

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

Penrose Sanitation District
PO Box 57
Penrose, CO 81240

For the Year Ended
12/31/22
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL

Nanette Wilson
719-372-6868
wilsonexcavationinc@outlook.com

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED

David Wancura CPA
Certified Public Accountant
David Wancura CPA PC
509 Greenwood Avenue, Canon City, CO 81212
719-269-9306
3/23/2023

PREPARER (SIGNATURE REQUIRED)

David Wancura

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ 1,252	
2-13	Investment income	\$ 88,625	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 89,877	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 5,298	
3-2	Salaries	\$ 10,330	
3-3	Payroll taxes	\$ 734	
3-4	Contract services	\$ 11,509	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 6,257	
3-7	Accounting and legal fees	\$ 4,673	
3-8	Repair and maintenance	\$ 5,753	
3-9	Supplies	\$ 3,187	
3-10	Utilities and telephone	\$ 7,498	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ 10,326	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ 16,709	
3-18	Debt service interest	\$ 2,478	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 84,752	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-2	Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-3	Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)		
	Outstanding at end of prior year*	Issued during year	Retired during year
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ 85,157	\$ -	\$ 16,709
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ 85,157	\$ -	\$ 16,709
	\$ 85,157	\$ -	\$ 16,709

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt? If yes: How much? Date the debt was authorized:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-6	Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7	Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8	Does the entity have any lease agreements? 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? What are the annual lease payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

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

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ 97,939	
5-2	Certificates of deposit	\$ -	
	Total Cash Deposits		\$ 97,939
	Investments (if investment is a mutual fund, please list underlying investments)		
5-3		\$ -	
		\$ -	
		\$ -	
		\$ -	
	Total Investments		\$ -
	Total Cash and Investments		\$ 97,939

Please answer the following questions by marking in the appropriate boxes

		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.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets?
- 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:

6-3 Complete the following capital & right-to-use assets table:	Balance beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ 14,526	\$ -	\$ -	\$ 14,526
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ 471,995	\$ -	\$ -	\$ 471,995
Furniture and fixtures	\$ 15,398	\$ -	\$ -	\$ 15,398
Infrastructure	\$ 430,109	\$ -	\$ -	\$ 430,109
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ (391,391)	\$ (131,157)		\$ (522,548)
TOTAL	\$ 540,637	\$ (131,157)	\$ -	\$ 409,480

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan?
- 7-2 Does the entity have a volunteer firefighters' pension plan?
- If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?
-
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
Enterprise	\$ 92,584

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

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.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

10-1 Is this application for a newly formed governmental entity?

If yes: **10-1** Date of formation:

10-2 Has the entity changed its name in the past or current year?

If yes: **10-2** Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

If yes: **10-4** List the name of the other governmental entity and the services provided:

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **10-5** Date Filed:

10-6 Does the entity have a certified Mill Levy?

If yes: **10-6** Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Harold Lee Johnson	I <u>H. Lee Johnson</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: <u>[Signature]</u> Date: <u>3-27-23</u> My term Expires: _____
Board Member 2	Patricia Meirhaeghe	I <u>Patricia Meirhaeghe</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: <u>[Signature]</u> Date: <u>3-27-23</u> My term Expires: _____
Board Member 3	Nanette Wilson	I <u>Nanette Wilson</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: <u>[Signature]</u> Date: <u>3-27-23</u> My term Expires: _____
Board Member 4	Gary Wilson	I <u>Gary Wilson</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: <u>[Signature]</u> Date: <u>3-24-23</u> My term Expires: _____
Board Member 5	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____

David Wancura CPA PC
509 Greenwood Avenue
Canon City, CO 81212
(719) 269-9306

March 22, 2023

Colorado Water Resources & Power Development Authority
Logan Tower Bldg. – Suite 620
1580 Logan Street
Denver, CO 80203-1942

RE: Loan #W08F209 – Penrose Sanitation District

This letter serves as an attachment to the Exemption from Audit for 2022 that was filed with the State of Colorado for the Penrose Sanitation District. The District elected to file the short form audit because the annual revenue was under \$100,000. This letter will explain that the District was in compliance with the terms listed on the Water Pollution Control Revolving Fund-Direct Loan #W08F209.

- A. Rate Covenant: Paragraph (4) of Exhibit A of the Loan Agreement
- a. The rates that Penrose Sanitation District charged for services they are providing were enough to pay for all of their operation and maintenance expenses. These expenses included: administrative, salaries, payroll taxes, contract services, insurance, accounting and legal fees, repair and maintenance, supplies, utilities and utility operations.
 - b. This last year, 2022, the Penrose Sanitation District made their payments on this loan on 4-11-22 and 10-11-22, each in the amounts of \$3847.24. Therefore, the District was in compliance with 110% that is needed for the debt service due on the Governmental Agency Bond for 2022.
 - c. The District also generated enough money from their sewer fees to pay the principal and interest payment of \$11,492.04 due to the Colorado Department of Local Affairs on the Loan-Grant which the District received in 2004. The Penrose Sanitation District has no other liens on the pledged property other than these two:
 - i. Impact Assistance Loan from the Colorado Department of Local Affairs EIAF #4792
 - ii. Colorado Water Resources & Power Development Authority Loan #W08F209
 - d. The District had no liens which were subordinate to the lien on this loan agreement on the pledge property during the year of 2022.
 - e. The District had no grant funds in the year of 2022.

- B. Operations and Maintenance Reserve Fund Covenant: Paragraph (3) of Exhibit F of the Loan Agreement.
- a. The Penrose Sanitation District had more than the amount of three months of operation and maintenance in reserve during the year ending December 31, 2022. At the close of their fiscal year they had, as shown on the *Exemption from Audit*, the amounts of \$25,240.43 in their checking account and the amount of \$72,698.85 in Certificates of Deposit which were unobligated fund balances.
- C. Lien Representation: Paragraph (2) of Exhibit F of the Loan Agreement
- a. After the Penrose Sanitation District paid their costs of operating and maintaining the system, the Pledged Property was free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto, prior to or of equal rank with, the obligation of the Governmental Agency Bond, with the exception of the 2004 loan payable to the Department of Local Affairs, dated April 1, 2004, originally issued in the principal amount of \$142,622.00 which obligation is payable from the same revenue that is pledged as Pledged Property. After the District made their yearly payment to this loan in 2022, the principal amount is now \$21,368.44 as noted on the loan table attached to the *Exemption from Audit for 2022* for this loan.
- D. Additional Bonds: Paragraph (1) of Exhibit F of the Loan Agreement
- a. Senior Lien Bonds:
 - i. The Penrose Sanitation District did not issue any obligations payable out of, or secured by a lien or charge on the Pledged Property that was superior to the lien or charge of this Loan Agreement on the Pledged Property in 2022.
 - b. Parity Lien Bonds:
 - i. The Penrose Sanitation District did not issue any obligations payable out of, or secured by a lien or charge on, the Pledged Property that was parity with the lien or charge of this Loan Agreement on the Pledged Property in 2022.
 - c. Subordinate Lien Bonds:
 - i. The Penrose Sanitation District did not issue any obligations payable out of, or secured by a lien or charge on, the Pledged Property that was subordinate to the lien or charge of this Loan Agreement on the Pledged Property in 2022.
 - d. Because no additional parity or subordinate lien bonds were issued by the District, they did not have to make any adjustments to their net revenue to cover any additional bonds during the year of 2022.

The above letter was compiled from information given to us by members of the Penrose Sanitation District and is, to the best of my knowledge, accurate and complete.

Sincerely,



David Wancura CPA