Capital Assets, Net	<u>\$ 14,016,295</u>	<u>\$ 8,169,400</u>	<u>\$ -</u>	<u>\$ 22,185,695</u>

Depreciation expense was charged to programs of the District as follows:

Governmental Activities		
General Government		<u>\$ 6,296</u>
Business-Type Activities		
Water		\$ 336,429
Sewer		<u>414,251</u>
Total		<u>\$ 750,680</u>

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2006:

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 5: LONG-TERM DEBT (Continued)

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/06</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Accrued Compensated Absences	\$ 8,622	\$ 2,537	\$ -	\$ 11,159	\$ -
1997 CWRPDA Loan	2,060,000	-	145,000	1,915,000	150,000
2005 CWRPDA Loan	9,600,000	-	335,000	9,265,000	345,000
Loan Premium	462,664	-	23,133	439,531	-
Total	<u>\$ 12,131,286</u>	<u>\$ 2,537</u>	<u>\$ 503,133</u>	<u>\$ 11,630,690</u>	<u>\$ 495,000</u>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

1997 Small Water Resources Revenue Bonds were issued through the Colorado Water Resources and Power Development Authority and loaned to the District to fund improvements to the water system. Principal and interest payments are due semi-annually on April 1 and October 1, through 2016. Interest accrues at rates ranging from 4.1% to 5.6%.

2005 Clean Water Revenue Bonds were issued through the Colorado Water Resources and Power Development Authority and loaned to the District to finance a main pipeline and two pump stations. Principal and interest payments are due semi-annually on February 1 and August 1, through 2026. Interest accrues at the rate of 3.35% per annum.

Future payments for the outstanding debt are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 495,000	\$ 444,322	\$ 939,322
2008	505,000	429,414	934,414
2009	525,000	410,492	935,492
2010	550,000	390,580	940,580
2011	570,000	369,502	939,502
2012 - 2016	3,200,000	1,494,158	4,694,158
2017 - 2021	2,460,000	965,811	3,425,811
2022 - 2026	2,875,000	548,681	3,423,681
Totals	<u>\$ 11,180,000</u>	<u>\$ 5,052,960</u>	<u>\$ 16,232,960</u>

Business-Type Activities

Following are the long-term debt transactions of the business-type activities for the year ended December 31, 2006:

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/06</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Accrued Compensated Absences	<u>\$ 56,494</u>	<u>\$ 14,166</u>	<u>\$ -</u>	<u>\$ 70,660</u>	<u>\$ -</u>

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 6: INTERFUND TRANSFERS

Transfers In	Transfers Out	Amount
Water Fund	General Fund	\$ 555,781
Sewer Fund	General Fund	270,630
Debt Service Fund	Water Fund	46,465
Debt Service Fund	Sewer Fund	37,196
Total		\$ 910,072

Annually, the General Fund subsidizes the operations of the Water and Sewer Funds. Availability charges collected by the Water and Sewer Funds are required by State statute to be used for debt service and are transferred to the Debt Service Fund.

NOTE 7: SPECIAL ITEM

During the year ended December 31, 2006, the District partially constructed a sewer pipe that will eventually facilitate its connection to the Littleton/Englewood Wastewater Treatment Plant. Once complete, the sewer pipe will be contributed to the City of Littleton and the City will be responsible for any future maintenance of the pipe. This transaction has been reported in the financial statements as a special item because of its unusual nature.

NOTE 8: PUBLIC ENTITY RISK POOL

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the District participates in the Colorado Special Districts Property and Liability Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 9: RETIREMENT COMMITMENTS

The District has established a Simplified Employee Pension Plan on behalf of all District employees. The contribution requirements of Plan participants and the District are established and may be amended by the Board of Directors.

The District may contribute up to 15% of each participating employee's compensation. All contributions to the Plan become immediately vested to the employee. During the year ended December 31, 2006, the District contributed \$93,927 to the Plan, representing 15% of employee compensation.

NOTE 10: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2006, the governmental activities had negative net assets of \$3,591,220, which resulted because debt proceeds were used to construct capital assets that were contributed to the Water and Sewer Funds. Property tax revenues will be used to service the debt, which will reduce the negative net assets in the future.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment") which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

In November, 2001, the District electors allowed the District to spend the full proceeds of any taxes, fees, charges, grants, rates, tolls or any other revenues collected in fiscal year 2000 and in all subsequent fiscal years without regard to any limitation contained in the Amendment.

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2006, the emergency reserve of \$25,300 was reported as a reservation of fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

ROXBOROUGH WATER AND SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 744,186	\$ 744,186	\$ 743,015	\$ (1,171)
Property Taxes HB1006	21,499	21,499	21,583	84
Specific Ownership Taxes	66,977	66,977	73,099	6,122
Investment Income	1,000	1,000	1,584	584
Miscellaneous Revenues	1,000	1,000	2,765	1,765
TOTAL REVENUES	834,662	834,662	842,046	7,384
EXPENDITURES				
Salaries and Benefits	88,000	88,000	93,972	(5,972)
Accounting and Audit	21,500	23,000	20,943	2,057
Contract Labor	1,000	1,000	67	933
Director Fees	6,800	6,800	5,200	1,600
Education	10,000	40,000	26,540	13,460
Election	5,000	5,000	138	4,862
Engineering	1,000	1,000	-	1,000
Insurance	13,000	13,000	12,937	63
Tax Rebate	270,000	270,000	-	270,000
Legal Fees	10,000	10,000	9,152	848
Miscellaneous	10,000	10,000	3,666	6,334
Office Expense	10,000	10,000	9,964	36
Permits, Dues and Subscriptions	2,500	2,500	222	2,278
Rent	7,500	7,500	7,500	-
Repairs and Maintenance	10,000	10,000	8,375	1,625
Treasurer Fees	11,163	11,163	11,178	(15)
Treasurer Fees HB1006	3,225	3,225	2,446	779
Utilities	7,000	7,000	4,979	2,021
Vehicle Expense	2,000	2,000	1,704	296
Capital Outlay	20,000	20,000	1,400	18,600
TOTAL EXPENDITURES	509,688	541,188	220,383	320,805
EXCESS OF REVENUES OVER EXPENDITURES	324,974	293,474	621,663	328,189
OTHER FINANCING SOURCES (USES)				
Transfers Out	(558,000)	(558,000)	(826,411)	(268,411)
NET CHANGE IN FUND BALANCE	(233,026)	(264,526)	(204,748)	59,778
FUND BALANCE, Beginning	463,885	487,999	487,999	-
FUND BALANCE, Ending	\$ 230,859	\$ 223,473	\$ 283,251	\$ 59,778

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the District. Budgets for the General, Debt Service and Capital Improvement Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary funds are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures, and depreciation is not budgeted.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, the District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- The District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ROXBOROUGH WATER AND SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
 Year Ended December 31, 2006

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 1,018,941	\$ 1,017,337	\$ (1,604)
Specific Ownership Taxes	91,705	100,087	8,382
Investment Income	100,000	152,845	52,845
 TOTAL REVENUES	 <u>1,210,646</u>	 <u>1,270,269</u>	 <u>59,623</u>
EXPENDITURES			
General Government	17,784	15,302	2,482
Debt Service			
Principal	480,000	480,000	-
Interest	215,075	215,075	-
 TOTAL EXPENDITURES	 <u>712,859</u>	 <u>710,377</u>	 <u>2,482</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 497,787	 559,892	 62,105
OTHER FINANCING SOURCES			
Transfers In	130,000	83,661	(46,339)
 NET CHANGE IN FUND BALANCE	 627,787	 643,553	 15,766
FUND BALANCE, Beginning	4,310,942	4,217,143	(93,799)
FUND BALANCE, Ending	\$ <u>4,938,729</u>	\$ <u>4,860,696</u>	\$ <u>(78,033)</u>

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
 Year Ended December 31, 2006

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES			
Capital Outlay	\$ <u>7,672,600</u>	\$ <u>6,054,607</u>	\$ <u>1,617,993</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,672,600)	(6,054,607)	1,617,993
FUND BALANCE, Beginning	<u>7,672,600</u>	<u>8,982,653</u>	<u>1,310,053</u>
FUND BALANCE, Ending	\$ <u><u>-</u></u>	\$ <u><u>2,928,046</u></u>	\$ <u><u>2,928,046</u></u>

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2006

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 2,000,000	\$ 2,377,184	\$ 377,184
Permit Fees	56,000	53,825	(2,175)
Meter Fees	40,000	63,480	23,480
Reimbursed Expenditures	60,000	68,306	8,306
Miscellaneous	27,200	24,847	(2,353)
TOTAL OPERATING REVENUES	<u>2,183,200</u>	<u>2,587,642</u>	<u>404,442</u>
OPERATING EXPENDITURES			
Accounting and Audit	22,000	16,622	5,378
Permits, Dues and Subscriptions	20,000	4,940	15,060
Contract Labor	25,000	15,147	9,853
Education	10,000	30,944	(20,944)
Engineering	50,000	14,450	35,550
GPS/GIS	25,000	6,746	18,254
Insurance	25,000	25,237	(237)
Lab and Test Fees	30,000	23,515	6,485
Legal Fees	50,000	76,260	(26,260)
Meter Expense	75,000	79,938	(4,938)
Miscellaneous	5,000	16,277	(11,277)
Office Expense	15,000	22,142	(7,142)
Operating Supplies	75,000	70,319	4,681
Payroll, Taxes and Benefits	404,000	395,022	8,978
Repairs and Maintenance	300,000	196,572	103,428
Utilities	125,000	110,625	14,375
Vehicle Expense	19,000	12,536	6,464
Water Study	30,000	20,833	9,167
Water Cost	900,000	1,011,936	(111,936)
TOTAL OPERATING EXPENDITURES	<u>2,205,000</u>	<u>2,150,061</u>	<u>54,939</u>
OPERATING INCOME (LOSS)	<u>(21,800)</u>	<u>437,581</u>	<u>459,381</u>
NONOPERATING REVENUES (EXPENDITURES)			
Investment Income	250,000	1,045,639	795,639
Availability Charges	70,000	46,465	(23,535)
Capital Charges	267,000	280,377	13,377
System Development Charges	1,020,000	1,597,690	577,690
Transfers In	379,000	555,781	176,781
Capital Outlay	(5,700,000)	(187,043)	5,512,957
Transfers Out	(70,000)	(46,465)	23,535
TOTAL NONOPERATING REVENUES (EXPENDITURES)	<u>(3,784,000)</u>	<u>3,292,444</u>	<u>7,076,444</u>
CHANGE IN NET ASSETS, Budgetary Basis	\$ <u>(3,805,800)</u>	3,730,025	\$ <u>7,535,825</u>
RECONCILIATION TO GAAP BASIS			
Capital Outlay		187,043	
Depreciation		(336,429)	
CHANGE IN NET ASSETS, GAAP Basis		3,580,639	
NET ASSETS, Beginning		<u>30,776,000</u>	
NET ASSETS, Ending		\$ <u>34,356,639</u>	

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

SEWER FUND

Year Ended December 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 1,200,000	\$ 1,248,000	\$ 1,253,266	\$ 5,266
Permit Fees	26,000	56,000	50,525	(5,475)
Reimbursed Expenditures	20,000	20,000	339,154	319,154
Miscellaneous	10,000	15,000	7,714	(7,286)
TOTAL OPERATING REVENUES	<u>1,256,000</u>	<u>1,339,000</u>	<u>1,650,659</u>	<u>311,659</u>
OPERATING EXPENDITURES				
Accounting and Audit	22,000	22,000	17,831	4,169
Contract Labor	20,000	20,000	67	19,933
Education	10,000	40,000	28,678	11,322
Engineering	50,000	50,000	15,118	34,882
GPS/GIS	25,000	25,000	6,746	18,254
Insurance	25,000	32,000	25,237	6,763
Lab and Test Fees	20,000	20,000	14,289	5,711
Legal Fees	50,000	50,000	30,772	19,228
Miscellaneous	5,000	9,000	8,979	21
Office Expense	15,000	20,000	20,916	(916)
Operating Supplies	100,000	114,000	116,567	(2,567)
Permits, Dues and Subscriptions	15,000	15,000	10,825	4,175
Payroll, Taxes and Benefits	404,000	404,000	395,022	8,978
Repairs and Maintenance	300,000	300,000	228,254	71,746
Utilities	100,000	100,000	76,615	23,385
Vehicle Expense	19,000	24,000	12,728	11,272
TOTAL OPERATING EXPENDITURES	<u>1,180,000</u>	<u>1,245,000</u>	<u>1,008,644</u>	<u>236,356</u>
OPERATING INCOME	<u>76,000</u>	<u>94,000</u>	<u>642,015</u>	<u>548,015</u>
NONOPERATING REVENUES (EXPENDITURES)				
Investment Income	75,000	275,000	385,810	110,810
Availability Charges	60,000	60,000	37,196	(22,804)
Capital Charges	45,700	48,750	48,034	(716)
System Development Charges	329,130	646,000	584,602	(61,398)
Transfers In	179,000	179,000	270,630	91,630
Capital Outlay	(5,800,000)	(10,597,600)	(4,761,640)	5,835,960
Transfers Out	(60,000)	(60,000)	(37,196)	22,804
TOTAL NONOPERATING REVENUES (EXPENDITURES)	<u>(5,171,170)</u>	<u>(9,448,850)</u>	<u>(3,472,564)</u>	<u>5,976,286</u>
CHANGE IN NET ASSETS, Budgetary Basis	<u>\$ (5,095,170)</u>	<u>\$ (9,354,850)</u>	<u>(2,830,549)</u>	<u>\$ 6,524,301</u>
RECONCILIATION TO GAAP BASIS				
Capital Contributions From Other Funds			6,054,607	
Capital Outlay			2,678,430	
Depreciation			(414,251)	
CHANGE IN NET ASSETS, GAAP Basis			<u>5,488,237</u>	
NET ASSETS, Beginning			<u>13,242,342</u>	
NET ASSETS, Ending			<u>\$ 18,730,579</u>	

See the accompanying Independent Auditors' Report.