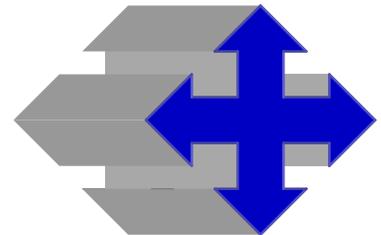


**Southeast Metro Stormwater Authority  
Initial Budget  
Fiscal Period Beginning September 19, 2006 and  
Ending December 31, 2006**



*Prepared by:*

***Government Financial Solutions, Inc.***  
1531 Kirkwood Drive  
Fort Collins, Colorado 80525  
(970) 218-0681



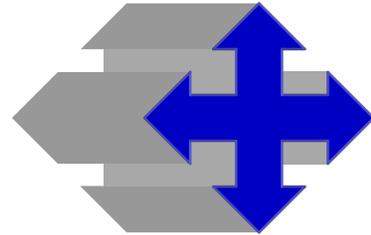
Date Adopted: October 18, 2006

**SOUTHEAST METRO STORMWATER AUTHORITY  
2006 BUDGET**

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**GOVERNMENT FINANCIAL SOLUTIONS, INC.**  
**PUBLIC SECTOR CONSULTANTS**  
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(970) 493-2585 Fax



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January 30, 2007

TO: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Gentlemen:

Attached is the 2006 budget for the Southeast Metro Stormwater Authority, submitted pursuant to Section 29-1-113, CRS. The Authority was formed on September 19, 2006, and this is its initial budget. The budget was adopted on October 18, 2006. If there are any questions on the budget, please contact David C. Agee, Government Financial Solutions, Inc., at (970) 218-0681 and 1531 Kirkwood Drive, Fort Collins, Colorado 80525. The budget message found on the pages immediately following this letter is presented to satisfy the provisions of §29-1-103(1)(e), CRS.

I hereby certify that the enclosed are true and accurate copies of the 2006 budget for the Southeast Metro Stormwater Authority.

Respectfully submitted,

/s/ *David C. Agee*

David C. Agee, Consulting Finance Director

SOUTHEAST METRO STORMWATER AUTHORITY  
BUDGET MESSAGE  
BUDGET PERIOD BEGINNING SEPTEMBER 19, 2006, AND  
ENDING DECEMBER 31, 2006

Introduction

Budgetary procedures for units of local government in Colorado are statutorily defined in the "Local Government Budget Law", Colorado Revised Statutes, §29-1-101 et seq. The Budget Law requires all local governments which appropriate money to prepare and adopt an annual budget. The Budget is prepared using the same classification of accounts as the annual financial statements. This results in the budget, the accounting records and the annual financial statements all following one set of guidelines.

Budgeting is an essential element of the financial planning, control and evaluation process of every successful local governmental unit. Therefore, the budget is not merely viewed as a statutory document from which appropriations are made. Rather, it is a study of the availability of revenue in planning for future expenditures. A thorough study of revenues and expenditures in relation to current economic conditions can identify a problem before difficulties are encountered. The annual budget covers all resources and expenditures in sufficient detail to allow intelligent financial decisions to be made as the year progresses. Such decisions will ultimately be made by comparing the expected revenues and expenditures in the budget to actual revenue and expenditures during the current and prior fiscal years. The Budget Law prohibits deficit financing in the budget.

Formation of the Authority

The Authority was formed on September 19, 2006, pursuant to section 29-1-204.2, C.R.S., by an Intergovernmental Agreement between Arapahoe County, the City of Centennial, the Arapahoe County Water and Wastewater Authority, the East Cherry Creek Valley Water and Sanitation District, and the Inverness Water and Sanitation District. The purpose of the Authority is to plan, fund, construct, acquire, operate and maintain drainage and flood control facilities as determined by the Authority's board of directors through a coordinated and cooperative intergovernmental effort.

## Enterprise Designation

Pursuant to Resolution 1, Series of 2006, the board of directors established the Authority as an enterprise as defined in Article X, Section 20 of the State of Colorado Constitution.

## Budget Format

The budget Law requires three columns of information:

1. The actual revenues and expenditures for the prior year.
2. Estimated revenues and expenditures for the current year.
3. Proposed revenues and expenditures and anticipated use of fund balances and working capital for the next year.

Since this is the initial budget for the Authority, the first two columns of information are not applicable.

## Budget Preparation

Preparation of the Budget begins with an initial comparison of resources and requirements. Resources for 2006 include loan proceeds and developers' contributions. Expenditure requirements for 2006 have been projected based on the best available estimates.

## Services to be Delivered During the Initial 2006 Budget Period

The Authority has budgeted for the following relating to the provision of stormwater services during the initial 2006 budget period: business startup, administration, and field operations. In addition, the Authority is authorized to utilize its available resources for any other legal purposes.

## Use of Estimates

The 2006 budgetary financial statements included herein are management's estimate of the most probable results of operations of the funds presented for these periods. Accordingly, the statements reflect management's judgement based on present circumstances of the most likely set of conditions and its most likely course of action. Contingencies have been built into the budget. However, the management policy of the Authority is such that the existence of a particular item or appropriation in the approved budget does not mean that it will or must be

automatically expended. The estimates and assumptions herein are those that management believes are significant to the budget or are key factors upon which the financial results of the Authority will depend. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to October 18, 2006, the date the Authority's budget was adopted. Therefore, the actual results achieved during 2006 will vary from the amounts estimated and budgeted, and the variations may be material.

#### Budgetary Basis of Accounting

The accompanying budget has been prepared on the cash basis of accounting. The cash basis is not in accordance with generally accepted accounting principles (GAAP). The principal departures from generally accepted accounting principles are the inclusion of proceeds from the issuance of debt, expenditures for capital outlay and debt principal reduction, the recording of revenues when received rather than when earned, and the recording of expenses when paid rather than when incurred.

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION NO. 4, SERIES OF 2006  
(Adoption of 2006 Budget)

WHEREAS, the proposed 2006 has been submitted to the Board of Directors and a hearing on the proposed 2006 budget was scheduled for October 18, 2006; and

WHEREAS, notice of the both the submittal of the budget to the Board of Directors as well as the consideration of the proposed budget was published in *The Villager* on October 12, 2006 as required by law; and

WHEREAS, a hearing has been held on the proposed 2006 budget; and

WHEREAS, a budget for the fiscal and calendar year 2006 has been considered by the Board of Directors of Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise approves and adopts the attached budget for the fiscal and calendar year of 2006.

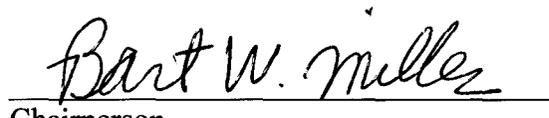
(SEAL)

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

Date: October 18, 2006

ATTEST:

  
Secretary

  
Chairperson

**2006 SEMSWA Budget  
(Cash Basis of Budgetary Accounting)**

	2005 <u>Amended Bdg</u>	2005 <u>Est Actual</u>	2006 <u>Requested Bdg</u>	2005/2006 <u>Bdg</u> \$ Variance	2005/2006 <u>Bdg</u> % Variance
<b>Operating Accounts</b>					
<i>Operating Revenue:</i>					
User Fees	\$ -	\$ -	\$ -	\$ -	
Interest	\$ -	\$ -	\$ 17,905	\$ 17,905	100.0%
<b>Total Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,905</b>	<b>\$ 17,905</b>	<b>100.0%</b>
<i>Operating Expenses:</i>					
Salaries & Benefits	\$ -	\$ -	\$ 44,481	\$ 44,481	100.0%
Building & Related	\$ -	\$ -	\$ 130,500	\$ 130,500	100.0%
Field Operations	\$ -	\$ -	\$ 409,750	\$ 409,750	100.0%
Services & Administration	\$ -	\$ -	\$ 245,925	\$ 245,925	100.0%
Consultant Services	\$ -	\$ -	\$ 440,000	\$ 440,000	100.0%
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,270,656</b>	<b>\$ 1,270,656</b>	<b>100.0%</b>
<b><i>Operating Income (Loss):</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,252,751)</b>	<b>\$ (1,252,751)</b>	<b>100.0%</b>

**Capital Improvement and Other Non-operating Accounts**

*Non-operating Revenue:*

Loan Proceeds	\$ -	\$ -	\$ 3,500,000	\$ 3,500,000	100.0%
City/County Capital Projects	\$ -	\$ -	\$ -	\$ -	100.0%
Developers' Contributions (Restricted)	\$ -	\$ -	\$ 1,200,000	\$ 1,200,000	100.0%
System Development Fees	\$ -	\$ -	\$ -	\$ -	100.0%
<b>Total Non-Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>	<b>100.0%</b>

**2006 SEMSWA Budget  
(Cash Basis of Budgetary Accounting)**

	<u>Amended Bdg</u>	<u>Est Actual</u>	<u>Requested Bdg</u>	<u>\$ Variance</u>	<u>% Variance</u>
<i>Non-operating Expenditures</i>					
Capital Projects - Unrestricted	\$ -	\$ -	\$ -	\$ -	100.0%
Capital Projects - Restricted	\$ -	\$ -	\$ -	\$ -	100.0%
Bank Loan Payments (Principle)	\$ -	\$ -	\$ -	\$ -	100.0%
Bank Loan Payments (Interest)	\$ -	\$ -	\$ -	\$ -	100.0%
Repayment of City and County Loans	\$ -	\$ -	\$ -	\$ -	100.0%
<b>Total Non-operating Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100.0%</b>
<b><i>Net Non-operating Revenue(Expend)</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>	<b>100.0%</b>
<b>Net Annual Program Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,447,249</b>	<b>\$ 3,447,249</b>	<b>100.0%</b>
Beginning Fund Balance at Beginning of Period	\$ -	\$ -	\$ -	\$ -	100.0%
Add (Subtract) Net Program Costs	\$ -	\$ -	\$ 3,447,249	\$ 3,447,249	100.0%
Less Reserves	\$ -	\$ -	\$ -	\$ -	100.0%
<b>Funds Available at End of Period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,447,249</b>	<b>\$ 3,447,249</b>	<b>100.0%</b>

Note: This is prepared using the cash basis of budgetary accounting (29-1-102 (2) (a) C.R.S.)

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION NO. 7, SERIES OF 2006  
(Appropriation of Funds for 2006)

WHEREAS, the Board has duly adopted a budget for the fiscal year (calendar) year of 2006 based upon loan proceeds, interest as well as developers' contributions to be received in 2006; and

WHEREAS, the Statute of the State of Colorado require that a resolution appropriating those loan proceeds, interest and developers' contributions (funds) be adopted prior to making expenditures; and

NOW, THEREFORE, BE IT RESOLVED THAT:

The following sums of money are hereby appropriated as of October 18, 2006 to the uses and purposes hereinafter indicated for the operation of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise.

**Operating Accounts**

<b>A. Fund Balance 9.19.06</b>	-0-
<b>B. Operating Revenue</b>	
1. User fees	-0-
2. Interest	17,905
<b>C. Operating Expenses</b>	
1. Salaries & Benefits	44,481
2. Building & Related	130,500
3. Field Operations	409,750
4. Services & Administration	245,925
5. Consultant Services	<u>440,000</u>
	1,270,656
<b>D. Operating Income (Loss)</b>	(1,252,751)

**Capital Improvement and Non-operating Accounts**

<b>E. Non-operating Revenue</b>	
1. Loan Proceeds	3,500,000
2. Developers' Contributions (Restricted)	1,200,000

**F. Total Non-Operating Revenue** 4,700,000

**G. Fund Balance 1.1.07**

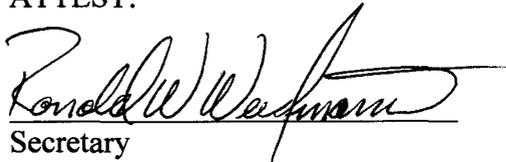
1. Restricted	1,200,000
2. Unrestricted	<u>2,247,249</u>
	3,447,249

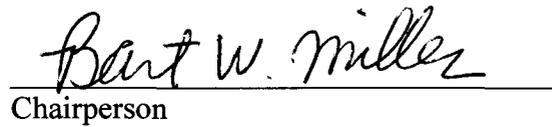
(SEAL)

SOUTHEAST METRO STORMWATER AUTHORITY  
acting by and through  
SEMSWA WATER ACTIVITY ENTERPRISE

Date: 11/22/2006

ATTEST:

  
Secretary

  
Chairperson