

**ROXBOROUGH WATER AND  
SANITATION DISTRICT  
FINANCIAL STATEMENTS  
December 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Roxborough Water and Sanitation District  
Littleton, Colorado

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, 2012, which collectively comprise the Roxborough Water and Sanitation District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## Opinions

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As described in Note 11 to the financial statements, the Roxborough Water and Sanitation District adopted the provisions of GASB Statement Numbers 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

## Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii through ix and 21 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual major fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The individual major fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Payton & Adams, LLC*

April 17, 2013  
Denver, Colorado

## Management's Discussion and Analysis

As management of the Roxborough Water & Sanitation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2012.

### Financial Highlights

- Assets exceeded liabilities by \$60,963,540 at the close of the fiscal year. Of this amount, \$30,119,679 is unrestricted and available to meet ongoing and future obligations of the District.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$23,879,324.
- Total net position increased by \$1,363,006.
- Total cash and investments increased by \$1,912,969 as compared to the prior year.
- General fund expenditures decreased by \$28,219 as compared to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 374,168 or 150.85% of total general fund expenditures.
- Total debt decreased by \$395,000 or 5.3% during the current fiscal year. The reason for this decrease was the scheduled payment of principal on long-term debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally to be supported by ad valorem taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include the financing, construction of, and maintenance of public infrastructure improvements constructed or

acquired by the District. The business-type activities of the District include water and sewer facilities construction, maintenance and operations.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories – Governmental Funds and Proprietary Funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The governmental funds use the modified accrual basis of accounting. During the year ended December 31, 2012, the District implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement 65 *Items Previously Reported As Assets And Liabilities*.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds - general fund, capital projects fund, and debt service fund - all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

**Proprietary Funds.** The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water and sewer operations. These services are reported as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which are considered to be major funds of the District.

The proprietary fund financial statements can be found on pages 6-9 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 10-20 of this report.

**Required Supplementary Information.** The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement for this fund has been provided as required supplementary information to demonstrate compliance with this budget. The general fund budget statements and notes are found on pages 21-22 of this report.

**Other information.** The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the capital projects fund, the debt service fund, the water fund and the sewer fund to demonstrate compliance with these budgets. The budget statements are found on pages 23-27 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position was \$60,963,540 at the close of the most recent fiscal year. Of this amount \$30,119,679 is unrestricted and is available to meet the District's ongoing financial obligations.

Statements of Net Position

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 25,573,977	\$ 7,068,654	\$ 32,642,631	\$ 8,576,212	\$ 22,173,523	\$ 30,749,735
Other Assets	-	2,883	2,883	62,491	-	62,491
Capital Assets, net	1,106	37,938,611	37,939,717	1,844	39,111,201	39,113,045
Total Assets	25,575,083	45,010,148	70,585,231	8,640,547	61,284,724	69,925,271
Current Liabilities	524,372	325,724	850,096	2,194,313	571,024	2,765,337
Long-Term Obligations	6,963,678	113,264	7,076,942	7,395,497	101,412	7,496,909
Total Liabilities	7,488,050	438,988	7,927,038	9,589,810	672,436	10,262,246
Deferred Inflow of Resources						
Unavailable Revenue	1,694,653	-	1,694,653	-	-	-
Net Investment in Capital Assets	(7,356,167)	37,938,611	30,582,444	(8,208,493)	39,111,201	30,902,708
Restricted Net Position	261,417	-	261,417	6,396,922	-	6,396,922
Unrestricted Net Position	23,487,130	6,632,549	30,119,679	862,308	21,501,087	22,363,395
Total Net Position	\$ 16,392,380	\$ 44,571,160	\$ 60,963,540	\$ (949,263)	\$ 60,612,288	\$ 59,663,025

Statements of Activities

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenue						
Program Revenue						
Charges for Services	\$ -	\$ 4,981,530	\$ 4,981,530	\$ -	\$ 4,774,225	\$ 4,774,225
Operating Grants and Contributions	-	131,568	131,568	-	70,158	70,158
Capital Grants and Contributions	-	712,109	712,109	-	577,459	577,459
General Revenue						
Property Taxes	1,677,286	-	1,677,286	1,954,993	-	1,954,993
Specific Ownership Taxes	136,267	-	136,267	165,987	-	165,987
Investment Income	22,183	36,656	58,839	12,729	70,965	83,694
Other	-	-	-	-	-	-
Total Revenue	1,835,736	5,861,863	7,697,599	2,133,709	5,492,807	7,626,516
Expenses						
General Government	264,557	-	264,557	298,616	-	298,616
Interest on Long-Term Debt	258,613	-	258,613	270,861	-	270,861
Water/Sewer Facilities	-	5,811,423	5,811,423	-	5,639,615	5,639,615
Total Expenses	523,170	5,811,423	6,334,593	569,477	5,639,615	6,209,092
Excess	1,312,566	50,440	1,363,006	1,564,232	(146,808)	1,417,424
Transfers	16,091,568	(16,091,568)	-	(424,260)	424,260	-
Change in Net Position	17,404,134	(16,041,128)	1,363,006	1,139,972	277,452	1,417,424
Net Position - Beginning - Restated	(1,011,754)	60,612,288	59,600,534	(2,089,235)	60,334,836	58,245,601
Net Position - Ending	\$ 16,392,380	\$ 44,571,160	\$ 60,963,540	\$ (949,263)	\$ 60,612,288	\$ 59,663,025



**Governmental activities.** Governmental activities increased the District's net position by \$17,404,134, several highlights are as follows:

- Property taxes decreased \$277,707 (14.21%) over the prior year.
- Specific ownership taxes decreased \$29,720.
- General Government expenses decreased by \$29,780 this year.
- The Water Fund transferred \$16,500,000 to the Capital Projects Fund for the construction of a new water treatment plant.

**Business-type activities.** Business-type activities decreased the District's net position by \$16,041,128, mainly due to the transfer of \$16,500,000 from the Water Fund to the Capital Projects Fund. Some of the key elements of the change in net position are as follows:

- Service charges increased \$149,548 (3.36%) over prior year.
- Investment income decreased \$34,309 due to decreasing interest rates, and the transfer to the Capital Projects Fund.
- Total operating expenses are increased \$171,808 as a result of an increase in depreciation \$85,223, and an increase in operations expenses \$69,484, and an increase in personnel expenses of \$17,101.

### **Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$23,879,324, of which \$374,168 constitutes unassigned fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$374,168 out of a total fund balance of \$616,205. In compliance with an amendment to the State Constitution, Article X, Section 20, the district has established an emergency reserve representing 3% of qualifying expenditures. At December 31, 2012, the emergency reserve was \$7,441.

The debt service fund has a total fund balance of \$253,976, all of which is restricted for the repayment of long-term indebtedness. The long term loans payable as of December 31, 2012 is \$ 7,055,000.

The capital projects fund has a total fund balance of \$23,009,143 which will be used to build a water treatment plant.

On November 1, 2011 the district voted in favor of Ballot Issue 5A. This positive vote authorized the district debt to be increased by a total of \$ 6,500,000 for the purpose of being the repayment of loans advanced from the district's water fund to the district's sewer fund to finance a portion of the costs of improvements to the district's sanitary sewer collection and transmission system. This debt was repaid from the district's current property tax fund balance established by the district pursuant to voter authorization obtained at the November 2002 election and without future increases in the annual taxes authorized by the November 2002 election.

**Proprietary funds.** The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary fund at the end of the year amounted to \$6,632,549. The total net position of the District's proprietary funds as of December 31, 2012 are \$44,571,160. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.

### **General Fund Budgetary Highlights**

The District's total expenditures for 2012 did not exceed the final budgeted appropriation. The difference between the original and final budgeted revenue of \$838,567 and the actual revenue of \$859,218 was \$20,651. The difference between the original budgeted expenditures of \$328,000 and the actual expenditures of \$248,042 was \$79,958.

### **Capital Assets**

The District has invested \$37,939,717 in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of the year ended December 31, 2012. This investment in capital assets includes water and sewer facilities, water rights and vehicles and equipment. This includes \$317,488 of upgrades and improvements to the districts collection and distribution systems in 2012.

Additional information on the District's capital assets can be found in note 4 beginning on page 16 of this report.

### **Long-Term Debt**

At the end of the current fiscal year, the District had total outstanding long-term debt of \$7,373,678. Accrued compensated absences accounts for \$17,405 of this amount. The remaining \$7,356,273 is related to the District's 2005 Clean Water Revenue Bonds through the Colorado Water Resources and Power Development Authority (2005 CWRPDA) which are due annually through 2026 and pay interest rates of 3.35% semi-annually on February 1 and August 1.

Additional information on the District's long-term debt can be found in note 5 beginning on page 17 of this report.

### **Next Year's Budgets and Rates**

**Government funds.** The 2013 budget reflects a slight increase in property tax revenue. The total assessed value for 2013 is \$ 127,743,991 up from \$126,621,650 in 2012. The total mill levy in 2013 is 13.2658 mills. General fund expenditures are expected to increase due to natural

growth of the District. The district did include a Capital Projects fund budget for 2013 of \$23,000,000.

**Proprietary funds.** Water and sewer sales are expected to increase slightly over 2012 as a result of some growth and potential rate increase. Expenditures are expected to increase slightly also. The District is anticipating an additional rate increase from the City of Aurora, which is the District's water source, and also from the City of Littleton, which is the District's wastewater treatment provider.

**Capital Projects.** There were no major capital projects completed during the year. The district did capitalize \$ 317,488 in upgrades and improvements to their collection and distribution systems during the year. These items will be depreciated over their normal useful lives.

### **Requests for Information**

This financial report is designed to provide a general overview of the Roxborough Water & Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Roxborough Water & Sanitation District, 6222 N. Roxborough Park Road, Littleton, CO 80125.

## BASIC FINANCIAL STATEMENTS

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012

	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
<u>Assets</u>				
Cash and investments	\$ 23,869,787	\$ 6,442,610	\$ 30,312,397	\$ 28,399,428
Accounts receivable	9,537	628,927	638,464	631,419
Property taxes receivable	1,694,653	0	1,694,653	1,679,761
Prepaid expenses	0	0	0	39,127
Debt issuance costs, net of accumulated amortization	0	0	0	62,491
Capital assets, net of accumulated depreciation	<u>1,106</u>	<u>37,938,611</u>	<u>37,939,717</u>	<u>39,113,045</u>
 Total Assets	 <u>25,575,083</u>	 <u>45,010,148</u>	 <u>70,585,231</u>	 <u>69,925,271</u>
<u>Liabilities</u>				
Accounts payable	0	41,328	41,328	172,855
Deposits	0	25,996	25,996	25,996
Deferred revenue	0	258,400	258,400	263,267
Accrued interest payable	114,372	0	114,372	119,552
Retainage payable	0	0	0	108,906
Non current liabilities				
Due within one year	410,000	0	410,000	395,000
Due in more than one year	<u>6,963,678</u>	<u>113,264</u>	<u>7,076,942</u>	<u>7,496,909</u>
 Total Liabilities	 <u>7,488,050</u>	 <u>438,988</u>	 <u>7,927,038</u>	 <u>8,582,485</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue-property taxes	<u>1,694,653</u>	<u>0</u>	<u>1,694,653</u>	<u>1,679,761</u>
<u>Net Position</u>				
Net investment in capital assets	(7,356,167)	37,938,611	30,582,444	30,902,708
Restricted for debt service	253,976	0	253,976	6,351,422
Restricted for emergencies	7,441	0	7,441	45,500
Unrestricted	<u>23,487,130</u>	<u>6,632,549</u>	<u>30,119,679</u>	<u>22,363,395</u>
 Total Net Position	 <u>\$ 16,392,380</u>	 <u>\$ 44,571,160</u>	 <u>\$ 60,963,540</u>	 <u>\$ 59,663,025</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Function/Programs</u>				
Governmental Activities				
General government	\$ 264,557	\$ 0	\$ 0	\$ 0
Interest on long-term debt	258,613	0	0	0
Total Governmental Activities	523,170	0	0	0
Business-Type Activities				
Water	3,225,140	3,116,488	72,202	566,342
Sewer	2,586,283	1,865,042	59,366	145,767
Total Business-Type Activities	5,811,423	4,981,530	131,568	712,109
Total Primary Government	\$ 6,334,593	\$ 4,981,530	\$ 131,568	\$ 712,109
			General Revenues	
			Property taxes	
			Specific ownership taxes	
			Investment income	
			Transfers	
			Total General Revenues and Transfers	
			Change in net position	
			Net Position, Beginning (Restated)	
			Net Position, Ending	

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

Net (Expense) Revenues and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>	
		<u>2012</u>	<u>2011</u>
\$ (264,557)	\$ 0	\$ (264,557)	\$ (298,616)
<u>(258,613)</u>	<u>0</u>	<u>(258,613)</u>	<u>(270,861)</u>
<u>(523,170)</u>	<u>0</u>	<u>(523,170)</u>	<u>(569,477)</u>
0	529,892	529,892	359,817
<u>0</u>	<u>(516,108)</u>	<u>(516,108)</u>	<u>(577,590)</u>
<u>0</u>	<u>13,784</u>	<u>13,784</u>	<u>(217,773)</u>
<u>(523,170)</u>	<u>13,784</u>	<u>(509,386)</u>	<u>(787,250)</u>
1,677,286	0	1,677,286	1,954,993
136,267	0	136,267	165,987
22,183	36,656	58,839	83,694
<u>16,091,568</u>	<u>(16,091,568)</u>	<u>0</u>	<u>0</u>
<u>17,927,304</u>	<u>(16,054,912)</u>	<u>1,872,392</u>	<u>2,204,674</u>
17,404,134	(16,041,128)	1,363,006	1,417,424
<u>(1,011,754)</u>	<u>60,612,288</u>	<u>59,600,534</u>	<u>58,245,601</u>
<u>\$ 16,392,380</u>	<u>\$ 44,571,160</u>	<u>\$ 60,963,540</u>	<u>\$ 59,663,025</u>

ROXBOROUGH WATER AND SANITATION DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>	
				<u>2012</u>	<u>2011</u>
<u>Assets</u>					
Cash and investments	\$ 611,742	\$ 23,009,143	\$ 248,902	\$ 23,869,787	\$ 6,878,080
Accounts receivable	4,463	0	5,074	9,537	10,546
Property taxes receivable	793,035	0	901,618	1,694,653	1,679,761
Prepaid items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,825</u>
Total Assets	<u>\$ 1,409,240</u>	<u>\$ 23,009,143</u>	<u>\$ 1,155,594</u>	<u>\$ 25,573,977</u>	<u>\$ 8,576,212</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Deferred Inflows of Resources					
Unavailable revenue- property taxes	<u>793,035</u>	<u>0</u>	<u>901,618</u>	<u>1,694,653</u>	<u>1,679,761</u>
<u>Fund Balances</u>					
Nonspendable					
Prepays	0	0	0	0	7,825
Restricted for:					
Emergencies	7,441	0	0	7,441	45,500
Debt service		0	253,976	253,976	6,351,422
Committed to:					
Construction of water treatment plant	0	23,009,143	0	23,009,143	0
Assigned to:					
Subsequent year's budget:					
Appropriation of fund balance	234,596	0	0	234,596	0
Unassigned	<u>374,168</u>	<u>0</u>	<u>0</u>	<u>374,168</u>	<u>491,704</u>
Total Fund Balances	<u>616,205</u>	<u>23,009,143</u>	<u>253,976</u>	<u>23,879,324</u>	<u>6,896,451</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,409,240</u>	<u>\$ 23,009,143</u>	<u>\$ 1,155,594</u>	<u>\$ 25,573,977</u>	<u>\$ 8,576,212</u>

(Continued)

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



ROXBOROUGH WATER AND SANITATION DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances of governmental funds	\$ 23,879,324	\$ 6,896,451
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 \$96,879.	1,106	1,844
Long-term liabilities, including related items, including loans payable (\$7,055,000), loan premium (\$301,273), accrued compensated absences (\$17,405), and accrued interest payable (\$114,372) are not due and payable in the current year and, therefore, are not reported in the funds.	<u>(7,488,050)</u>	<u>(7,847,558)</u>
Total Net Assets of Governmental Activities	<u>\$ 16,392,380</u>	<u>\$ (949,263)</u>

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>	
				<u>2012</u>	<u>2011</u>
<u>Revenues</u>					
Property taxes	\$ 795,329	\$ 0	\$ 881,957	1,677,286	\$ 1,954,993
Specific ownership taxes	60,450	0	75,817	136,267	165,987
Investment income	<u>3,439</u>	<u>9,143</u>	<u>9,601</u>	<u>22,183</u>	<u>12,729</u>
Total Revenues	<u>859,218</u>	<u>9,143</u>	<u>967,375</u>	<u>1,835,736</u>	<u>2,133,709</u>
<u>Expenditures</u>					
General government	248,042	0	14,463	262,505	292,285
Debt service					
Principal	0	0	395,000	395,000	385,000
Interest and fiscal charges	<u>0</u>	<u>0</u>	<u>286,926</u>	<u>286,926</u>	<u>299,044</u>
Total Expenditures	<u>248,042</u>	<u>0</u>	<u>696,389</u>	<u>944,431</u>	<u>976,329</u>
Excess of Revenues Over Expenditures	<u>611,176</u>	<u>9,143</u>	<u>270,986</u>	<u>891,305</u>	<u>1,157,380</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	0	23,000,000	131,568	23,131,568	115,740
Transfers out	<u>(540,000)</u>	<u>0</u>	<u>(6,500,000)</u>	<u>(7,040,000)</u>	<u>(540,000)</u>
Total Other Financing Sources (Uses)	<u>(540,000)</u>	<u>23,000,000</u>	<u>(6,368,432)</u>	<u>16,091,568</u>	<u>(424,260)</u>
Net change in fund balances	71,176	23,009,143	(6,097,446)	16,982,873	733,120
Fund balances, beginning	<u>545,029</u>	<u>0</u>	<u>6,351,422</u>	<u>6,896,451</u>	<u>6,163,331</u>
Fund balances, ending	<u>\$ 616,205</u>	<u>\$ 23,009,143</u>	<u>\$ 253,976</u>	<u>\$ 23,879,324</u>	<u>\$ 6,896,451</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

Amounts reported for governmental activities in the statements of activities are different because:

	2012	2011
Net change in fund balances, total governmental funds	\$ 16,982,873	\$ 733,120
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 position 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.	(738)	(1,246)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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, and change in accrued interest payable \$5,180.	28,313	23,720
Loan payments \$395,000 and changes in compensated absences (\$1,314) are expenditures in the governmental funds, but they change long-term liabilities in the statement of net position and do not affect the statement of activities.	393,686	384,378
Change in Net Assets of Governmental Activities	\$ 17,404,134	\$ 1,139,972

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 5,414,432	\$ 1,028,178	\$ 6,442,610	\$ 12,703,472
Investments	0	0	0	8,817,876
Accounts receivable	357,708	268,336	626,044	617,990
Prepaid expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,302</u>
Total Current Assets	<u>5,772,140</u>	<u>1,296,514</u>	<u>7,068,654</u>	<u>22,170,640</u>
Noncurrent Assets				
Accounts receivable	2,883	0	2,883	2,883
Capital assets, net of accumulated depreciation	<u>13,046,660</u>	<u>24,891,951</u>	<u>37,938,611</u>	<u>39,111,201</u>
Total Noncurrent Assets	<u>13,049,543</u>	<u>24,891,951</u>	<u>37,941,494</u>	<u>39,114,084</u>
Total Assets	<u>18,821,683</u>	<u>26,188,465</u>	<u>45,010,148</u>	<u>61,284,724</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	33,043	8,285	41,328	172,855
Deposits	18,600	7,396	25,996	25,996
Deferred revenues	58,400	200,000	258,400	263,267
Retainage payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,906</u>
Total Current Liabilities	<u>110,043</u>	<u>215,681</u>	<u>325,724</u>	<u>571,024</u>
Noncurrent Liabilities				
Accrued compensated absences	<u>56,632</u>	<u>56,632</u>	<u>113,264</u>	<u>101,412</u>
Total Noncurrent Liabilities	<u>56,632</u>	<u>56,632</u>	<u>113,264</u>	<u>101,412</u>
Total Liabilities	<u>166,675</u>	<u>272,313</u>	<u>438,988</u>	<u>672,436</u>
<u>Net Position</u>				
Net investment in capital assets	13,046,660	24,891,951	37,938,611	39,111,201
Unrestricted	<u>5,608,348</u>	<u>1,024,201</u>	<u>6,632,549</u>	<u>21,501,087</u>
Total Net Position	<u>\$ 18,655,008</u>	<u>\$ 25,916,152</u>	<u>\$ 44,571,160</u>	<u>\$ 60,612,288</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Operating Revenues				
Charges for services	\$ 2,801,685	\$ 1,451,880	\$ 4,253,565	\$ 4,061,608
Charges for services Lockheed Martin Agreement	0	342,010	342,010	384,419
Permit fees	4,375	8,095	12,470	3,600
Outside treatment	212,060	22,032	234,092	175,526
Miscellaneous	<u>98,368</u>	<u>41,025</u>	<u>139,393</u>	<u>149,072</u>
Total Operating Revenues	<u>3,116,488</u>	<u>1,865,042</u>	<u>4,981,530</u>	<u>4,774,225</u>
Operating Expenses				
Personnel services	407,916	388,317	796,233	779,132
Operations	2,247,435	1,277,677	3,525,112	3,455,628
Depreciation	<u>569,789</u>	<u>920,289</u>	<u>1,490,078</u>	<u>1,404,855</u>
Total Operating Expenses	<u>3,225,140</u>	<u>2,586,283</u>	<u>5,811,423</u>	<u>5,639,615</u>
Operating Loss	<u>(108,652)</u>	<u>(721,241)</u>	<u>(829,893)</u>	<u>(865,390)</u>
Non-Operating Revenues (Expenses)				
Investment income	32,603	4,053	36,656	70,965
Availability charges	<u>72,202</u>	<u>59,366</u>	<u>131,568</u>	<u>70,158</u>
Total Non-Operating Revenue (Expenses)	<u>104,805</u>	<u>63,419</u>	<u>168,224</u>	<u>141,123</u>
Net Loss Before Transfers and Capital contributions	(3,847)	(657,822)	(661,669)	(724,267)
Transfer in	340,000	200,000	540,000	540,000
Transfer out	(16,572,202)	(59,366)	(16,631,568)	(115,740)
Capital contributions	<u>566,342</u>	<u>145,767</u>	<u>712,109</u>	<u>577,459</u>
Change in net position	(15,669,707)	(371,421)	(16,041,128)	277,452
Net position, beginning	<u>34,324,715</u>	<u>26,287,573</u>	<u>60,612,288</u>	<u>60,334,836</u>
Net position, ending	<u>\$ 18,655,008</u>	<u>\$ 25,916,152</u>	<u>\$ 44,571,160</u>	<u>\$ 60,612,288</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ 3,098,613	\$ 1,862,171	\$ 4,960,784	\$ 4,661,963
Cash payments to suppliers	(2,335,123)	(1,290,214)	(3,625,337)	(3,385,588)
Cash payments to employees	(401,990)	(382,391)	(784,381)	(763,680)
Other cash received	<u>98,368</u>	<u>41,025</u>	<u>139,393</u>	<u>149,072</u>
Net Cash Provided by Operating Activities	<u>459,868</u>	<u>230,591</u>	<u>690,459</u>	<u>661,767</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	340,000	200,000	540,000	540,000
Transfers to other funds	<u>(16,572,202)</u>	<u>(59,366)</u>	<u>(16,631,568)</u>	<u>(115,740)</u>
Net Cash Provided by (Used in) Non Financing Activities	<u>(16,232,202)</u>	<u>140,634</u>	<u>(16,091,568)</u>	<u>424,260</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(337,131)	(89,263)	(426,394)	(3,513,955)
Capital charges received	<u>566,342</u>	<u>145,767</u>	<u>712,109</u>	<u>577,459</u>
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>229,211</u>	<u>56,504</u>	<u>285,715</u>	<u>(2,936,496)</u>
<u>Cash Flows from Investing Activities</u>				
Purchases of investment	8,817,876	0	8,817,876	(39,827)
Investment income	<u>32,603</u>	<u>4,053</u>	<u>36,656</u>	<u>70,965</u>
Net Cash Provided by Investing Activities	<u>8,850,479</u>	<u>4,053</u>	<u>8,854,532</u>	<u>31,138</u>
Net increase (decrease)	(6,692,644)	431,782	(6,260,862)	(1,819,331)
Cash and cash equivalents, beginning	<u>12,107,076</u>	<u>596,396</u>	<u>12,703,472</u>	<u>14,522,803</u>
Cash and cash equivalents, ending	<u>\$ 5,414,432</u>	<u>\$ 1,028,178</u>	<u>\$ 6,442,610</u>	<u>\$12,703,472</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities				
Operating loss	\$ (108,652)	\$ (721,241)	\$ (829,893)	\$ (865,390)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	569,789	920,289	1,490,078	1,404,855
Receipt of system availability charges	72,202	59,366	131,568	70,158
Changes in assets and liabilities:				
Accounts receivable	13,158	(21,212)	(8,054)	(28,482)
Prepaid expenses	15,651	15,651	31,302	(31,302)
Accounts payable	(103,339)	(28,188)	(131,527)	101,342
Deferred revenues	(4,867)	0	(4,867)	(4,866)
Accrued compensated absences	<u>5,926</u>	<u>5,926</u>	<u>11,852</u>	<u>15,452</u>
Net Cash Provided by Operating Activities	<u>\$ 459,868</u>	<u>\$ 230,591</u>	<u>\$ 690,459</u>	<u>\$ 661,767</u>

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

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Roxborough Water and Sanitation District (“the District”), previously 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. 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 reported as 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 provides benefits to, or imposes financial burdens on the District.

Based upon the application of this criteria, the District does not report additional organizations within its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 segments 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 as program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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 fiscal year.

Property taxes, specific ownership taxes, 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.

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.

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 *Capital Projects Fund* accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 and 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 values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2012, the District expects to collect all accounts receivable balances.

*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

*Deferred Revenues* – Deferred revenues include lease proceeds which have not been earned, and as more fully described in Note 9, amounts received from the sale of its waste water treatment plant.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unavailable revenue*, is reported for property taxes levied in the current year but collected for use in the next fiscal period.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Fund Balances (Continued)

*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 for the 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 position. Premiums and discounts 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 during the current year. The face amount of debt issued is reported as other financing sources.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. At December 31, 2012, the District had no nonspendable fund balances.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes, determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Directors may assign fund balances for specific purposes.

When an expenditure is incurred for which committed, assigned or unassigned fund balance is available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Fund Balances (Continued)

Net Position

Net position in the government-wide Statement of Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments.

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 them 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. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - CASH AND INVESTMENTS

At December 31, 2012, cash and investments consisted of the following:

Deposits	\$ 9,834,075
Investments	<u>20,478,322</u>
Total	<u>\$ 30,312,397</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. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) 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, 2012, the District had bank deposits, with a book balance of \$9,834,075, comprised of \$2,475,751 which was covered by FDIC insurance and \$7,451,013 which was collateralized with securities held by the financial institution's agent 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. State statutes do not address custodial risk. The District's investment policy follows State statutes, and allows the following investments.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

*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.

*Concentration of Credit Risk* – State statutes do not limit the amount the District may invest in one issuer.

*Local Government Investment Pools* – At December 31, 2012, the District had \$11,647,269 and \$8,831,053 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles 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 and CSAFE. COLOTRUST and CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST and CSAFE 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. COLOTRUST and CSAFE are rated AAAM by Standard and Poor's.

The District has interest rate risk related only to the investment in COLOTRUST and CSAFE. At December 31, 2012, COLOTRUST's portfolio had a weighted average maturity of 35 days to reset and 55 days to maturity. Also, at December 31, 2012, CSAFE had a weighted average maturity of 51 days.

NOTE 3 - INTERFUND BALANCES AND TRANSACTIONS

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 200,000
Water Fund	General Fund	340,000
Debt Service Fund	Water Fund	72,202
Debt Service Fund	Sewer Fund	59,366
Capital Projects Fund	Water Fund	16,500,000
Capital Projects Fund	Debt Service	6,500,000

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

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. The transfers from the General Fund to the Water and Sewer Funds were determined during the budget process. The transfers to the Capital Projects Fund from the Water and Debt Service funds are to accumulate resources to build the new water treatment plant.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, is summarized below:

	<u>Balances</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/12</u>
<u>Governmental Activities</u>				
Capital assets, being depreciated				
Furniture and equipment	\$ 97,985	\$ 0	\$ 0	\$ 97,985
Total Capital Assets, Being Depreciated	<u>97,985</u>	<u>0</u>	<u>0</u>	<u>97,985</u>
Less accumulated depreciation furniture and equipment	<u>(96,141)</u>	<u>(738)</u>	<u>0</u>	<u>(96,879)</u>
Total Accumulated Depreciation	<u>(96,141)</u>	<u>(738)</u>	<u>0</u>	<u>(96,879)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,844</u>	<u>(738)</u>	<u>0</u>	<u>1,106</u>
Governmental Activities Capital Assets	<u>\$ 1,844</u>	<u>\$ (738)</u>	<u>\$ 0</u>	<u>\$ 1,106</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 204,511	\$ 0	\$ 0	\$ 204,511
Tap fees	5,152,150	0	0	5,152,150
Water rights	<u>1,139,239</u>	<u>0</u>	<u>0</u>	<u>1,139,239</u>
Total Capital Assets, Not Being Depreciated	<u>6,495,900</u>	<u>0</u>	<u>0</u>	<u>6,495,900</u>
Capital assets, being depreciated				
Land improvements	5,514	0	0	5,514
Collection and distribution	48,351,916	317,488	0	48,669,404
Vehicles and equipment	<u>361,344</u>	<u>0</u>	<u>0</u>	<u>361,344</u>
Total Capital Assets, Being Depreciated	<u>48,718,774</u>	<u>317,488</u>	<u>0</u>	<u>49,036,262</u>
Less Accumulated Depreciation				
Land improvements	(5,514)	0	0	(5,514)
Collection and distribution	(15,755,202)	(1,478,933)	0	(17,234,135)
Vehicles and equipment	<u>(342,757)</u>	<u>(11,145)</u>	<u>0</u>	<u>(353,902)</u>
Total Accumulated Depreciation	<u>(16,103,473)</u>	<u>(1,490,078)</u>	<u>0</u>	<u>(17,593,551)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,615,301</u>	<u>(1,172,590)</u>	<u>0</u>	<u>31,442,711</u>
Business-Type Activities Capital Assets, Net	<u>\$ 39,111,201</u>	<u>\$ (1,172,590)</u>	<u>\$ 0</u>	<u>\$ 37,938,611</u>

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (CONTINUED)

All water rights of the District are for sale at December 31, 2012.

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

Governmental activities	
General Government	\$ <u>738</u>
Business-type activities	
Water	\$ 569,789
Sewer	<u>920,289</u>
Total	<u>\$ 1,490,078</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, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Accrued Compensated					
Absences	\$ 16,091	\$ 1,314	\$ 0	\$ 17,405	\$ 0
2005 CWRPDA Loan	7,450,000	0	395,000	7,055,000	410,000
Loan premium	<u>324,406</u>	<u>0</u>	<u>23,133</u>	<u>301,273</u>	<u>0</u>
 Total	 <u>\$ 7,790,497</u>	 <u>\$ 1,314</u>	 <u>\$ 418,133</u>	 <u>\$ 7,373,678</u>	 <u>\$ 410,000</u>

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

2005 Clean Water Revenue Bonds were issued by the Colorado Water Resources and Power Development Authority and proceeds were loaned to the District to finance a sewer 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 and</u> <u>Admin. Fees</u>	<u>Total</u>
2013	\$ 410,000	\$ 274,492	\$ 684,492
2014	425,000	261,587	686,587
2015	435,000	248,209	683,209
2016	450,000	234,517	684,517
2017	465,000	220,353	685,353
2018-2022	2,530,000	897,041	3,427,041
2023-2026	<u>2,340,000</u>	<u>466,522</u>	<u>2,806,522</u>
 Total	 <u>\$ 7,055,000</u>	 <u>\$ 2,602,721</u>	 <u>\$ 9,657,721</u>

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Following are the long-term debt transactions of the business-type activities for the year ended December 31, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Balance</u> <u>Payments</u>	<u>Due Within</u> <u>12/31/12</u>	<u>One Year</u>
<b>Business-Type Activities</b>					
Accrued compensated absences	\$ <u>101,412</u>	\$ <u>11,852</u>	\$ <u>0</u>	\$ <u>113,264</u>	\$ <u>0</u>

The District has a line of credit with a financial institution for \$4,000,000 which is secured by the proprietary fund revenues. The interest rate on the note is variable and is the financial institution's prime rate of 3.25%. The line of credit matures on May 1, 2013. No amounts were drawn on the line during the fiscal year ending December 31, 2012.

NOTE 6 - 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, with the exception of workers' compensation, the District carries commercial insurance. For workers' compensation, 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.

NOTE 7 - RETIREMENT COMMITMENTS

Profit Sharing Plan

The District has established a profit sharing 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. All employees are eligible to participate in the plan upon employment, and become fully vested after five years of service.



ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - RETIREMENT COMMITMENTS (CONTINUED)

The District may contribute up to 15% of each participating employee's compensation. During the year ended December 31, 2012, the District contributed \$94,164 to the Plan, representing 15% of employee compensation. All contributions are deposited to the individual employee's self-directed accounts and the District has no further fiduciary responsibility for the plan assets.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. All plan investments are held in trust for the exclusive benefit of the employees. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 8 - CONCENTRATIONS

One company paid 10.3% of all revenue for the year ended December 31, 2012. This same company was responsible for 26.9% of the property tax collected.

NOTE 9 - 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, 2012, the emergency reserve of \$7,441 was reported as a restriction of fund balance in the General Fund.

The District has entered into a contract to purchase sewer treatment services from the City of Littleton, Colorado. This City is treating all wastewater of the District. The contract is irrevocable by the District as long as bonds to finance the City's treatment plant are still outstanding.

The District has entered into an agreement to purchase is water from the City of Aurora, Colorado. This agreement expires in 2105 and then automatically and continuously renews for another ninety years. As part of the agreement with the City of Aurora, the District will pay the City development and connection fee of \$6,575 per customer. This fee is due in December 2015, although the District may purchase taps before that date. The District estimates that this fee will be \$24,985,000.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In November 2011, the District electors approved an increase in District debt of \$6,500,000. These funds will be used to build a water treatment plant.

The District has agreed to sell its waste water treatment plant to another water and sanitation district. This total sale price is \$4,000,000 plus \$300 for every tap sold by the buyer. The District anticipates a total minimum price of \$7,000,000. The District has received, and included in deferred income, the amount of \$200,000 at December 31, 2012.

During the 1970's the District presold approximately 2,500 taps. For the year ended December 31, 2011 each prepaid tap had a credit value of \$14,757 against the total tap cost of approximately \$37,125. At December 31, 2011, 87 presold taps remained.

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2012, the District implemented GASB Statement Number 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB authoritative literature certain guidance from the Financial Accounting Standards Board (FASB) Statements and Interpretations, the Accounting Principles Board Opinions, and the Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with GASB pronouncements. Implementation of this standard did not have a material effect on the District.

During the year ended December 31, 2012, the District implemented GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. As the result of implementing this statement the computation of equity on the Statement of Net Position was changed and equity was retitled to be net position.

During the year ended December 31, 2012, the District also early implemented GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. As a result of implementing this statement, loan issuance costs of \$62,491 which were amortized under the prior standards are expensed in the new standards. In addition, unearned property taxes were reclassified to deferred inflows of resources.

NOTE 11 - SUBSEQUENT EVENTS

During 2013, the Colorado Water Conservation Board (CWCB) approved the District's application for a thirty year loan. The loan principal balance shall not exceed \$18,538,550 at an annual interest rate of 3.25%.

REQUIRED SUPPLEMENTARY INFORMATION

ROXBOROUGH WATER AND SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Property taxes	\$ 786,067	\$ 795,329	\$ 9,262
Specific ownership taxes	50,000	60,450	10,450
Investment income	2,000	3,439	1,439
Miscellaneous revenues	<u>500</u>	<u>0</u>	<u>(500)</u>
Total Revenues	<u>838,567</u>	<u>859,218</u>	<u>20,651</u>
<u>Expenditures</u>			
Salaries and benefits	120,000	119,713	287
Accounting and audit	20,000	17,587	2,413
Contract labor	1,000	0	1,000
Director fees	8,000	7,000	1,000
Election expense	20,000	0	20,000
Education	20,000	9,616	10,384
Engineering	15,000	14,677	323
Insurance	12,000	8,944	3,056
Legal fees	20,000	16,156	3,844
Miscellaneous	5,000	2,608	2,392
Office expense	20,000	10,555	9,445
Permits, dues and subscriptions	1,500	0	1,500
Rent	15,000	9,427	5,573
Repairs and maintenance	15,000	11,332	3,668
Treasurer fees	15,000	10,629	4,371
Utilities	7,500	5,938	1,562
Vehicle expense	3,000	3,860	(860)
Capital outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Expenditures	<u>328,000</u>	<u>248,042</u>	<u>79,958</u>
Excess of Revenues Over Expenditures	510,567	611,176	100,609
<u>Other Financing Uses</u>			
Transfers out	<u>(726,855)</u>	<u>(540,000)</u>	<u>186,855</u>
Net Change in Fund Balances	<u>\$ (216,288)</u>	71,176	<u>\$ 287,464</u>
Fund Balances, Beginning		<u>545,029</u>	
Fund Balances, Ending		<u>\$ 616,205</u>	

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012

NOTE 1 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the District. Budgets for the General and Debt Service 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, 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 a resolution.
- 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  
CAPITAL PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 0	\$ 9,143	\$ 9,143
<u>Expenditures</u>			
Capital outlay	<u>23,000,000</u>	<u>0</u>	<u>23,000,000</u>
Excess of Revenues Over (Under) Expenditures	(23,000,000)	9,143	23,009,143
<u>Other Financing Sources (Uses)</u>			
Transfers in	<u>23,949,635</u>	<u>23,000,000</u>	<u>(949,635)</u>
Net Change in Fund Balances	949,635	23,009,143	22,059,508
Fund Balances, Beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, Ending	<u>\$ 949,635</u>	<u>\$ 23,009,143</u>	<u>\$ 22,059,508</u>

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Property taxes	\$ 893,670	\$ 881,957	\$ (11,713)
Specific ownership taxes	80,000	75,817	(4,183)
Investment income	<u>10,000</u>	<u>9,601</u>	<u>(399)</u>
Total Revenues	<u>983,670</u>	<u>967,375</u>	<u>(16,295)</u>
<u>Expenditures</u>			
General government	15,000	14,463	537
Principal	395,000	395,000	0
Interest	<u>286,926</u>	<u>286,926</u>	<u>0</u>
Total Expenditures	<u>696,926</u>	<u>696,389</u>	<u>537</u>
Excess of Revenues Over (Under) Expenditures	286,744	270,986	(15,758)
<u>Other Financing Sources (Uses)</u>			
Transfers in	118,000	131,568	13,568
Transfers out	<u>(6,663,480)</u>	<u>(6,500,000)</u>	<u>163,480</u>
Net Change in Fund Balances	(6,258,736)	(6,097,446)	161,290
Fund Balances, Beginning	<u>6,316,736</u>	<u>6,351,422</u>	<u>34,686</u>
Fund Balances, Ending	<u>\$ 58,000</u>	<u>\$ 253,976</u>	<u>\$ 195,976</u>

See the accompanying Independent Auditors' Report.



ROXBOROUGH WATER AND SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE NON GAAP BASIS  
WATER FUND  
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 2,720,000	\$ 2,801,685	\$ 81,685
Permit fees	3,300	4,375	1,075
Other water sales	138,022	212,060	74,038
Miscellaneous	89,200	98,368	9,168
Investment income	75,000	32,603	(42,397)
Availability charges	60,000	72,202	12,202
Capital charges	325,000	487,504	162,504
System development charges	44,064	78,838	34,774
Transfers in	<u>340,000</u>	<u>340,000</u>	<u>0</u>
 Total Revenues	 <u>3,794,586</u>	 <u>4,127,635</u>	 <u>333,049</u>
<u>Expenditures</u>			
Accounting and audit	20,000	26,686	(6,686)
Permits, dues and subscriptions	15,000	17,138	(2,138)
Contract labor	10,000	8,400	1,600
Education	25,000	36,049	(11,049)
Engineering and other professional costs	125,000	184,705	(59,705)
GPS/GIS	15,000	11,518	3,482
Insurance	23,000	18,315	4,685
Lab and test fees	17,000	10,756	6,244
Legal fees	40,000	38,739	1,261
Meter expense	150,000	74,045	75,955
Miscellaneous	12,000	8,077	3,923
Office expense	30,000	21,813	8,187
Operating supplies	90,000	87,312	2,688
Payroll, taxes and benefits	390,000	407,916	(17,916)
Repairs and maintenance	250,000	235,132	14,868
Utilities	105,000	96,865	8,135
Vehicle expense	15,000	13,089	1,911
Dominion	35,000	22,920	12,080
Water cost	1,500,000	1,325,900	174,100
Capital outlay	1,015,000	228,225	786,775
Conservation rebates	10,000	4,250	5,750
Chatfield reallocation	20,000	0	20,000
Water rights capital	20,000	5726	14,274
Transfers out	<u>17,143,400</u>	<u>16,572,202</u>	<u>571,198</u>
 Total Expenditures	 <u>21,075,400</u>	 <u>19,455,778</u>	 <u>1,619,622</u>
 Change in Net Assets, Budgetary Basis	 <u><u>\$(17,280,814)</u></u>	 <u><u>(15,328,143)</u></u>	 <u><u>\$ 1,952,671</u></u>

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE NON GAAP BASIS  
WATER FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation to GAAP Basis			
Capital outlay		\$ 228,225	
Depreciation		<u>(569,789)</u>	
Change in Net Assets, GAAP Basis		(15,669,707)	
Fund Balances, Beginning		<u>34,324,715</u>	
Fund Balances, Ending		<u>\$ 18,655,008</u>	

See the accompanying Independent Auditors' Report.

ROXBOROUGH WATER AND SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE NON GAAP BASIS  
SEWER FUND  
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Charges for services	\$ 1,430,000	\$ 1,451,880	\$ 21,880
Charges for services – Lockheed Martin Agreement	415,000	342,010	(72,990)
Permit fees	3,300	8,095	4,795
Ravenna service charge	20,000	22,032	2,032
Miscellaneous	42,000	41,025	(975)
Investment income	1,500	4,053	2,553
Availability charges	58,000	59,366	1,366
Capital charges	132,000	125,715	(6,285)
System development charges	30,252	20,052	(10,200)
Transfer in	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total Revenues	<u>2,332,052</u>	<u>2,274,228</u>	<u>(57,824)</u>
<u>Expenditures</u>			
Accounting and audit	20,000	16,718	3,282
Contract labor	1,000	0	1,000
Dominion expense	1,000	0	1,000
Education	20,000	9,203	10,797
Engineering	75,000	144,915	(69,915)
GPS/GIS	15,000	11,518	3,482
Insurance	23,000	18,315	4,685
Lab and test fees	300	300	0
Legal fees	20,000	26,327	(6,327)
Miscellaneous	12,000	2,531	9,469
Office expense	30,000	21,113	8,887
Operating supplies	45,000	37,351	7,649
Permits, dues and subscriptions	1,500	3,720	(2,220)
Payroll, taxes and benefits	390,000	388,317	1,683
Repairs and maintenance	200,000	161,717	38,283
Service fees	810,000	732,494	77,506
Utilities	115,000	78,273	36,727
Vehicle expense	15,000	13,182	1,818
Capital outlay	648,000	89,263	558,737
Transfer out	<u>237,380</u>	<u>59,366</u>	<u>178,014</u>
Total Expenditures	<u>2,679,180</u>	<u>1,814,623</u>	<u>864,557</u>
Change in Net Assets, Budgetary Basis	<u>\$ (347,128)</u>	459,605	<u>\$ 806,733</u>
<u>Reconciliation to GAAP Basis</u>			
Capital outlay		89,263	
Depreciation		<u>(920,289)</u>	
Change in Net Assets, GAAP Basis		(371,421)	
Fund Balances, Beginning		<u>26,287,573</u>	
Fund Balances, Ending		<u>\$ 25,916,152</u>	

See the accompanying Independent Auditors' Report.