

SOUTHEAST METRO STORMWATER AUTHORITY
FINANCIAL STATEMENTS
AS OF JANUARY 31, 2026

**SOUTHEAST METRO STORMWATER AUTHORITY
COMPARATIVE BALANCE SHEET (BUDGETARY BASIS)
FOR THE MONTHS ENDED**

	<u>January 31, 2026</u>	<u>December 31, 2025</u>
ASSETS		
Current Assets		
Checking/Savings		
Cash - Checking	533,224	481,901
Total Checking/Savings	<u>533,224</u>	<u>481,901</u>
Other Current Assets		
ColoTrust	13,596,741	14,420,971
Due from County Treasurer	108,413	-
Prepaid Expenses	<u>-</u>	<u>106,369</u>
Total Other Current Assets	<u>13,705,154</u>	<u>14,527,340</u>
Total Current Assets	<u>14,238,378</u>	<u>15,009,241</u>
TOTAL ASSETS	<u>14,238,378</u>	<u>15,009,241</u>
LIABILITIES & FUNDS AVAILABLE		
Liabilities		
Current Liabilities		
Accounts Payable	109,947	552,081
Escrow Deposits/Collateral Held	3,541,079	3,533,007
Total Current Liabilities	<u>3,651,026</u>	<u>4,085,088</u>
Funds Available	<u>10,587,352</u>	<u>10,924,153</u>
TOTAL LIABILITIES & FUNDS AVAILABLE	<u>14,238,378</u>	<u>15,009,241</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
REVENUES			
Fees - Arapahoe County	15,077,988	120,943	(14,957,045)
Fees - Douglas County	541,626	8,171	(533,455)
Fees Refunds	(7,500)	-	7,500
SDFs	250,000	139,386	(110,614)
Permit and Review Fees	434,000	56,482	(377,518)
Interest Income	500,000	42,771	(457,230)
Miscellaneous Revenues	25,000	13,334	(11,666)
SPLASH Revenues	10,000	-	(10,000)
Delinquency Charges	3,500	-	(3,500)
Intergovernmental Revenues	217,844	-	(217,844)
TOTAL REVENUES	<u>17,052,458</u>	<u>381,087</u>	<u>(16,671,371)</u>
EXPENDITURES			
Administrative	2,746,444	244,614	2,501,830
Maintenance and Inspection	3,671,041	192,262	3,478,779
Environmental Resources	756,321	32,196	724,125
Engineering	2,668,766	131,733	2,537,033
Building and Space	774,882	15,719	759,163
Capital	849,785	71,194	778,591
Asset Maintenance			
Pipe Rehabilitation Program	2,530,474	-	2,530,474
Contract Maintenance	2,443,272	30,170	2,413,102
Total Asset Maintenance	<u>4,973,746</u>	<u>30,170</u>	<u>4,943,576</u>
CIP Projects	7,470,888	-	7,470,888
TOTAL EXPENDITURES	<u>23,911,873</u>	<u>717,888</u>	<u>23,193,986</u>
NET CHANGE IN FUNDS AVAILABLE	(6,859,415)	(336,801)	6,522,614
FUNDS AVAILABLE - BEGINNING	<u>10,924,153</u>	<u>10,924,153</u>	<u>-</u>
FUNDS AVAILABLE - ENDING	<u>4,064,738</u>	<u>10,587,352</u>	<u>6,522,614</u>

See selected information and the summary of significant assumptions.

SUPPLEMENTARY INFORMATION

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
REVENUES			
01_0000000_40018 - Fees-Arapahoe County-2024	50,000	30	(49,970)
01_0000000_40019 - Fees-Arapahoe County-2025	30,000	4,481	(25,520)
01_0000000_40020 - Fees-Arapahoe County-2026	14,997,988	116,432	(14,881,555)
01_0000000_41019 - Fees-Douglas County-2025	-	8,171	8,171
01_0000000_41020 - Fees-Douglas County-2026	541,626	-	(541,626)
01_0000000_40999 - Fee Refunds	(7,500)	-	7,500
01_0000000_42001 - SDFs SEMSWA	250,000	-	(250,000)
01_0000000_42111 - SDFs-Cottonwood	-	42,600	42,600
01_0000000_42112 - SDFs-Big Dry	-	120	120
01_0000000_42114 - SDFs-Cherry Creek	-	96,666	96,666
01_0000000_43003 - Other Permits	175,000	31,935	(143,065)
01_0000000_43004 - City Collected Review Fees	250,000	7,245	(242,755)
01_0000000_43006 - Other Review Fees	-	13,432	13,432
01_0000000_43007 - Noncompliance Fees	9,000	3,870	(5,130)
01_0000000_44001 - Interest Income	500,000	42,771	(457,230)
01_0000000_44002 - Miscellaneous Revenue	25,000	13,334	(11,666)
01_0000000_44003 - SPLASH Revenue	10,000	-	(10,000)
01_0000000_44004 - Delinquency Charges	3,500	-	(3,500)
01_0000000_45005 - Intergov Revenue - CCBWQA	100,000	-	(100,000)
01_0000000_45016 - Intergov Revenue - MHFD	50,000	-	(50,000)
01_0000000_45019 - Intergov Revenue - CWCB	67,844	-	(67,844)
TOTAL REVENUES	<u>17,052,458</u>	<u>381,087</u>	<u>(16,671,371)</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
EXPENDITURES			
Administrative			
01_0000001_51001 - Salaries	1,159,874	93,356	1,066,519
01_0000001_51005 - Director Salaries	8,000	-	8,000
01_0000001_51101 - Employer FICA	89,342	6,908	82,433
01_0000001_51102 - Employer Retirement	95,389	6,664	88,725
01_0000001_51104 - Employer Unemployment	3,504	181	3,323
01_0000001_51105 - Employer Health Insurance	116,726	9,052	107,674
01_0000001_51106 - Employer Dental	6,369	409	5,960
01_0000001_51107 - Employer Vision	1,107	82	1,025
01_0000001_51108 - Employer Disability/Life	3,925	316	3,608
01_0000001_52002 - Stormwater Fee Consulting	38,000	-	38,000
01_0000001_52101 - Legal Services	90,000	-	90,000
01_0000001_52102 - HR Consulting Services	55,000	1,871	53,129
01_0000001_52103 - Audit Services	20,500	-	20,500
01_0000001_52104 - Financial Services	140,000	10,750	129,250
01_0000001_52106 - County Treasurer's Fees	224,970	1,651	223,319
01_0000001_52107 - Benefits Administration	1,500	36	1,464
01_0000001_52110 - Software Maintenance	105,000	246	104,754
01_0000001_52112 - GIS Management	40,000	-	40,000
01_0000001_52115 - Payroll Service	11,000	1,188	9,812
01_0000001_52207 - Coffee Service	2,000	216	1,784
01_0000001_52401 - Mileage Reimbursement	1,000	-	1,000
01_0000001_52403 - Business Meals	2,000	-	2,000
01_0000001_52405 - Training	25,000	-	25,000
01_0000001_52406 - Tuition Reimbursement	1,200	-	1,200
01_0000001_52501 - HR Advertising	10,000	-	10,000
01_0000001_52502 - Legal Publications	200	-	200
01_0000001_52503 - Workers Compensation	48,276	42,514	5,762
01_0000001_52504 - Property & Liability Insurance	85,562	62,205	23,357
01_0000001_52505 - Printing & Publishing	3,000	-	3,000
01_0000001_52510 - Other Contractual Services	101,000	5,217	95,782
01_0000001_52511 - Dues & Subscriptions	15,000	1,470	13,530
01_0000001_52512 - Postage	2,500	1	2,499
01_0000001_52513 - Safety Committee	10,000	-	10,000
01_0000001_53007 - Computer Software	2,500	-	2,500
01_0000001_53201 - Office Supplies	22,000	281	21,719
01_0000001_54102 - Database Software	125,000	-	125,000
01_0000001_54104 - Major Software Systems-Energov	80,000	-	80,000
Total Administrative	<u>2,746,444</u>	<u>244,614</u>	<u>2,501,830</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
Maintenance and Inspection			
01_0000003_51001 - Salaries	1,706,615	123,534	1,583,081
01_0000003_51002 - Salaries-Seasonal/Intern	16,000	-	16,000
01_0000003_51003 - Salaries-Overtime	7,000	-	7,000
01_0000003_51101 - Employer FICA	132,316	9,062	123,254
01_0000003_51102 - Employer Retirement	153,595	10,104	143,492
01_0000003_51104 - Employer Unemployment	5,189	237	4,952
01_0000003_51105 - Employer Health Insurance	244,494	20,031	224,462
01_0000003_51106 - Employer Dental	13,268	909	12,359
01_0000003_51107 - Employer Vision	2,308	183	2,126
01_0000003_51108 - Employer Disability/Life	8,356	704	7,652
01_0000003_52001 - Professional Services	20,000	-	20,000
01_0000003_52012 - Dump Fees	50,000	318	49,682
01_0000003_52013 - Mowing, Vegetation & Debris Mgt	400,000	-	400,000
01_0000003_52040 - 811 Contract	210,000	10,530	199,470
01_0000003_52218 - Landscape Maint - Drainage Prop	40,000	-	40,000
01_0000003_52220 - Rodent Control	15,000	-	15,000
01_0000003_52221 - High Line Canal Maintenance	100,000	-	100,000
01_0000003_52301 - Cellular Telephone	15,000	737	14,263
01_0000003_52302 - Equipment Rental	45,000	-	45,000
01_0000003_52303 - Vehicle Maintenance	90,000	5,603	84,397
01_0000003_52307 - Equipment Maintenance	50,000	258	49,742
01_0000003_52308 - Trucking	39,000	-	39,000
01_0000003_52401 - Mileage Reimbursement	2,500	-	2,500
01_0000003_52403 - Business Meals	1,500	175	1,325
01_0000003_52405 - Training	50,000	-	50,000
01_0000003_52510 - Other Contractual Services	10,000	229	9,771
01_0000003_52511 - Dues & Subscriptions	3,000	2,520	480
01_0000003_52513 - Utilities & Maint-SEMSWA Owned	12,000	465	11,535
01_0000003_53002 - Field Operating Supplies	30,000	3,056	26,943
01_0000003_53003 - Tools	8,000	-	8,000
01_0000003_53006 - Uniforms	13,000	496	12,504
01_0000003_53101 - Gas & Oil	55,000	-	55,000
01_0000003_53102 - Vehicle Parts & Supplies	17,000	3,111	13,889
01_0000003_53206 - Vehicle GPS	5,900	-	5,900
01_0000003_54201 - Other Capital Outlay	100,000	-	100,000
Total Maintenance and Inspection	<u>3,671,041</u>	<u>192,262</u>	<u>3,478,779</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
Environmental Resources			
01_0000004_51001 - Salaries	274,731	20,535	254,196
01_0000004_51101 - Employer FICA	21,017	1,474	19,543
01_0000004_51102 - Employer Retirement	23,826	1,805	22,020
01_0000004_51104 - Employer Unemployment	794	39	755
01_0000004_51105 - Employer Health Insurance	28,278	2,178	26,100
01_0000004_51106 - Employer Dental	1,416	91	1,325
01_0000004_51107 - Employer Vision	246	18	228
01_0000004_51108 - Employer Disability/Life	872	71	802
01_0000004_52001 - Professional Services	135,000	1,462	133,538
01_0000004_52009 - Curbside	90,000	4,428	85,572
01_0000004_52016 - Program 1 & 2 Outreach	40,306	-	40,306
01_0000004_52401 - Mileage Reimbursement	250	-	250
01_0000004_52403 - Business Meals	1,000	20	980
01_0000004_52405 - Training	11,500	24	11,476
01_0000004_52505 - Printing & Publishing	20,000	-	20,000
01_0000004_52506 - Permit Fees	9,720	-	9,720
01_0000004_52507 - Cherry Creek Stewardship Partners	6,500	-	6,500
01_0000004_52508 - Colorado Stormwater Council	1,365	-	1,365
01_0000004_52509 - SPLASH	18,000	-	18,000
01_0000004_52510 - Other Contractual Services	15,000	-	15,000
01_0000004_52511 - Dues & Subscriptions	4,500	30	4,470
01_0000004_53002 - Field Operating Supplies	1,000	-	1,000
01_0000004_53005 - Other Operating Equipment	1,000	21	979
01_0000004_53511 - Private Detention Pond Program	50,000	-	50,000
Total Environmental Resources	<u>756,321</u>	<u>32,196</u>	<u>724,125</u>
Engineering			
01_0000010_51001 - Salaries	1,335,888	100,149	1,235,739
01_0000010_51101 - Employer FICA	102,195	7,273	94,922
01_0000010_51102 - Employer Retirement	120,230	8,801	111,429
01_0000010_51104 - Employer Unemployment	4,008	190	3,818
01_0000010_51105 - Employer Health Insurance	143,375	10,391	132,984
01_0000010_51106 - Employer Dental	7,030	455	6,575
01_0000010_51107 - Employer Vision	1,232	91	1,141
01_0000010_51108 - Employer Disability/Life	4,360	352	4,008
01_0000010_52001 - Professional Services	464,519	-	464,519
01_0000010_52006 - Master Planning	445,494	-	445,494
01_0000010_52401 - Mileage Reimbursement	3,050	-	3,050
01_0000010_52403 - Business Meals	1,400	181	1,219
01_0000010_52405 - Training	28,235	150	28,085
01_0000010_52505 - Printing & Publishing	250	-	250
01_0000010_52511 - Dues & Subscriptions	4,500	3,700	800
01_0000010_53003 - Tools	3,000	-	3,000
Total Engineering	<u>2,668,766</u>	<u>131,733</u>	<u>2,537,033</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
Building and Space			
01_0000006_52105 - IT Management	135,000	690	134,310
01_0000006_52202 - Cleaning Services	36,000	2,432	33,568
01_0000006_52203 - Building Maintenance	20,000	4,095	15,904
01_0000006_52205 - Electric and Gas Service	60,000	4,758	55,242
01_0000006_52209 - Other Building and Space Costs	20,000	180	19,820
01_0000006_52210 - New Building Loan	304,682	-	304,682
01_0000006_52211 - Internet and Telephone	38,000	-	38,000
01_0000006_52212 - Security System	10,000	298	9,702
01_0000006_52213 - Trash Service	13,000	640	12,360
01_0000006_52214 - Water Service and Sewer	25,000	919	24,081
01_0000006_52216 - Pest Control Service	1,200	190	1,010
01_0000006_52217 - HVAC Maintenance	20,000	-	20,000
01_0000006_52218 - Landscape Maintenance	50,000	-	50,000
01_0000006_53204 - Building Supplies	12,000	830	11,170
01_0000006_54105 - Office Furniture & Equipment	30,000	687	29,314
Total Building and Space	<u>774,882</u>	<u>15,719</u>	<u>759,163</u>
Capital			
01_0000007_52514 - Grant Program	108,408	-	108,408
01_0000007_54001 - Vehicles	200,000	70,500	129,500
01_0000007_54002 - Vehicle Accessories	100,000	-	100,000
01_0000007_54202 - Building	406,377	-	406,377
01_0000007_54305 - Computer/Equipment	35,000	694	34,306
Total Capital	<u>849,785</u>	<u>71,194</u>	<u>778,591</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
Asset Maintenance			
Pipe Rehabilitation Program			
01_0000011_54471 - Pipe Rehabilitation Program	2,530,474	-	2,530,474
Total Pipe Rehabilitation Program	<u>2,530,474</u>	<u>-</u>	<u>2,530,474</u>
Contract Maintenance			
01_0000011_54527 - Trib C Inverness Forebay/Channel	10,000	-	10,000
01_0000011_54541 - D-0 Retrofit	20,000	-	20,000
01_0000011_54542 - 550 E. Briarwood	100,000	-	100,000
01_0000011_54554 - S. Trenton Outfall	200,000	-	200,000
01_0000011_54565 - W6/7 Pond retrofit	15,000	-	15,000
01_0000011_54566 - Panorama improvements	200,000	-	200,000
01_0000011_54573 - City Concrete 2025	21,000	20,624	376
01_0000011_54574 - County Concrete 2025	10,000	9,546	454
01_0000011_54575 - Public Pipes through HOA	133,272	-	133,272
01_0000011_54576 - Bank stabil. downstream Quebec	100,000	-	100,000
01_0000011_54577 - IGC hole 13 creek repairs	10,000	-	10,000
01_0000011_54584 - Caley-Fair Drainage	20,000	-	20,000
01_0000011_54585 - City Concrete Replacement 2026	100,000	-	100,000
01_0000011_54586 - County Concrete Replm. 2026	100,000	-	100,000
01_0000011_54587 - 2026 County Vegetation Mgmt.	120,000	-	120,000
01_0000011_54588 - 2026 City Vegetation Management	150,000	-	150,000
01_0000011_54589 - County Sediment Removals 2026	80,000	-	80,000
01_0000011_54590 - City Sediment Removals 2026	80,000	-	80,000
01_0000011_54591 - City Raising Manholes	50,000	-	50,000
01_0000011_54592 - County Raising Manholes	50,000	-	50,000
01_0000011_54593 - Clinton-Fulton St. Pond	44,000	-	44,000
01_0000011_54594 - Hudson Ct. & Holly Improvements	150,000	-	150,000
01_0000011_54595 - Quebec Pond A. Retrofit	40,000	-	40,000
01_0000011_54596 - Cottonwood Trib C Erosion DS	150,000	-	150,000
01_0000011_54597 - Cottonwood Trib C Check Structure	175,000	-	175,000
01_0000011_54598 - Bear Park Stabilization	15,000	-	15,000
01_0000011_54600 - BDB Stabl. US Arapahoe Bridge	100,000	-	100,000
01_0000011_54601 - C3/4 Retrofit	200,000	-	200,000
Total Contract Maintenance	<u>2,443,272</u>	<u>30,170</u>	<u>2,413,102</u>
Total Asset Maintenance	<u>4,973,746</u>	<u>30,170</u>	<u>4,943,576</u>

See selected information and the summary of significant assumptions.

**SOUTHEAST METRO STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
FOR PERIODS MONTHS ENDED January 31, 2026**

	<u>Annual Budget</u>	<u>Year To Date Actual</u>	<u>Variance</u>
CIP Projects			
01_1810016_55555 - CIP Project Restoration/ Monitoring	150,000	-	150,000
01_1900010_55555 - Happy Canyon Jordan Rd-Broncos	400,000	-	400,000
01_2000007_55555 - Dove Creek Otero to Chambers	10,000	-	10,000
01_2100001_55555 - Willow Creek Stab. County Line	950,000	-	950,000
01_2100002_55555 - Lee Gulch at Clarkson Street	105,000	-	105,000
01_2100004_55555 - Cherry Creek Reaches 3 and 4	200,000	-	200,000
01_2200002_55555 - Piney Creek Reaches 1 and 2	940,000	-	940,000
01_2300001_55555 - Cottonwood Creek Downstream	2,100,000	-	2,100,000
01_2300002_55555 - West Spring Creek Downstream	140,000	-	140,000
01_2300003_55555 - Dutch & Racoon to S.P. Canyon	250,000	-	250,000
01_2300004_55555 - Wetland Mitigation BC Purchase	170,000	-	170,000
01_2400001_55555 - Piney Creek Reach 4	235,000	-	235,000
01_2400002_55555 - Cottonwood Creek Basin Impr.	325,000	-	325,000
01_9900000_55555 - Future CoC Funds - Drainage Impr.	300,000	-	300,000
01_9900001_55555 - Future Arap County Funds	200,000	-	200,000
01_2400003_55555 - Dove Creek Jordan Rd Sewer	300,000	-	300,000
01_2500002_55555 - Lone Tree Pond L-2 WQ Retrofit	30,000	-	30,000
01_2500003_55555 - Dove Creek Pond D-1 EURV Retrofit	110,000	-	110,000
01_2500006_55555 - Windmill Creek Dwnstm Fremont Ave	90,000	-	90,000
01_2500007_55555 - Coal Creek at County Line Drainage	12,000	-	12,000
01_2600001_55555 - Big Dry Creek Nobles Trib Analysis	50,000	-	50,000
01_2600002_55555 - Four Sq. Mile Storm Sewer Analysis	100,000	-	100,000
01_2600003_55555 - Coal Crk @ Countyline Warning Sys	50,000	-	50,000
01_2600005_55555 - Minor Capital	250,000	-	250,000
01_0711005_55555 - Planned Projects	3,888	-	3,888
Total CIP Projects	<u>7,470,888</u>	<u>-</u>	<u>7,470,888</u>
TOTAL EXPENDITURES	<u>23,911,873</u>	<u>717,888</u>	<u>23,193,986</u>
 NET CHANGE IN FUNDS AVAILABLE	 (6,859,415)	 (336,801)	 6,522,614
 FUNDS AVAILABLE - BEGINNING	 <u>10,924,153</u>	 <u>10,924,153</u>	 <u>-</u>
 FUNDS AVAILABLE - ENDING	 <u>4,064,738</u>	 <u>10,587,352</u>	 <u>6,522,614</u>

See selected information and the summary of significant assumptions.

SOUTHEAST METRO STORMWATER AUTHORITY
SELECTED INFORMATION
FOR THE PERIOD ENDED JANUARY 31, 2026

Notes to the Reader:

The financial statements of the Authority have been prepared in accordance with the criteria established by the Governmental Accounting Standards Boards ("GASB"), which is the source of authoritative accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental entities. The Authority's financial statements are prepared using the accrual basis of accounting. The financial statements include the following departures from GAAP:

- Management's discussion and analysis and substantially all disclosures required are omitted.
- The statement of cash flows has been omitted.

The financial forecasts present, to the best of management's knowledge and belief, the Authority's expected results of operations and cash flows for the forecast periods. Accordingly, the forecasts reflects its judgment as of October 8, 2025, the date these forecasts were prepared, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements are developed by the Authority to comply with GAAP, although there may be departures from GAAP not identified. These statements are primarily intended for use in managing the Authority's operations and may not be suitable for other purposes. Users should be aware of these limitations when utilizing the financial statements.

SOUTHEAST METRO STORMWATER AUTHORITY 2026 BUDGET SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

Budgetary Basis of Accounting

The Authority prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the Authority believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Significant Assumptions

- ☐ Stormwater utility fees are calculated based on impervious areas of all parcels within the boundaries of the Authority.
- ☐ Operating expenses were budgeted based upon prior year budgets with increases in certain personnel related expenses such as payroll, benefits, training, dues, and other professional services.
- ☐ Capital improvement project costs are prioritized through careful considerations by the Authority's engineering team and can be funded with the assistance of other governmental agencies through intergovernmental agreements.
- ☐ Reserves have been established for vehicle replacement, major building repairs, and computer replacements in 2026.