
MEMORANDUM

TO: BOARD OF DIRECTORS OF SEMSWA
FROM: ED KRISOR
SUBJECT: DOLA, REQUIREMENT OF PUBLICATION OF NOTICE AND
ADOPTION OF BUDGET
DATE: 10/2/2006
CC: STEVE GARDNER

After the SEMSWA Board Meeting of last Thursday, I telephoned DOLA and spoke to Susanna Lienhard, Division of Local Government, who is designated as the person available to answer local government's questions in regard to budgeting.

The initial purpose of my telephone call was to obtain the proper format for the submission to DOLA of SEMSWA's budgets both for 2006 and in the future. Ms. Lienhard provided that format to me as well as DOLA's 381 page *Financial Management Manual A Guide for Colorado Local Governments*. Both the budget format as well as the Manual have been sent to Steve Gardner via email.

In the course of that conversation, we discussed the process of SEMSWA adopting a budget both for 2006 as well as future years. The applicable statute provides for an October 15th deadline for submission of a proposed budget to the Board for the next fiscal year. Obviously, SEMSWA cannot meet that deadline for 2006 but will do so for 2007. In addition, the applicable statutes required that a "local government" publish a notice once in a newspaper of general circulation within the boundaries of the local government. The notice for SEMSWA would be similar to the *NOTICE OF BUDGET* attached.

I suggested to Ms. Lienhard that the budget that was adopted at last Thursday's Board Meeting was that of the enterprise since the enterprise would be receiving fees and loan proceeds from the approved loan. She said unequivocally that both DOLA and the Colorado State Auditor do not see an enterprise as separate and apart from the entity that created it and therefore it is both of their opinions that, for purposes of interpretation of the Colorado Revised Statutes, an enterprise should be viewed as part of the entity that created it. Thus, in our case, they would view the SEMSWA Water Activity Enterprise as part of SEMSWA. In addition, although technically SEMSWA cannot meet the October 15th deadline in regard to its 2006 budget, she was of the opinion that SEMSWA should do everything that it could to meet the requirements of the statute. The net effect of those opinions is that SEMSWA would be required to publish notice of its budget for 2006 as well as 2007 before it could adopt the same.

It is my recommendation that the Board of Directors adopt the attached Resolution in regard to the publication of notices, that the attached Notice be published in *The Villager* as soon as possible and that the 2006 budget be readopted at the Board's October 18th Board Meeting along with the adoption of the 2007 budget, if the Board is ready to do so at the time. The required Notice only requires that the Board consider the budget not adopt it at the meeting noted in the Notice.

Although this delays a few matters a small amount of time, I would prefer to be overly cautious in regard to the adoption of SEMSWA budgets as well as satisfying all of the requirements of DOLA and the Colorado State Auditor especially in light of the recent publicity in regard to metropolitan districts.

Thank you for your patience in regard to getting SEMSWA up and running.

Ed