

**APPLICATION FOR EXEMPTION FROM AUDIT  
LONG FORM**

|                    |  |   |
|--------------------|--|---|
| NAME OF GOVERNMENT | Bailey Water And Sanitation District     | For the Year Ended<br>12/31/16<br>or fiscal year ended: |
| ADDRESS            | PO Box 422<br>Bailey, CO 80421           |   |
| CONTACT PERSON     | Ms. Judith Reinhold-Kirby, Administrator |   |
| PHONE              | 303-838-8184                             |   |
| EMAIL              | baileywater@AOL.com                      |   |
| FAX                | 303-838-8184                             |   |

2712.00

**CERTIFICATION OF PREPARER**

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. I am aware that the Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000, and that independent means someone who is separate from the entity.

|   |   |
|---|---|
| NAME:   | Craig A Erickson  |
| TITLE:  | Certified Public Accountant                             |
| FIRM NAME (if applicable):  | Craig A Erickson, CPA P.C.                              |
| ADDRESS:  | 196 SE Spokane St. #206                                 |
| PHONE:  | 303.829.2298  |
| DATE PREPARED<br><small>(Must be Completed prior to Board approval)</small> | 03/21/17  |
| RELATIONSHIP TO ENTITY:   | Separate from Entity--Oregon and Colorado Licensed CPA. |

**PREPARER (SIGNATURE REQUIRED)**

*Craig A Erickson*

Has the entity filed for, or has the district filed, a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]

| YES                      | NO                                  |
|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If Yes, date filed:



**RECEIVED**  
By Justin L. Smith at 9:34 am, Apr 11, 2017

## PART 1 - FINANCIAL STATEMENTS - BALANCE SHEET

\* Indicate Name of Fund

NOTE: Attach additional sheets as necessary.

| Line #              | Description   | Governmental Funds |       | Description   | Proprietary/Reductory Funds |           | Please use this space to provide explanation of any items on this page |
|---------------------|---|--------------------|-------|---|-----------------------------|-----------|--|
|                     |   | Fund*              | Fund* |   | Business-Type Activity      | Fund*     |  |
| <b>Assets</b>       |   |                    |       | <b>Assets</b>   |                             |           |  |
| 1-1                 | Cash & Cash Equivalents   | \$                 | - \$  | Cash & Cash Equivalents   | \$                          | 305,790   | \$ -   |
| 1-2                 | Investments   | \$                 | - \$  | Investments   | \$                          | -         | \$ -   |
| 1-3                 | Receivables   | \$                 | - \$  | Receivables   | \$                          | 112,077   | \$ -   |
| 1-4                 | Due from Other Entities or Funds  | \$                 | - \$  | Due from Other Entities or Funds  | \$                          | -         | \$ -   |
|                     | All Other Assets (specify)  | \$                 | - \$  | Other Current Assets  | \$                          | 7,822     | \$ -   |
| 1-5                 |   | \$                 | - \$  | <b>Total Current Assets</b>   | \$                          | 425,689   | \$ -   |
| 1-6                 |   | \$                 | - \$  | Capital Assets, net (from Part  | \$                          | 633,603   | \$ -   |
| 1-7                 |   | \$                 | - \$  | Other Long Term Assets (specify)  | \$                          | -         | \$ -   |
| 1-8                 |   | \$                 | - \$  | Insured Bank Certificates of Deposit  | \$                          | 14,787    | \$ -   |
| 1-9                 |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-10                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-11                | (add lines 1-1 through 1-10) <b>TOTAL ASSETS</b>  | \$                 | - \$  | (add lines 1-1 through 1-10) <b>TOTAL ASSETS</b>  | \$                          | 1,074,279 | \$ -   |
| 1-12                | <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>   | \$                 | - \$  | <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>   | \$                          | -         | \$ -   |
| 1-13                | <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>   | \$                 | - \$  | <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>   | \$                          | 1,074,279 | \$ -   |
| <b>Liabilities</b>  |   |                    |       | <b>Liabilities</b>  |                             |           |  |
| 1-14                | Accounts Payable  | \$                 | - \$  | Accounts Payable  | \$                          | 5,337     | \$ -   |
| 1-15                | Accrued Payroll and Related Liabilities   | \$                 | - \$  | Accrued Payroll and Related Liabilities   | \$                          | 4,600     | \$ -   |
| 1-16                | Accrued Interest Payable  | \$                 | - \$  | Accrued Interest Payable  | \$                          | -         | \$ -   |
| 1-17                | Due to Other Entities or Funds  | \$                 | - \$  | Due to Other Entities or Funds  | \$                          | -         | \$ -   |
| 1-18                | All Other Current Liabilities   | \$                 | - \$  | All Other Current Liabilities   | \$                          | 100       | \$ -   |
| 1-19                | <b>TOTAL CURRENT LIABILITIES</b>  | \$                 | - \$  | <b>TOTAL CURRENT LIABILITIES</b>  | \$                          | 10,037    | \$ -   |
| 1-20                | All Other Liabilities (specify)   | \$                 | - \$  | Proprietary Debt Outstanding (from Part 4-4)  | \$                          | -         | \$ -   |
| 1-21                |   | \$                 | - \$  | Other Liabilities (specify)   | \$                          | -         | \$ -   |
| 1-22                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-23                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-24                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-25                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-26                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-27                |   | \$                 | - \$  |   | \$                          | -         | \$ -   |
| 1-28                | (add lines 1-19 through 1-27) <b>TOTAL LIABILITIES</b>  | \$                 | - \$  | (add lines 1-19 through 1-27) <b>TOTAL LIABILITIES</b>  | \$                          | 10,037    | \$ -   |
| 1-29                | <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | \$                 | - \$  | <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | \$                          | 95,615    | \$ -   |
| <b>Fund Balance</b> |   |                    |       | <b>Net Position</b>   |                             |           |  |
| 1-30                | Nonspendable Prepaid  | \$                 | - \$  | Net Investment in Capital Assets  | \$                          | 633,603   | \$ -   |
| 1-31                | Nonspendable Inventory  | \$                 | - \$  |   |                             |           |  |
| 1-32                | Restricted (specify)  | \$                 | - \$  | Emergency Reserves  | \$                          | 7,119     | \$ -   |
| 1-33                | Committed (specify)   | \$                 | - \$  | Other Designations/Reserves   | \$                          | -         | \$ -   |
| 1-34                | Assigned (specify)  | \$                 | - \$  | Restricted  | \$                          | -         | \$ -   |
| 1-35                | Unassigned  | \$                 | - \$  | Undesignated/Unreserved/Unrestricted  | \$                          | 327,705   | \$ -   |
| 1-36                | Add lines 1-30 through 1-35<br>This total should be the same as line 3-33<br><b>TOTAL FUND BALANCE</b>                                      | \$                 | - \$  | Add lines 1-30 through 1-35<br>This total should be the same as line 3-33<br><b>TOTAL NET POSITION</b>                                      | \$                          | 968,627   | \$ -   |
| 1-37                | Add lines 1-28, 1-29 and 1-36<br>This total should be the same as line 1-13<br><b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b> | \$                 | - \$  | Add lines 1-28, 1-29 and 1-36<br>This total should be the same as line 1-13<br><b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b> | \$                          | 1,074,279 | \$ -   |

## PART 2 - FINANCIAL STATEMENTS - OPERATING STATEMENT - REVENUES

| Line # | Description   | Governmental Funds |       | Description   | Proprietary/Fiduciary Funds |       | Please use this space to provide explanation of any items on this page |
|--------|---|--------------------|-------|---|-----------------------------|-------|--|
|        |   | Fund*              | Fund* |   | Business-Type Activity      | Fund* |  |
|        | <b>Tax Revenue</b>  |                    |       | <b>Tax Revenue</b>  |                             |       |  |
| 2-1    | Property  | \$                 | \$    | Property  | \$ 96,643                   | \$    |  |
| 2-2    | Specific Ownership  | \$                 | \$    | Specific Ownership  | \$ 11,729                   | \$    |  |
| 2-3    | Sales and Use Tax   | \$                 | \$    | Sales and Use Tax   | \$                          | \$    |  |
| 2-4    | Other Tax Revenue (specify):  | \$                 | \$    | Other Tax Revenue (specify):  | \$                          | \$    |  |
| 2-5    |   | \$                 | \$    |   | \$                          | \$    |  |
| 2-6    |   | \$                 | \$    |   | \$                          | \$    |  |
| 2-7    |   | \$                 | \$    |   | \$                          | \$    |  |
| 2-8    | <b>Add lines 2-1 through 2-7<br/>TOTAL TAX REVENUE</b>                        | \$                 | \$    | <b>Add lines 2-1 through 2-7<br/>TOTAL TAX REVENUE</b>                        | \$ 108,372                  | \$    |  |
| 2-9    | Licenses and Permits  | \$                 | \$    | Licenses and Permits  | \$                          | \$    |  |
| 2-10   | Highway Users Tax Funds (HUTF)  | \$                 | \$    | Highway Users Tax Funds (HUTF)  | \$                          | \$    |  |
| 2-11   | Conservation Trust Funds (Lottery)  | \$                 | \$    | Conservation Trust Funds (Lottery)  | \$                          | \$    |  |
| 2-12   | Community Development Block Grant   | \$                 | \$    | Community Development Block Grant   | \$                          | \$    |  |
| 2-13   | Fire & Police Pension   | \$                 | \$    | Fire & Police Pension   | \$                          | \$    |  |
| 2-14   | Grants  | \$                 | \$    | Grants  | \$                          | \$    |  |
| 2-15   | Donations   | \$                 | \$    | Donations   | \$                          | \$    |  |
| 2-16   | Charges for Sales and Services  | \$                 | \$    | Charges for Sales and Services  | \$ 121,969                  | \$    |  |
| 2-17   | Rental Income   | \$                 | \$    | Rental Income   | \$                          | \$    |  |
| 2-18   | Fines and Forfeits  | \$                 | \$    | Fines and Forfeits  | \$                          | \$    |  |
| 2-19   | Interest/Investment Income  | \$                 | \$    | Interest/Investment Income  | \$ 1,834                    | \$    |  |
| 2-20   | Tap Fees  | \$                 | \$    | Tap Fees  | \$                          | \$    |  |
| 2-21   | Developer Advances  | \$                 | \$    | Developer Advances  | \$                          | \$    |  |
| 2-22   | All Other (specify):  | \$                 | \$    | All Other (specify):  | \$                          | \$    |  |
| 2-23   |   | \$                 | \$    |   | \$                          | \$    |  |
| 2-24   | <b>Add lines 2-8 through 2-23<br/>TOTAL REVENUES</b>                          | \$                 | \$    | <b>Add lines 2-8 through 2-23<br/>TOTAL REVENUES</b>                          | \$ 232,175                  | \$    |  |
|        | <b>Other Financing Sources</b>  |                    |       | <b>Other Financing Sources</b>  |                             |       |  |
| 2-25   | Debt Proceeds   | \$                 | \$    | Debt Proceeds   | \$                          | \$    |  |
| 2-26   | Proceeds from Sale of Capital Assets  | \$                 | \$    | Proceeds from Sale of Capital Assets  | \$                          | \$    |  |
| 2-27   | Other (specify):  | \$                 | \$    | Other (specify):  | \$                          | \$    |  |
| 2-28   | <b>Add lines 2-25 through 2-27<br/>TOTAL OTHER FINANCING SOURCES</b>          | \$                 | \$    | <b>Add lines 2-25 through 2-27<br/>TOTAL OTHER FINANCING SOURCES</b>          | \$                          | \$    |  |
| 2-29   | <b>Add lines 2-24 and 2-28<br/>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> | \$                 | \$    | <b>Add lines 2-24 and 2-28<br/>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> | \$ 232,175                  | \$    |  |
|        |   |                    |       |   | <b>GRAND TOTALS</b>         |       |  |
|        |   |                    |       |   | \$ 232,175                  | \$    | \$ 232,175   |

IF GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES for all funds (Line 2-29) are GREATER than \$750,000 - STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

**PART 3 - FINANCIAL STATEMENTS - OPERATING STATEMENT - EXPENDITURES**

| Line # | Description   | Governmental Funds |       | Description   | Proprietary/Fiduciary Funds |           | Please use this space to provide explanation of any items on this page   |
|--------|---|--------------------|-------|---|-----------------------------|-----------|--|
|        |   | Fund*              | Fund* |   | Business Type Activities    | Fund*     |  |
| 3-1    | General Government  | \$                 | \$    | General Operating & Administrative  | \$                          | 10,615    |  |
| 3-2    | Judicial  | \$                 | \$    | Salaries  | \$                          | 25,858    |  |
| 3-3    | Law Enforcement   | \$                 | \$    | Payroll Taxes   | \$                          | -         |  |
| 3-4    | Fire  | \$                 | \$    | Contract Services   | \$                          | 52,347    |  |
| 3-5    | Highways & Streets  | \$                 | \$    | Employee Benefits   | \$                          | -         |  |
| 3-6    | Solid Waste   | \$                 | \$    | Insurance   | \$                          | 16,867    |  |
| 3-7    | Contributions to Fire & Police Pension Assoc.   | \$                 | \$    | Accounting and Legal Fees   | \$                          | 17,768    |  |
| 3-8    | Health  | \$                 | \$    | Repair and Maintenance  | \$                          | 78,179    |  |
| 3-9    | Culture and Recreation  | \$                 | \$    | Supplies  | \$                          | 3,313     |  |
| 3-10   | Other (specify)   | \$                 | \$    | Utilities   | \$                          | 18,788    |  |
| 3-11   |   | \$                 | \$    | Contributions to Fire & Police Pension Assoc.                             | \$                          | -         | Regulatory basis budget comparison attached as supplementary information   |
| 3-12   |   | \$                 | \$    | Other (specify) Park City Treas. Fees                                     | \$                          | 2,918     |  |
| 3-13   |   | \$                 | \$    | Sludge removal & Lab Fees   | \$                          | 25,674    |  |
| 3-14   | Capital Outlay  | \$                 | \$    | Capital Outlay  | \$                          | 7,200     |  |
|        | Debt Service  |                    |       | Debt Service  |                             |           |  |
| 3-15   | Principal   | \$                 | \$    | Principal   | \$                          | -         |  |
| 3-16   | Interest  | \$                 | \$    | Interest  | \$                          | -         |  |
| 3-17   | Bond Issuance Costs   | \$                 | \$    | Bond Issuance Costs   | \$                          | -         |  |
| 3-18   | Developer Principal Repayments  | \$                 | \$    | Developer Principal Repayments  | \$                          | -         |  |
| 3-19   | Developer Interest Repayments   | \$                 | \$    | Developer Interest Repayments   | \$                          | -         |  |
| 3-20   | All Other (specify)   | \$                 | \$    | All Other (specify)   | \$                          | -         |  |
| 3-21   |   | \$                 | \$    |   | \$                          | -         |  |
| 3-22   | <b>Add lines 3-1 through 3-21</b>   | \$                 | \$    | <b>Add lines 3-1 through 3-21</b>   | \$                          | 259,527   | <b>GRAND TOTAL</b>   |
|        | <b>TOTAL EXPENDITURES</b>   |                    |       | <b>TOTAL EXPENDITURES</b>   |                             |           | <b>269,527</b>   |
| 3-23   | Interfund Transfers (In)  | \$                 | \$    | Net Interfund Transfers (In)  | \$                          | -         |  |
| 3-24   | Interfund Transfers out   | \$                 | \$    | Net Interfund Transfers Out   | \$                          | -         |  |
| 3-25   | Other Expenditures (Revenues)   | \$                 | \$    | Depreciation & Prepaid Insurance  | \$                          | 22,121    |  |
| 3-26   |   | \$                 | \$    | Other Financing Sources (Leases) (from line 2-28)                         | \$                          | -         |  |
| 3-27   |   | \$                 | \$    | Capital Outlay (from line 3-14)   | \$                          | 7,200     |  |
| 3-28   |   | \$                 | \$    | Debt Principal (from line 3-15)   | \$                          | -         |  |
| 3-29   | <b>(Add lines 3-23 through 3-28)</b>  | \$                 | \$    | <b>(Line 3-25, plus line 3-27, less line 3-24, less line 3-25)</b>        | \$                          | (14,921)  |  |
|        | <b>TOTAL TRANSFERS AND OTHER EXPENDITURES</b>   |                    |       | <b>TOTAL GAAP RECONCILING ITEMS</b>                                       |                             |           |  |
| 3-30   | Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | \$                 | \$    | Net Increase (Decrease) in Net Position                                   |                             |           |  |
|        | Line 2-29, less line 3-22, plus line 3-29   | \$                 | \$    | Line 2-29, less line 3-22, plus line 3-29, plus line 3-23, less line 3-24 | \$                          | (42,273)  |  |
| 3-31   | Fund Balance, January 1 from December 31 prior year report                            | \$                 | \$    | Net Position, January 1 from December 31 prior year report                | \$                          | 1,004,972 |  |
| 3-32   | Prior Period Adjustment (MUST explain)  | \$                 | \$    | Prior Period Adjustment (MUST explain)                                    | \$                          | 5,928     | prior period accounting errors-- 2014 subsidiary utility billing ledger not recorded into general ledger-- \$8,986. 2015 Outstanding payroll tax liability not recorded correctly (\$3,058). NET CHANGE is \$5,928 |
| 3-33   | Fund Balance, December 31   | \$                 | \$    | Net Position, December 31   | \$                          |           |  |
|        | Sum of Line 3-30, 3-31, and 3-32  | \$                 | \$    | Line 3-30 plus line 3-31  | \$                          |           |  |
|        | This total should be the same as line 1-36.   | \$                 | \$    | This total should be the same as line 1-36.                               | \$                          | 968,627   |  |

IF GRAND TOTAL EXPENDITURES for all funds (Line 3-22) are GREATER than \$750,000 - STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

## PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

YES                      NO

Please use this space to provide any explanations or comments:

|     |   |                                     |                                     |                     |                         |
|-----|---|-------------------------------------|-------------------------------------|---------------------|-------------------------|
| 4-1 | Does the entity have outstanding debt?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                     |                         |
| 4-2 | Is the debt repayment schedule attached? If no, MUST explain:<br><b>Not Applicable</b>              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                     |                         |
| 4-3 | Is the entity current in its debt service payments? If no, MUST explain:<br><b>Not Applicable</b>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                     |                         |
| 4-4 | Please complete the following debt schedule, if applicable. (please only include principal amounts) | Outstanding at beginning of year    | Issued during year                  | Retired during year | Outstanding at year-end |
|     | General obligation bonds  | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | Revenue bonds   | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | Notes/Loans   | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | Leases  | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | Developer Advances  | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | Other (specify)   | \$ -                                | \$ -                                | \$ -                | \$ -                    |
|     | <b>TOTAL</b>  | <b>\$ -</b>                         | <b>\$ -</b>                         | <b>\$ -</b>         | <b>\$ -</b>             |

|   |  |                                     |                                     |
|---|--|-------------------------------------|-------------------------------------|
| Please answer the following questions by marking the appropriate boxes. |  | YES                                 | NO                                  |
| 4-5   | Does the entity have any authorized, but unissued, debt?                             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| If yes:   | How much? \$ -   |                                     |                                     |
|   | Date the debt was authorized:  |                                     |                                     |
| 4-6   | Does the entity intend to issue debt within the next calendar year?                  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| If yes:   | How much? \$ -   |                                     |                                     |
| 4-7   | Does the entity have debt that has been refinanced that it is still responsible for? | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| If yes:   | What is the amount outstanding? \$ -   |                                     |                                     |
| 4-8   | Does the entity have any lease agreements?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| If yes:   | What is being leased?  |                                     |                                     |
|   | What is the original date of the lease?  |                                     |                                     |
|   | Number of years of lease?  |                                     |                                     |
|   | Is the lease subject to annual appropriation?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|   | What are the annual lease payments?  | NA                                  |                                     |
| 4-9   | Does the entity have a certified mill levy?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| If yes:   | Please provide the following mills levied for the year reported:                     |                                     |                                     |
|   | Bond Redemption                      0.00  |                                     |                                     |
|   | General/Other                              25.392                                    |                                     |                                     |
|   | <b>TOTAL</b>   |                                     |                                     |
|   |  |                                     | <b>25.392</b>                       |

## PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

AMOUNT                      TOTAL

Please use this space to provide any explanations or comments:

|     |  |            |                   |  |
|-----|--|------------|-------------------|--|
| 5-1 | YEAR-END Total of ALL Checking and Savings accounts                              | \$ 24,520  |                   |  |
| 5-2 | Certificates of deposit  | \$ 14,787  |                   |  |
|     | <b>TOTAL CASH DEPOSITS</b>   |            | <b>\$ 39,307</b>  |  |
|     | Investments (if investment is a mutual fund, please list underlying investments) |            |                   |  |
| 5-3 | COLOTRUST Prime-statutory approved   | \$ 281,270 |                   |  |
|     |  | \$ -       |                   |  |
|     |  | \$ -       |                   |  |
|     |  | \$ -       |                   |  |
|     | <b>TOTAL INVESTMENTS</b>   |            | <b>\$ 281,270</b> |  |
|     | <b>TOTAL CASH AND INVESTMENTS</b>  |            | <b>\$ 320,577</b> |  |

Please answer the following question by marking in the appropriate box

YES                      NO                      N/A

|     |   |                                     |                          |                          |
|-----|---|-------------------------------------|--------------------------|--------------------------|
| 5-4 | Are the entity's investments legal in accordance with Section 24-75-601, et seq., C.R.S.?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5-5 | Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq., C.R.S.)? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## PART 6 - CAPITAL ASSETS

| Please answer the following question by marking in the appropriate box. |  | YES                                 | NO                       | Please use this space to provide any explanations or comments: |
|---|--|-------------------------------------|--------------------------|--|
| 6-1   | Does the entity have capitalized assets?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| 6-2   | Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |

| 6-3 Complete the following Capital Assets table for GOVERNMENTAL FUNDS: |  | Balance - beginning of the year | Additions | Deletions | Year-End Balance |
|---|--|---------------------------------|-----------|-----------|------------------|
| Land  |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Buildings   |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Machinery and equipment   |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Furniture and fixtures  |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Infrastructure  |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Construction In Progress (CIP)  |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Other (explain):  |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| Accumulated Depreciation (Enter a negative, or credit, balance)         |  | \$ -                            | \$ -      | \$ -      | \$ -             |
| <b>TOTAL</b>  |  | \$ -                            | \$ -      | \$ -      | \$ -             |

| 6-4 Complete the following Capital Assets table for PROPRIETARY FUNDS: |  | Balance - beginning of the year | Additions   | Deletions | Year-End Balance |
|--|--|---------------------------------|-------------|-----------|------------------|
| Land   |  | \$ 7,969                        | \$ -        | \$ -      | \$ 7,969         |
| Buildings  |  | \$ 3,823                        | \$ -        | \$ -      | \$ 3,823         |
| Machinery and equipment  |  | \$ -                            | \$ 7,200    | \$ -      | \$ 7,200         |
| Furniture and fixtures   |  | \$ 5,780                        | \$ -        | \$ -      | \$ 5,780         |
| Infrastructure   |  | \$ 1,411,117                    | \$ -        | \$ -      | \$ 1,411,117     |
| Construction In Progress (CIP)   |  | \$ -                            | \$ -        | \$ -      | \$ -             |
| Other (explain): Water Rights  |  | \$ 22,023                       | \$ -        | \$ -      | \$ 22,023        |
| Accumulated Depreciation (Enter a negative, or credit, balance)        |  | \$ (794,166)                    | \$ (29,943) | \$ -      | \$ (824,109)     |
| <b>TOTAL</b>   |  | \$ 656,546                      | \$ (22,743) | \$ -      | \$ 633,803       |

## PART 7 - PENSION INFORMATION

| Please answer the following question by marking in the appropriate box. |  | YES                      | NO                                  | Please use this space to provide any explanations or comments: |
|---|--|--------------------------|-------------------------------------|--|
| 7-1   | Does the entity have an "old hire" firemen's pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| 7-2   | Does the entity have a volunteer firemen's pension plan?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |

|         |   |                |  |  |
|---------|---|----------------|--|--|
| If yes: | Who administers the plan?   | Not Applicable |  |  |
|         | Indicate the contributions from:  |                |  |  |
|         | Tax (property, SO, sales, etc.):  | \$ -           |  |  |
|         | State contribution amount:  | \$ -           |  |  |
|         | Other (gifts, donations, etc.):   | \$ -           |  |  |
|         | <b>TOTAL</b>  | \$ -           |  |  |
|         | What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? | \$ -           |  |  |

## PART 8 - BUDGET INFORMATION

| Please answer the following question by marking in the appropriate box              |  | YES   | NO                       | N/A                      | Please use this space to provide any explanations or comments: |
|---|--|---|--------------------------|--------------------------|--|
| 8-1   | Did the entity file a current year budget with the Department of Local Affairs, in accordance with Section 29-1-113 C.R.S.? If no, MUST explain. | <input checked="" type="checkbox"/>                     | <input type="checkbox"/> | <input type="checkbox"/> |  |
| 8-2   | Did the entity pass an appropriations resolution in accordance with Section 29-1-108 C.R.S.? If no, MUST explain.                                | <input checked="" type="checkbox"/>                     | <input type="checkbox"/> | <input type="checkbox"/> |  |
| If yes: Please indicate the amount appropriated for each fund for the year reported |  |   |                          |                          |  |
|   |  | Fund Name   | Budgeted Expenditures    |                          |  |
|   |  | Business-Type Activities, Operating Expenses & Reserves | \$                       | 552,393                  |  |
|   |  |   | \$                       | -                        |  |
|   |  |   | \$                       | -                        |  |
|   |  |   | \$                       | -                        |  |

## PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)

| Please answer the following question by marking in the appropriate box   |  | YES                                 | NO                       | Please use this space to provide any explanations or comments: |
|--|--|-------------------------------------|--------------------------|--|
| 9-1  | Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
| <p>Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.</p> |  |                                     |                          |  |

## PART 10 - GENERAL INFORMATION

| Please answer the following question by marking in the appropriate box            |  | YES                      | NO                                  | Please use this space to provide any explanations or comments: |
|---|--|--------------------------|-------------------------------------|--|
| 10-1  | Is this application for a newly formed governmental entity?  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| If yes: Date of formation: NA   |  |                          |                                     |  |
| 10-2  | Has the entity changed its name in the past or current year?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| If Yes: NEW name  |  |                          |                                     |  |
| PRIOR name  |  |                          |                                     |  |
| 10-3  | Is the entity a metropolitan district?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| 10-4  | Please indicate what services the entity provides.<br>Production, treatment and distribution of water and collection and treatment of waste water. |                          |                                     |  |
| 10-5  | Does the entity have an agreement with another government to provide services?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| If yes: List the name of the other governmental entity and the services provided. |  |                          |                                     |  |

Please use this space to provide any additional explanations or comments, not previously included:

### OSA USE ONLY

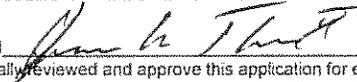
| Entity Wide:                       | General Fund:                     | Governmental Funds:               | Enterprise Funds: | Notes |
|------------------------------------|-----------------------------------|-----------------------------------|-------------------|-------|
| Unrestricted Cash & Investments \$ | 320,577 Unrestricted Fund Bal: \$ | - Total Tax Revenue \$            | -                 |       |
| Current Liabilities \$             | 10,037 Total Fund Balance \$      | - Revenue Paying Debt Service \$  | -                 |       |
| Deferred Inflow \$                 | 95,615 PY Fund Balance \$         | - Total Revenue \$                | -                 |       |
|                                    | Total Revenue \$                  | - Total Debt Service Principal \$ | -                 |       |
|                                    | Total Expenditures \$             | - Total Debt Service Interest \$  | -                 |       |
|                                    | Interfund In \$                   |                                   |                   |       |
|                                    | Interfund Out \$                  |                                   |                   |       |
|                                    | - Proprietary:                    |                                   |                   |       |
| Governmental                       | - Current Assets \$               | - Enterprise Funds:               |                   |       |
| Total Cash & Investments \$        | - Deferred Outflow \$             | Net Position \$                   | 968,627           |       |
| Transfers In \$                    | - Current Liabilities \$          | PY Net Position \$                | 1,004,972         |       |
| Transfers Out \$                   | - Deferred Inflow \$              | - Government-Wide:                |                   |       |
| Property Tax \$                    | - Cash & Investments \$           | Total Outstanding Debt \$         |                   |       |
| Debt Service Principal \$          | - Principal Expense \$            | Authorized but Unissued \$        |                   |       |
| Total Expenditures \$              |                                   | Year Authorized \$                |                   |       |
| Total Developer Advances \$        |                                   |                                   |                   |       |
| Total Developer Repayments \$      |                                   |                                   |                   |       |

## PART 12 - GOVERNING BODY APPROVAL

Below is the certification and approval of the governing board. By signing the board member is certifying they are a duly elected or appointed officer of the local government. Governing board members may be verified. Also by signing, the board member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenue and expenditures of \$750,000 or less must have an application prepared by an independent accountant with knowledge of governmental accounting, completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

**Print the names of all current governing board members below.**

**A MAJORITY of the governing board members must complete and sign in the column below.**

|                | Print Board Member's Name |  |
|----------------|---------------------------|--|
| Board Member 1 | <b>James A. Thomas II</b> | I, <u>James A. Thomas II</u>  , attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed _____ Date: <u>March 28, 2017</u><br>My term Expires: <u>5/2018</u> |
| Board Member 2 | <b>Shawn Kingery</b>      | I, <u>Shawn Kingery</u> , attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed _____ Date: <u>March 28, 2017</u><br>My term Expires: <u>5/2018</u>  |
| Board Member 3 | <b>Traci Sites</b>        | I, <u>Traci Sites</u> , attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed <u>Traci Sites</u> Date: <u>March 28, 2017</u><br>My term Expires: <u>5/2020</u>   |
| Board Member 4 | <b>John Patterson</b>     | I, <u>John Patterson</u> , attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed <u>John S. Patterson</u> Date: <u>March 28, 2017</u><br>My term Expires: <u>5/2018</u>  |
| Board Member 5 | <b>Dennis Griffin</b>     | I, <u>Dennis Griffin</u> , attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed <u>Dennis Griffin</u> Date: <u>March 28, 2017</u><br>My term Expires: <u>5/2018</u>   |
| Board Member 6 | Print Board Member's Name | I, _____, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed _____ Date: _____<br>My term Expires: _____  |
| Board Member 7 | Print Board Member's Name | I, _____, attest that I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.<br>Signed _____ Date: _____<br>My term Expires: _____  |

**Original Signatures  
Verified by**

Justin L. Smith



## SUPPLEMENTARY INFORMATION

**BAILEY WATER and SANITATION DISTRICT**

Schedule of Revenues, Expenditures and Changes in Net Position-BUDGET and ACTUAL-  
Regulatory- Basis For The Year Ended December 31, 2016

"See Accountant's Compilation Report"

|                      |   | 2016 Budget    | ACTUAL--       | VARIANCE with  |
|----------------------|---|----------------|----------------|----------------|
|                      |   | Original and   | Regulatory-    | Final Budget   |
|                      |   | Final          | Basis          | FAVORABLE      |
|                      |   |                |                | (UNFAVORABLE)  |
| <b>NET POSITION</b>  | January 1                                 |                |                |                |
|                      | Restricted-Emergency Reserve              | 7,700          | 7,700          | -              |
|                      | Unrestricted, Assigned to Subseq. Yr.     | <u>322,746</u> | <u>346,654</u> | <u>23,908</u>  |
|                      |   | \$ 330,446     | \$ 354,354     | \$ 23,908      |
| <b>REVENUES:</b>     |   |                |                |                |
|                      | Water, Sewer and Other Operating Revenues | 114,346        | 121,969        | 7,623          |
|                      | General Property Taxes                    | 96,227         | 96,643         | 416            |
|                      | Specific Ownership Tax                    | 9,451          | 11,729         | 2,278          |
|                      | Interest                                  | <u>1,923</u>   | <u>1,834</u>   | <u>(89)</u>    |
|                      | Total Revenues                            | \$ 221,947     | \$ 232,175     | \$ 10,228      |
|                      | <b>TOTAL AVAILABLE RESOURCES</b>          | \$ 552,393     | \$ 586,529     | \$ 34,136      |
| <b>EXPENDITURES:</b> |   |                |                |                |
|                      | Wages and related payroll taxes           | 24,550         | 25,858         | (1,308)        |
|                      | Subcontractor Expense                     | 64,000         | 52,347         | 11,654         |
|                      | Cost of Revenues-Tokens & Meters          | 1,200          | -              | 1,200          |
|                      | Supplies and chemicals                    | 2,250          | 3,313          | (1,063)        |
|                      | Sludge Removal Expense                    | 6,675          | 20,851         | (14,176)       |
|                      | Repairs and Maintenance                   | 115,000        | 78,179         | 36,821         |
|                      | Permits and Laboratory Fees               | 3,000          | 4,823          | (1,823)        |
|                      | Insurance                                 | 11,125         | 16,868         | (5,743)        |
|                      | Utilities                                 | 17,750         | 18,788         | (1,038)        |
|                      | Professional Fees                         | 16,100         | 17,768         | (1,668)        |
|                      | Other Administrative Expenses             | 10,525         | 10,615         | (90)           |
|                      | County Treasurer's Fees                   | 2,887          | 2,918          | (31)           |
|                      | Capital Expenditures-net of disposition   | <u>-</u>       | <u>7,200</u>   | <u>(7,200)</u> |
|                      | Total Expense                             | \$ 275,062     | \$ 259,527     | \$ 15,535      |
|                      | <b>Change in NET POSITION</b>             | \$ (53,115)    | \$ (27,352)    | \$ 25,763      |
| <b>NET POSITION</b>  | December 31                               |                |                |                |
|                      | Restricted-Emergency Reserve              | 7,700          | 7,119          | (581)          |
|                      | Unrestricted, Assigned to Subseq. Yr.     | <u>269,631</u> | <u>319,883</u> | <u>50,252</u>  |
|                      |   | \$277,331      | \$327,002      | 49,671         |

# RESOLUTION FOR EXEMPTION FROM AUDIT

(Pursuant to Section 29-1-604, C.R.S.)

A RESOLUTION/ORDINANCE APPROVING AN EXEMPTION FROM AUDIT FOR FISCAL YEAR 2016 FOR THE Bailey Water And Sanitation District, STATE OF COLORADO.

WHEREAS, the Board of Directors of Bailey Water And Sanitation District wishes to claim exemption from the audit requirements of Section 29-1-603, C.R.S.; and

WHEREAS, Section 29-1-604, C.R.S., states that any government where neither revenues nor expenditures exceed seven hundred fifty thousand dollars may, with the approval of the State Auditor, be exempt from the provision of Section 29-1-603 C.R.S.; and

WHEREAS, neither revenues nor expenditures for Bailey Water And Sanitation District exceeded \$750,000 for year 2016; and

WHEREAS, said application for exemption from audit has been completed in accordance with regulations, issued by the State Auditor

NOW THEREFORE, be it resolved/ordained by the Board of Directors of the Bailey Water And Sanitation District that the application for exemption from audit for Bailey Water And Sanitation District for the year ended December 31, 2016, has been personally reviewed and is hereby approved by a majority of the Board of Directors of the Bailey Water And Sanitation District; that those members of the Board of Directors have signified their approval by signing below, and that this resolution shall be attached to, and shall become a part of, the application for exemption from audit of the Bailey Water And Sanitation District for the year ended December 31, 2016

ADOPTED THIS 28th day of March, A.D. 2017.

  
\_\_\_\_\_  
President, James A. Thomas

ATTEST:

\_\_\_\_\_  
Secretary, Shawn Kingery

  
\_\_\_\_\_  
Vice President, Traci Sites

  
\_\_\_\_\_  
Director, Dennis Griffin

  
\_\_\_\_\_  
Director, John Patterson

**CRAIG A. ERICKSON, CPA, P.C.**  
196 SE Spokane St., #206, Portland, OR 91202  
Office: 303.979.0031 Mobile: 303.829.2298 Skype: 1-303-800-6373  
E-mail: cpacraig@Hotmail.com

**Bailey Water and Sanitation District**

Bailey, CO 80421

Accountant's Compilation Report

Members of the Board of Directors;

Management is responsible for the accompanying balance sheet of the Bailey Water and Sanitation District (a Colorado Quasi-Municipal Corporation) as of December 31, 2016 and the related operating statement for the calendar year then ended included in the accompanying prescribed form. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements included in the accompanying prescribed form, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Colorado Office of the State Auditor, Local Government Audit Division, using a regulatory-basis of accounting under the Local Government Audit Law and specifically the related exemption from audit provisions under Section 29-1-601, et. seq. C.R.S., and are not intended to be a complete presentation of Bailey Water and Sanitation District's assets, liabilities and net position.

This report is intended solely for the information and use of the Colorado Office of the State Auditor, Local Government Audit Division and is not intended to be and should not be used by anyone other than this specified party.

Net position as reported on page 5 has been credited with cumulative prior period adjustment of \$5,928 to reflect correction of accounting errors for trade receivables and payroll taxes in prior years.

I am not independent with respect to Bailey Water and Sanitation District.

  
Craig A. Erickson, CPA

Portland, OR 97202  
March 21, 2017