



OFFICE OF THE STATE AUDITOR • LOCAL GOVERNMENT AUDIT DIVISION

KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

May 19, 2025

Board Of Directors  
Southgate at Centennial Metropolitan District  
58 Inverness Drive East  
Centennial, CO 80112

Suite 100

RE: 1192.00

To Whom it May Concern:

We have reviewed the Application for Exemption from Audit of Southgate at Centennial Metropolitan District. Based on our review, the December 31, 2024 Application for Exemption from Audit has been approved. We noted the following items that we believe deserve your attention:

Total assets do not equal total liabilities and fund balance on the balance sheet for the General Fund. Please ensure that these amounts agree in future Applications.

The December 31 fund equity amount recorded on the operating statement does not equal the amount recorded on the balance sheet for the General Fund. Please ensure that these amounts are recorded properly in future Applications.

The Application demonstrates that expenditures exceeded amounts budgeted and appropriated for the current year in the General Fund. Because spending in excess of amounts budgeted and appropriated may be a violation of the Local Government Budget Law (Section 29-1-110, C.R.S.), we urge you to carefully review the Budget Law to be sure its requirements are complied with in the future.

If we may be of any assistance to you, please feel free to call us at 303-869-3000. For further resources visit our web site at: <https://leg.colorado.gov/agencies/office-state-auditor/local-government>

Sincerely,

Crystal L. Dorsey, CPA  
Local Government Audit Manager

Attachment: 1



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## NOTICE of Statutory Change

To Whom it May Concern:

Changes effective for the year ending December 31, 2025:

The General Assembly passed Senate Bill 25-023 during the 2025 Legislative Session which increased two maximum thresholds for the applications for exemption from audit. First, the legislation increased the threshold for a local government to file an Application for Exemption from Audit - Short Form, from \$100,000 in total annual revenues or expenditures to \$200,000. Second, the legislation increased the threshold for local governments to request an exemption from audit from the Office of the State Auditor from \$750,000 in total annual revenues or expenditures to \$1,000,000.

Beginning with the 2025 calendar year, governments may use the Application for Exemption from Audit - Short Form where revenues or expenditures are less than or equal to \$200,000, prepared by a person skilled in governmental accounting. The Application for Exemption from Audit - Long-Form must be used where revenues or expenditures are more than \$200,000, but not more than \$1,000,000, prepared by an independent accountant with knowledge of governmental accounting. All applications for exemption from audit must be personally reviewed, approved, and signed by a majority of the governing body and are subject to review by and approval of the State Auditor. Applications must be completed in accordance with regulations issued by the State Auditor in accordance with the Local Government Audit Law, Section 29-1-601 et seq., C.R.S. We strongly advise that you familiarize yourself with the new requirements and all provisions of the Local Government Audit Law. Please consult our website for current requirements prior to preparing your Application for Exemption from Audit for the year ending December 31, 2025, which will be due March 31, 2026.

If we may be of any assistance to you, please feel free to call us at 303-869-3000. For further resources visit our web site at: <https://leg.colorado.gov/agencies/office-state-auditor/local-government>

Sincerely,

Crystal L. Dorsey, CPA  
Local Government Audit Manager