

WINFREY & COUNTY, PC

Certified Public Accountants

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Noel E Winfrey, CPA

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Republican River Water Conservation District
410 Main Street, Suite 8
Wray, CO 80758

In planning and performing our audit of the financial statements of Republican River Water Conservation District as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered your internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal control. Accordingly, we do express an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

You do not employ sufficient administrative personnel to have segregation of duties.

Your internal control is not capable of preventing or detecting misstatements in the accounting records due to this lack of segregation of duties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

You do not have an employee who is capable of preparing the required financial statements from your general ledger.

This communication is intended solely for the information and use of management, the board of trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

WINFREY & COUNTY, PC
Certified Public Accountants

A handwritten signature in cursive script that reads "Gerald County".

By: Gerald County, CPA

June 12, 2008

**REPUBLICAN RIVER
WATER CONSERVATION DISTRICT**

Financial Statements

For the Year Ended December 31, 2007

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REPUBLICAN RIVER WATER CONSERVATION DISTRICT
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December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Republican River Water Conservation District
Wray, CO 80758

We have audited the accompanying statement of net assets of the Republican River Water Conservation District as of December 31, 2007, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Republican River Water Conservation District as of December 31, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. For the management discussion and analysis, we have applied certain limited procedures, consisting primarily of inquiries of management regarding methods of measurement and presentation of the required information. However, we did not audit that supplemental information, and express no opinion on it. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

WINFREY & COUNTY, PC
Certified Public Accountants



by: Gerald County, CPA

June 23, 2008

**Republican River Water Conservation District
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007**

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year ending December 31, 2007. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$788,901 due to the fact that contracts were obtained to reduce water consumption.

During the year, the District's non-operating revenues increased by \$82,226.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts;

Management's Discussion and Analysis

Financial Statements

Supplementary Information

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Activities report information about the District's activities in a way that can help answer that question. These two statements report the net assets of the District and the related changes in these assets. The District's net assets (the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the District's net assets are one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

**Republican River Water Conservation District
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007**

NET ASSETS

As part of our analysis, we provide a summary of the District's Balance Sheet below:

Condensed Balance Sheet

	<u>2007</u>	<u>2006</u>	<u>\$ Change</u>
Current Assets	6,119,047	4,514,464	1,604,583
Capital Assets	<u>19,020</u>	<u>25,517</u>	<u>(6,497)</u>
 Total Assets	 6,138,067	 4,539,981	 1,598,086
 Current Liabilities	 730,592	 673,125	 57,467
Long-term Liabilities	<u>5,321,241</u>	<u>2,991,722</u>	<u>2,329,519</u>
 Total Liabilities	 6,051,833	 3,664,847	 2,386,986
<hr/>			
Invested in Capital Assets			
Net of Related Debt	19,020	25,517	(6,497)
Restricted for TABOR	98,181	133,600	(35,419)
Non-restricted	<u>(30,967)</u>	<u>716,018</u>	<u>(746,985)</u>
 Total Net Assets	 <u>86,234</u>	 <u>875,135</u>	 <u>(788,901)</u>

**Republican River Water Conservation District
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007**

While the Balance Sheet shows the change in financial position of net assets, the Statement of Activities provides answers as to the nature and source of these changes. As can be seen in the following chart, the most noticeable change is the increase in Non-Operating Revenue due to the accumulation of funds to pay for long-term EQIP and CREP contracts.

Condensed Statement of Activities

	<u>2007</u>	<u>2006</u>	<u>\$ Change</u>
Operating Revenue	2,884,789	2,926,113	(41,324)
Non-Operating Revenue	<u>232,541</u>	<u>150,610</u>	<u>81,931</u>
 Total Revenues	 3,117,330	 3,076,723	 40,607
 Depreciation	 6,497	 6,033	 464
Other Operating Expenses	3,403,434	4,160,091	(756,657)
G & A Expense	<u>496,300</u>	<u>287,167</u>	<u>209,133</u>
 Total Expenses	 3,906,231	 4,453,292	 (547,061)
 Capital Contributions	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Change in Net Assets	 (788,901)	 (1,376,569)	 587,668
Beginning Net Assets	<u>875,136</u>	<u>2,251,704</u>	<u>(1,376,569)</u>
Ending Net Assets	<u>86,234</u>	<u>875,135</u>	<u>(788,901)</u>

BUDGETARY HIGHLIGHTS

Budget to actual comparative statements are included as Supplemental Information in the audited financial statements.

**Republican River Water Conservation District
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the District had only invested \$27,847 in a District vehicle and \$6,489 in a copy machine.

Long-Term Debt

In 2007, additional EQIP contracts were issued. An additional long-term lease was also issued. No other long-term debt was issued. See note 5 to the financial statements for further information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

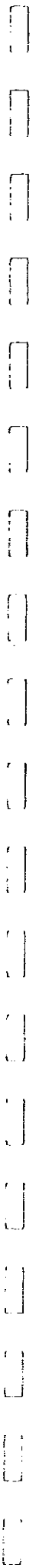
The District's Board of Directors and management consider many factors when setting the 2008 budget, including user fees and charges. The District is planning to start construction of a water compliance pipeline in 2008. Therefore, 2008 budget rates will be amended to reflect any additional pipeline expenses and loan proceeds. The following table presents the changes in the District's budget from 2007 to 2008

	<u>2008</u>	<u>2007</u>	<u>\$ Change</u>
Operating Revenue	2,793,000	2,878,404	(85,404)
Non-Operating Revenue	190,000	123,115	66,500
Beginning Balance	<u>5,602,012</u>	<u>3,358,273</u>	<u>2,243,739</u>
Total Revenue	8,585,012	6,360,177	2,224,835
Other Operating Expense	8,031,412	5,997,623	2,033,789
G & A Expense	543,227	359,894	183,333
Capital Outlay	0	0	0
Non-Operating Expense	<u>0</u>	<u>0</u>	<u>0</u>
Total Expense	<u>8,574,639</u>	<u>6,357,517</u>	<u>2,217,122</u>
Ending Net Assets	<u>10,373</u>	<u>2,660</u>	<u>7,713</u>

Requests for Information

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about the report or need additional information, contact the office at 410 Main Street, Suite 8, Wray, CO, 80758, or call 970-332-3552.

BASIC FINANCIAL STATEMENTS



REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Statement of Net Assets
December 31, 2007

ASSETS		
Current Assets		
Cash and cash equivalents	1,219,109	
Certificates of deposit	4,850,845	
Accounts receivable	<u>49,093</u>	
Total Current Assets		6,119,047
Capital Assets		
Equipment	6,489	
Vehicle	27,847	
Less: Accumulated depreciation	<u>(15,315)</u>	
Net Capital Assets		<u>19,020</u>
TOTAL ASSETS		6,138,067
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	71,244	
Payroll liabilities	350	
Current portion of long-term	<u>658,998</u>	
Total Current Liabilities		730,592
Long-Term Liabilities		
CREP contracts	4,511,465	
EQIP contracts - well retirement	707,263	
Outright Leases	<u>102,513</u>	
Total Long-Term Liabilities		<u>5,321,241</u>
TOTAL LIABILITIES		6,051,833
Net Assets		
Investment in capital assets, net of related debt	19,020	
Restricted for TABOR	98,181	
Unrestricted	<u>(30,968)</u>	
TOTAL NET ASSETS		<u>86,233</u>

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Statement of Revenue, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2007

OPERATING REVENUES		
Irrigation assessment fees	2,825,967	
Commercial & Municipal well assessment	43,363	
Surface evaporative water loss	<u>15,458</u>	
Total Operating Revenues		2,884,789
OPERATING EXPENSES		
County Treasurer fees	84,542	
EQIP & CREP contracts	3,272,693	
Telephone	3,600	
Training	-0	
Travel expenses	31,922	
Vehicle expenses	(928)	
Depreciation	6,497	
CIG grants	<u>11,606</u>	
Total Operating Expenses		3,409,931
GENERAL & ADMINISTRATIVE EXPENSES		
Salaries & wages	89,750	
Employee benefits	24,435	
Office expenses	18,322	
Accounting & audit fees	38,424	
Consulting	23,838	
Engineering fees	62,322	
Legal fees	157,705	
Lobbyist fees	10,861	
Other professional fees	1,431	
Insurance	7,071	
Directors expenses	<u>62,142</u>	
Total General & Administrative Expenses		<u>496,300</u>
TOTAL EXPENSES		3,906,231
OPERATING INCOME		(1,021,442)
OTHER INCOME		
Interest income	217,610	
Interest on fees	<u>14,931</u>	
Total Other Income		<u>232,541</u>
CHANGE IN NET ASSETS		(788,901)
NET ASSETS - Beginning		<u>875,135</u>
NET ASSETS - Ending		<u>86,233</u>

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from fees	2,803,827
Paid for salaries & benefits	(135,481)
Paid for Board compensation	(32,975)
Paid to well owners	(929,430)
Paid to suppliers	(330,320)
Net Cash Provided by Operating Activities	1,375,622
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of fixed assets	0
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Interest income	232,541
Other income	0
Cash Used by Non-Capital Financing Activities	232,541
CASH FLOWS FROM INVESTING ACTIVITIES	
Certificates of deposit and savings account	(1,327,809)
NET INCREASE (DECREASE) IN CASH	
	280,354
CASH - Beginning of year	<u>938,755</u>
CASH - End of year	<u>1,219,109</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	(1,021,442)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	6,497
Changes in Assets & Liabilities	
Accounts receivable	3,580
Accounts payable	47,997
Payroll liabilities	(4,273)
Contracts payable	<u>2,343,263</u>
Total Adjustments	<u>2,397,064</u>
Net Cash Provided by Operating Activities	<u>1,375,622</u>

See auditor's report and notes to the financial statements.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - the District is a governmental unit operating with a sole enterprise fund while in accordance with Colorado Statute. The District was established to provide compliance with the Republican River Compact on behalf of the State of Colorado.

The District is considered to be a primary government because it has a separate governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

Basis of Accounting - enterprise fund accounting is utilized in accordance with generally accepted accounting principles. Enterprise funds recognize revenues and expenses on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are special assessment fees charged to landowners for their water usage. Operating expenses for the fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on accounting procedures issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Capital Assets - the District capitalizes assets valued over \$5,000. Assets are stated at cost, developer's cost, or estimated fair market value at the time of donation. Depreciation is recognized using the straight-line method over the assets estimated useful lives of one to forty years. Depreciation begins in the year following completion for assets under construction. Water rights, and the costs to obtain those rights, are capitalized but not depreciated.

Irrigation Assessment Fees - the District's primary means of revenue. These fees are paid by the property owner, along with property taxes, to the County Treasurer. They are payable in full on April 30 or in two installments on February 28 and June 15. The Counties of which the District is comprised collects the taxes and fees and remits them by the 10th of the month following the month of collection.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2007
(continued)

Budgets - each fall the Board of Directors adopt a budget and appropriates funds for the following calendar year. Unused appropriations lapse at year end.

All budget hearings are open to the public. An amendment of the budget through supplemental appropriation is subject to approval of the Board of Directors at a public hearing and the filing of the approved supplemental appropriation with the State of Colorado.

The basis of these budgets is Non-GAAP, in that revenues and expenditures are budgeted on the modified accrual basis of accounting. This basis of accounting records transactions based upon the "flow of funds". Revenues are recognized when funds are available and measurable, and expenditures are recognized when incurred.

Cash Flows - for purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and demand, money market and savings accounts at financial institutions. Repurchase agreements, certificates of deposit, and U.S. Treasury Notes, including those with maturities of three months or less, are classified as investments and are not reflected as cash in the statement of cash flows.

Net Assets - represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates - the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the period. Actual results could differ from those estimates.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2007
(continued)

(2) CASH DEPOSITS AND CASH EQUIVALENTS

Cash Deposits - for purpose of these financial statements, cash and cash equivalents consists of cash on hand and demand, money market and savings accounts at financial institutions.

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - Deposits -- Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Deposits are in 20 financial institutions and listed by appropriate risk category as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
On hand		5
Insured (FDIC)	2,100,000	2,100,000
Uninsured: Collateral held by District's agent in agent's name	<u>4,044,786</u>	<u>3,969,949</u>
Total Cash	6,144,786	6,069,954
Shown as certificates of deposit		<u>(4,850,845)</u>
Shown as cash & cash equivalents		<u>1,219,109</u>

(3) ACCOUNTS RECEIVABLE

The accounts receivable balance includes amounts due from District customers. The District uses the allowance method to recognize bad debts. No allowance for bad debts was deemed necessary at December 31, 2007.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2007
(continued)

(4) CAPITAL ASSETS

A summary of changes to capital assets for 2006 follows:

	Balance <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31</u>
Equipment	6,489	-0-	-0-	6,489
Automobile	<u>27,847</u>	<u>-0-</u>	<u>-0-</u>	<u>27,847</u>
Total	34,336	-0-	-0-	34,336
Accumulated Depreciation	<u>8,818</u>	<u>6,497</u>	<u>-0-</u>	<u>15,315</u>
Net Capital Assets	<u>25,518</u>	<u>6,497</u>	<u>-0-</u>	<u>19,021</u>

(5) LONG-TERM DEBT

Changes in Long-Term Debt

	Balance <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31</u>
EQIP contracts	1,442,389	278,364	562,213	1,158,540
CREP contracts	2,048,705	2,864,482	241,688	4,671,499
Leases payable	<u>145,883</u>	<u>91,375</u>	<u>87,058</u>	<u>150,200</u>
Total	3,636,977	3,234,221	890,959	5,980,239

Beginning in 2005, the District began entering into Environmental Quality Incentive Program (EQIP) contracts with landowners. Payments for these contracts are disbursed over three to five years. The following information summarizes the annual payments due on the outstanding EQIP contract obligations:

Due in <u>Year</u>	<u>Amount</u>
2008	451,277
2009	360,282
2010	303,686
2011	35,984
2012	<u>7,311</u>
Total	1,158,540

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2007
(continued)

Beginning in 2006, the District began entering into Conservation Reserve Enhancement Program (CREP) contracts with landowners. Payments for these contracts are disbursed over 15 years. The following information summarizes the annual payments due on the outstanding CREP contract obligations:

Due in	
<u>Year</u>	<u>Amount</u>
2008	160,034
2009	120,964
2010	112,793
2011	1,125,120
2012	112,794
2013-2017	1,576,294
2018-2021	<u>1,463,501</u>
Total	4,671,500

Also in 2006, the District entered into leases with the landowners. These lease are from 2 to 4 years. The following information summarizes the annual amounts due for the leases.

Due in	
<u>Year</u>	<u>Amount</u>
2008	47,687
2009	47,688
2010	18,275
2011	18,275
2012	<u>18,275</u>
Total	150,200

Total long-term commitments

Due in	
<u>Year</u>	<u>Amount</u>
2008	658,998
2009	528,933
2010	434,755
2011	1,179,378
2012	138,380
2013-2017	1,576,294
2018-2021	<u>1,463,501</u>
Total	5,980,239

REPUBLICAN RIVER WATER CONSERVATION DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2007

(continued)

(6) RECONCILIATION OF PROPRIETARY (GAAP) REVENUES AND EXPENSES TO BUDGETARY REVENUES AND EXPENDITURES

The District prepares its budget annually. The budget comparison in this report is presented on a Non-GAAP budgetary basis. The following reconciliation is presented to reconcile to the GAAP basis financial statements.

Operating Revenues - GAAP basis	2,884,789
Non-Operating Revenues - GAAP basis	<u>232,541</u>
Total Revenues - GAAP basis	3,117,330
Operating Expenses - GAAP basis	3,906,231
Less Depreciation	<u>(6,497)</u>
Total Expenses - Budgetary Basis	3,899,734

(7) RISK MANAGEMENT

The District is exposed to various risks of loss to related torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees; and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles.

(8) TABOR REQUIREMENTS

In 1992, Colorado voters approved Amendment 1, commonly know as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to State of Colorado and all local governments.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2007
(continued)

Enterprise, defined as government owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenues in grants from all state and local governments combined, are excluded from the provision of TABOR.

TABOR establishes 1992 as the initial base for spending and revenue limits. Future spending and revenue limits can be adjusted for inflation and local growth without voter approval. TABOR requires the establishment of Emergency Reserves that must be at least 3% of spending (excluding bonded debt service). Excess funds within the spending and revenue limits can be reserved for general use and, when spent in subsequent years, are not subject to the spending limits mentioned above.

The total amount of restricted net assets for emergency reserves at December 31, 2007 is \$98,186.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing taxes, or spending above the limits described above, increasing a mill levy, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors and qualifications as an Enterprise, will require judicial interpretation.

(9) BUDGETARY COMPLIANCE

For the year ended December 31, 2007, expenditures did not exceed the budgeted amount.

REQUIRED SUPPLEMENTARY INFORMATION

REPUBLICAN RIVER WATER CONSERVATION DISTRICT
Statement of Revenues and Expenditures - Budget to Actual
Non-GAAP Budgetary Basis
For the Year Ended December 31, 2007

	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Irrigation Assessment Fees	2,804,500	2,804,500	2,840,898	36,398
Commercial & Municipal Well Assessments	44,769	44,769	43,363	(1,406)
Surface Evaporative Loss Fees	33,635	33,635	15,458	(18,177)
Interest Income	119,000	119,000	217,610	98,610
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>3,001,904</u>	<u>3,001,904</u>	<u>3,117,330</u>	<u>115,426</u>
EXPENDITURES				
Salaries & Wages	89,000	89,000	89,750	(750)
Employee Benefits	27,100	27,100	24,435	2,665
Board and Director Expenses	28,000	28,000	50,975	(22,975)
Office	13,488	13,488	18,322	(4,834)
Engineering Fees	12,000	12,000	62,322	(50,322)
Legal Fees	80,000	80,000	157,705	(77,705)
Accounting & Auditing	15,000	15,000	38,424	(23,424)
Lobbyist Fees	18,000	18,000	10,861	7,139
Other Professional Fees	29,400	29,400	25,268	4,132
EQIP Contracts	2,061,903	2,061,903	278,364	1,783,539
CREP Contracts	307,500	307,500	2,902,953	(2,595,453)
Leases	97,020	97,020	91,375	5,645
Outright Purchases	3,440,000	3,440,000	0	3,440,000
Operating Expenses	55,106	55,106	64,438	(9,332)
County Treasurer's Fees	84,000	84,000	84,542	(542)
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>6,357,517</u>	<u>6,357,517</u>	<u>3,899,734</u>	<u>2,457,783</u>