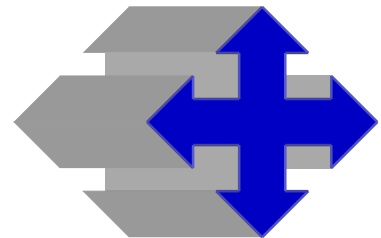


**Southeast Metro Stormwater Authority  
Annual Budget  
Fiscal Year Ending December 31, 2010**



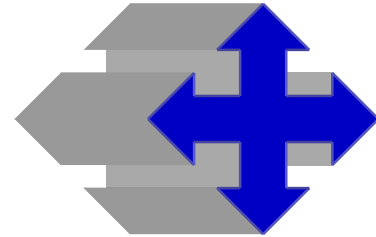
*Prepared by:*

***Government Financial Solutions, Inc.***  
P.O. Box 272910  
Fort Collins, Colorado 80527  
(970) 218-0681



Date Adopted: October 28, 2009

**GOVERNMENT FINANCIAL SOLUTIONS, INC.**  
**PUBLIC SECTOR CONSULTANTS**  
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(970) 218-0681 Phone  
(877) 351-7609 Fax



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January 28, 2010

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

Ladies and Gentlemen:

Attached is the 2010 budget for the Southeast Metro Stormwater Authority, submitted pursuant to Section 29-1-113, CRS. The budget was adopted on October 28, 2009. If there are any questions on the budget, please contact David C. Agee, Government Financial Solutions, Inc., at (970) 218-0681 and P.O. Box 272910, Fort Collins, Colorado 80527. 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 2010 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 YEAR ENDING DECEMBER 31, 2010

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.

In addition to the above, the 2009 budget, as amended, has been included with the proposed budget as well as projections for the years 2011 through 2014.

## Budget Preparation

Preparation of the Budget begins with an initial comparison of resources and requirements. Resources for 2010 include user fees, interest, intergovernmental revenue, system development charges, and fund balances carried forward from the previous fiscal year. Expenditures for 2010 have been projected based on the best available estimates.

## Services to be Delivered During the 2010 Budget Year

The Authority has budgeted for the following relating to the provision of stormwater services during the 2010 budget year: administration, floodplain and master planning, maintenance, water quality and special projects, land development, building and space costs, capital equipment purchases, debt service, and capital projects. In addition, the Authority is authorized to utilize its available resources for any other legal purposes.

## Use of Estimates

The budgetary financial statements included herein are management's estimate of the most probable results of operations 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 28, 2009, the date the Authority's 2010 budget was adopted. Therefore, the actual results achieved during the years shown 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 modified accrual basis of accounting. The modified accrual 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, and the recording of revenues when received rather than when earned.

SOUTHEAST METRO STORMWATER AUTHORITY  
LEASE DISCLOSURE  
BUDGET YEAR ENDING DECEMBER 31, 2010

In 2007, the Authority entered into a lease agreement for office space. The term of the lease is 7 years beginning in 2007, and ending in 2014. Initial base rent was \$10,666.67 per month. Each year at the anniversary of the commencement date of the lease, the monthly base rent will be increased by 4% over the base rent for the previous month. The aggregate base rent due over the term of the lease is \$1,010,982.

In addition to the base rent, rent payments will include amounts for the Authority's share of property taxes, insurance, common area costs, and management fees.

Total payments by the Authority under the lease agreement are expected to be approximately \$208,316 during 2010.

Also during 2007, the Authority entered into an equipment lease. The term of the lease is 36 months beginning in January of 2008. The stated interest rate is 0%. Payments of \$2,461 are due monthly. Total payments in 2010 are expected to be \$29,544 and total payments over the life of the lease are \$88,605.

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

RESOLUTION NO. 09-43  
(Adoption of 2010 Budget and Appropriation of Funds)

WHEREAS, a proposed 2010 budget has been submitted to the Board of Directors and a hearing on the proposed 2010 budget was scheduled for October 28, 2009; and

WHEREAS, notice of the submittal of the budget to the Board of Directors, notice of a budget hearing, and the consideration of the proposed budget was published in The Villager on October 15, 2009 as required by law; and

WHEREAS, a hearing was held on the proposed 2010 budget on October 28, 2008; and

WHEREAS, a budget for fiscal year 2010 has been considered by the Board of Directors of Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise; and

WHEREAS, the Local Government Budget Law of Colorado requires that a resolution adopting the budget and making appropriations be adopted on or before December 31 and prior to making expenditures.

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 year of 2010.

BE IT FURTHER RESOLVED THAT:

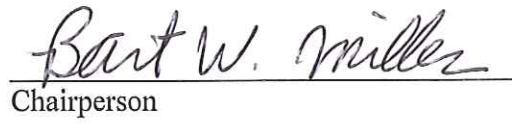
For the purpose of appropriating monies to pay the sum set forth in the 2010 budget, there is hereby appropriated from the balance on hand and the probable revenue for the ensuing year, the sum of \$8,898,956 for the purposes described therein.

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

Date: 10/28/2009

ATTEST:

  
Secretary

  
Chairperson

APPROVED AS TO FORM:

Attorney for  
Southeast Metro Stormwater Authority

By   
Edward J. Krisor

**Southeast Metro Stormwater Authority**  
**Budget Summary**  
**Year Ending December 31, 2010**

	2008	Revised						
Description	Actual	2009 Budget	Estimated 2009	2010 Budget	Projected 2011	Projected 2012	Projected 2013	Projected 2014
<b>Revenue</b>								
Revenue - Restricted	\$741,471.00	\$1,045,750.00	\$1,274,775.00	\$54,250.00	\$54,250.00	\$54,250.00	\$54,250.00	\$54,250.00
Revenue - Unrestricted	\$8,549,454.00	\$8,633,551.00	\$8,461,133.00	\$8,900,807.00	\$9,046,348.00	\$9,217,065.00	\$9,391,196.00	\$9,568,810.00
<b>Total Revenue</b>	<b>\$9,290,925.00</b>	<b>\$9,679,301.00</b>	<b>\$9,735,908.00</b>	<b>\$8,955,057.00</b>	<b>\$9,100,598.00</b>	<b>\$9,271,315.00</b>	<b>\$9,445,446.00</b>	<b>\$9,623,060.00</b>
<b>Expenses/Expenditures</b>								
Administration	\$1,464,370.00	\$1,519,965.00	\$1,419,046.00	\$1,362,639.00	\$1,382,614.00	\$1,418,913.00	\$1,456,616.00	\$1,495,816.00
Floodplain & Master Planning	\$505,554.00	\$560,369.00	\$536,883.00	\$470,221.00	\$483,589.00	\$497,481.00	\$511,929.00	\$526,969.00
Maintenance	\$1,120,737.00	\$1,425,762.00	\$1,399,858.00	\$1,550,849.00	\$1,614,592.00	\$1,660,699.00	\$1,708,769.00	\$1,758,932.00
Water Quality & Special Projects	\$731,290.00	\$938,872.00	\$923,042.00	\$953,190.00	\$986,141.00	\$1,020,663.00	\$1,056,868.00	\$1,094,872.00
Land Development	\$0.00	\$461,838.00	\$452,810.00	\$335,160.00	\$346,124.00	\$357,576.00	\$369,551.00	\$382,087.00
Building & Space	\$374,559.00	\$395,404.00	\$391,404.00	\$410,425.00	\$424,600.00	\$439,297.00	\$454,536.00	\$470,338.00
Capital Equipment Purchases	\$67,601.00	\$40,000.00	\$40,000.00	\$50,000.00	\$51,000.00	\$52,020.00	\$53,060.00	\$54,121.00
Loan Repayments	\$805,798.00	\$805,798.00	\$1,565,048.00	\$778,642.00	\$0.00	\$0.00	\$0.00	\$0.00
CIP Management	\$458,733.00	\$503,767.00	\$462,728.00	\$487,830.00	\$505,220.00	\$523,441.00	\$542,550.00	\$562,611.00
Capital Improvement Program	\$1,988,846.00	\$7,548,869.00	\$7,320,682.00	\$2,500,000.00	\$3,300,000.00	\$3,300,000.00	\$3,300,000.00	\$3,300,000.00
<b>Total Expenses/Expenditures</b>	<b>\$7,517,488.00</b>	<b>\$14,200,644.00</b>	<b>\$14,511,501.00</b>	<b>\$8,898,956.00</b>	<b>\$9,093,880.00</b>	<b>\$9,270,090.00</b>	<b>\$9,453,879.00</b>	<b>\$9,645,746.00</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$1,773,437.00</b>	<b>(\$4,521,343.00)</b>	<b>(\$4,775,593.00)</b>	<b>\$56,101.00</b>	<b>\$6,718.00</b>	<b>\$1,225.00</b>	<b>(\$8,433.00)</b>	<b>(\$22,686.00)</b>
<b>Fund Balance - Beginning</b>	<b>\$4,210,118.00</b>	<b>\$5,983,555.00</b>	<b>\$5,983,555.00</b>	<b>\$1,207,962.00</b>	<b>\$1,264,063.00</b>	<b>\$1,270,781.00</b>	<b>\$1,272,006.00</b>	<b>\$1,263,573.00</b>
<b>Fund Balance - Ending</b>	<b>\$5,983,555.00</b>	<b>\$1,462,212.00</b>	<b>\$1,207,962.00</b>	<b>\$1,264,063.00</b>	<b>\$1,270,781.00</b>	<b>\$1,272,006.00</b>	<b>\$1,263,573.00</b>	<b>\$1,240,887.00</b>