

**SEVERANCE SOUTH METROPOLITAN DISTRICT NOS. 1-4
CONSOLIDATED ANNUAL REPORT
TO
THE TOWN OF SEVERANCE
FISCAL YEAR ENDING DECEMBER 31, 2025**

ANNUAL REPORT REQUIREMENT:

Pursuant to Section VII of the Consolidated Service Plan for Severance South Metropolitan District Nos. 1-4, and Sections 32-1-207(3)(c)(I) and (II), C.R.S., the Districts shall be responsible for submitting an annual report to the Town Administrator no later than August 1st of each year following the year in which the Order and Decree creating the Districts has been issued.

The annual report shall include information as to any of the following as of December 31st of the prior year:

For calendar year 2025 the Districts submit the following information:

1. Boundary changes made to any District's boundary.

There were no boundary changes made to the Districts' boundaries in 2025, nor were any changes proposed.

2. Intergovernmental agreements with other governmental entities entered into or terminated in the prior year.

The Districts did not enter into any new IGAs in 2025. District No. 4 is in negotiations with North Weld County Water District for a service agreement.

3. Access information to obtain a copy of the Districts' Rules and Regulations.

The Districts have not adopted Rules and Regulations.

4. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the Town.

None.

5. The assessed valuations of the Districts for the current year.

District No. 1 - \$4,660

District No. 2 - \$3,305,950

District No. 3 - \$204,220

District No. 4 - \$1,235,750

6. **A description of the Public Improvements to be constructed in the subsequent year.**

None, the Districts do not intend to construct or install Public Improvements.

7. **Summary of litigation involving public improvements owned by the Districts.**

None.

8. **Notice of any uncured events of default by any of the Districts under any Debt instrument, which continue beyond a 90-day period.**

No Debt has been issued and there are no defaults.

9. **Any inability of the Districts to pay obligations as they come due under any obligation which continues beyond a ninety-day period.**

None to date.

10. **Current year's approved budgets.**

Adopted 2026 Budgets for District Nos. 1-4 are attached hereto as Exhibit A.

11. **Prior year's audits of the Districts' financial statements or audit exemptions, if allowed by law.**

2025 Audit Exemptions for District Nos. 1-4 are attached hereto as Exhibit B.

Respectfully submitted this 29th day of July, 2026.

Fritsche Law LLC

By Joan M. Fritsche
Joan M. Fritsche
Attorney for the District

EXHIBIT A
2026 BUDGETS ATTACHED



Management Budget Report

BOARD OF DIRECTORS SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 1

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2026, including the comparative information of the forecasted estimate for the year ending December 31, 2025, and the actual historic information for the year 2024.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

A handwritten signature in black ink that reads "Tracee L. Kaminski". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Pinnacle Consulting Group, Inc.
January 30, 2026

Offices Located in Loveland and Denver

Main office located at 550 W. Eisenhower Blvd., Loveland, CO 80537
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SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 1				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
GENERAL FUND				
	(a)	(b)	(c)	(d)
	2024	2025	2025	2026
	Unaudited	Adopted	Projected	Adopted
	Actual	Budget	Actual	Budget
Revenues				
Service Fees - District No. 2	\$ 80,353	\$ 35,744	\$ 35,044	\$ 34,827
Service Fees - District No. 3	2,003	1,961	1,923	2,309
Service Fees - District No. 4	27,171	14,109	13,852	13,089
Interest Income & Other	31,002	20,000	26,924	20,000
Total Revenues	\$ 140,529	\$ 71,815	\$ 77,744	\$ 70,226
Expenditures				
Administration:				
Accounting	19,538	29,500	20,000	31,000
Directors Fees	997	1,500	1,200	1,500
District Management	19,726	22,940	22,940	24,100
District Engineer	-	5,000	2,500	5,000
Election	965	4,000	4,513	-
Insurance	1,469	3,000	2,256	3,000
Legal	17,296	40,000	25,000	40,000
Office, Dues and Other	2,319	3,300	3,122	4,300
Website Hosting	744	2,000	1,440	1,725
Contingency	-	20,000	-	20,000
Total Operating Expenditures	\$ 63,053	\$ 131,240	\$ 82,971	\$ 130,625
Revenues Over/(Under) Expenditures	\$ 77,476	\$ (59,425)	\$ (5,227)	\$ (60,399)
Beginning Fund Balance	\$ 704,299	\$ 779,670	\$ 781,775	\$ 776,548
Ending Fund Balance	\$ 781,775	\$ 720,245	\$ 776,548	\$ 716,149
COMPONENTS OF ENDING FUND BALANCE:				
Emergency Reserve (3% of Revenues)	\$ 4,216	\$ 3,937	\$ 2,489	\$ 3,919
Operating Reserve (25% of Expenses)	15,763	27,810	20,743	27,656
Unrestricted	761,796	688,497	753,316	684,574
TOTAL ENDING FUND BALANCE	\$ 781,775	\$ 720,245	\$ 776,548	\$ 716,149
Mill Levy				
Operating	0.000	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000	0.000
Total Mill Levy	0.000	0.000	0.000	0.000
Assessed Value	\$ 4,570	\$ 2,470	\$ 2,470	\$ 4,660
Property Tax Revenue				
Operating	-	-	-	-
Debt Service	-	-	-	-
Total Property Tax Revenue	\$ -	\$ -	\$ -	\$ -

SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
DEBT SERVICE FUND					
		(a)	(b)	(c)	(d)
		2024	2025	2025	2026
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Actual	Budget
Revenues					
	Service Fees - District No. 2	\$ 321,430	\$ 142,981	\$ 140,180	\$ 139,315
	Service Fees - District No. 3	8,011	7,848	7,692	9,237
	Service Fees - District No. 4	108,693	56,439	55,408	52,359
	Note Proceeds	-	250,000	-	500,000
Total Revenues		\$ 438,134	\$ 457,268	\$ 203,279	\$ 700,911
Expenditures					
	Capital Note Repayment	\$ -	\$ 150,000	\$ 150,000	\$ 150,000
	Transfer to District No. 4	-	250,000	-	500,000
Total Debt Service Expenditures		\$ -	\$ 400,000	\$ 150,000	\$ 650,000
Revenues Over/(Under) Expenditures		\$ 438,134	\$ 57,268	\$ 53,279	\$ 50,911
Beginning Fund Balance		\$ 475,957	\$ 764,036	\$ 914,091	\$ 967,370
Ending Fund Balance		\$ 914,091	\$ 821,304	\$ 967,370	\$ 1,018,281

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Severance South Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2017. The District was established in the Town of Severance, Colorado consisting of approximately 601 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping; park and recreation improvements, security services, covenant enforcement and design review, and to provide the operation and maintenance of these improvements.

The District has no employees and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2026 budget, the following goals are foremost for the District:

- Provide the level of operational support necessary in order to maintain the District's compliance with state statute.

Revenues

Service Fees

The District receives service fees from the Financing Districts through the intergovernmental agreement between Severance South Metropolitan District Nos. 1-4.

Note Proceeds

The District is budgeted to receive note proceeds for the cost acceptance in 2026.

Expenses

General and Administrative

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative sustainability such as accounting/finance, district management/administration, audit, legal, insurance, and membership dues.

Debt and Leases

The District has no outstanding debt or leases. However, the District is budgeted to pay a portion of the 2026 capital note for cost acceptance and transfer funding to District 4 for said cost acceptance.

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Reserves

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2026, as defined under TABOR.

The District has fully funded an Operating Reserve equal to 25% of budgeted expenses.



Management Budget Report

BOARD OF DIRECTORS SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 2

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2026, including the comparative information of the forecasted estimate for the year ending December 31, 2025, and the actual historic information for the year 2024.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

A handwritten signature in black ink that reads "Tracie L. Kaminski". The signature is written in a cursive, flowing style.

Pinnacle Consulting Group, Inc.
January 30, 2026

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SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 2				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
GENERAL FUND				
	(a)	(b)	(c)	(d)
	2024	2025	2025	2026
	Unaudited	Adopted	Projected	Adopted
	Actual	Budget	Actual	Budget
Revenues				
Property Taxes				
General	\$ 78,683	\$ 34,042	\$ 34,042	\$ 33,169
Debt Service	314,747	136,173	136,173	132,681
Specific Ownership Taxes				
General	2,848	2,213	1,511	2,156
Debt Service	11,395	8,851	6,044	8,624
Interest & Other	12	10,000	8	10,000
Total Revenues	\$ 407,685	\$ 191,279	\$ 177,778	\$ 186,630
Expenditures				
Payment for Services to No. 1				
General	\$ 80,353	\$ 35,744	\$ 35,044	\$ 34,827
Debt Service	321,430	142,981	140,180	139,315
Treasurer's Fees				
General	1,180	511	511	498
Debt Service	4,721	2,043	2,043	1,990
Contingency	-	10,000	-	10,000
Total Operating Expenditures	\$ 407,685	\$ 191,279	\$ 177,778	\$ 186,630
Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Mill Levy				
Operating	10.019	10.045	10.045	10.033
Debt Service	40.078	40.181	40.181	40.134
Total Mill Levy	50.097	50.226	50.226	50.167
Assessed Value	\$ 7,853,370	\$ 3,388,980	\$ 3,388,980	\$ 3,305,950
Property Tax Revenue				
Operating	78,683	34,042	34,042	33,169
Debt Service	314,747	136,173	136,173	132,681
Total Property Tax Revenue	\$ 393,430	\$ 170,215	\$ 170,215	165,850

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Severance South Metropolitan District No. 2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2017. The District was established in the Town of Severance, Colorado consisting of approximately 601 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping; park and recreation improvements, security services, covenant enforcement and design review, and to provide the operation and maintenance of these improvements.

The District has no employees and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2025 budget, the following goals are foremost for the District:

- Provide the level of operational support necessary in order to maintain the District's compliance with state statute.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor as of January 1 of each year. The levy is set by December 15 by certification to the County commissioners office. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes the District's share will be equal to approximately 6.5% of the property taxes collected.

Expenses

General and Administrative

Pursuant to the District Coordinating Services Agreement, the District will provide certain operation, maintenance and administrative services benefiting Severance South Metropolitan District Nos. 1-4 (collectively, "Districts"). General and administrative expenditures include the

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenses (continued)

estimated costs of services necessary to maintain the District's administrative sustainability such as accounting/finance, district management/administration, audit, legal, insurance, and membership dues. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to the operating District No. 1.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Reserves

The District transfers all of its revenue to Severance South Metropolitan District No. 1 as provided for in an intergovernmental agreement between Severance South Metropolitan District Nos. 1-4. Therefore, no emergency reserve has been provided for in Severance South Metropolitan District No. 2. The emergency reserve is held by Severance South Metropolitan District No. 1.



Management Budget Report

BOARD OF DIRECTORS SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 3

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2026, including the comparative information of the forecasted estimate for the year ending December 31, 2025, and the actual historic information for the year 2024.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

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January 30, 2026

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SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 3				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
GENERAL FUND				
	(a)	(b)	(c)	(d)
	2024	2025	2025	2026
	Unaudited	Adopted	Projected	Adopted
	Actual	Budget	Actual	Budget
Revenues				
Property Taxes				
General	\$ 1,961	\$ 1,868	\$ 1,868	\$ 2,199
Debt Service	7,845	7,474	7,474	8,797
Specific Ownership Taxes				
General	71	121	83	143
Debt Service	284	486	332	572
Interest & Other	-	500	-	500
Total Revenues	\$ 10,161	\$ 10,449	\$ 9,757	\$ 12,211
Expenditures				
Payment for Services to No. 1				
General	\$ 2,003	\$ 1,961	\$ 1,923	\$ 2,309
Debt Service	8,011	7,848	7,692	9,237
Treasurer's Fees				
General	29	28	28	33
Debt Service	118	112	114	132
Contingency	-	500	-	500
Total Operating Expenditures	\$ 10,161	\$ 10,449	\$ 9,757	\$ 12,211
Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Mill Levy				
Operating	11.115	11.192	11.192	10.769
Debt Service	44.462	44.768	44.768	43.076
Total Mill Levy	55.577	55.960	55.960	53.845
Assessed Value	\$ 176,440	\$ 166,940	\$ 166,940	\$ 204,220
Property Tax Revenue				
Operating	1,961	1,868	1,868	2,199
Debt Service	7,845	7,474	7,474	8,797
Total Property Tax Revenue	\$ 9,806	\$ 9,342	\$ 9,342	10,996

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.3
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Severance South Metropolitan District No. 3 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2017. The District was established in the Town of Severance, Colorado consisting of approximately 601 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping; park and recreation improvements, security services, covenant enforcement and design review, and to provide the operation and maintenance of these improvements.

The District has no employees and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2026 budget, the following goals are foremost for the District:

- Provide the level of operational support necessary in order to maintain the District's compliance with state statute.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor as of January 1 of each year. The levy is set by December 15 by certification to the County commissioners office. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes the District's share will be equal to approximately 6.5% of the property taxes collected.

Expenses

General and Administrative

Pursuant to the District Coordinating Services Agreement, the District will provide certain operation, maintenance and administrative services benefiting Severance South Metropolitan District Nos. 1-4 (collectively, "Districts"). General and administrative expenditures include the

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.3
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenses (continued)

estimated costs of services necessary to maintain the District's administrative sustainability such as accounting/finance, district management/administration, audit, legal, insurance, and membership dues. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to the operating District No. 1.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Reserves

The District transfers all of its revenue to Severance South Metropolitan District No. 1 as provided for in an intergovernmental agreement between Severance South Metropolitan District Nos. 1-4. Therefore, no emergency reserve has been provided for in Severance South Metropolitan District No. 2. The emergency reserve is held by Severance South Metropolitan District No. 1.



Management Budget Report

BOARD OF DIRECTORS SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 4

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2026, including the comparative information of the forecasted estimate for the year ending December 31, 2025, and the actual historic information for the year 2024.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

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Pinnacle Consulting Group, Inc.
January 30, 2026

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SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 4					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
		(a)	(b)	(c)	(d)
		2024	2025	2025	2026
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Actual	Budget
Revenues					
	Property Taxes	\$ 26,607	\$ 13,438	\$ 13,438	\$ 12,466
	Specific Ownership Taxes	963	873	596	810
	Interest & Other	-	5,000	20	5,000
Total Revenues		\$ 27,570	\$ 19,311	\$ 14,054	\$ 18,276
Expenditures					
	Payment for Services to No. 1	\$ 27,171	\$ 14,109	\$ 13,852	\$ 13,089
	Treasurer's Fees	399	202	202	187
	Contingency	-	5,000	-	5,000
Total Operating Expenditures		\$ 27,570	\$ 19,311	\$ 14,054	\$ 18,276
Revenues Over/(Under) Expenditures		\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance		\$ -	\$ -	\$ -	\$ -
Ending Fund Balance		\$ -	\$ -	\$ -	\$ -
Mill Levy					
	Operating	10.037	10.105	10.105	10.088
	Debt Service	40.151	40.420	40.420	40.353
Total Mill Levy		50.188	50.525	50.525	50.441
Assessed Value		\$ 2,650,890	\$ 1,329,810	\$ 1,329,810	\$ 1,235,750
Property Tax Revenue					
	Operating	26,607	13,438	13,438	12,466
	Debt Service	106,436	53,751	53,751	49,866
Total Property Tax Revenue		\$ 133,043	\$ 67,189	\$ 67,189	\$ 62,332

SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 4					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
DEBT SERVICE FUND					
		(a)	(b)	(c)	(d)
		2024	2025	2025	2026
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Actual	Budget
Revenues					
	Property Tax	\$ 106,436	\$ 53,751	\$ 53,751	\$ 49,866
	Specific Ownership Taxes	3,853	3,494	2,386	3,241
	Interest Income	-	5,000	78	5,000
Total Revenues		\$ 110,289	\$ 62,245	\$ 56,215	\$ 58,107
Expenditures					
	Payment for Services to No. 1	\$ 108,693	\$ 56,439	\$ 55,408	\$ 52,359
	Treasurer's Fees	1,597	806	807	748
	Contingency	-	5,000	-	5,000
Total Debt Service Expenditures		\$ 110,289	\$ 62,245	\$ 56,215	\$ 58,107
Revenues Over/(Under) Expenditures		\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance		\$ -	\$ -	\$ -	\$ -
Ending Fund Balance		\$ -	\$ -	\$ -	\$ -

SEVERANCE SOUTH METROPOLITAN DISTRICT NO. 4					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
CAPITAL PROJECTS FUND					
		(a)	(b)	(c)	(d)
		2024	2025	2025	2026
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Actual	Budget
Revenues					
	Transfer from District No. 1	\$ -	\$ 250,000	\$ -	\$ 500,000
Total Revenues		\$ -	\$ 250,000	\$ -	\$ 500,000
Expenditures					
	Capital Outlay	\$ -	\$ 250,000	\$ -	\$ 500,000
Total Capital Expenditures		\$ -	\$ 250,000	\$ -	\$ 500,000
Revenues Over/(Under) Expenditures		\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance		\$ -	\$ -	\$ -	\$ -
Ending Fund Balance		\$ -	\$ -	\$ -	\$ -

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.4
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Severance South Metropolitan District No. 4 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2017. The District was established in the Town of Severance, Colorado consisting of approximately 601 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping; park and recreation improvements, security services, covenant enforcement and design review, and to provide the operation and maintenance of these improvements.

The District has no employees and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2026 budget, the following goals are foremost for the District:

- Provide the level of operational support necessary in order to maintain the District's compliance with state statute.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor as of January 1 of each year. The levy is set by December 15 by certification to the County commissioners office. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes the District's share will be equal to approximately 6.5% of the property taxes collected.

Transfer from District No. 1

The District is budgeted to receive funding from District No. 1 to fund capital outlay in 2026.

SEVERANCE SOUTH METROPOLITAN DISTRICT NO.4
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenses

General and Administrative

Pursuant to the District Coordinating Services Agreement, the District will provide certain operation, maintenance and administrative services benefiting Severance South Metropolitan District Nos. 1-4 (collectively, "Districts"). General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative sustainability such as accounting/finance, district management/administration, audit, legal, insurance, and membership dues. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to the operating District No. 1.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Capital Outlay

The district anticipates a cost acceptance in 2026.

Reserves

The District transfers all of its revenue to Severance South Metropolitan District No. 1 as provided for in an intergovernmental agreement between Severance South Metropolitan District Nos. 1-4. Therefore, no emergency reserve has been provided for in Severance South Metropolitan District No. 4. The emergency reserve is held by Severance South Metropolitan District No. 1.

EXHIBIT B
2025 AUDIT EXEMPTIONS ATTACHED

Application for Exemption From Audit

Long Form

Instructions

For local governments with either revenues or expenditures/expenses more than \$200,000 but not more than \$1,000,000

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.), any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$1,000,000 for the year.

Exemptions from audit are **NOT** automatic

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit **each year** and submit it to the Office of the State Auditor (OSA). Approval for an exemption from audit is granted only upon the review by the OSA.

Any preparer of an Application for Exemption from Audit — Long Form must be a person skilled in governmental accounting.

Read **ALL** instructions before completing and submitting this form

All applications must be filed with the OSA **within 3 months** after the accounting year-end.

For example, applications must be received by the OSA on or before March 31 for governments with a December 31 year-end. Applications for exemption from audit are not eligible for an extension of time.

Governmental activity should be reported on the modified accrual basis. Proprietary activity should be reported on a cash or budgetary basis.

Important!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the **Modified Accrual Basis**. Proprietary Activity should be reported on the **Cash or Budgetary Basis** — a budget to GAAP reconciliation is provided in Part 3B.

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year. In that event, an audit shall be required.

Postmark dates will not be accepted as proof of submission on or before the statutory deadline

Prior year forms are obsolete and will not be accepted.

Applications must be fully and accurately completed. Applications submitted on forms other than those prescribed by the OSA will not be accepted.

For your reference, the Colorado Revised Statutes are available through the [LexisNexis Colorado portal](#).

Checklist

- ☐ Has the preparer signed the application prior to board approval?
- ☐ Has the entity corrected all prior year deficiencies as communicated by the OSA?
- ☐ Has the application been **personally** reviewed and approved by the governing body?
- ☐ Are all sections on the form complete, including responses to all of the questions?
- ☐ Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?

Will this application be submitted electronically? ☒ Yes ☐ No

- ☐ If yes, have you read and understood the Electronic Signature Policy? See policy in Part 11.

-- or --

☐ If yes, have you included a resolution?

☐ Does the resolution state that the governing body **personally** reviewed and approved the resolution in an open public meeting?

☐ Has the resolution been signed by a **majority** of the governing body? See sample resolution at the end of this form.

Will this application be submitted via a mail service (e.g., U.S. Post Office, FedEx, UPS, courier)? ☐ Yes ☐ No

☐ If yes, does the application include **original ink signatures** from the **majority** of the governing body?

Filing Methods

Web Portal (recommended)

apps.leg.co.gov/osa/lq

For faster processing, the web portal should be used for submissions.

Mail

Office of the State Auditor

Local Government Audit Division
1375 Sherman St., 5th Floor
Denver, CO 80261-3000

Questions? Email: osa.lg@coleg.gov Phone: 303-869-3000

Contact Information

For the year ended 12/31/2025 or the fiscal year ended _____.

Name of government	Severance South Metropolitan District 1
Street address	c/o Pinnacle Consulting Group, Inc.
City, State, Zip	550 W. Eisenhower Blvd, Loveland CO, 80537
Contact person	Tracie Kaminski
Phone	970-669-3611
Email	traciek@pcgi.com

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. The preparer must sign prior to board approval.

Name	Tracie Kaminski
Title	District Accountant
Firm name (if applicable)	Pinnacle Consulting Group, Inc.
Address	550 W Eisenhower Blvd, Loveland CO 80537
Phone	970-669-3611
Relationship to entity	District Accountant
Preparer signature	Date prepared
 Thomas Donald Kaminski (Mar 19, 2026 14:08:00 MDT)	03/31/2026

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
If yes, enter date filed		

Part 1: Financial Statements — Balance Sheet

Part 1A: Governmental Funds (Modified Accrual Basis) Table

Enter the type of each governmental fund in the fields below.

Fund A: General Fund

Fund B: Debt Fund

Fund C: _____

Fund D: _____

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
	Assets				
1-1	Cash and Cash Equivalents	789832.75	966719.71		
1-2	Investments				
1-3	Receivables				
1-4	Due from Other Entities or Funds	8788.98			
1-5	Property Tax Receivable				
1-6	All Other Assets:				
1-7	Lease Receivable (as Lessor)				
	Other (specify in lines 1-8 through 1-10)				
1-8	Prepaid Expense	2263			
1-9					
1-10					
1-11	TOTAL ASSETS (Add lines 1-1 through 1-10)	800884.73	966719.71	0	0
	Deferred Outflows of Resources (specify in lines 1-12 and 1-13)				
1-12					
1-13					
1-14	Total Deferred Outflows (Add lines 1-12 through 1-13)	0	0	0	0
1-15	TOTAL ASSETS AND DEFERRED OUTFLOWS (Add lines 1-11 and 1-14)	800884.73	966719.71	0	0

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
	Liabilities				
1-16	Accounts Payable	4480.41	53315.52		
1-17	Accrued Payroll and Related Liabilities				
1-18	Unearned Revenue				
1-19	Due to Other Entities or Funds				
1-20	All Other Current Liabilities				
1-21	TOTAL CURRENT LIABILITIES (Add lines 1-16 through 1-20)	4480.41	53315.52	0	0
	All Other Liabilities (specify in lines 1-22 through 1-25)				
1-22					
1-23					
1-24					
1-25					
1-26	TOTAL LIABILITIES (Add lines 1-21 through 1-25)	4480.41	53315.52	0	0
	Deferred Inflows of Resources				
1-27	Deferred Property Taxes				
1-28	Lease related (as Lessor)				
1-29	TOTAL DEFERRED INFLOWS (Add lines 1-27 through 1-28)	0	0	0	0
	Fund Balance				
1-30	Nonspendable-Prepaid	2263			
1-31	Nonspendable-Inventory				
1-32	Restricted	2316	913404		
1-33	Committed				
1-34	Assigned				
1-35	Unassigned	791825			
1-36	Total Fund Balance (Add lines 1-30 through 1-35. This total should be the same as line 3-34)	796404	913404	0	0
1-37	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (Add lines 1-26, 1-29, and 1-36. This total should be the same as line 1-15)	800884.41	966719.52	0	0

Part 1B: Proprietary/Fiduciary Funds Table

Enter the type of each proprietary/fiduciary fund in the fields below.

Fund A: _____

Fund B: _____

Fund C: _____

Fund D: _____

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
	Assets				
1-38	Cash and Cash Equivalents				
1-39	Investments				
1-40	Receivables				
1-41	Due from Other Entities or Funds				
	Other Current Assets (specify in line 1-42)				
1-42					
1-43	Total Current Assets (Add lines 1-38 through 1-42)	0	0	0	0
1-44	Capital & Right-to-Use Assets, net (from Part 6, Capital & Right-to-Use Table)				
	Other Long Term Assets (specify in lines 1-45 through 1-47)				
1-45					
1-46					
1-47					
1-48	TOTAL ASSETS (Add lines 1-43 through 1-47)	0	0	0	0
	Deferred Outflows of Resources (specify in lines 1-49 through 1-50)				
1-49					
1-50					
1-51	Total Deferred Outflows (Add lines 1-49 through 1-50)	0	0	0	0
1-52	TOTAL ASSETS AND DEFERRED OUTFLOWS (Add lines 1-48 and 1-51)	0	0	0	0

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
	Liabilities				
1-53	Accounts Payable				
1-54	Accrued Payroll and Related Liabilities				
1-55	Accrued Interest Payable				
1-56	Due to Other Entities or Funds				
1-57	All Other Current Liabilities				
1-58	TOTAL CURRENT LIABILITIES (Add lines 1-53 through 1-57)	0	0	0	0
1-59	Proprietary Debt Outstanding (from Part 4, Debt Schedule Table)				
	Other (specify in lines 1-60 through 1-62)				
1-60					
1-61					
1-62					
1-63	TOTAL LIABILITIES (Add lines 1-58 through 1-62)	0	0	0	0
	Deferred Inflows of Resources				
1-64	Pension/OPEB Related				
	Other (specify in line 1-65)				
1-65					
1-66	TOTAL DEFERRED INFLOWS (Add lines 1-64 through 1-65)	0	0	0	0
	Net Position				
1-67	Net Investment in Capital and Right-to-Use Assets				
1-68	Emergency Reserves				
1-69	Other Designation/Reserves				
1-70	Restricted				
1-71	Undesignated/Unreserved/Unrestricted				
1-72	Total Net Position (Add lines 1-67 through 1-71. This total should be the same as 3-70.)	0	0	0	0
1-73	TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (Add lines 1-63, 1-66, and 1-72. This total should be the same as 1-52.)	0	0	0	0

Part 1C: Comments or Additional Information

Please use this space to provide explanation of any item in this section (optional).

Part 2: Financial Statements — Operating Statement — Revenues

Part 2A: Governmental Funds Table

Enter the type of each governmental fund in the fields below.

Fund A: General Fund
Fund B: Debt Fund
Fund C:
Fund D:

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
	Tax Revenue				
2-1	Property (include mills levied in question 10-12)				
2-2	Specific Ownership				
2-3	Sales and Use Tax				
	Other Tax Revenue (specify in lines 2-4 through 2-6)				
2-4	Service Fee Revenue - Transfers from Other Districts	50656.49	202629.30		
2-5	Interest & Other Income	26539			
2-6					
2-7	TOTAL TAX REVENUE (Add lines 2-1 through 2-6)	77195.48999999999	202629.3	0	0
	Other Revenue Sources				
2-8	Licenses and Permits				
2-9	Highway Users Tax Funds (HUTF)				
2-10	Conservation Trust Funds (Lottery)				
2-11	Community Development Block Grant				
2-12	Fire & Police Pension				
2-13	Grants				
2-14	Donations				
2-15	Charges for Sales and Services				
2-16	Rental Income				

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
2-17	Fines and Forfeits				
2-18	Interest/Investment Income				
2-19	Tap Fees				
2-20	Proceeds from Sale of Capital Assets				
	Other (specify in lines 2-21 through 2-22)				
2-21					
2-22					
2-23	TOTAL REVENUES (Add lines 2-7 through 2-22)	77195.48999999999	202629.3	0	0
	Other Financing Sources (should agree to Part 4, Debt Schedule Table, column 'issued during the year')				
2-24	Debt Proceeds				
2-25	Lease Proceeds				
2-26	Developer Advances				
	Other (specify in line 2-27)				
2-27					
2-28	Total Other Financing Sources (Add lines 2-24 through 2-27)	0	0	0	0
2-29	TOTAL REVENUES AND OTHER FINANCING SOURCES (Add lines 2-23 and 2-28)	77195.48999999999	202629.3	0	0

Part 2B: Proprietary/Fiduciary Funds Table

Enter the type of each proprietary/fiduciary fund in the fields below.

Fund A: _____

Fund B: _____

Fund C: _____

Fund D: _____

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
	Tax Revenue				
2-30	Property (include mills levied in question 10-12)				
2-31	Specific Ownership				
2-32	Sales and Use Tax				
	Other Tax Revenue (specify in lines 2-33 through 2-36)				
2-33					
2-34					
2-35					
2-36	TOTAL TAX REVENUE (Add lines 2-30 through 2-35)	0	0	0	0
	Other Revenue Sources				
2-37	Licenses and Permits				
2-38	Highway Users Tax Funds (HUTF)				
2-39	Conservation Trust Funds (Lottery)				
2-40	Community Development Block Grant				
2-41	Fire & Police Pension				
2-42	Grants				
2-43	Donations				
2-44	Charges for Sales and Services				
2-45	Rental Income				
2-46	Fines and Forfeits				
2-47	Interest/Investment Income				

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
2-48	Tap Fees				
2-49	Proceeds from Sale of Capital Assets				
	All Other (specify in lines 2-50 through 2-51)				
2-50					
2-51					
2-52	TOTAL REVENUES (Add lines 2-36 through 2-51)	0	0	0	0
	Other Financing Sources (should agree to Part 4, Debt Schedule Table, column 'issued during the year')				
2-53	Debt Proceeds				
2-54	Lease Proceeds				
2-55	Developer Advances				
	Other (specify in line 2-56)				
2-56					
2-57	Total Other Financing Sources (Add lines 2-53 through 2-56)	0	0	0	0
2-58	TOTAL REVENUES AND OTHER FINANCING SOURCES (Add lines 2-52 and 2-57)	0	0	0	0

Part 2C: Comments or Additional Information

Please use this space to provide explanation of any item in this section (optional).

Part 3: Financial Statements — Operating Statement — Expenditures/Expenses

Part 3A: Governmental Funds Table

Enter the type of each governmental fund in the fields below.

Fund A: General Fund

Fund B: Debt Fund

Fund C: _____

Fund D: _____

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
	Expenditures				
3-1	General Government	62566.48			
3-2	Judicial				
3-3	Law Enforcement				
3-4	Fire				
3-5	Highways & Streets				
3-6	Solid Waste				
3-7	Contributions to Fire & Police Pension Association				
3-8	Health				
3-9	Culture and Recreation				
3-10	Transfers to other districts		53316		
	Other (specify in lines 3-11 through 3-13)				
3-11	Capital Note Repayment		150000		
3-12					
3-13					
3-14	Capital Outlay				
	Debt Service				
3-15	Principal (from Part 4, Debt Schedule Table)				
3-16	Interest				

Line	Description	Governmental Fund			
		Fund A	Fund B	Fund C	Fund D
3-17	Bond Issuance Costs				
3-18	Developer Principal Repayments (from Part 4, Debt Schedule Table)				
3-19	Developer Interest Repayments				
	All Other (specify in lines 3-20 through 3-22)				
3-20					
3-21					
3-22					
3-23	TOTAL EXPENDITURES (Add lines 3-1 through 3-22)	62566.48	203316	0	0
	Transfers and Other Expenditures				
3-24	Interfund Transfers (In)				
3-25	Interfund Transfers (Out)				
	Other Expenditures (Revenues) (Specify in lines 3-26 through 3-28.)				
3-26					
3-27					
3-28					
3-29	Total Transfers and Other Expenditures (Add lines 3-24 through 3-28)	0	0	0	0
3-30	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (line 2-29 less line 3-23 less line 3-29)	14629.009999999987	-686.7000000000116	0	0
3-31	Fund Balance, January 1 from December 31 prior year report	781775.15	914090.41		
3-32	Prior Period Adjustment (MUST explain in line 3-33)				
3-33					
3-34	FUND BALANCE, DECEMBER 31 (Add lines 3-30, 3-31, and 3-32. Should match line 1-36.)	796404.16	913403.71	0	0

Part 3B: Proprietary/Fiduciary Funds Table

Enter the type of each proprietary/fiduciary fund in the fields below.

Fund A: _____

Fund B: _____

Fund C: _____

Fund D: _____

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
	Expenses				
3-35	General Operating and Administrative				
3-36	Salaries				
3-37	Payroll Taxes				
3-38	Contract Services				
3-39	Employee Benefits				
3-40	Insurance				
3-41	Accounting and Legal Fees				
3-42	Repair and Maintenance				
3-43	Supplies				
3-44	Utilities				
3-45	Contributions to Fire & Police Pension Association				
	Other (specify in lines 3-46 through 3-47)				
3-46					
3-47					
3-48	Capital Outlay				
	Debt Service				
3-49	Principal (should match amount in Part 4, Debt Schedule Table)				
3-50	Interest				
3-51	Bond Issuance Costs				
3-52	Developer Principal Repayments				

Line	Description	Proprietary/Fiduciary Fund			
		Fund A	Fund B	Fund C	Fund D
3-53	Developer Interest Repayments				
	All Other (specify in lines 3-54 through 3-57)				
3-54					
3-55					
3-56					
3-57					
3-58	TOTAL EXPENSES (Add lines 3-35 through 3-57)	0	0	0	0
	GAAP Reconciling Items				
3-59	Net Interfund Transfers (In) Out				
	Other (specify in line 3-60. Enter negative for expense.)				
3-60					
3-61	Depreciation/Amortization				
3-62	Other Financing Sources (from line 2-57)				
3-63	Capital Outlay (from line 3-48)				
3-64	Debt Principal (from line 3-49, 3-52)				
3-65	Total GAAP Reconciling Items (Add lines 3-60, 3-63, and 3-64, subtract lines 3-61 and 3-62)	0	0	0	0
3-66	NET INCREASE (DECREASE) IN NET POSITION (Line 2-58, less line 3-58, plus line 3-65, less line 3-59)	0	0	0	0
3-67	Net Position, January 1 from December 31 prior year report				
3-68	Prior Period Adjustment (MUST explain in line 3-69)				
3-69					
3-70	NET POSITION, DECEMBER 31 (Add lines 3-66, 3-67, and 3-68. Should match line 1-72.)	0	0	0	0

Part 3C: Grand Total of Revenues and Expenditures/Expenses

Line	Description	Total
	Total Revenues per Fund	
3-71	General Fund	77195.48999999999
3-72	Debt Fund	202629.3
3-73		0
3-74		0
3-75	Governmental Funds (Add lines 3-71 through 3-74)	279824.79
3-76		0
3-77		0
3-78		0
3-79		0
3-80	Proprietary/Fiduciary Funds (Add lines 3-76 through 3-79)	0
3-81	GRAND TOTAL REVENUES (ALL FUNDS) (Add lines 3-75 and 3-80)	279824.79
	Total Expenditures/Expenses per Fund	
3-82	General Fund	62566.48
3-83	Debt Fund	203316
3-84		0
3-85		0
3-86	Governmental Funds (Add lines 3-82 through 3-85)	265882.48
3-87		0
3-88		0
3-89		0
3-90		0
3-91	Proprietary/Fiduciary Funds (Add lines 3-87 through 3-90)	0
3-92	GRAND TOTAL EXPENDITURES/EXPENSES (ALL FUNDS) (Add lines 3-86 and 3-91)	265882.48

IF EITHER GRAND TOTAL REVENUES OR EXPENDITURES/EXPENSES FOR ALL FUNDS IS GREATER THAN \$1,000,000 — 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 3D: Comments or Additional Information

Please use the space below to provide any additional information (optional).

Part 4: Debt Outstanding, Issued, and Retired

4-1	Does the entity have outstanding debt?	☐ Yes	☒ No
4-2	If no, skip to line 4-15. If yes, please attach a copy of the entity's debt repayment schedule.		
4-3	Is the debt repayment schedule attached?	☒ N/A	☐ Yes ☐ No
4-4	If no, MUST explain below.		
4-5	Is the entity current in its debt service payments?	☒ Yes	☐ No
4-6	If no, MUST explain below.		
4-7	If no, also indicate if the government is in default with its bond agreements.	☐ Yes	☐ No

Debt Schedule Table

Please complete the following debt schedule, if applicable.

Please only include principal amounts. Enter all amounts as positive numbers.

Line	Debt Type	Outstanding at End of Prior Year*	Issued During Year	Retired During Year	Outstanding at Year-End
4-8	General Obligation Bonds				0
4-9	Revenue Bonds				0
4-10	Notes/Loans				0
4-11	Lease and SBITA** Liabilities (GASB 87 & 96)				0
4-12	Developer Advances	179461	0	108778.11	70682.89
	Other (specify in line 4-13)				
4-13					0
4-14	TOTAL (Add lines 4-8 through 4-13)	179461	0	108778.11	70682.89

*Must agree to prior year-end balance

**Subscription-Based Information Technology Arrangements

Comments (optional)

4-15	Does the entity have any authorized but unissued debt as of its fiscal year-end?	☒ Yes	☐ No
4-16	If yes, how much?	134851988	
4-17	Date the debt was authorized	11/07/2017	
4-18	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	☐ Yes	☒ No
4-19	If yes, how much?		
4-20	Date of the most recent Service Plan	09/08/2017	
4-21	Does the entity intend to issue debt within the next calendar year?	☐ Yes	☒ No
4-22	If yes, how much?		
4-23	Does the entity have debt that has been refinanced that it is still responsible for?	☐ Yes	☒ No
4-24	If yes, what is the amount outstanding?		
4-25	Does the entity have any lease agreements?	☐ Yes	☒ No
4-26	If yes, what is being leased?		
4-27	What is the original date of the lease?		
4-28	Number of years of lease?		
4-29	Is the lease subject to annual appropriation?	☐ Yes	☐ No
4-30	What are the annual lease payments?		

Please use the space below to provide any additional information (optional).

Part 5: Cash and Investments

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

Line	Description	Amount
5-1	Year-end Total of all Checking and Savings Accounts	1102699.35
5-2	Certificates of Deposit	
5-3	TOTAL CASH DEPOSITS (Add lines 5-1 and 5-2)	1102699.35
	Investments (Specify in lines 5-4 through 5-8. If investment is a mutual fund, please list underlying investment.)	
5-4	Colotrust	653853.11
5-5		
5-6		
5-7		
5-8		
5-9	Total Investments (Add lines 5-4 through 5-8)	653853.11
5-10	TOTAL CASH AND INVESTMENTS (Add lines 5-3 and 5-9)	1756552.46

5-11	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☐ N/A	☒ Yes	☐ No
5-12	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?		☒ Yes	☐ No
5-13	If no, MUST explain below.			

Please use the space below to provide any additional information (optional).

Part 6: Capital and Right-to-Use Assets

6-1	Does the entity have capitalized assets? (If "no" is selected, skip the rest of Part 6.)	☒ Yes	☐ No
6-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.?	☒ Yes	☐ No
6-3	If no, MUST explain below.		

Capital and Right-to-Use Assets Table for Governmental Funds

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
6-4	Land				0
6-5	Buildings				0
6-6	Machinery and Equipment				0
6-7	Furniture and Fixtures				0
6-8	Infrastructure				0
6-9	Construction In Progress (CIP)				0
6-10	Leased & SBITA Right-to-Use Assets				0
6-11	Intangible Assets	882000			882000
	Other (explain in line 6-12)				
6-12					0
6-13	Accumulated Amortization Right-to-Use Assets (Enter a negative or credit balance)				0
6-14	Accumulated Depreciation (Enter a negative or credit balance)				0
6-15	TOTAL (Add lines 6-4 through 6-14)	882000	0	0	882000

*Must agree to prior year-end balance.

**Generally capital asset additions should be reported as capital outlay on line 3-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Capital and Right-to-Use Assets Table for Proprietary Funds

Please complete the following Capital & Right-To-Use Assets table for PROPRIETARY FUNDS.

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
6-16	Land				0
6-17	Buildings				0
6-18	Machinery and Equipment				0
6-19	Furniture and Fixtures				0
6-20	Infrastructure				0
6-21	Construction In Progress (CIP)				0
6-22	Leased & SBITA Right-to-Use Assets				0
6-23	Intangible Assets				0
	Other (explain in line 6-24)				
6-24					0
6-25	Accumulated Amortization Right-to-Use Assets (Enter a negative or credit balance)				0
6-26	Accumulated Depreciation (Enter a negative or credit balance)				0
6-27	TOTAL (Add lines 6-16 through 6-26)	0	0	0	0

*Must agree to prior year-end balance.

**Generally capital asset additions should be reported as capital outlay on line 3-48 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Please use the space below to provide any additional information (optional).

Part 7: Pension Information

7-1	Does the entity have an "old hire" firefighters' pension plan?	☐ Yes	☒ No
7-2	Does the entity have a volunteer firefighters' pension plan?	☐ Yes	☒ No
7-3	If yes, who administers the plan?		
Indicate the contributions from the following in lines 7-4 through 7-6.			
7-4	Tax (property, specific ownership, sales, etc.)		
7-5	State contribution amount		
7-6	Other (gifts, donations, etc.)		
7-7	TOTAL (Add lines 7-4 through 7-6)	0	
7-8	What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?		

Please use the space below to provide any additional information (optional).

--

Part 8: Budget Information

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.?	☐ N/A	☒ Yes	☐ No
8-2	If no, MUST explain below.			
8-3	Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.?	☐ N/A	☒ Yes	☐ No
8-4	If no, MUST explain below.			
If yes, indicate the amount appropriated for each fund separately for the year reported in the table below.				

Appropriation Amount by Fund

Enter the fund name, then indicate the final amount appropriated for each fund for the year reported. Ensure each individual fund's final appropriated amount agrees to the adopted budget. Do not combine funds.

Line	Governmental/Proprietary Fund Name	Total
8-5	General Fund	131240
8-6	Debt Fund	400000
8-7		
8-8		
8-9		

Please use the space below to provide any additional information (optional).

Part 9: Taxpayer's Bill of Rights (TABOR)

9-1	Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))?	☒ Yes	☐ No
9-2	If no, MUST explain below.		

Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.

Please use the space below to provide any additional information (optional).

--

Part 10: General Information

10-1	Is this application for a newly formed governmental entity?	☐ Yes	☒ No
10-2	If yes, what was the date of formation		
10-3	Has the entity changed its name in the past or current year?	☐ Yes	☒ No
10-4	If yes, please list the NEW name below.		
10-5	If yes, please list the PRIOR name below.		
10-6	Is the entity a metropolitan district?	☒ Yes	☐ No
10-7	Please indicate what services the entity provides below.		
	Sanitation/storm, streets, traffic & safety, parks & rec, transportation, pest control, security, covenant enforcement, water		
10-8	Does the entity have an agreement with another government to provide services?	☒ Yes	☐ No
10-9	If yes, list the name of the other governmental entity and the services provided below.		
	Provides all services for Severance South MD Nos. 2-4		
10-10	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
10-11	If yes, what was the date filed		
10-12	Does the entity have a certified mill levy?	☐ Yes	☒ No
	If yes, please provide the following mills levied for the year reported (do not report dollar amounts).		
10-13	Bond redemption mills		
10-14	General/other mills		
10-15	TOTAL MILLS (Add lines 10-13 through 10-14.)	0	
10-16	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 (Section 32-1-207 C.R.S.)?	☐ N/A	☒ Yes ☐ No
10-17	If no, please explain below.		

Please use the space below to provide any additional information (optional).

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Part 11: Governing Body Approval

11-1	If you plan to submit this form electronically, have you read the Electronic Signature Policy?	☒ Yes	☐ No
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Office of the State Auditor — Local Government Division Exemption Form Electronic Signature Policy and Procedure

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:

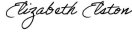
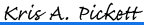
- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be 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 must note their approval and submit the application using one of the following two methods:

- 1) Submit the application in hard copy via U.S. 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.

Governing Body Signatures

Print or type the names of all members of current governing body below.
A majority of the members of the governing body must sign below.

Board Member 1		
Board member's name	Thomas Donkle	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Thomas Donkle (Mar 19, 2026 14:09:00 MDT)	03/19/2026
Board Member 2		
Board member's name	Eric McCarty	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Eric McCarty (Mar 19, 2026 14:09:00 MDT)	03/13/2026
Board Member 3		
Board member's name	Elizabeth Elston	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Elizabeth Elston (Mar 19, 2026 14:09:00 MDT)	03/16/2026
Board Member 4		
Board member's name	Kris Pickett	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Kris A. Pickett (Mar 16, 2026 12:57:29 MDT)	03/16/2026
Board Member 5		
Board member's name	Lar Voss	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Lar Voss (Mar 13, 2026 17:16:48 MDT)	03/13/2026
Board Member 6		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 7		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date

Application for Exemption From Audit Short Form

Instructions

If either revenues or expenditures exceed \$200,000, use the Long Form

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$1,000,000 in the year.

Exemptions from audit are **NOT** automatic

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit **each year** and submit it to the Office of the State Auditor (OSA). Approval for an exemption from audit is granted only upon the review by the OSA.

Any preparer of an Application for Exemption from Audit — Short Form must be a person skilled in governmental accounting.

Read **ALL** instructions before completing and submitting this form

All applications must be filed with the OSA **within 3 months** after the accounting year-end.

For example, applications must be received by the OSA on or before March 31 for governments with a December 31 year-end. Applications for exemption from audit are not eligible for an extension of time.

Governmental activity should be reported on the modified accrual basis. Proprietary activity should be reported on a cash or budgetary basis.

Important!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the **Modified Accrual Basis**.

Proprietary Activity should be reported on a **Budgetary Basis**.

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year. In that event, an audit shall be required.

Postmark dates will not be accepted as proof of submission on or before the statutory deadline

Prior year forms are obsolete and will not be accepted.

Applications must be fully and accurately completed. Applications submitted on forms other than those prescribed by the OSA will not be accepted.

For your reference, the Colorado Revised Statutes are available through the [LexisNexis Colorado portal](#).

Checklist

- ☐ Has the preparer signed the application prior to board approval?
 - ☐ Has the entity corrected all prior year deficiencies as communicated by the OSA?
 - ☐ Has the application been **personally** reviewed and approved by the governing body?
 - ☐ Are all sections on the form complete, including responses to all of the questions?
 - ☐ Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted electronically? ☐ Yes ☐ No
- ☐ If yes, have you read and understood the Electronic Signature Policy? See policy in Part 10.

-- or --

☐ If yes, have you included a resolution?

☐ Does the resolution state that the governing body **personally** reviewed and approved the resolution in an open public meeting?

☐ Has the resolution been signed by a **majority** of the governing body? See sample resolution at the end of this form.

Will this application be submitted via a mail service (e.g., U.S. Post Office, FedEx, UPS, courier)? ☐ Yes ☐ No

☐ If yes, does the application include **original ink signatures** from the **majority** of the governing body?

Filing Methods

Web Portal (recommended)

apps.leg.co.gov/osa/lq

For faster processing, the web portal should be used for submissions.

Mail

Office of the State Auditor

Local Government Audit Division
1375 Sherman St., 5th Floor
Denver, CO 80261-3000

Questions? Email: osa.lg@coleg.gov Phone: 303-869-3000

Contact Information

For the year ended 12/31/2025 or the fiscal year ended _____.

Name of government	Severance South Metropolitan District 2
Street address	550 W Eisenhower Blvd,
City, State, Zip	Loveland CO 80537
Contact person	Tracie Kaminski
Phone	970-669-3611
Email	traciek@pcgi.com

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. The preparer must sign prior to board approval.

Name	Tracie Kaminski	
Title	District Accountant	
Firm name (if applicable)	Pinnacle Consulting Group, Inc.	
Address	550 W Eisenhower Blvd, Loveland CO 80537	
Phone	970-669-3611	
Preparer signature	Date prepared	
 Thomas Donkle (Mar 19, 2026 14:09:00 MDT)		03/31/2026

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 1: Revenues

Part 1A: Revenues Table

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	Total (round to nearest dollar)
1-1	Taxes: Property (report mills levied in line 9-12)	170215
1-2	Specific ownership	6896
1-3	Sales and use	
	Other (specify in line 1-4):	
1-4	Interest Income from Property Tax	8
1-5	Licenses and permits	
1-6	Intergovernmental: Grants	
1-7	Conservation Trust Funds (Lottery)	
1-8	Highway Users Tax Funds (HUTF)	
	Other (specify in line 1-9):	
1-9		
1-10	Charges for services	
1-11	Fines and forfeits	
1-12	Special assessments	
1-13	Investment income	
1-14	Charges for utility services	
1-15	Debt proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-16	Lease proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-17	Developer Advances received (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-18	Proceeds from sale of capital assets	
1-19	Fire and police pension	
1-20	Donations	
	Other (specify in lines 1-21 through 1-24)	
1-21		
1-22		
1-23		
1-24		
1-25	TOTAL REVENUES (add lines 1-1 through 1-24)	177119

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 1B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 2: Expenditures/Expenses

Part 2A: Expenditures/Expenses Table

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	Total (round to nearest dollar)
2-1	Administrative	
2-2	Salaries	
2-3	Payroll taxes	
2-4	Contract services	
2-5	Employee benefits	
2-6	Insurance	
2-7	Accounting and legal fees	
2-8	Repair and maintenance	
2-9	Supplies	
2-10	Utilities and telephone	
2-11	Fire/Police	
2-12	Streets and highways	
2-13	Public health	
2-14	Capital outlay	
2-15	Utility operations	
2-16	Culture and recreation	
2-17	Debt service principal (should agree to Part 3, Debt Schedule Table 'Retired during year')	
2-18	Debt service interest	
2-19	Repayment of Developer Advances Principal (should agree to Part 3, Debt Schedule Table, column 'Retired during year')	
2-20	Repayment of Developer Advances Interest	
2-21	Contribution to pension plan	
2-22	Contribution to Fire & Police Pension Association	
2-23	Other (specify in lines 2-24 through 2-27)	
2-24	Transfers to Other Districts	174565
2-25	Treasurer's Fees	2554
2-26		
2-27		
2-28	TOTAL EXPENDITURES/EXPENSES (Add lines 2-1 through 2-27)	177119

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 2B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 3: Debt Outstanding, Issued, and Retired

3-1	Does the entity have outstanding debt?	☐ Yes	☒ No
3-2	If no, skip to line 3-13. If yes, please attach a copy of the entity's debt repayment schedule.		
3-3	Is the debt repayment schedule attached?	☐ N/A	☐ Yes ☐ No
	If no, MUST explain below.		
3-4	Is the entity current in its debt service payments?	☐ Yes	☐ No
	If no, MUST explain below.		
3-5	If no, also indicate if the government is in default with its bond agreements.	☐ Yes	☐ No

Debt Schedule Table

Please complete the following debt schedule, if applicable.

Please only include principal amounts. Enter all amounts as positive numbers.

Line	Debt Type	Outstanding at End of Prior Year*	Issued During Year	Retired During Year	Outstanding at Year-End
3-6	General Obligation Bonds				0
3-7	Revenue Bonds				0
3-8	Notes/Loans				0
3-9	Lease & SBITA** Liabilities (GASB 87 & 96)				0
3-10	Developer Advances				0
	Other (specify in line 3-11)				
3-11					0
3-12	TOTAL (Add lines 3-6 through 3-11)	0	0	0	0

*Must agree to prior year-end balance

**Subscription-Based Information Technology Arrangements

Comments (optional)

3-13	Does the entity have any authorized but unissued debt as of its fiscal year-end?	☒ Yes	☐ No
3-14	If yes, how much?	134851988	
3-15	Date the debt was authorized	11/07/2017	
3-16	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	☐ Yes	☒ No
3-17	If yes, how much?		
3-18	Date of the most recent Service Plan	09/08/2017	
3-19	Does the entity intend to issue debt within the next calendar year?	☐ Yes	☒ No
3-20	If yes, how much?		
3-21	Does the entity have debt that has been refinanced that it is still responsible for?	☐ Yes	☒ No
3-22	If yes, what is the amount outstanding?		
3-23	Does the entity have any lease agreements?	☐ Yes	☒ No
3-24	If yes, what is being leased?		
3-25	What is the original date of the lease?		
3-26	Number of years of lease?		
3-27	Is the lease subject to annual appropriation?	☐ Yes	☐ No
3-28	What are the annual lease payments?		

Please use the space below to provide any additional information (optional):

Part 4: Cash and Investments

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

Line	Description	Amount
4-1	Year-end Total of all Checking and Savings Accounts	
4-2	Certificates of deposit	
4-3	TOTAL CASH DEPOSITS (Add lines 4-1 and 4-2)	0
	Investments (specify in lines 4-4 through 4-8. If investment is a mutual fund, please list underlying investment.)	
4-4		
4-5		
4-6		
4-7		
4-8		
4-9	Total Investments (Add lines 4-4 through 4-8)	0
4-10	TOTAL CASH AND INVESTMENTS (Add lines 4-3 and 4-9)	0

4-11	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☒ N/A	☐ Yes	☐ No
4-12	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☒ Yes	☐ No	
4-13	If no, MUST explain below.			

Please use the space below to provide any additional information (optional).

Part 5: Capital and Right-to-Use Assets

5-1	Does the entity have capitalized assets? (If "no" is selected, skip the rest of Part 5.)	☐ Yes	☒ No
5-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.?	☐ Yes	☐ No
5-3	If no, MUST explain below.		

Capital and Right-to-Use Assets Table

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
5-4	Land				0
5-5	Buildings				0
5-6	Machinery and Equipment				0
5-7	Furniture and Fixtures				0
5-8	Infrastructure				0
5-9	Construction In Progress (CIP)				0
5-10	Leased & SBITA Right-to-Use Assets				0
	Other (explain in line 5-11)				
5-11					0
5-12	Accumulated Depreciation/ Amortization (Enter a negative or credit balance)				0
5-13	TOTAL (Add lines 5-4 through 5-12)	0	0	0	0

*Must agree to prior year-end balance

**Generally capital asset additions should be reported as capital outlay on line 2-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Please use the space below to provide any additional information (optional).

Part 6: Pension Information

6-1	Does the entity have an "old hire" firefighters' pension plan?	☐ Yes	☒ No
6-2	Does the entity have a volunteer firefighters' pension plan?	☐ Yes	☒ No
6-3	If yes, who administers the plan?		
	Indicate the contributions from the following in lines 6-4 through 6-6.		
6-4	Tax (property, specific ownership, sales, etc.)		
6-5	State contribution amount		
6-6	Other (gifts, donations, etc.)		
6-7	TOTAL (Add lines 6-4 through 6-6)	0	
6-8	What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?		

Please use the space below to provide any additional information (optional).

--

Part 7: Budget Information

7-1	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.?	☐ N/A	☒ Yes	☐ No
7-2	If no, MUST explain below.			
7-3	Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.?	☐ N/A	☒ Yes	☐ No
7-4	If no, MUST explain below.			
If yes, indicate the amount appropriated for each fund separately for the year reported in the table below.				

Appropriation Amount by Fund Table

Enter the fund name, then indicate the final amount appropriated for each fund for the year reported.
Ensure each individual fund's final appropriated amount agrees to the adopted budget. Do not combine funds.

Line	Governmental/Proprietary Fund Name	Total
7-5	General Fund	191279
7-6		
7-7		
7-8		
7-9		

Please use the space below to provide any additional information (optional).

Part 8: Taxpayer's Bill of Rights (TABOR)

8-1	Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))?	☒ Yes	☐ No
8-2	If no, MUST explain below.		

Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.

Please use the space below to provide any additional information (optional).

--

Part 9: General Information

9-1	Is this application for a newly formed governmental entity?	☐ Yes	☒ No
9-2	If yes, what was the date of formation		
9-3	Has the entity changed its name in the past or current year?	☐ Yes	☒ No
9-4	If yes, please list the NEW name below.		
9-5	If yes, please list the PRIOR name below.		
9-6	Is the entity a metropolitan district?	☒ Yes	☐ No
9-7	Please indicate what services the entity provides below.		
	Sanitation/storm, streets, traffic & safety, parks & rec, transportation, pest control, security, covenant enforcement, water		
9-8	Does the entity have an agreement with another government to provide services?	☒ Yes	☐ No
9-9	If yes, list the name of the other governmental entity and the services provided below.		
	All services provided by Severance South Metropolitan District 1		
9-10	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
9-11	If yes, what was the date filed		
9-12	Does the entity have a certified mill levy?	☒ Yes	☐ No
	If yes, please provide the following mills levied for the year reported in lines 9-13 through 9-14. (Do not report \$ amounts.)		
9-13	Bond redemption mills	40.181	
9-14	General/other mills	10.045	
9-15	TOTAL MILLS (Add lines 9-13 through 9-14)	50.226	
9-16	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 (Section 32-1-207 C.R.S.)?	☐ N/A	☒ Yes ☐ No
9-17	If no, please explain below.		

Please use the space below to provide any additional information (optional).

Part 10: Governing Body Approval

10-1

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

☒ Yes

☐ No

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 - 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.

Governing Body Signatures

Print or type the names of all members of current governing body below.
A majority of the members of the governing body must sign below.

Board Member 1		
Board member's name	Thomas Donkle	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Thomas Donkle</u> Thomas Donkle (Mar 19, 2026 14:09:00 MDT)	03/19/2026
Board Member 2		
Board member's name	Eric McCarty	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Eric McCarty</u>	03/13/2026
Board Member 3		
Board member's name	Kris Pickett	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Kris A. Pickett</u> Kris A. Pickett (Mar 16, 2026 12:57:29 MDT)	03/16/2026
Board Member 4		
Board member's name	Lar Voss	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Lar Voss</u> Lar Voss (Mar 13, 2026 17:16:48 MDT)	03/13/2026
Board Member 5		
Board member's name	Elizabeth Elston	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Elizabeth Elston</u>	03/16/2026
Board Member 6		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 7		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date

Application for Exemption From Audit Short Form

Instructions

If either revenues or expenditures exceed \$200,000, use the Long Form

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$1,000,000 in the year.

Exemptions from audit are **NOT** automatic

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit **each year** and submit it to the Office of the State Auditor (OSA). Approval for an exemption from audit is granted only upon the review by the OSA.

Any preparer of an Application for Exemption from Audit — Short Form must be a person skilled in governmental accounting.

Read **ALL** instructions before completing and submitting this form

All applications must be filed with the OSA **within 3 months** after the accounting year-end.

For example, applications must be received by the OSA on or before March 31 for governments with a December 31 year-end. Applications for exemption from audit are not eligible for an extension of time.

Governmental activity should be reported on the modified accrual basis. Proprietary activity should be reported on a cash or budgetary basis.

Important!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the **Modified Accrual Basis**.

Proprietary Activity should be reported on a **Budgetary Basis**.

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year. In that event, an audit shall be required.

Postmark dates will not be accepted as proof of submission on or before the statutory deadline

Prior year forms are obsolete and will not be accepted.

Applications must be fully and accurately completed. Applications submitted on forms other than those prescribed by the OSA will not be accepted.

For your reference, the Colorado Revised Statutes are available through the [LexisNexis Colorado portal](#).

Checklist

- ☐ Has the preparer signed the application prior to board approval?
 - ☐ Has the entity corrected all prior year deficiencies as communicated by the OSA?
 - ☐ Has the application been **personally** reviewed and approved by the governing body?
 - ☐ Are all sections on the form complete, including responses to all of the questions?
 - ☐ Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted electronically? ☐ Yes ☐ No
- ☐ If yes, have you read and understood the Electronic Signature Policy? See policy in Part 10.

-- or --

☐ If yes, have you included a resolution?

☐ Does the resolution state that the governing body **personally** reviewed and approved the resolution in an open public meeting?

☐ Has the resolution been signed by a **majority** of the governing body? See sample resolution at the end of this form.

Will this application be submitted via a mail service (e.g., U.S. Post Office, FedEx, UPS, courier)? ☐ Yes ☐ No

☐ If yes, does the application include **original ink signatures** from the **majority** of the governing body?

Filing Methods

Web Portal (recommended)

apps.leg.co.gov/osa/lq

For faster processing, the web portal should be used for submissions.

Mail

Office of the State Auditor

Local Government Audit Division
1375 Sherman St., 5th Floor
Denver, CO 80261-3000

Questions? Email: osa.lg@coleg.gov Phone: 303-869-3000

Contact Information

For the year ended 12/31/2025 or the fiscal year ended _____.

Name of government	Severance South Metropolitan District 3
Street address	550 W. Eisenhower Blvd,
City, State, Zip	Loveland, CO 80537
Contact person	Tracie Kaminski
Phone	970-669-3611
Email	traciek@pcgi.com

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. The preparer must sign prior to board approval.

Name	Tracie Kaminski	
Title	District Accountant	
Firm name (if applicable)	Pinnacle Consulting Group, Inc.	
Address	550 W. Eisenhower Blvd, Loveland, CO 80537	
Phone	970-669-3611	
Preparer signature	Date prepared	
 Thomas Donkle (Mar 19, 2026 14:09:00 MDT)		3/31/2026

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 1: Revenues

Part 1A: Revenues Table

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	Total (round to nearest dollar)
1-1	Taxes: Property (report mills levied in line 9-12)	9342
1-2	Specific ownership	379
1-3	Sales and use	
	Other (specify in line 1-4):	
1-4	Interest	143
1-5	Licenses and permits	
1-6	Intergovernmental: Grants	
1-7	Conservation Trust Funds (Lottery)	
1-8	Highway Users Tax Funds (HUTF)	
	Other (specify in line 1-9):	
1-9		
1-10	Charges for services	
1-11	Fines and forfeits	
1-12	Special assessments	
1-13	Investment income	
1-14	Charges for utility services	
1-15	Debt proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-16	Lease proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-17	Developer Advances received (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-18	Proceeds from sale of capital assets	
1-19	Fire and police pension	
1-20	Donations	
	Other (specify in lines 1-21 through 1-24)	
1-21		
1-22		
1-23		
1-24		
1-25	TOTAL REVENUES (add lines 1-1 through 1-24)	9864

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 1B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 2: Expenditures/Expenses

Part 2A: Expenditures/Expenses Table

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	Total (round to nearest dollar)
2-1	Administrative	
2-2	Salaries	
2-3	Payroll taxes	
2-4	Contract services	
2-5	Employee benefits	
2-6	Insurance	
2-7	Accounting and legal fees	
2-8	Repair and maintenance	
2-9	Supplies	
2-10	Utilities and telephone	
2-11	Fire/Police	
2-12	Streets and highways	
2-13	Public health	
2-14	Capital outlay	
2-15	Utility operations	
2-16	Culture and recreation	
2-17	Debt service principal (should agree to Part 3, Debt Schedule Table 'Retired during year')	
2-18	Debt service interest	
2-19	Repayment of Developer Advances Principal (should agree to Part 3, Debt Schedule Table, column 'Retired during year')	
2-20	Repayment of Developer Advances Interest	
2-21	Contribution to pension plan	
2-22	Contribution to Fire & Police Pension Association	
2-23	Other (specify in lines 2-24 through 2-27)	
2-24	Transfers to Other Districts	9722
2-25	Treasurer's Fees	142
2-26		
2-27		
2-28	TOTAL EXPENDITURES/EXPENSES (Add lines 2-1 through 2-27)	9864

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 2B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 3: Debt Outstanding, Issued, and Retired

3-1	Does the entity have outstanding debt?	☐ Yes	☐ No
3-2	If no, skip to line 3-13. If yes, please attach a copy of the entity's debt repayment schedule.		
3-3	Is the debt repayment schedule attached?	☐ N/A	☐ Yes ☐ No
	If no, MUST explain below.		
3-4	Is the entity current in its debt service payments?	☐ Yes	☐ No
	If no, MUST explain below.		
3-5	If no, also indicate if the government is in default with its bond agreements.	☐ Yes	☐ No

Debt Schedule Table

Please complete the following debt schedule, if applicable.

Please only include principal amounts. Enter all amounts as positive numbers.

Line	Debt Type	Oustanding at End of Prior Year*	Issued During Year	Retired During Year	Outstanding at Year-End
3-6	General Obligation Bonds				0
3-7	Revenue Bonds				0
3-8	Notes/Loans				0
3-9	Lease & SBITA** Liabilities (GASB 87 & 96)				0
3-10	Developer Advances				0
	Other (specify in line 3-11)				
3-11					0
3-12	TOTAL (Add lines 3-6 through 3-11)	0	0	0	0

*Must agree to prior year-end balance

**Subscription-Based Information Technology Arrangements

Comments (optional)

3-13	Does the entity have any authorized but unissued debt as of its fiscal year-end?	☐ Yes	☐ No
3-14	If yes, how much?	134851988	
3-15	Date the debt was authorized	11/07/2017	
3-16	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	☐ Yes	☐ No
3-17	If yes, how much?		
3-18	Date of the most recent Service Plan		
3-19	Does the entity intend to issue debt within the next calendar year?	☐ Yes	☐ No
3-20	If yes, how much?		
3-21	Does the entity have debt that has been refinanced that it is still responsible for?	☐ Yes	☐ No
3-22	If yes, what is the amount outstanding?		
3-23	Does the entity have any lease agreements?	☐ Yes	☐ No
3-24	If yes, what is being leased?		
3-25	What is the original date of the lease?		
3-26	Number of years of lease?		
3-27	Is the lease subject to annual appropriation?	☐ Yes	☐ No
3-28	What are the annual lease payments?		

Please use the space below to provide any additional information (optional):

Part 4: Cash and Investments

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

Line	Description	Amount
4-1	Year-end Total of all Checking and Savings Accounts	
4-2	Certificates of deposit	
4-3	TOTAL CASH DEPOSITS (Add lines 4-1 and 4-2)	0
	Investments (specify in lines 4-4 through 4-8. If investment is a mutual fund, please list underlying investment.)	
4-4		
4-5		
4-6		
4-7		
4-8		
4-9	Total Investments (Add lines 4-4 through 4-8)	0
4-10	TOTAL CASH AND INVESTMENTS (Add lines 4-3 and 4-9)	0

4-11	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☐ N/A	☒ Yes	☐ No
4-12	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☐ Yes	☐ No	
4-13	If no, MUST explain below.			

Please use the space below to provide any additional information (optional).

Part 5: Capital and Right-to-Use Assets

5-1	Does the entity have capitalized assets? (If "no" is selected, skip the rest of Part 5.)	☐ Yes	☐ No
5-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.?	☐ Yes	☐ No
5-3	If no, MUST explain below.		

Capital and Right-to-Use Assets Table

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
5-4	Land				0
5-5	Buildings				0
5-6	Machinery and Equipment				0
5-7	Furniture and Fixtures				0
5-8	Infrastructure				0
5-9	Construction In Progress (CIP)				0
5-10	Leased & SBITA Right-to-Use Assets				0
	Other (explain in line 5-11)				
5-11					0
5-12	Accumulated Depreciation/ Amortization (Enter a negative or credit balance)				0
5-13	TOTAL (Add lines 5-4 through 5-12)	0	0	0	0

*Must agree to prior year-end balance

**Generally capital asset additions should be reported as capital outlay on line 2-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Please use the space below to provide any additional information (optional).

Part 7: Budget Information

7-1	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.?	☐ N/A	☐ Yes	☐ No
7-2	If no, MUST explain below.			
7-3	Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.?	☐ N/A	☐ Yes	☐ No
7-4	If no, MUST explain below.			
	If yes, indicate the amount appropriated for each fund separately for the year reported in the table below.			

Appropriation Amount by Fund Table

Enter the fund name, then indicate the final amount appropriated for each fund for the year reported. Ensure each individual fund's final appropriated amount agrees to the adopted budget. Do not combine funds.

Line	Governmental/Proprietary Fund Name	Total
7-5	General Fund	10449
7-6		
7-7		
7-8		
7-9		

Please use the space below to provide any additional information (optional).



Part 8: Taxpayer's Bill of Rights (TABOR)

8-1	Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))?	☐ Yes	☐ No
8-2	If no, MUST explain below.		

Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.

Please use the space below to provide any additional information (optional).

--

Part 9: General Information

9-1	Is this application for a newly formed governmental entity?	☐ Yes	☐ No
9-2	If yes, what was the date of formation		
9-3	Has the entity changed its name in the past or current year?	☐ Yes	☐ No
9-4	If yes, please list the NEW name below.		
9-5	If yes, please list the PRIOR name below.		
9-6	Is the entity a metropolitan district?	☐ Yes	☐ No
9-7	Please indicate what services the entity provides below. Sanitation/storm, streets, traffic & safety, parks & rec, transportation, pest control, security, covenant enforcement, water		
9-8	Does the entity have an agreement with another government to provide services?	☐ Yes	☐ No
9-9	If yes, list the name of the other governmental entity and the services provided below. All services provided by Severance South Metropolitan District 1		
9-10	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
9-11	If yes, what was the date filed		
9-12	Does the entity have a certified mill levy?	☐ Yes	☐ No
	If yes, please provide the following mills levied for the year reported in lines 9-13 through 9-14. (Do not report \$ amounts.)		
9-13	Bond redemption mills	44.768	
9-14	General/other mills	11.192	
9-15	TOTAL MILLS (Add lines 9-13 through 9-14)	55.96	
9-16	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 (Section 32-1-207 C.R.S.)?	☐ N/A	☐ Yes ☐ No
9-17	If no, please explain below.		

Please use the space below to provide any additional information (optional).

Part 10: Governing Body Approval

10-1

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

☐ Yes

☐ No

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

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 must note their approval and submit the application using one of the following two methods:

- 1) Submit the application in hard copy via U.S. 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.

Governing Body Signatures

Print or type the names of all members of current governing body below.
A majority of the members of the governing body must sign below.

Board Member 1		
Board member's name	Thomas Donkle	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Thomas Donkle</u> Thomas Donkle (Mar 19, 2026 14:09:00 MDT)	03/19/2026
Board Member 2		
Board member's name	Eric McCarty	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Eric McCarty</u>	03/13/2026
Board Member 3		
Board member's name	Kris Pickett	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Kris A. Pickett</u> Kris A. Pickett (Mar 16, 2026 12:57:29 MDT)	03/16/2026
Board Member 4		
Board member's name	Lar Voss	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Lar Voss</u> Lar Voss (Mar 13, 2026 17:16:48 MDT)	03/13/2026
Board Member 5		
Board member's name	Elizabeth Elston	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<u>Elizabeth Elston</u>	03/16/2026
Board Member 6		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 7		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date

Application for Exemption From Audit Short Form

Instructions

If either revenues or expenditures exceed \$200,000, use the Long Form

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$1,000,000 in the year.

Exemptions from audit are **NOT** automatic

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit **each year** and submit it to the Office of the State Auditor (OSA). Approval for an exemption from audit is granted only upon the review by the OSA.

Any preparer of an Application for Exemption from Audit — Short Form must be a person skilled in governmental accounting.

Read **ALL** instructions before completing and submitting this form

All applications must be filed with the OSA **within 3 months** after the accounting year-end.

For example, applications must be received by the OSA on or before March 31 for governments with a December 31 year-end. Applications for exemption from audit are not eligible for an extension of time.

Governmental activity should be reported on the modified accrual basis. Proprietary activity should be reported on a cash or budgetary basis.

Important!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the **Modified Accrual Basis**.

Proprietary Activity should be reported on a **Budgetary Basis**.

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year. In that event, an audit shall be required.

Postmark dates will not be accepted as proof of submission on or before the statutory deadline

Prior year forms are obsolete and will not be accepted.

Applications must be fully and accurately completed. Applications submitted on forms other than those prescribed by the OSA will not be accepted.

For your reference, the Colorado Revised Statutes are available through the [LexisNexis Colorado portal](#).

Checklist

- ☐ Has the preparer signed the application prior to board approval?
 - ☐ Has the entity corrected all prior year deficiencies as communicated by the OSA?
 - ☐ Has the application been **personally** reviewed and approved by the governing body?
 - ☐ Are all sections on the form complete, including responses to all of the questions?
 - ☐ Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted electronically? ☐ Yes ☐ No
- ☐ If yes, have you read and understood the Electronic Signature Policy? See policy in Part 10.

-- or --

☐ If yes, have you included a resolution?

☐ Does the resolution state that the governing body **personally** reviewed and approved the resolution in an open public meeting?

☐ Has the resolution been signed by a **majority** of the governing body? See sample resolution at the end of this form.

Will this application be submitted via a mail service (e.g., U.S. Post Office, FedEx, UPS, courier)? ☐ Yes ☐ No

☐ If yes, does the application include **original ink signatures** from the **majority** of the governing body?

Filing Methods

Web Portal (recommended)

apps.leg.co.gov/osa/lq

For faster processing, the web portal should be used for submissions.

Mail

Office of the State Auditor

Local Government Audit Division
1375 Sherman St., 5th Floor
Denver, CO 80261-3000

Questions? Email: osa.lg@coleg.gov Phone: 303-869-3000

Contact Information

For the year ended 12/31/2025 or the fiscal year ended _____.

Name of government	Severance South Metropolitan District 4
Street address	550 W. Eisenhower Blvd
City, State, Zip	Loveland CO 80537
Contact person	Tracie Kaminski
Phone	970-669-3611
Email	traciek@pcgi.com

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. The preparer must sign prior to board approval.

Name	Tracie Kaminski	
Title	District Accountant	
Firm name (if applicable)	Pinnacle Consulting Group, Inc.	
Address	550 W Eisenhower Blvd, Loveland CO 80537	
Phone	970-669-3611	
Preparer signature	Date prepared	
 Thomas Donkle (Mar 19, 2026 14:09:00 MDT)		3/31/26

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 1: Revenues

Part 1A: Revenues Table

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	Total (round to nearest dollar)
1-1	Taxes: Property (report mills levied in line 9-12)	67188.71
1-2	Specific ownership	2721.94
1-3	Sales and use	
	Other (specify in line 1-4):	
1-4	Interest	97.70
1-5	Licenses and permits	
1-6	Intergovernmental: Grants	
1-7	Conservation Trust Funds (Lottery)	
1-8	Highway Users Tax Funds (HUTF)	
	Other (specify in line 1-9):	
1-9		
1-10	Charges for services	
1-11	Fines and forfeits	
1-12	Special assessments	
1-13	Investment income	
1-14	Charges for utility services	
1-15	Debt proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-16	Lease proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-17	Developer Advances received (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-18	Proceeds from sale of capital assets	
1-19	Fire and police pension	
1-20	Donations	
	Other (specify in lines 1-21 through 1-24)	
1-21	Transfer from Other Districts	53316
1-22		
1-23		
1-24		
1-25	TOTAL REVENUES (add lines 1-1 through 1-24)	123324.35

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 1B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 2: Expenditures/Expenses

Part 2A: Expenditures/Expenses Table

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	Total (round to nearest dollar)
2-1	Administrative	
2-2	Salaries	
2-3	Payroll taxes	
2-4	Contract services	
2-5	Employee benefits	
2-6	Insurance	
2-7	Accounting and legal fees	
2-8	Repair and maintenance	
2-9	Supplies	
2-10	Utilities and telephone	
2-11	Fire/Police	
2-12	Streets and highways	
2-13	Public health	
2-14	Capital outlay	53316
2-15	Utility operations	
2-16	Culture and recreation	
2-17	Debt service principal (should agree to Part 3, Debt Schedule Table 'Retired during year')	
2-18	Debt service interest	
2-19	Repayment of Developer Advances Principal (should agree to Part 3, Debt Schedule Table, column 'Retired during year')	
2-20	Repayment of Developer Advances Interest	
2-21	Contribution to pension plan	
2-22	Contribution to Fire & Police Pension Association	
2-23	Other (specify in lines 2-24 through 2-27)	
2-24	Transfers to Other Districts	68999
2-25	Treasurer's Fees	1009
2-26		
2-27		
2-28	TOTAL EXPENDITURES/EXPENSES (Add lines 2-1 through 2-27)	123324

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 2B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 3: Debt Outstanding, Issued, and Retired

3-1	Does the entity have outstanding debt?	☐ Yes	☐ No
3-2	If no, skip to line 3-13. If yes, please attach a copy of the entity's debt repayment schedule.		
3-3	Is the debt repayment schedule attached?	☐ N/A	☐ Yes ☐ No
	If no, MUST explain below.		
3-4	Is the entity current in its debt service payments?	☐ Yes	☐ No
	If no, MUST explain below.		
3-5	If no, also indicate if the government is in default with its bond agreements.	☐ Yes	☐ No

Debt Schedule Table

Please complete the following debt schedule, if applicable.

Please only include principal amounts. Enter all amounts as positive numbers.

Line	Debt Type	Oustanding at End of Prior Year*	Issued During Year	Retired During Year	Outstanding at Year-End
3-6	General Obligation Bonds				0
3-7	Revenue Bonds				0
3-8	Notes/Loans				0
3-9	Lease & SBITA** Liabilities (GASB 87 & 96)				0
3-10	Developer Advances				0
	Other (specify in line 3-11)				
3-11					0
3-12	TOTAL (Add lines 3-6 through 3-11)	0	0	0	0

*Must agree to prior year-end balance

**Subscription-Based Information Technology Arrangements

Comments (optional)

3-13	Does the entity have any authorized but unissued debt as of its fiscal year-end?	☐ Yes	☐ No
3-14	If yes, how much?	134851988	
3-15	Date the debt was authorized	11/07/2017	
3-16	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	☐ Yes	☐ No
3-17	If yes, how much?		
3-18	Date of the most recent Service Plan	09/08/2017	
3-19	Does the entity intend to issue debt within the next calendar year?	☐ Yes	☐ No
3-20	If yes, how much?		
3-21	Does the entity have debt that has been refinanced that it is still responsible for?	☐ Yes	☐ No
3-22	If yes, what is the amount outstanding?		
3-23	Does the entity have any lease agreements?	☐ Yes	☐ No
3-24	If yes, what is being leased?		
3-25	What is the original date of the lease?		
3-26	Number of years of lease?		
3-27	Is the lease subject to annual appropriation?	☐ Yes	☐ No
3-28	What are the annual lease payments?		

Please use the space below to provide any additional information (optional):

Part 4: Cash and Investments

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

Line	Description	Amount
4-1	Year-end Total of all Checking and Savings Accounts	
4-2	Certificates of deposit	
4-3	TOTAL CASH DEPOSITS (Add lines 4-1 and 4-2)	0
	Investments (specify in lines 4-4 through 4-8. If investment is a mutual fund, please list underlying investment.)	
4-4		
4-5		
4-6		
4-7		
4-8		
4-9	Total Investments (Add lines 4-4 through 4-8)	0
4-10	TOTAL CASH AND INVESTMENTS (Add lines 4-3 and 4-9)	0

4-11	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☐ N/A	☒ Yes	☐ No
4-12	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☐ Yes	☐ No	
4-13	If no, MUST explain below.			

Please use the space below to provide any additional information (optional).

Part 5: Capital and Right-to-Use Assets

5-1	Does the entity have capitalized assets? (If "no" is selected, skip the rest of Part 5.)	☐ Yes	☐ No
5-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.?	☐ Yes	☐ No
5-3	If no, MUST explain below.		

Capital and Right-to-Use Assets Table

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
5-4	Land				0
5-5	Buildings				0
5-6	Machinery and Equipment				0
5-7	Furniture and Fixtures				0
5-8	Infrastructure				0
5-9	Construction In Progress (CIP)				0
5-10	Leased & SBITA Right-to-Use Assets				0
	Other (explain in line 5-11)				
5-11					0
5-12	Accumulated Depreciation/ Amortization (Enter a negative or credit balance)				0
5-13	TOTAL (Add lines 5-4 through 5-12)	0	0	0	0

*Must agree to prior year-end balance

**Generally capital asset additions should be reported as capital outlay on line 2-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Please use the space below to provide any additional information (optional).

Part 6: Pension Information

6-1	Does the entity have an "old hire" firefighters' pension plan?	☐ Yes	☐ No
6-2	Does the entity have a volunteer firefighters' pension plan?	☐ Yes	☐ No
6-3	If yes, who administers the plan?		
Indicate the contributions from the following in lines 6-4 through 6-6.			
6-4	Tax (property, specific ownership, sales, etc.)		
6-5	State contribution amount		
6-6	Other (gifts, donations, etc.)		
6-7	TOTAL (Add lines 6-4 through 6-6)	0	
6-8	What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?		

Please use the space below to provide any additional information (optional).

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Part 7: Budget Information

7-1	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.?	☐ N/A	☐ Yes	☐ No
7-2	If no, MUST explain below.			
7-3	Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.?	☐ N/A	☐ Yes	☐ No
7-4	If no, MUST explain below.			
	If yes, indicate the amount appropriated for each fund separately for the year reported in the table below.			

Appropriation Amount by Fund Table

Enter the fund name, then indicate the final amount appropriated for each fund for the year reported. Ensure each individual fund's final appropriated amount agrees to the adopted budget. Do not combine funds.

Line	Governmental/Proprietary Fund Name	Total
7-5	General Fund	76556
7-6	Capital Fund	250000
7-7		
7-8		
7-9		

Please use the space below to provide any additional information (optional).



Part 8: Taxpayer's Bill of Rights (TABOR)

8-1	Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))?	☐ Yes	☐ No
8-2	If no, MUST explain below.		

Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.

Please use the space below to provide any additional information (optional).

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Part 9: General Information

9-1	Is this application for a newly formed governmental entity?	☐ Yes	☐ No
9-2	If yes, what was the date of formation		
9-3	Has the entity changed its name in the past or current year?	☐ Yes	☐ No
9-4	If yes, please list the NEW name below.		
9-5	If yes, please list the PRIOR name below.		
9-6	Is the entity a metropolitan district?	☐ Yes	☐ No
9-7	Please indicate what services the entity provides below. Sanitation/storm, streets, traffic & safety, parks & rec, transportation, pest control, security, covenant enforcement, water		
9-8	Does the entity have an agreement with another government to provide services?	☐ Yes	☐ No
9-9	If yes, list the name of the other governmental entity and the services provided below. All services provided by Severance South Metropolitan District 1		
9-10	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
9-11	If yes, what was the date filed		
9-12	Does the entity have a certified mill levy?	☐ Yes	☐ No
	If yes, please provide the following mills levied for the year reported in lines 9-13 through 9-14. (Do not report \$ amounts.)		
9-13	Bond redemption mills	40.420	
9-14	General/other mills	10.105	
9-15	TOTAL MILLS (Add lines 9-13 through 9-14)	50.525000000000006	
9-16	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 (Section 32-1-207 C.R.S.)?	☐ N/A	☐ Yes ☐ No
9-17	If no, please explain below.		

Please use the space below to provide any additional information (optional).

Part 10: Governing Body Approval

10-1	If you plan to submit this form electronically, have you read the Electronic Signature Policy?	☐ Yes	☐ No
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Office of the State Auditor — Local Government Division Exemption Form Electronic Signature Policy and Procedure

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 must note their approval and submit the application using one of the following two methods:

- 1) Submit the application in hard copy via U.S. 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.

Governing Body Signatures

Print or type the names of all members of current governing body below.
A majority of the members of the governing body must sign below.

Board Member 1		
Board member's name	Elizabeth Elston	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<i>Elizabeth Elston</i>	03/16/2026
Board Member 2		
Board member's name	Eric McCarty	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<i>E. McCarty</i>	03/13/2026
Board Member 3		
Board member's name	Thomas Donkle	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<i>Thomas Donkle</i> Thomas Donkle (Mar 19, 2026 14:09:00 MDT)	03/19/2026
Board Member 4		
Board member's name	Kris Pickett	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<i>Kris A. Pickett</i> Kris A. Pickett (Mar 16, 2026 12:57:29 MDT)	03/16/2026
Board Member 5		
Board member's name	Lar Voss	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	<i>Lar Voss</i> Lar Voss (Mar 13, 2026 17:16:48 MDT)	03/13/2026
Board Member 6		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 7		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date