

**MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)  
REGULAR MEETING AGENDA**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Butch Gabrielski	President	May 2023
Wayne Reorda	Secretary/Treasurer	May 2025
Bill Gessner	Asst. Secretary/Treasurer	May 2023
Mike Fenton	Asst. Secretary/Treasurer	May 2023
Tom Sauer	Asst. Secretary/Treasurer	May 2025

**DATE:** Wednesday, November 2, 2022

**TIME:** 10:30 a.m. or as soon thereafter as possible upon adjournment of the MRMD meeting

**PLACE:** Meridian Ranch Recreation Center  
10301 Angeles Road  
Peyton, CO 80831

**The Public may participate in person or by following this link [Click here to join the meeting](#) or by telephone by calling +1 872-242-8662 and using Phone Conference ID: 318213414#**

**I. ADMINISTRATIVE ITEMS:**

- A. Call to Order
- B. Conflicts of Interest
- C. Approve Agenda
- D. Visitor Comments (Limited to 3 minutes per resident or household)
- E. Review and Approve October 5, 2022, Regular Board Meeting Minutes and October 13, 2022, Special Meeting Minutes (enclosure) ***Pages 3-8***

**II. FINANCIAL ITEMS:**

- A. Review and Accept MSMD Cash Position Summary and Unaudited Financial Statements (enclosure and/or distributed under separate cover) ***Pages 9-12***
- B. Review Tap Fee Report for Information Only (enclosure and/or distributed under separate cover) ***Pages 22 & 23***
- C. Receive Finance Committee Report ***Page 24***
- D. Review, Ratify and Approve Monthly Payment of Claims (enclosure and/or distributed under separate cover) ***Pages 25 & 26***
- E. Conduct Public Hearing to Certify Delinquent Accounts
- F. Consider and Adopt Resolution MSMD 22-03 Certifying Delinquent Accounts (enclosure) ***Pages 27 & 28***
- G. Receive Staff Report and Provide Direction to Staff on 2022 Amended Budget and Proposed 2023 Budget and Fees, for November Budget Workshop ***Supplement***

**III. OPERATIONS & ENGINEERING ITEMS:**

- A. Information Items (No Action)
  - 1. MSMD Operations Reports – Water, Sewer, Parks and Grounds, Recreation (enclosure and/or handout) ***Pages 29-31***
  - 2. Manager’s Verbal Report

**IV. ACTION ITEMS:**

- A. Consider and Approve Notice of Award with (Contractor to be Determined), for Construction of the Water Filter Plant Expansion Project. ***Supplement***

- B. Consider and Accept Raftelis Capital Buildout Plan Financing Model as a Guidance Document for Financing Future Capital Projects. **Pages 32-61**
- C. Consider length of Recreation Center privilege suspension for four individuals for abuse of Recreation Staff.

**V. DIRECTOR ITEMS:**

**VI. LEGAL ITEMS:**

**VII. ADJOURNMENT:**

**The Board has scheduled a budget workshop on Wednesday, November 16, 2022, at 6:30 p.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.**

**The next regular meeting of the Board is scheduled for Wednesday, December 7, 2022, at 10:30 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.**

# RECORD OF PROCEEDINGS

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## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)

**Held:** October 5, 2022, 11:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

**Attendance:** The following Directors were in attendance:

Butch Gabrielski, President  
Wayne Reorda, Secretary/Treasurer  
Bill Gessner, Asst. Secretary/Treasurer  
Mike Fenton, Asst. Secretary/Treasurer  
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District  
Jennette Coe; Meridian Service Metro District  
Beth Aldrich; Meridian Service Metro District  
Eileen Krauth; Meridian Service Metro District  
Braden McCrory; Meridian Service Metro District  
Ryan Kozlowski; Meridian Service Metro District  
Aleks Myszkowski; Meridian Service Metro District  
Ron Fano; Spencer Fane  
Tom Kerby; Tech Builders  
Raul Guzman; Tech Builders  
Adrian Vafides; Resident

**Call to Order** A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 11.05 a.m.

**Disclosure Matter** Mr. Fano noted that written disclosures of the interests of all Directors have been filed with the Secretary of State.

**Approve Agenda** The Board reviewed the Agenda. A motion was made to approve the agenda. The motion was seconded and approved by unanimous vote of directors present.

**Visitor Comments** There were none.

**Approve Minutes** The Board reviewed the September 14, 2022, Board Minutes and a motion was made, and seconded to approve the minutes as presented. The motion was approved by unanimous vote of directors present.

# RECORD OF PROCEEDINGS

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## Financial Items

Cash Position Summary and Financial Statements: Ms. Coe reviewed the cash position summary and monthly financial reports for August 2022. Ms. Coe also presented the 2023 draft budget to the Board and explained that it includes proposed amendments to the 2022 budget in the capital and sewer funds due to the recent \$5 million repayment to GTL Development and revenue from the recent sale of a sewer line to FAWWA. A motion was made and seconded to accept the cash position summary and financial statements as presented. The motion was approved by unanimous vote of directors present.

Review 2022 Tap Fee Report: Ms. Coe reviewed the September 2022 Tap Fee Report with the Board for information only.

Approval of Payment of Claims: Ms. Coe reviewed the updated claims presented for approval and ratification for this meeting:

Interim: Payments for ratification totaling \$492,948.52

MSMD: Payments totaling \$563,854.50

A motion was made and seconded to approve and ratify the MSMD payment of claims. The motion was approved by unanimous vote of directors present.

Receive Finance Committee Report: Ms. Coe noted the Finance Committee met on September 23, 2022, and she gave a summary of the Finance Committee Report on page 25 of the packet. The September Interim payments were reviewed and signed by Director Gabrielski and Director Sauer.

Discussion on engagement of Auditor Services for 2022 Audit: Ms. Coe informed the Board that Biggs Kofford has decided not to continue their engagement as the District's auditor. She is currently searching for a replacement.

## Operations & Engineering Items

### Information Items:

MSMD Operations Reports:

- Mr. McCrory presented the water, sewer, parks and grounds, and drainage operation reports which included information from pages 26 and 27. Mr. McCrory also noted:
  - Coordinating with Cherokee on and upcoming shutdown of the force main in order to bring the new water treatment plant online
  - Program changes relating to filter plant expansion.
- Mr. Kozlowski presented the Recreation Center Report to the Board which included information from page 28 of the Board Packet.

## RECORD OF PROCEEDINGS

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Managers Verbal Report: Mr. Nikkel provided status reports on the following matters:

- The relining of water storage tank #3 should be completed by late November, depending on weather.
- We will be accepting bids for the Filter Plant expansion project on October 27, 2022. Items and parts have been ordered, and the project should be completed by the end of May 2023.
- Mr. Nikkel asked the Board to consider a project to upgrade the District's meter reading system by installing automated meters and working with a consultant to help obtain matching grant funds through the U.S. Bureau of Reclamation. The Board agreed that Mr. Nikkel should move forward with preliminary work on the project.

Action Items:

- A. Consider and accept agreement with Swedish Industrial Coatings, LLC. For repairs and relining of water storage tank No. 3, \$346,202.00: A motion was made and seconded to accept the agreement with Swedish Industrial Coatings for the repair and relining of water storage tank No. 3. The motion was approved by unanimous vote of Directors present.
- B. Consider length of Recreation Center privilege suspension for use of a prohibited substance (Cannabis) within the Recreation Center: A motion was made and seconded to suspend two individuals' privileges for six months. The motion was approved by unanimous vote of Directors present.
- C. See Item IV.B.

### Director Items

There were none.

### Legal Items

Conduct Public Hearing on Proposed Resolution 22-02 declining all participation in Colorado's Family and Medical Leave Insurance Program (FAMLI): A motion was made and seconded to open a public hearing. The motion was approved by unanimous vote of Directors present.

There were no comments from the public.

A motion was made and seconded to close the public hearing. The motion was approved by unanimous vote of Directors present.

Consider Adoption of Resolution 22-02 declining all participation in Colorado's Family and Medical Leave Insurance Program (FAMLI): Following a discussion of the FAMLI program and upon being advised that all employees had been

## RECORD OF PROCEEDINGS

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notified of the public hearing to determine whether the Board would elect to decline participation in FAMLII, a motion was made and seconded to adopt Resolution 22-02 declining all participation in Colorado's Family and Medical Leave Insurance (FAMLII) program. The motion was approved by unanimous vote of Directors present.

### **Adjournment**

There being no further business to come before the Board, the President adjourned the meeting at 11:54.

The next regular meeting of the Boards is scheduled for November 2, 2022 at 10:30 a.m. or as soon thereafter as possible upon adjournment of the MRMD meeting, at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

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Secretary for the Meeting

# RECORD OF PROCEEDINGS

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## MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)

**Held:** October 13, 2022, 9:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

**Attendance:** The following Directors were in attendance:

Butch Gabrielski, President  
Wayne Reorda, Secretary/Treasurer  
Bill Gessner, Asst. Secretary/Treasurer (via videoconference)  
Mike Fenton, Asst. Secretary/Treasurer  
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District  
Jennette Coe; Meridian Service Metro District  
Beth Aldrich; Meridian Service Metro District  
Eileen Krauth; Meridian Service Metro District (via audioconference)  
Deb Williams; Meridian Service Metro District (via audioconference)  
Carrie Billingsly; Meridian Service Metro District (via audioconference)  
Raul Guzman; Tech Builders (via audioconference)  
Robert Guevara; Resident (via audioconference)  
Todd Cristiano; Raftelis

**Call to Order** A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 9:03 a.m.

**Conflicts of Interest** There were none.

**Approve Agenda** The Board reviewed the Agenda. A motion was made to approve the agenda. The motion was seconded and approved by unanimous vote of directors present.

**Administrative Items** Presentation of Buildout Capital Improvement Plan and Financing Options by Todd Cristiano with Raftelis: Mr. Cristiano presented the 2022 Water and Wastewater Financial Plan and Fee Study to the Board. Following discussion, the Board requested that staff finalize the study report. Any decisions regarding the study will be scheduled for a future meeting.

**Adjournment** There being no further business to come before the Board, the President adjourned the meeting at 10:45 a.m.

## RECORD OF PROCEEDINGS

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The next regular meeting of the Board is scheduled for November 2, 2022 at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

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Secretary for the Meeting

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**MERIDIAN SERVICE METROPOLITAN DISTRICT  
CASH POSITION SUMMARY  
For the Period Ended September 30, 2022  
Adjusted as of October 31, 2022**

	<b>CHECKING Wells Fargo</b>
<b>Account Activity Item Description</b>	
<b>Cash balance at end of period</b>	<b>\$ 5,368,333</b>
<b>October activity:</b>	
Utility billing from residents	518,585
Recreation Center Program Fees	12,872
Tap fees and meter fees (In)	42,395
Tap fees transferred to MRMD (Out)	(19,000)
El Paso County Collection of Delinquent Accounts	1,408
AT&T, Falcon Freedom Days and reimbursements	25,651
Payroll	(176,019)
Reserve Transfers	54,757
Transfer to Clean Water Loan Fund	(42,303)
October checks and payments	
Operations incl. interim payments	(755,224)
Interest, fees and returned checks	(582)
<b>Sub-total</b>	<b>5,030,875</b>
November 2nd payment Estimate	160,000
<b>Adjusted balance</b>	<b>\$ 5,190,875</b>
Less restricted funds as of October 31, 2022:	
Conservation Trust Funds	-
5% Reserve Fund	(51,582)
Sewer Reserve Fund	(25,017)
Capital Project Funds	(462,490)
Rate Stabilization Fund	-
Capital TDS	(1,846,824)
<b>Adjusted Unrestricted Balance</b>	<b>\$ 2,804,962</b>

**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
**CASH POSITION RECONCILED TO GENERAL LEDGER**  
**CASH POSITION SUMMARY**  
For the Period Ended September 30, 2022  
Adjusted as of October 31, 2022

Account Activity Item Description	Checking Wells Fargo	Petty Cash	INVESTMENTS ColoTrust Plus/Edge					Bank of San Juan Loan Funds	Zions Bank Loan & Reserve Fund	TOTAL ALL ACCOUNTS
			Conservation Trust Funds	5% Reserve	Sewer Reserve (\$2)	Capital Project Funds	Rate Stabilization Funds			
<b>Cash balance at end of period</b>	<b>5,368,333</b>	<b>386</b>	<b>79,911</b>	<b>2,202,079</b>	<b>443,249</b>	<b>6,446,210</b>	<b>652,124</b>	<b>125,029</b>	<b>281,529</b>	<b>15,598,850</b>
<b>October activity:</b>										
Utility billing from residents	518,585	-	-	-	-	-	-	-	-	518,585
Recreation Center Program Fees	12,872	-	-	-	-	-	-	-	-	12,872
Tap fees and meter fees (In)	42,395	-	-	-	-	-	-	-	-	42,395
Tap fees transferred to MRMD (Out)	(19,000)	-	-	-	-	-	-	-	-	(19,000)
El Paso County Collection of Delinquent Accounts	1,408	-	-	-	-	-	-	-	-	1,408
AT&T, Falcon Freedom Days and reimbursements	25,651	-	-	-	-	-	-	-	-	25,651
Payroll	(176,019)	-	-	-	-	-	-	-	-	(176,019)
Reserve Transfers	54,757	-	(38,204)	-	-	-	(16,553)	-	-	-
Transfer to Clean Water Loan Fund	(42,303)	-	-	-	-	-	-	-	42,303	-
October checks and payments										
Operations incl. interim payments	(755,224)	-	-	-	-	-	-	-	-	(755,224)
Interest, fees and returned checks	(582)	-	-	-	-	-	-	-	-	(582)
<b>Sub-total</b>	<b>5,030,875</b>	<b>386</b>	<b>41,707</b>	<b>2,202,079</b>	<b>443,249</b>	<b>6,446,210</b>	<b>635,571</b>	<b>125,029</b>	<b>323,832</b>	<b>15,248,938</b>
November 2nd payment Estimate	160,000	-	-	-	-	-	-	-	-	160,000
<b>Adjusted balance</b>	<b>5,190,875</b>	<b>386</b>	<b>41,707</b>	<b>2,202,079</b>	<b>443,249</b>	<b>6,446,210</b>	<b>635,571</b>	<b>125,029</b>	<b>323,832</b>	<b>15,408,938</b>
<b>Less restricted funds as of October 31, 2022:</b>										
Petty Cash	-	(386)	-	-	-	-	-	-	-	(386)
Conservation Trust Funds	-	-	(41,707)	-	-	-	-	-	-	(41,707)
5% Reserve Fund	(51,582)	-	-	(2,202,079)	-	-	-	-	-	(2,253,661)
Sewer Reserve Fund	(25,017)	-	-	-	(443,249)	-	-	-	-	(468,266)
Capital Project Funds	(462,490)	-	-	-	-	(6,446,210)	-	-	-	(6,908,700)
Rate Stabilization Fund	-	-	-	-	-	-	(635,571)	-	-	(635,571)
Capital TDS	(1,846,824)	-	-	-	-	-	-	(125,029)	(323,832)	(2,295,685)
<b>Unrestricted cash balance</b>	<b>\$ 2,804,962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,804,962</b>

Note: Additional investment accounts can be used for extraordinary expenditures.

Meridian Service Metropolitan District  
Statement of Revenues, Expenses and Change in Fund Balance  
Budget vs. Actual - Accrual Basis  
SUMMARY OF ALL FUNDS  
For the One Month and Nine Months Ended September 30, 2022

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
General Revenue - Fund 10	\$1,553	\$363,976	\$368,634	(\$4,658)	98.7%
Parks/Grounds Revenue - Fund 15	111,212	962,247	1,271,805	(309,558)	75.7%
Rec Center Revenue - Fund 16	194,582	1,685,572	2,206,548	(520,976)	76.4%
Water Revenue - Fund 40	414,815	2,762,121	3,318,835	(556,714)	83.2%
Sewer Revenue - Fund 50	167,623	1,557,713	3,281,460	(1,723,747)	47.5%
Clean Water Surcharge	37,983	326,971	425,760	(98,789)	76.8%
Billing Fees	6,185	93,468	64,000	29,468	146.0%
Grant Revenue	12,975	69,095	55,000	14,095	125.6%
Development Inspection Fees	-	68,875	-	68,875	-
Contract Revenue	2,714,082	2,714,082	-	2,714,082	-
Interest Income	17,928	125,610	-	125,610	-
Miscellaneous Income	-	-	150	(150)	-
Debt Forgiveness	5,061,135	5,061,135	-	5,061,135	-
<b>TOTAL REVENUES</b>	<b>8,740,072</b>	<b>15,790,864</b>	<b>10,992,192</b>	<b>4,798,672</b>	<b>143.7%</b>
<b>EXPENSES</b>					
<b>Fund &amp; General Expenses</b>					
General & Admin. Expense	43,490	443,087	817,989	(374,902)	54.2%
Personnel Expenses	183,732	1,597,298	2,542,460	(945,162)	62.8%
Parks/Grounds Expense - Fund 15	59,021	344,118	575,000	(230,882)	59.8%
MRRC Expense - Fund 16	22,660	317,246	508,720	(191,474)	62.4%
Water Expense - Fund 40	27,937	561,620	1,139,500	(577,880)	49.3%
Sewer Expense - Fund 50	57,754	527,608	843,800	(316,192)	62.5%
General Operating Expenses	23,592	732,901	1,133,520	(400,619)	64.7%
<b>TOTAL Fund &amp; General Expenses</b>	<b>418,187</b>	<b>4,523,878</b>	<b>7,560,989</b>	<b>(3,037,111)</b>	<b>59.8%</b>
<b>Capital Expenses</b>					
Capital Expense - Other	-	39,660	60,000	(20,340)	66.1%
Capital Expense P&G Fund 15	-	300,000	321,000	(21,000)	93.5%
Capital Expense MRRC Fund 16	-	325,308	268,000	57,308	121.4%
Capital Expense Water Fund 40	642,830	2,989,953	6,312,000	(3,322,047)	47.4%
Capital Expense Sewer Fund 50	-	16,057	182,000	(165,943)	8.8%
Capital Interest Expense	-	47,754	703,240	(655,486)	6.8%
<b>TOTAL Capital Expenses</b>	<b>642,830</b>	<b>3,718,732</b>	<b>7,846,240</b>	<b>(4,127,508)</b>	<b>47.4%</b>
<b>TOTAL EXPENSES</b>	<b>1,061,016</b>	<b>8,242,610</b>	<b>15,407,229</b>	<b>(7,164,619)</b>	<b>53.5%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>7,679,056</b>	<b>7,548,254</b>	<b>(4,415,037)</b>	<b>11,963,291</b>	
<b>Other Financing Sources (Uses)</b>					
Tap Fees Received	24,000	4,282,000	4,750,000	(468,000)	90.1%
Tap Fees Transferred to MRMD	(24,000)	(4,284,000)	(4,750,000)	466,000	90.2%
Transfer from (to) MRMD	5,061,135	5,061,135	-	5,061,135	-
Gain/Loss on Asset Disposal	3,550	3,550	-	3,550	-
Contributions to Other Gov'ts	-	(354,996)	-	(354,996)	-
Reduction of Developer Advances	(10,122,270)	(10,122,270)	-	(10,122,270)	-
Transfer from (to) Other Funds	(23,451)	(208,665)	(278,000)	69,335	75.1%
Emergency Reserve (5%)	16,665	150,005	200,000	(49,995)	75.0%
Emergency Reserve (\$2) - Sewer	6,786	58,660	78,000	(19,340)	75.2%
<b>TOTAL Other Financing Sources (Uses)</b>	<b>(5,057,585)</b>	<b>(5,414,581)</b>	<b>-</b>	<b>(5,414,581)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$2,621,470</b>	<b>\$2,133,673</b>	<b>(\$4,415,037)</b>	<b>\$6,548,710</b>	
<b>BEGINNING FUND BALANCE**</b>		13,341,540			
<b>ENDING FUND BALANCE</b>		<b>\$15,475,213</b>			
Operating Fund Balance		3,156,225			
Capital Project Fund Balance		8,973,557			
Emergency Reserve Fund Balance 5%		2,247,146			
Sewer Reserve Fund Balance \$2		463,284			
Rate Stabilization Fund Balance		635,000			
<b>Total Fund Balance</b>		<b>\$15,475,213</b>			

**Meridian Service Metropolitan District**  
**Statement of Revenues, Expenses and Change in Fund Balance**  
**Budget vs. Actual - Accrual Basis**  
**General Fund**  
**For the One Month and Nine Months Ended September 30, 2022**

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
IGA - Meridian Ranch	-	\$350,000	\$350,000	-	100.0%
AT&T Lease	1,553	13,976	18,634	(4,658)	75.0%
Grant Revenue	-	1,655	-	1,655	-
Interest Income	3,835	15,078	-	15,078	-
Miscellaneous Income	-	-	150	(150)	-
<b>TOTAL REVENUES</b>	<b>5,388</b>	<b>380,708</b>	<b>368,784</b>	<b>11,924</b>	<b>103.2%</b>
<b>EXPENSES</b>					
Accounting	-	-	1,000	(1,000)	-
Audit	-	21,036	20,000	1,036	105.2%
Payroll & HR Services	5,049	43,523	54,000	(10,477)	80.6%
Election Expense	-	2,878	6,000	(3,123)	48.0%
Engineering/Consulting	122	1,112	2,000	(888)	55.6%
Legal	5,494	47,517	80,000	(32,483)	59.4%
Personnel Expenses	1,966	19,540	30,357	(10,817)	64.4%
Copier - Contract Expenses	-	411	5,000	(4,589)	8.2%
IT/Computer/Software	-	7,127	14,200	(7,073)	50.2%
Rent - Shared	4,108	33,130	47,080	(13,950)	70.4%
Telephone & Internet	841	8,220	7,500	720	109.6%
Utilities	118	2,311	4,000	(1,689)	57.8%
Repairs & Maint - Office	285	2,814	5,000	(2,186)	56.3%
Office Furniture	-	12,113	-	12,113	-
Supplies	6	1,142	5,500	(4,358)	20.8%
Licenses,Certs & Memberships	-	712	2,500	(1,788)	28.5%
Subscriptions	-	-	250	(250)	-
Insurance	362	3,505	5,839	(2,334)	60.0%
Bank Charges	-	25	-	25	-
Public Information	-	20	500	(480)	4.0%
Meals & Entertainment	129	1,881	6,284	(4,403)	29.9%
Miscellaneous Expense	-	-	1,000	(1,000)	-
Vehicle, Equipment & Travel	282	3,359	4,900	(1,541)	68.5%
TABOR Emergency Reserve 3%	-	-	11,062	(11,062)	-
<b>TOTAL EXPENSES</b>	<b>18,761</b>	<b>212,378</b>	<b>313,972</b>	<b>(101,594)</b>	<b>67.6%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$13,373)</b>	<b>\$168,330</b>	<b>\$54,812</b>	<b>\$113,518</b>	
<b>BEGINNING FUND BALANCE**</b>		89,803			
<b>ENDING FUND BALANCE</b>		<u><u>\$258,133</u></u>			

**Meridian Service Metropolitan District**  
**Statement of Revenues, Expenses and Change in Fund Balance**  
**Budget vs. Actual - Accrual Basis**  
**Parks & Grounds Fund**  
**For the One Month and Nine Months Ended September 30, 2022**

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
Parks & Grounds Fees	\$93,331	\$807,558	\$1,065,143	(\$257,585)	75.8%
Street Lighting Fees	17,881	154,689	206,662	(51,973)	74.9%
Billing Fees	1,546	23,367	16,000	7,367	146.0%
Grant Revenue	12,975	41,561	55,000	(13,439)	75.6%
Interest Income	129	447	-	447	-
<b>TOTAL REVENUES</b>	<b>125,862</b>	<b>1,027,622</b>	<b>1,342,805</b>	<b>(315,183)</b>	<b>76.5%</b>
<b>EXPENSES</b>					
<b>General &amp; Admin. Expense</b>					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	1,984	15,313	24,000	(8,687)	63.8%
Engineering/Consulting	436	4,756	7,000	(2,244)	67.9%
Legal	-	168	2,500	(2,332)	6.7%
Personnel Expenses	18,002	139,002	240,650	(101,648)	57.8%
General Operations - Admin	21	7,798	19,900	(12,102)	39.2%
<b>TOTAL General &amp; Admin. Expense</b>	<b>20,444</b>	<b>167,037</b>	<b>295,050</b>	<b>(128,013)</b>	<b>56.6%</b>
<b>Operating Expense</b>					
Landscape Repair & Maint.	52,757	320,369	506,000	(185,631)	63.3%
Hardscape Repair & Maint.	-	9,086	24,500	(15,414)	37.1%
Park Maint.	1,374	8,283	37,500	(29,217)	22.1%
Pond Maint.	4,891	6,380	7,000	(620)	91.1%
Utilities	-	116,821	189,210	(72,389)	61.7%
Insurance	1,295	11,669	19,305	(7,636)	60.4%
Vandalism Cost of Repairs	31	68	-	68	-
Vehicle, Equipment & Travel	1,217	10,447	15,000	(4,553)	69.6%
<b>TOTAL Operating Expense</b>	<b>61,564</b>	<b>483,123</b>	<b>798,515</b>	<b>(315,392)</b>	<b>60.5%</b>
<b>TOTAL EXPENSES</b>	<b>82,007</b>	<b>650,160</b>	<b>1,093,565</b>	<b>(443,405)</b>	<b>59.5%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>43,854</b>	<b>377,462</b>	<b>249,240</b>	<b>128,222</b>	
<b>Other Financing Sources (Uses)</b>					
Transfer from (to) Capital	-	(300,000)	(321,000)	21,000	93.5%
<b>TOTAL Other Financing Sources (Uses)</b>	<b>-</b>	<b>(300,000)</b>	<b>(321,000)</b>	<b>21,000</b>	<b>93.5%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$43,854</b>	<b>\$77,462</b>	<b>(\$71,760)</b>	<b>\$149,222</b>	
<b>BEGINNING FUND BALANCE**</b>		522,813			
<b>ENDING FUND BALANCE</b>		<b>\$600,275</b>			
Operating Fund Balance		445,271			
Emergency Reserve Fund Balance 5%		145,004			
Rate Stabilization Fund Balance		10,000			
<b>Total Fund Balance</b>		<b>\$600,275</b>			

Meridian Service Metropolitan District  
Statement of Revenues, Expenses and Change in Fund Balance  
Budget vs. Actual - Accrual Basis  
Recreation Center Fund  
For the One Month and Nine Months Ended September 30, 2022

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
Recreation Center Service Fees	\$178,251	\$1,542,129	\$2,076,458	(\$534,329)	74.3%
Fee Based Programming	15,521	123,556	114,000	9,556	108.4%
MRRC Concession Sales	473	1,992	2,000	(8)	99.6%
Falcon Freedom Days Revenue	-	14,800	8,750	6,050	169.1%
Billing Fees	1,546	23,367	16,000	7,367	146.0%
Advertising Fees	336	3,094	5,340	(2,246)	57.9%
Grant Revenue	-	734	-	734	-
<b>TOTAL REVENUES</b>	<b>196,128</b>	<b>1,709,672</b>	<b>2,222,548</b>	<b>(512,876)</b>	<b>76.9%</b>
<b>EXPENSES</b>					
<b>General &amp; Admin. Expense</b>					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	3,466	26,744	42,000	(15,256)	63.7%
Engineering/Consulting	869	7,201	10,000	(2,799)	72.0%
Legal	-	-	1,000	(1,000)	-
Personnel Expenses	93,856	820,607	1,200,967	(380,360)	68.3%
General Operations - Admin	3,289	36,704	60,350	(23,646)	60.8%
<b>TOTAL General &amp; Admin. Expense</b>	<b>101,480</b>	<b>891,255</b>	<b>1,315,317</b>	<b>(424,062)</b>	<b>67.8%</b>
<b>Operating Expense</b>					
Programming Supplies	7,201	68,106	62,000	6,106	109.8%
Building Maint.	6,218	102,874	144,720	(41,846)	71.1%
Grounds Maint.	-	-	1,000	(1,000)	-
Pool Maint.	2,109	40,910	157,000	(116,090)	26.1%
MRRC Security	950	2,850	4,000	(1,150)	71.3%
Exercise Equip. & Furn.-Replace	2,162	62,003	75,000	(12,997)	82.7%
MR Community Events	4,020	6,440	15,000	(8,560)	42.9%
Falcon Freedom Days Expenses	-	34,064	50,000	(15,936)	68.1%
Utilities	7,666	140,394	186,375	(45,981)	75.3%
Insurance	2,275	20,481	32,315	(11,834)	63.4%
Vehicle, Equipment & Travel	105	1,647	2,500	(853)	65.9%
<b>TOTAL Operating Expense</b>	<b>32,706</b>	<b>479,768</b>	<b>729,910</b>	<b>(250,142)</b>	<b>65.7%</b>
<b>TOTAL EXPENSES</b>	<b>134,186</b>	<b>1,371,023</b>	<b>2,045,227</b>	<b>(674,204)</b>	<b>67.0%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>61,942</b>	<b>338,649</b>	<b>177,321</b>	<b>161,328</b>	
<b>Other Financing Sources (Uses)</b>					
Transfer from (to) Capital	(22,330)	(201,010)	(268,000)	66,990	75.0%
<b>TOTAL Other Financing Sources (Uses)</b>	<b>(22,330)</b>	<b>(201,010)</b>	<b>(268,000)</b>	<b>66,990</b>	<b>75.0%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$39,612</b>	<b>\$137,639</b>	<b>(\$90,679)</b>	<b>\$228,318</b>	
<b>BEGINNING FUND BALANCE**</b>		541,431			
<b>ENDING FUND BALANCE</b>		<u><u>\$679,070</u></u>			
Operating Fund Balance		509,491			
Emergency Reserve Fund Balance 5%		159,579			
Rate Stabilization Fund Balance		10,000			
<b>Total Fund Balance</b>		<u><u>\$679,070</u></u>			

Meridian Service Metropolitan District  
Statement of Revenues, Expenses and Change in Fund Balance  
Budget vs. Actual - Accrual Basis  
Capital Fund  
For the One Month and Nine Months Ended September 30, 2022

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
Clean Water Surcharge	\$37,983	\$326,971	\$425,760	(\$98,789)	76.8%
Grant Revenue	-	25,000	-	25,000	-
Contract Revenue	2,411,236	2,411,236	-	2,411,236	-
Interest Income	13,177	52,052	-	52,052	-
<b>TOTAL REVENUES</b>	<b>2,462,396</b>	<b>2,815,260</b>	<b>425,760</b>	<b>2,389,500</b>	<b>661.2%</b>
<b>EXPENSES</b>					
Capital Expense - Other					
Build-Out CIP & Funding Plan	-	39,660	60,000	(20,340)	66.1%
<b>TOTAL Capital Expense - Other</b>	<b>-</b>	<b>39,660</b>	<b>60,000</b>	<b>(20,340)</b>	<b>66.1%</b>
Capital Expense P&G Fund 15					
3rd Const & Acq-Winding Walk	-	300,000	300,000	-	100.0%
Vehicle & Equipment - Fund 15	-	-	21,000	(21,000)	-
<b>TOTAL Capital Expense P&amp;G Fund 15</b>	<b>-</b>	<b>300,000</b>	<b>321,000</b>	<b>(21,000)</b>	<b>93.5%</b>
Capital Expense MRRC Fund 16					
MRRC Expansion	-	-	50,000	(50,000)	-
Lobby Remodel	-	124,983	118,000	6,983	105.9%
Locker Replacement	-	-	100,000	(100,000)	-
Pool Improvements 2022	-	200,326	-	200,326	-
<b>TOTAL Capital Expense MRRC Fund 16</b>	<b>-</b>	<b>325,308</b>	<b>268,000</b>	<b>57,308</b>	<b>121.4%</b>
Capital Expense Water Fund 40					
Expand Filter Plant & Bldg	602,622	949,793	2,000,000	(1,050,207)	47.5%
Purchase WHMD 2.0 MG Water Tank	3,573	3,573	750,000	(746,427)	0.5%
Water Rights	32,128	203,900	750,000	(546,100)	27.2%
Wells at Guthrie Ranch Site 4	-	-	30,000	(30,000)	-
Well at Latigo Trails	-	-	1,500,000	(1,500,000)	-
Transmission Line FP to Tanks	4,507	911,036	1,200,000	(288,964)	75.9%
Latigo Transmission Line	-	-	50,000	(50,000)	-
Tamlin Road Water Pipeline	-	900,000	-	900,000	-
Vehicle & Equipment - Fund 40	-	21,651	32,000	(10,349)	67.7%
<b>TOTAL Capital Expense Water Fund 40</b>	<b>642,830</b>	<b>2,989,953</b>	<b>6,312,000</b>	<b>(3,322,047)</b>	<b>47.4%</b>
Capital Expense Sewer Fund 50					
WH Sewer Bypass Phase 2 & 3	-	-	75,000	(75,000)	-
Mid-Point Injection Station	-	-	20,000	(20,000)	-
2022 Lift Station Improvements	-	-	55,000	(55,000)	-
Vehicle & Equipment - Fund 50	-	21,651	32,000	(10,349)	67.7%
Loan Cost of issuance	-	(5,594)	-	(5,594)	-
<b>TOTAL Capital Expense Sewer Fund 50</b>	<b>-</b>	<b>16,057</b>	<b>182,000</b>	<b>(165,943)</b>	<b>8.8%</b>
Capital Interest Expense	-	47,754	703,240	(655,486)	6.8%
<b>TOTAL EXPENSES</b>	<b>642,830</b>	<b>3,718,732</b>	<b>7,846,240</b>	<b>(4,127,508)</b>	<b>47.4%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>1,819,566</b>	<b>(903,472)</b>	<b>(7,420,480)</b>	<b>6,517,008</b>	<b>12.2%</b>
Other Financing Sources (Uses)					
Gain/Loss on Asset Disposal	3,550	3,550	-	3,550	-
Contributions to Other Gov'ts	-	(354,996)	-	(354,996)	-
Transfer from (to) General Fund	191,665	1,725,005	2,300,000	(574,995)	75.0%
Transfer from (to) P&G Fund	-	300,000	321,000	(21,000)	93.5%
Transfer from (to) Rec Fund	22,330	201,010	268,000	(66,990)	75.0%
Transfer from (to) Water Fund	170,830	1,559,161	2,082,000	(522,839)	74.9%
Transfer from (to) Sewer Fund	4,400	61,297	84,846	(23,549)	72.2%
<b>TOTAL Other Financing Sources (Uses)</b>	<b>392,775</b>	<b>3,495,028</b>	<b>5,055,846</b>	<b>(1,560,818)</b>	<b>69.1%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,212,341</b>	<b>2,591,555</b>	<b>(2,364,634)</b>	<b>4,956,189</b>	
<b>BEGINNING FUND BALANCE**</b>		6,382,002			
<b>ENDING FUND BALANCE</b>		<b>8,973,557</b>			
Capital Other - Fund 10		1,670,702			
Capital Parks & Ground Fund 15		109,725			
Capital Recreation Center Fund 16		236,915			
Capital Water Fund 40		3,438,690			
Capital Sewer Fund 50		1,128,083			
Capital TDS - Clean Water		2,389,443			
Capital Total Fund Balance		<b>8,973,557</b>			

Meridian Service Metropolitan District  
Statement of Revenues, Expenses and Change in Fund Balance  
Budget vs. Actual - Accrual Basis  
Water Fund  
For the One Month and Nine Months Ended September 30, 2022

			Variance		
	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Over (Under) Budget	
<b>REVENUES</b>					
Water Service Fees - Res.	\$327,779	\$2,241,815	\$2,714,980	(\$473,165)	82.6%
Water Service Fees - Comm.	16,050	108,061	145,165	(37,104)	74.4%
Meter Set Fees	4,545	165,450	162,500	2,950	101.8%
Irrigation	61,031	239,537	256,190	(16,653)	93.5%
UB - Water Adjustments	(13,895)	(17,752)	-	(17,752)	-
IGA Shared Water Cost Reimb.	19,305	25,009	40,000	(14,991)	62.5%
Billing Fees	1,546	23,367	16,000	7,367	146.0%
Grant Revenue	-	73	-	73	-
Development Inspection Fees	-	34,438	-	34,438	-
Interest Income	-	2	-	2	-
Debt Forgiveness	3,002,599	3,002,599	-	3,002,599	-
<b>TOTAL REVENUES</b>	<b>3,418,961</b>	<b>5,822,599</b>	<b>3,334,835</b>	<b>2,487,764</b>	<b>174.6%</b>
<b>EXPENSES</b>					
General & Admin. Expense					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	4,709	36,342	52,800	(16,458)	68.8%
Engineering/Consulting	3,348	29,642	100,000	(70,358)	29.6%
Legal	924	4,466	20,000	(15,534)	22.3%
Personnel Expenses	38,849	304,222	524,311	(220,089)	58.0%
General Operations - Admin	921	22,442	66,575	(44,133)	33.7%
<b>TOTAL General &amp; Admin. Expense</b>	<b>48,752</b>	<b>397,114</b>	<b>764,686</b>	<b>(367,572)</b>	<b>51.9%</b>
Operating Expense					
Water Operations General	5,851	77,664	86,000	(8,337)	90.3%
Raw Water Operations	3,231	258,278	375,000	(116,722)	68.9%
Water Treatment Operations	8,959	50,218	473,000	(422,782)	10.6%
Water Distribution Operations	9,749	170,034	184,000	(13,966)	92.4%
Non-Potable Water Operations	148	5,427	21,500	(16,073)	25.2%
Utilities	2,897	331,357	539,685	(208,328)	61.4%
Insurance	3,085	32,287	49,447	(17,160)	65.3%
Vehicle, Equipment & Travel	262	8,946	15,500	(6,554)	57.7%
<b>TOTAL Operating Expense</b>	<b>34,181</b>	<b>934,209</b>	<b>1,744,132</b>	<b>(809,923)</b>	<b>53.6%</b>
<b>TOTAL EXPENSES</b>	<b>82,932</b>	<b>1,331,322</b>	<b>2,508,818</b>	<b>(1,177,496)</b>	<b>53.1%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>3,336,028</b>	<b>4,491,277</b>	<b>826,017</b>	<b>3,665,260</b>	
Other Financing Sources (Uses)					
Tap Fees Received	12,000	2,141,000	2,375,000	(234,000)	90.1%
Tap Fees Transferred to MRMD	(12,000)	(2,142,000)	(2,375,000)	233,000	90.2%
Transfer from (to) MRMD	5,061,135	5,061,135	-	5,061,135	-
Reduction of Developer Advances	(8,063,734)	(8,063,734)	-	(8,063,734)	-
Transfer from (to) Capital	(170,830)	(1,559,161)	(2,082,000)	522,839	74.9%
<b>TOTAL Other Financing Sources (Uses)</b>	<b>(3,173,429)</b>	<b>(4,562,760)</b>	<b>(2,082,000)</b>	<b>(2,480,760)</b>	<b>219.2%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$162,599</b>	<b>(\$71,484)</b>	<b>(\$1,255,983)</b>	<b>\$1,184,499</b>	
<b>BEGINNING FUND BALANCE**</b>		2,359,813			
<b>ENDING FUND BALANCE</b>		<u><b>\$2,288,329</b></u>			
Operating Fund Balance		982,575			
Emergency Reserve Fund Balance 5%		1,005,754			
Rate Stabilization Fund Balance		<u>300,000</u>			
<b>Total Fund Balance</b>		<b>\$2,288,329</b>			



Meridian Service Metropolitan District  
Statement of Revenues, Expenses and Change in Fund Balance  
Budget vs. Actual - Accrual Basis  
Sewer Fund  
For the One Month and Nine Months Ended September 30, 2022

	Month of Sep 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (75.0% YTD)
<b>REVENUES</b>					
Sewer Fees - Res.	\$159,864	\$1,382,619	\$1,848,242	(\$465,623)	74.8%
Sewer Fees - Comm.	2,965	19,028	36,750	(17,722)	51.8%
Sterling Ranch Revenue	-	100,986	1,341,468	(1,240,482)	7.5%
IGA Shared Sewer Cost Reimb.	4,794	55,080	55,000	80	100.1%
Billing Fees	1,546	23,367	16,000	7,367	146.0%
Grant Revenue	-	73	-	73	-
Development Inspection Fees	-	34,438	-	34,438	-
Contract Revenue	302,846	302,846	-	302,846	-
Interest Income	787	58,031	-	58,031	-
Debt Forgiveness	2,058,536	2,058,536	-	2,058,536	-
<b>TOTAL REVENUES</b>	<b>2,531,338</b>	<b>4,035,003</b>	<b>3,297,460</b>	<b>737,543</b>	<b>122.4%</b>
<b>EXPENSES</b>					
<b>General &amp; Admin. Expense</b>					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	3,815	29,441	42,000	(12,559)	70.1%
Engineering/Consulting	844	9,919	35,000	(25,081)	28.3%
Legal	210	7,364	20,000	(12,636)	36.8%
Personnel Expenses	31,060	313,928	546,175	(232,247)	57.5%
General Operations - Admin	2,501	18,814	49,050	(30,236)	38.4%
<b>TOTAL General &amp; Admin. Expense</b>	<b>38,429</b>	<b>379,465</b>	<b>693,225</b>	<b>(313,760)</b>	<b>54.7%</b>
<b>Operating Expense</b>					
Sewer Operations	30,229	336,959	489,500	(152,541)	68.8%
Lift Station Operations	26,831	114,759	244,200	(129,442)	47.0%
Lift Station Operations-Shared	695	75,890	110,100	(34,210)	68.9%
Utilities	1,105	12,286	4,515	7,771	272.1%
Insurance	2,504	22,704	31,367	(8,663)	72.4%
Vehicle, Equipment & Travel	724	16,931	26,500	(9,569)	63.9%
<b>TOTAL Operating Expense</b>	<b>61,871</b>	<b>579,530</b>	<b>906,182</b>	<b>(326,652)</b>	<b>64.0%</b>
<b>TOTAL EXPENSES</b>	<b>100,300</b>	<b>958,995</b>	<b>1,599,407</b>	<b>(640,412)</b>	<b>60.0%</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENSES</b>	<b>2,431,038</b>	<b>3,076,008</b>	<b>1,698,053</b>	<b>1,377,955</b>	
<b>Other Financing Sources (Uses)</b>					
<b>Tap &amp; Transfers from (to) Other Funds</b>					
Tap Fees Received	12,000	2,141,000	2,375,000	(234,000)	90.1%
Tap Fees Transferred to MRMD	(12,000)	(2,142,000)	(2,375,000)	233,000	90.2%
Reduction of Developer Advances	(2,058,536)	(2,058,536)	-	(2,058,536)	-
Transfer from (to) Capital	(196,065)	(1,786,302)	(2,384,846)	598,544	74.9%
Transfer from (to) Emer Reserve	(16,665)	(150,005)	(200,000)	49,995	75.0%
Transfer from (to) Emer. (\$2)	(6,786)	(58,660)	(78,000)	19,340	75.2%
<b>TOTAL Tap &amp; Transfers from (to) Other Fun</b>	<b>(2,278,052)</b>	<b>(4,054,503)</b>	<b>(2,662,846)</b>	<b>(1,391,657)</b>	<b>152.3%</b>
<b>Reserves</b>					
Emergency Reserve (5%)	16,665	150,005	200,000	(49,995)	75.0%
Emergency Reserve (\$2) - Sewer	6,786	58,660	78,000	(19,340)	75.2%
<b>TOTAL Reserves</b>	<b>23,451</b>	<b>208,665</b>	<b>278,000</b>	<b>(69,335)</b>	<b>75.1%</b>
<b>TOTAL Other Financing Sources (Uses)</b>	<b>(2,254,601)</b>	<b>(3,845,838)</b>	<b>(2,384,846)</b>	<b>(1,460,992)</b>	<b>161.3%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$176,437</b>	<b>(\$769,831)</b>	<b>(\$686,793)</b>	<b>(\$83,038)</b>	
<b>BEGINNING FUND BALANCE**</b>		3,445,678			
<b>ENDING FUND BALANCE</b>		<u>\$2,675,847</u>			
Operating Fund Balance		960,754			
Emergency Reserve Fund Balance 5%		936,809			
Sewer Reserve Fund Balance \$2		463,284			
Rate Stabilization Fund Balance		315,000			
<b>Total Fund Balance</b>		<u>\$2,675,847</u>			

**Meridian Service Metropolitan District**  
**Balance Sheet Summary - Unaudited**  
As of September 30, 2022

	Sep 30, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	15,598,850.31
Accounts Receivable	1,153,973.46
Other Current Assets	33,045.00
	16,785,868.77
<b>Total Current Assets</b>	16,785,868.77
<b>Fixed Assets</b>	48,076,975.64
<b>Other Assets</b>	303,664.21
	65,166,508.62
<b>TOTAL ASSETS</b>	<b>65,166,508.62</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	598,201.76
Credit Cards	11,001.35
Other Current Liabilities	9,209,146.42
	9,818,349.53
<b>Total Current Liabilities</b>	9,818,349.53
<b>Long Term Liabilities</b>	27,078,068.89
	36,896,418.42
<b>Total Liabilities</b>	36,896,418.42
<b>Equity</b>	28,270,090.20
	65,166,508.62
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>65,166,508.62</b>

## Meridian Service Metropolitan District

## Balance Sheet - Unaudited

As of September 30, 2022

	Sep 30, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000000 · Operating Funds	
1000100 · Wells Fargo - Operating	5,368,332.78
1000300 · Petty Cash	386.16
<b>Total 1000000 · Operating Funds</b>	<b>5,368,718.94</b>
110000 · Non-Operating Funds	
1100100 · ColoTrust - CTF from MRMD 8001	41,673.33
1100101 · ColoTrust - CTF from MRMD E001	38,237.51
1100200 · ColoTrust - Reserve 8002	100,644.67
1100201 · ColoTrust - Reserve E002	2,101,434.21
1100400 · ColoTrust - Sewer Reserve 8004	56,319.45
1100401 · ColoTrust - Sewer Reserve E003	386,929.37
1100500 · ColoTrust - Cap Projects 8005	2,218,064.51
1100501 · ColoTrust - Cap Projects E004	4,228,145.41
1100601 · ColoTrust - Rate Stabiliz E005	652,124.35
1100901 · Bank of the San Juans -Reserves	125,029.20
1100904 · Zions Bank Loan Payment Fund	281,529.36
<b>Total 110000 · Non-Operating Funds</b>	<b>10,230,131.37</b>
<b>Total Checking/Savings</b>	<b>15,598,850.31</b>
<b>Accounts Receivable</b>	
1400000 · Accounts Receivable	
1400100 · UB Accounts Receivable	1,123,258.02
1400200 · Accounts Receivable - Non UB	30,715.44
<b>Total 1400000 · Accounts Receivable</b>	<b>1,153,973.46</b>
<b>Total Accounts Receivable</b>	<b>1,153,973.46</b>
<b>Other Current Assets</b>	
1500000 · Prepaid Expenses	
1500100 · Prepaid Insurance	33,045.00
<b>Total 1500000 · Prepaid Expenses</b>	<b>33,045.00</b>
<b>Total Other Current Assets</b>	<b>33,045.00</b>
<b>Total Current Assets</b>	<b>16,785,868.77</b>
<b>Fixed Assets</b>	
2100000 · Fixed Assets	
2110000 · Non-Depreciable Assets	
2110100 · Water Rights	257,084.50
<b>Total 2110000 · Non-Depreciable Assets</b>	<b>257,084.50</b>
2120000 · Depreciable Assets	
2120100 · Water System	38,293,567.39
2120200 · Wastewater System	19,204,787.07
2120400 · Systems - Acc. Dep.	-21,915,512.79
<b>Total 2120000 · Depreciable Assets</b>	<b>35,582,841.67</b>
2130000 · Recreation Assets	11,887,621.65
2140000 · Vehicles & Equipment	349,427.82
<b>Total 2100000 · Fixed Assets</b>	<b>48,076,975.64</b>
<b>Total Fixed Assets</b>	<b>48,076,975.64</b>

**Meridian Service Metropolitan District**  
**Balance Sheet - Unaudited**  
As of September 30, 2022

	Sep 30, 22
<b>Other Assets</b>	
1600000 · Other Assets	
1600100 · Security Deposit	16,080.00
<b>Total 1600000 · Other Assets</b>	16,080.00
2000000 · Construction in Progress	287,584.21
<b>Total Other Assets</b>	303,664.21
<b>TOTAL ASSETS</b>	<b>65,166,508.62</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	598,201.76
Credit Cards	11,001.35
<b>Other Current Liabilities</b>	
3100000 · Other Current Liabilities	
3110000 · Payroll Liabilities	2,383.35
3120000 · Retainage Payable	43,979.79
3140000 · Accr Int Payable - Developer	8,530,341.81
3160000 · Deposits Held	4,000.00
3180100 · GTL Loan (Current)	300,000.00
3180300 · Bank of San Juan Loan-Current	328,441.47
<b>Total 3100000 · Other Current Liabilities</b>	9,209,146.42
<b>Total Other Current Liabilities</b>	9,209,146.42
<b>Total Current Liabilities</b>	9,818,349.53
<b>Long Term Liabilities</b>	
3500000 · Long Term Liabilities	
3500100 · Notes Payable	4,254,341.20
3500200 · Cherokee - New WWTP (LT Liab)	17,876,727.69
3500300 · Bank of San Juan TDS Loan	4,347,000.00
3500400 · GTL Loan (LT Liab)	600,000.00
<b>Total 3500000 · Long Term Liabilities</b>	27,078,068.89
<b>Total Long Term Liabilities</b>	27,078,068.89
<b>Total Liabilities</b>	36,896,418.42
<b>Equity</b>	
4000000 · Retained Earnings	23,465,658.36
4000100 · Comprehensive Income	-42,401.52
Net Income	4,846,833.36
<b>Total Equity</b>	28,270,090.20
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>65,166,508.62</b>

**Meridian Service Metropolitan District**  
**Statement of Cash Flows - Unaudited**  
September 2022

	Sep 22
<b>OPERATING ACTIVITIES</b>	
Net Income	12,120,282.94
Adjustments to reconcile Net Income to net cash provided by operations:	
1400110 · Accounts Receivable	-85,255.97
1400200 · Accounts Receivable - Non UB	-2,729,052.00
1500100 · Prepaid Insurance	11,015.00
3000000 · Accounts Payable	-234,589.47
3070300 · Divvy Credit	10,618.70
3070400 · Conoco Credit Card	-420.19
3110100 · Payroll Taxes Payable	458.08
3110300 · Employee Paid Ins Contrib.	-0.15
3140000 · Accr Int Payable - Developer	-5,061,135.19
3160000 · Deposits Held	-2,000.00
	4,029,921.75
Net cash provided by Operating Activities	4,029,921.75
<b>INVESTING ACTIVITIES</b>	
2140100 · Vehicles & Equipment	11,250.00
2140300 · Vehicles & Equipment - Acc. Dep	-11,250.00
1600100 · Security Deposit	-1,000.00
	-1,000.00
Net cash provided by Investing Activities	-1,000.00
<b>FINANCING ACTIVITIES</b>	
3500100 · Notes Payable	-5,061,135.19
3500200 · Cherokee - New WWTP (LT Liab)	623,075.11
4000100 · Comprehensive Income	-7,438.75
	-4,445,498.83
Net cash provided by Financing Activities	-4,445,498.83
Net cash increase for period	-416,577.08
Cash at beginning of period	16,015,427.39
Cash at end of period	15,598,850.31

**Meridian Service Metropolitan District  
2022 Tap Report**

<b>Counts</b>	<b>Date</b>	<b>Filing #</b>	<b>Lot #</b>	<b>Builder</b>	<b>Tap Amt Paid</b>	<b>Meter Amt Paid</b>	<b>Check No.</b>	<b>Monthly Totals</b>
219	10/4/2022	Rolling Hills Ranch 1	206	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/P22100302 - 0376455	
220	10/13/2022	Rolling Hills Ranch 1	131	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/P22101202 - 1802093	
221	10/27/2022	Rolling Hills Ranch 1	189	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/P22102602 - 3850960	3
								<b>October</b>

**Meridian Service Metropolitan District  
2022 Tap and Meter Set Additional Fees Collected**

		Meter Set						
(Initial) Tap Purchase Date	Builder	Tap Fee Paid At Time of Purchase	Fee Paid At Time of Purchase	Additional Tap Fees Due (Per Current Fee Schedule)	Additional Meter Set Fee Due (Per Current Fee Schedule)	Date Paid	Total Additional Amount Collected Prior to Meter Set	
3/13/2020	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	6/1/2022	\$ 3,080.00	
9/15/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/3/2022	\$ 2,055.00	
10/14/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/6/2022	\$ 2,055.00	
4/6/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00	
6/1/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00	
5/19/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00	
12/18/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/16/2022	\$ 2,055.00	
11/29/2018	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	6/23/2022	\$ 4,115.00	
11/29/2018	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	6/23/2022	\$ 4,115.00	
5/30/2019	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	6/23/2022	\$ 3,080.00	
3/13/2020	Campbell Homes	\$ 16,000.00	\$ 600.00	\$ 3,000.00	\$ 55.00	6/24/2022	\$ 3,055.00	<b>\$ 23,645.00 Jun-22</b>
10/14/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	7/12/2022	\$ 2,055.00	
12/18/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	7/13/2022	\$ 2,055.00	
3/26/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	7/20/2022	\$ 1,030.00	
6/18/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	7/20/2022	\$ 1,030.00	
6/22/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	7/20/2022	\$ 1,030.00	
7/26/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	7/29/2022	\$ 1,030.00	
7/26/2022	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	7/29/2022	\$ 1,030.00	<b>\$ 9,260.00 Jul-22</b>
8/6/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	8/9/2022	\$ 1,030.00	
7/27/2022	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	8/26/2022	\$ 1,030.00	<b>\$ 2,060.00 Aug-22</b>
12/8/2020	Creek Stone Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	9/15/2022	\$ 2,055.00	
12/21/2020	Creek Stone Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	9/15/2022	\$ 2,055.00	
8/27/2021	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	9/15/2022	\$ 1,030.00	<b>\$ 5,140.00 Sep-22</b>
10/14/2020	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	10/12/2022	\$ 2,055.00	
2/19/2021	Creek Stone Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	10/17/2022	\$ 1,030.00	<b>\$ 3,085.00 Oct-22</b>
<b>2022 Total</b>							<b>\$ 127,465.00</b>	



**MERIDIAN SERVICE METROPOLITAN DISTRICT**  
*Water, Wastewater, Parks and Recreation*  
11886 Stapleton Dr, Falcon, CO 80831  
719-495-6567, Fax 719-495-3349

**DATE:** October 20, 2022  
**TO:** MSMD Board of Directors  
**RE:** Finance Committee Report

On October 20, 2022 the Board's Finance Committee, Directors Gabrielski and Reorda (in Director Sauer's absence) met with Jim Nikkel, General Manager and Jennette Coe, AFS Manager. The following is a summary of the meeting:

- The Finance Committee approved interim MSMD payments in the amount of \$192,529.37 and directed staff to add this to the Board's November 2022 agenda for ratification.

Submitted by:

A handwritten signature in black ink, which appears to read "Milton B. Gabrielski". The signature is written in a cursive style and is positioned above a horizontal line.

Milton B. Gabrielski, Finance Committee Chair

*M. Gabrielski*



**Meridian Service Metropolitan District**  
**Vendor Payment Register Report - Summary**  
**Finance Committee - Payments to Ratify**  
**October 20, 2022**

<u>Date</u>	<u>Payment Type</u>	<u>Vendor</u>	<u>Amount</u>
10/20/22	Vendor Direct	ADT SECURITY SERVICES, INC.	\$ 136.50
10/20/22	Check	Amazon Capital Services	\$ 2,770.25
10/20/22	ePayment	Aqueous Solution Inc.	\$ 586.50
10/20/22	Check	Badger Meter	\$ 212.64
10/20/22	ePayment	Browns Hill Engineering & Controls, LLC	\$ 2,085.00
10/20/22	Vendor Direct	CenturyLink - FP	\$ 200.76
10/20/22	Vendor Direct	CenturyLink - LS	\$ 250.83
10/20/22	ePayment	Chad Dubs	\$ 775.00
10/20/22	ePayment	Charles Langhoff	\$ 775.00
10/20/22	ePayment	Cherokee MD	\$ 43,938.27
10/20/22	Vendor Direct	Cintas Fire 636525	\$ 4,536.63
10/20/22	Check	CIT-First Citizens Bank & Trust CO	\$ 177.92
10/20/22	ePayment	Club Automation, LLC	\$ 1,860.20
10/20/22	Vendor Direct	Colorado Analytical Lab	\$ 1,653.40
10/20/22	Check	Colorado Springs Winwater	\$ 462.60
10/20/22	Check	Colorado State Treasurer	\$ 1,093.07
10/20/22	Vendor Direct	Comcast - MRRC	\$ 405.21
10/20/22	Vendor Direct	Comcast - Office	\$ 326.83
10/20/22	Check	CPS Distributors, Inc	\$ 348.74
10/20/22	Check	CSDPL-Colo Special Districts Prop & Liab	\$ 949.12
10/20/22	ePayment	Divvy Pay LLC	\$ 10,618.70
10/20/22	Check	El Paso County Public Health Laboratory	\$ 210.00
10/20/22	Check	Front Range Winwater	\$ 191.48
10/20/22	Check	GTL Development Inc.	\$ 1,994.02
10/20/22	Check	HelloSpoke	\$ 797.23
10/20/22	Check	Home Depot Credit Services	\$ 1,677.30
10/20/22	Check	HydroApps LLC	\$ 1,365.10
10/20/22	ePayment	JDS-Hydro Consultants, Inc.	\$ 3,573.46
10/20/22	ePayment	Landmark Plumbing	\$ 552.72
10/20/22	Check	Metamorphaces LLC	\$ 300.00
10/20/22	Vendor Direct	Mug-A-Bug Pest Control	\$ 62.00
10/20/22	Check	MVEA	\$ 69,532.89
10/20/22	Vendor Direct	O'Reilly Automotive	\$ 80.03
10/20/22	Check	Pipestone Equipment	\$ 782.30
10/20/22	Check	Recreation Plus	\$ 30.66
10/20/22	Vendor Direct	Safeway	\$ 343.32
10/20/22	Check	Shops at Meridian Ranch, LLC	\$ 4,107.93
10/20/22	ePayment	Starfish Aquatics Institute	\$ 129.00
10/20/22	Check	Thatcher	\$ 11,994.20
10/20/22	ePayment	The Transcript	\$ 26.84
10/20/22	Vendor Direct	Timberline Landscaping, INC	\$ 697.35
10/20/22	Vendor Direct	USA BlueBook	\$ 149.22
10/20/22	Check	Utility Notification Center of Colorado	\$ 448.50
10/20/22	Vendor Direct	Waste Management of Colorado Springs	\$ 780.28
10/20/22	Check	WHMD Woodmen Hills Metropolitan District	\$ 18,540.37
		<b>Bill.com Total</b>	<b>\$ 192,529.37</b>
<b>Total Payments</b>	<b>45</b>	<b>Total Payments</b>	<b>\$ 192,529.37</b>

**Meridian Service Metropolitan District  
Vendor Payment Register Report - Summary  
Board Meeting - Payments to Approve  
November 2, 2022**

<u>Date</u>	<u>Payment Type</u>	<u>Vendor</u>	<u>Amount</u>
11/02/22	Vendor Direct	ADT SECURITY SERVICES, INC.	\$ 122.82
11/02/22	ePayment	All Rental Center Inc	\$ 2,510.59
11/02/22	ePayment	Bedrock LLC	\$ 13,110.57
11/02/22	Vendor Direct	BrightView Landscape Services Inc.	\$ 33,317.00
11/02/22	ePayment	Carlson, Hammond & Paddock, LLC	\$ 54.90
11/02/22	Check	CEBT Payments	\$ 15,826.78
11/02/22	ePayment	Cherokee MD	\$ 30,966.65
11/02/22	Check	CPS Distributors, Inc	\$ 366.15
11/02/22	ePayment	CRS Community Resource Services	\$ 13,997.54
11/02/22	ePayment	CSU Colorado Springs Utilities	\$ 239.69
11/02/22	Vendor Direct	Ewing Irrigation	\$ 177.02
11/02/22	Check	Grainger	\$ 2,801.06
11/02/22	Check	Harding Nursery Inc.	\$ 706.35
11/02/22	ePayment	Jan-Pro of Southern Colorado	\$ 2,735.25
11/02/22	ePayment	JDS-Hydro Consultants, Inc.	\$ 14,523.55
11/02/22	Check	John Deere Financial	\$ 469.47
11/02/22	ePayment	Landmark Plumbing	\$ 185.00
11/02/22	Check	Lytle Water Solutions, LLC	\$ 175.50
11/02/22	Check	Morgan Black	\$ 500.00
11/02/22	Vendor Direct	O'Reilly Automotive	\$ 95.31
11/02/22	ePayment	Rob's Septic Service & Porta-Pot Rental	\$ 600.00
11/02/22	Check	Ross Electric-Enterprise, Inc.	\$ 5,648.87
11/02/22	Vendor Direct	Safeway	\$ 172.34
11/02/22	Check	Shops at Meridian Ranch, LLC	\$ 95.48
11/02/22	Vendor Direct	Spencer Fane LLP	\$ 7,293.00
11/02/22	Check	Tech Builders Inc	\$ 2,576.98
11/02/22	Vendor Direct	The Lifeguard Store, Inc	\$ 510.50
11/02/22	Vendor Direct	USA BlueBook	\$ 1,958.77
11/02/22	Check	VertiCloud Networks LLC	\$ 3,317.40
11/02/22	Vendor Direct	Waste Management of Colorado Springs	\$ 822.86
		<b>BDC Total</b>	<b>\$ 155,877.40</b>

11/02/22	ACH	Conoco Fleet Services	\$ 2,546.05
11/02/22	Check# 13320	HPA US1	\$ 158.07
11/02/22	Check# 13321	David and Jamie Winston	\$ 28.57

<b>Total Payments</b>	<b>33</b>	<b>Total Payments</b>	<b>\$ 158,610.09</b>
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<b>Payroll Transactions 10/01-10/31/22</b>	
BOD Payroll:	\$ 538.25
Bi-weekly Payroll:	\$ 175,675.81
Payroll & HR Services:	\$ 881.02
<b>Total:</b>	<b>\$ 177,095.08</b>

**RESOLUTION NO. MSMD 22-03 OF THE BOARD OF DIRECTORS  
OF THE MERIDIAN SERVICE METROPOLITAN DISTRICT  
CERTIFYING DELINQUENT ACCOUNTS**

WHEREAS, the Meridian Service Metropolitan District provides water and sewer services to customers located with the boundaries of the District; and

WHEREAS, the Board of Directors has assessed service fees to its customers to partially cover the cost of operating said District and providing said services; and

WHEREAS, certain customers are delinquent in paying the District for said services; and

WHEREAS, said delinquent customers were notified via certified mail of today's public meeting to review the certification to the County and were invited to attend said meeting; and

WHEREAS, pursuant to Section 32-1-1101(1)(e), the Board of Directors of the District, after a public hearing on said delinquencies, may notice the County Treasurer of such delinquent accounts and request that the County Treasurer collect said accounts in the same manner as taxes are authorized to be collected and paid over pursuant to Section 39-10-107, C.R.S.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Meridian Service Metropolitan District hereby resolves:

1. The Board of Directors hereby certifies to the County Treasurer the list of delinquent accounts attached hereto as Exhibit A for collection (said exhibit to be updated on November 12, 2022 to reflect any payments made on delinquent accounts through November 11, 2022). Said delinquent balances are no less than \$150.00 and are at least six months old.
2. The Board of Directors of the District hereby authorizes the County Treasurer to charge and retain a penalty at the rate of 30%, or \$30.00, whichever is greater, on the delinquent sum due and owing to defray the costs of collection, pursuant to Section 32-1-1101(1)(e).
3. The Board of Directors of the District hereby imposes an administrative fee of \$75.00 per account being certified to offset the costs associated with certification of delinquent accounts.
4. Said delinquent fees for service charges will be collected by the El Paso County Treasurer and paid over to the District by the Treasurer in the same manner as taxes are authorized to be collected and paid over pursuant to Section 39-10-107, C.R.S.

DATED this 2<sup>nd</sup> day of November, 2022.

MERIDIAN SERVICE METROPOLITAN DISTRICT

By: \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

# EXHIBIT A

Meridian Service Metropolitan District								
2022 Certification Report to El Paso County								
<a href="mailto:ginatrivelli@elpasoco.com">ginatrivelli@elpasoco.com</a>								
El Paso County Schedule Number	MSMD Acct #	Property Description	Bill Name	Service Address	Certification Sub Total	MSMD Admin Fee	El Paso County Certification Total	
1	4230315021	39966 LOT 63 MERIDIAN RANCH FIL NO 4	KRISTINA SCHIELE	9722 Fleece Flower Way	\$1,337.09	\$75.00	\$1,412.09	
2	4229310010	40455 LOT 148 WINDINGWALK FIL 1 AT MERIDIAN RANCH	JOLHEA MUHAMMAD-PAYTON	9563 Fairway Glen Dr	\$700.53	\$75.00	\$775.53	
Payments to:								
Meridian Service Metropolitan District								
11886 Stapleton Drive								
Peyton, CO 80831								

## MSMD Operations Report for October 2022

October water operations completed the monthly Bac-T sampling with no issues. Monthly water meter reading and water usage performed on 10-25-22. LFH-3 has been reinstalled pending start up due to a delay in getting the water level sensor. Startup and Bac T sampling will be completed once level sensor equipment is installed. Coating rehab on the 2 MG tank has been awarded. Tank draining took longer than expected but has been completed. Access hatches have been opened and accessible. Contractor to start moving in equipment very soon. Staff continued dead end flushing and hydrant maintenance with 14 dead ends flushed. The recently purchased handheld electric valve turning tool has already paid for itself and proving to be extremely helpful.

Irrigation winterization started on October 17<sup>th</sup> and in full swing. Planter bed rehab at Clark Peak has been completed. The remaining wood mulch, drip lines, and dead vegetation were removed. New rock, several plants, along with new drip line were installed. The purchase paperwork for the water trailer has been completed only needing final signature for title application.

Staff performed weekly infiltration gallery inspections and recorded water level logging data. Monthly flow measurement and calculations were taken on 10-26-22.

The irrigation pond has been drained in preparation for winter maintenance and removal of accumulated sediment and algae removal.

Wastewater operations staff completed weekly composite sampling and drop off to Cherokee. Weekly Hydrogen Sulfide (H<sub>2</sub>S) and Total Dissolved Solids (TDS) samples were collected during weekly sewer flow meter inspections. The filter plant manhole was also cleaned mid and end of October. Replacement air vacs pending scheduling. Coordination and tie with Cherokee for their new headworks took place on 10-24-22. Flow was temporarily stopped at 2 am to assist with lower flows into the plant for tie in work. Flow was restored at approximately 7 am the same day. Road work and coordination with CDOT work at Blaney and 94 continues. Installation work for (2) 54-inch concrete pilons for traffic arm masts is nearing. As a precaution, the force main will need to be shut down while holes are dug and bases formed.

Upcoming or continued water tasks:

- Monthly meter reading (completed ~~1-27-22, 2-28, 3-25, 4-25, 5-25, 6-25, 7-25, 8-25, 9-26, 10-25, 11-28, 12-27~~)
- Monthly Bac-T sampling (~~Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sept, Oct, Nov, Dec~~)
- ~~1<sup>st</sup> Quarter monitoring and sampling~~
- ~~2<sup>nd</sup> Quarter monitoring and sampling~~
- ~~3<sup>rd</sup> Quarter monitoring and sampling~~
- 4<sup>th</sup> Quarter monitoring and sampling
- ~~Well step testing (mid February 2-8, 2-10, 2-18, 2-25-22)~~
- ~~Lead and Copper Sampling (bi-yearly)~~ **Completed**
- ~~Flow control valve replacement (completed 5-23-22)~~
- ~~Reclamation tank pipe expansion (completed 5-20-22)~~

Upcoming or continued parks and drainage:

- Continue irrigation repairs/testing (in progress)
- ~~2022 annual backflow testing (completed)~~
- ~~Irrigation spring start up~~
- Irrigation winterization, **(Oct 17<sup>th</sup> in progress)**
- Continue fence repairs (in progress)
- Mulch/rock replacement in planter beds (in progress)
- Dead tree removal (in progress)

Upcoming or continued wastewater tasks:

- Sewer force main air vac maintenance/vault inspections **(in progress)**
- Sewer force main flow meter replacement/relocate
- Infiltration pit maintenance **(in progress)**
- ~~Infiltration pit logger installs (2) (pending weather, in progress)~~
- Sewer line maintenance **(underway)**

## November 2nd, 2022 Recreation Board Report

### Usage Numbers October 1-27, 2022

Total Attendance – 8762

Group Ex – 646 participants. Of those we received \$377 from non-members

Childcare attendance – 306

Parents Night Out – 23 children. \$375. (Second PNO on 10.28.22)

Parties – 3 pool parties

Revenue collected - **\$11,516.35**

### Pulse Check:

The recreation slowed down for general usage in October, but programming continued to stay strong and keep us busy. The annual Trunk or Treat is on October 29<sup>th</sup> and we are prepared to host a bigger event than ever.

The sports department is currently running adult and youth basketball and both leagues are going very well. BJJ continues to fill and is going well. Swim lessons continue to fill and are going well.

Annual maintenance on heaters and LED's is scheduled. Amenity pump was replaced and will be ready to roll next year. This pump was on a 5 month back order and the work was just completed. Still waiting on our permit to begin garage construction, Tuffshed continues to provide updates. The sump pump in the pool pump room just went out and we are expected to have it repaired by Friday, Nov 4<sup>th</sup>.

In November we will be hosting our 5<sup>th</sup> annual festival of trees, which will lead us into Cookies with Santa in December. We will also be hosting a holiday potluck for the active older adults and hope to have a good turnout.

There was an incident involving residents and staff on Sunday, October 23<sup>rd</sup> that will be discussed.

# Project Memo

**DATE:** October 21, 2022  
**TO:** Jim Nikkel  
General Manager  
**FROM:** Todd Cristiano  
Senior Manager  
**SUBJECT:** Water and Wastewater Facility Fee and Financial Plan Study Report

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## Introduction

The Meridian Services Metropolitan District (District) retained Raftelis to complete a comprehensive financial plan and facility fee (tap fee) analysis for their water and wastewater utilities. This memo summarizes the final proposed water and wastewater facility fees and financial plan scenarios. The results of the facility fee analysis informed the scenarios developed for the water and wastewater utility financial plans.

## Water and Wastewater Facility Fees

This section details the development of the District's water and wastewater facility fees. Raftelis relied on the district's asset, billing, and capital planning reports to calculate the fees.

## Colorado Impact Fee (Tap Fee) Statute

The Colorado Revised Statutes (CRS) §29-20-104.5 outlines the requirements for calculating and implementing a facility fee. The basic tenets of the Statute are listed below.

- Fees must be generally applicable to a broad class of property (for example, residential, commercial, etc.).
- Fees must be intended to defray the projected impacts on capital facilities caused by the proposed development.
- Fees are directly related to services that a local government is authorized to provide.
- The asset has an estimated useful life of five years or longer.
- The fee is required by the charter or general policy of a local government pursuant to a resolution or ordinance.

## Facility Fee Methodologies

Table 1 summarizes the generally accepted methodologies for calculating tap fees. Each method is designed to recover the cost of capacity to serve new development. The selection of a method should consider a utility's goals and objectives for recovering capacity-related capital costs. The three methodologies include buy-in, incremental, and hybrid. The table below lists the basic parameters a utility may consider when selecting a method that best meets its needs.



*Table 1: Industry-Accepted Fee Methodologies*

Description	Buy-in	Incremental	Hybrid
Available existing capacity sufficient to accommodate new growth	X		
No existing capacity with significant future capacity requirements		X	
Some existing capacity available with future capacity requirements needed to accommodate new growth		X	X

## Calculated Water Tap Fee

Raftelis calculated the water tap fee using the incremental methodology based on the findings in the *2021 Buildout Capital Improvement Plan For Water & Wastewater Report* (Report).

The proposed water facility fee includes an infrastructure and water rights components. The only difference between these two components is the measurement of capacity. Infrastructure projects are stated in peak day gallons per day, while the resource projects are indicated in terms of annual demand or acre-feet. The two fees are calculated separately but are combined into one fee.

### System Valuation

The District’s existing water infrastructure is currently at capacity and cannot theoretically serve new development. In addition, the District anticipates future water rights purchases to meet near-term growth. Raftelis developed a separate water rights fee and an infrastructure fee; however, these values are Raftelis used the projected expansion projects indicated in the Report to develop the calculated infrastructure portion of the facility fee and information from Staff to calculate the water rights portion of the facility fee. Assumptions regarding projected system capacity and SFEs<sup>1</sup> are also based on the findings in the Report and information provided by Staff. Raftelis used the incremental water treatment plant expansion capacity to determine the unit cost. The total water rights valuation is estimated at \$6.75 million, and the infrastructure projects total \$52.42 million.

### Capacity Units

Water rights projects will add that the District and the future growth-related infrastructure projects will provide an additional capacity of 1.4 million gallons per day (mgd) at a unit cost of \$38.30 per gpd. Future water rights will add approximately 554 acre-feet (AF) at a unit cost of \$12,193 per AF. Based on an annual demand of 231 gpd, the water rights fee for a ¾” meter is \$3,155. Similarly, based on a peak demand of 639 gpd, the infrastructure facility fee for a ¾” meter is \$24,472. The total fee for both components is \$27,627. Table 2 summarizes the water tap fee calculation, and Table 3 compares the existing and calculated maximum supportable facility fees by meter size<sup>2</sup>.

<sup>1</sup> SFE – Single Family Equivalent. ERU – Equivalent Residential Unit. ¾” Residential Equivalent. These are used interchangeably throughout the report.

<sup>22</sup> The maximum supportable fee is the highest fee that can be supported data used to calculate the fee.

Meridian Services Metropolitan District  
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 2: Water Tap Fee Calculation

Line No	Description	Capacity Units	Growth-Related Costs	Fee
<b>Water Rights</b>				
1	Guthrie Water Rights Total		\$6,750,000	
2	Acre Feet Added	553.60		
3	Water Rights \$/Acre Foot	\$12,193		
4	Water Rights \$ per 1,000 gallons	37.42		
5	SFE Average Day Demand, gpd [1]	231		
6	SFE Annual Demand, 1,000 gallons per	84.3		
7	<b>Water Rights Fee, \$ per 3/4" Equivalent</b>			<b>\$3,155</b>
<b>Infrastructure Expansion Projects</b>				
<u>Raw Water System Improvements</u>				
8	Wells (Remaining on site and at Guthrie/Hart)		\$25,500,000	
9	Guthrie Mid-Point Pump Station Expansion		1,100,000	
10	Guthrie MSMD Booster Expansion		1,100,000	
11	Guthrie Pipeline Parallel (16-inch)		8,350,000	
12	Guthrie and Hart Ranch Raw Water Transmission Lines		2,970,000	
13	Tamlin Line Acquisition		1,000,000	
<u>Water System Improvements</u>				
14	Expand Filtration Plant and Building		2,000,000	
15	Purchase & Paint WHMD 2.0 MG Water Tank		750,000	
16	Transmission Line Filter Plant to Tanks		1,200,000	
17	Latigo Transmission Line		2,050,000	
18	Bypass WTP for Well Sites 7, 8 and Latigo		\$0	
19	Water Treatment Plant Expansion		-	
20	WTP Booster Pump Station Expansion		-	
21	Parallel Line from WTP to Tank Farm		1,200,000	
22	Future Project Past 2027 - New Well		2,500,000	
23	Future Project Past 2027 - Storage		2,700,000	
24	Future Undesignated Capital Projects		-	
25	<b>Total Infrastructure Expansion Projects to Buildout</b>		<b>\$52,420,000</b>	
26	Additional System Capacity, gpd [2]	1,368,738		
27	Unit Cost of Capacity, \$ per gpd		\$38.30	
28	SFE Peak Day Demand, gpd		639	
29	<b>Infrastructure Impact Fee</b>			<b>\$24,472</b>
30	<b>Calculated Tap Fee, \$ per SFE (Line 7 + Line 29)</b>			<b>\$27,627</b>
31	<b>Calculated Tap Fee, \$ per SFE (Rounded)</b>			<b>\$27,630</b>
32	Current Tap Fee, SFE			\$9,500
33	Difference - \$			\$18,130
34	Difference - %			191%

[1] Buildout Capital Improvement Plan For Water & Wastewater Report, Page 13  
 [2] Buildout Capital Improvement Plan For Water & Wastewater Report, Page 13  
 2,142 SFEs x 639 peak day gpd.

## Calculated Wastewater Tap Fee

Raftelis calculated the wastewater SDF using the hybrid methodology as there is capacity available in the existing system, and future expansion is anticipated in the near future. The wastewater system valuation is based on the Service District's current assets in service, the capacity purchase in the Black Squirrel Reclamation Facility (BSRF), and growth-related projects.

### Current Assets in Service

Current assets are valued at replacement costs using the Engineering News Record Construction Cost Index (ENR-CCI). These costs have been adjusted for capital contributions from developers. Contributions represent 'free capital' and, from a conservative perspective, should not be recovered through the calculated tap fees. The State Statute does not explicitly provide guidance on whether the value of contributions should or should not be included.

### Black Squirrel Reclamation Facility Capacity Purchase

Raftelis included the costs for the Service District's share of purchased capacity in the BSRF, which the Cherokee Metropolitan District owns. Although the Service District purchased capacity, they do not own any portion of the facility. It is assumed the Service District funded this facility through reserves and bonds, and existing customers and tap fees over time accumulated these reserves. These funds allowed for the purchase of capacity sufficient to meet existing demands and future capacity. Including this cost in the tap ensures that new customers reimburse existing customers for their past contributions.

### All Other Capital

Other capital includes the expansion capital identified in the Report valued at current dollars.

### Developer Contributions

This fee includes costs for repayment on previous developer contributions. On March 20, 2001, the District entered into a Reimbursement Agreement with GTL Development, Inc. (Developer) to reimburse the Developer for advances made on behalf of the District for operations, maintenance, and capital infrastructure costs, along with accrued interest from the date of receipt.

### Capacity Units

Raftelis assumed a total of 11,790 SFEs can be served by the existing and future water facilities can be served by existing and future wastewater facilities. Table 3 shows the calculation of the wastewater fee, and Table 4 compares the existing and calculated fees by meter size.

Table 3: Calculated Wastewater Facility Fee

Line No	Description	Capacity Units	Growth-Related Costs	Calculated Fee
1	Total System Replacement Cost [1]		\$28,127,352	
2	Less: Developer Contributed Assets		(3,176,686)	
3	Cherokee Metropolitan District WRF [2]		14,198,000	
4	WH Sewer Bypass Phase		75,000	
5	Mid-point Injection		95,000	
6	2022 Lift Station		55,000	
7	Phase 2 Sewer Bypass of		333,000	
8	Phase 3 Sewer Bypass of		180,000	
9	Phase 4 Sewer Bypass of		336,000	
10	<b>Total Net Assets and Growth-Related CIP</b>		<b>\$40,222,665</b>	
11	<b>Existing and Future SFEs</b>	<b>11,790</b>		
12	<b>Total Infrastructure Tap Fee</b>			<b>\$3,412</b>
	<b>Developer Contribution Reimbursement</b>			
13	Principal		\$0	
14	Interest		2,058,536	
15	<b>Total Developer Contribution Reimbursement</b>		<b>\$2,058,536</b>	
16	<b>Existing and Future SFEs</b>	<b>11,790</b>		
17	<b>Total Developer Contribution Tap Fee</b>			
18	<b>Calculated Wastewater Tap Fee, \$ per SFE</b>			<b>\$3,412</b>
19	Current Tap Fee, \$ per SFE			\$9,500
20	Difference - \$			(\$6,088)
21	Difference - %			-64%

[1] From District asset records  
 [2] Assumes 45.8% of the \$30 million construction costs. Source: 2009 Cherokee Metropolitan District (CMD) annual report, page 27

Table 4: Existing and Calculated Wastewater Facility Fee Schedule by Meter Size

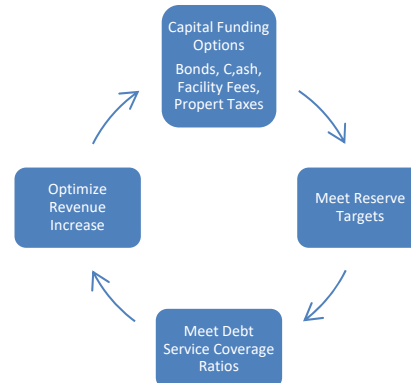
Meter Size [1]	SFE [2]	Current	Calculated	Change - \$	Change - %
3/4"	1	\$9,500	\$3,410	(\$6,090)	-64.1%
1"	2	19,000	6,820	(12,180)	-64.1%

[1] Meter sizes greater than 1" assessed on an individual basis  
 [2] Single family equivalent

## Financial Planning Process

A primary consideration in developing an ‘optimal’ financial plan is minimizing annual revenue increases by balancing the use of reserves, existing rate revenue, bonds, and property taxes to fund operational costs and growth-related capital projects. This balance is subject to the constraints of meeting the Service District’s target reserve policies and debt service coverage requirements on any proposed debt.

This approach is an iterative process. For example, issuing debt to fund a capital project may keep revenue increases low; however, new debt payments may decrease the coverage below the target level. As a result, a revenue increase may be needed to maintain compliance with the target. The revenue generated from the increase now may meet debt service coverage and produce an ending balance more than the target reserve. This excess can be used to partially fund the capital project, which, in turn, could reduce the proposed state loan amount.



## Water Utility

### Introduction

The water utility consists of two sub-funds:

- **Operating Fund.** Funds activities associated with annual operation and maintenance of the utility, debt service on proposed bond or loan issues, transfers to the capital fund to assist in funding any deficiencies not met from facility fees<sup>3</sup>, and maintaining emergency and rate stabilization reserves
- **Capital Expansion Fund.** Tracks activities associated with funding growth and non-growth-related capital improvement projects. Sources include facility fees, bond proceeds, and transfers from the operating fund. Uses include capital improvement project costs and repayments on developer contributions.

Raftelis maintained the separation of these sub-funds for this study to ensure that sources of funds were being used for their appropriate purposes. For example, facility fees and bond and loan issues fund the capital improvement program but should not fund operations.

### Assumptions

The water utility financial plan scenarios were developed based on several assumptions. Changes to these assumptions may materially affect the results.

*Table 5: Water Utility Assumptions*

Item	Description
2022 Beginning Fund Balance	
Operating-Capital Fund	\$2,316,370
Capital Fund	\$4,326,592
State Loan Issues	
Term	20 years
Interest Rate	4.75%
Debt Service Coverage Target	1.25x debt service payments
SFE Annual Growth [1] (through buildout in 2028)	
2023	100
2024	287
2025-2030	314
2031	279
Average O&M Inflation	2023: 4.0%; 2024 – 2031: 3.5%
Annual Capital Projects Inflation	5.0%

### Financial Plan Scenarios

Raftelis developed four financial planning scenarios. These scenarios show the impact of annual rate revenue adjustments based on varying the amount of annual bond issues and the level of facility fee charges. A description of the facility fees for each scenario is listed below.

- Scenario 1: \$14,000 Facility Fee + \$500 per Year Increase

<sup>3</sup> Tap fees and facility fees are used interchangeably throughout this memo.

- Scenario 2: \$11,500 Facility Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)
- Scenario 3: \$14,000 Facility Fee + \$250 per Year
- Scenario 4: \$11,500 Tap Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

### *Capital Improvement Program*

The 10-year capital improvement program totals \$75.8 million, including an annual inflation allowance of 5%. Of this \$75.8 million, \$71.1 million is for growth-related projects, and the remaining \$4.7 million is for repair and replacement projects. The growth-related projects are anticipated to be funded with facility fee revenue, bond proceeds, reserves, and rate revenue as transfers from the operating fund. The capital improvement program does not vary with each of the scenarios.

### **Revenue Requirement**

Revenue from rates and other miscellaneous revenue should be sufficient to meet annual revenue requirements in the operating fund. Revenue requirements include operation and maintenance expenses, transfers to the capital expansion fund, payments on proposed debt service, and meeting target debt service coverage and reserves. The tables below show each scenario's key parameters and a cash flow summary for each fund.

Meridian Services Metropolitan District  
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 6  
 Scenario 1: \$14,000 Facility Fee + \$500 per Year Increase

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>KEY PARAMETERS SUMMARY</b>										
Facility Fee, \$ per SFE	\$9,500	\$14,000	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.4	\$4.2	\$4.7	\$4.9	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$7.70	\$7.70	\$13.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Revenue Adjustments	0.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>CAPITAL EXPANSION FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$4.33</b>	<b>\$8.12</b>	<b>\$0.76</b>	<b>\$1.33</b>	<b>\$2.56</b>	<b>\$1.87</b>	<b>\$1.54</b>	<b>\$0.19</b>	<b>\$1.05</b>	<b>\$5.55</b>
Sources of Funds	\$9.71	\$1.40	\$11.86	\$12.41	\$18.16	\$5.02	\$5.18	\$5.33	\$5.49	\$5.02
Uses of Funds	\$5.92	\$8.76	\$11.29	\$11.17	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Annual Surplus/(Deficiency)	\$3.80	(\$7.36)	\$0.57	\$1.23	(\$0.69)	(\$0.33)	(\$1.35)	\$0.87	\$4.49	\$3.97
<b>Ending Fund Balance</b>	<b>\$8.12</b>	<b>\$0.76</b>	<b>\$1.33</b>	<b>\$2.56</b>	<b>\$1.87</b>	<b>\$1.54</b>	<b>\$0.19</b>	<b>\$1.05</b>	<b>\$5.55</b>	<b>\$9.52</b>
<b>OPERATING FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$2.32</b>	\$1.06	\$2.15	\$2.83	\$3.13	\$2.60	\$2.31	\$2.38	\$2.85	\$3.73
Operating Income	3.33	3.81	4.20	4.65	5.11	5.59	6.09	6.63	7.20	7.76
Revenue Requirements	4.59	2.71	3.52	4.35	5.63	5.89	6.02	6.16	6.31	6.46
Annual Surplus/(Deficiency)	(1.26)	1.09	0.68	0.30	(0.53)	(0.30)	0.07	0.47	0.89	1.29
<b>Ending Balance</b>	<b>\$1.06</b>	<b>\$2.15</b>	<b>\$2.83</b>	<b>\$3.13</b>	<b>\$2.60</b>	<b>\$2.31</b>	<b>\$2.38</b>	<b>\$2.85</b>	<b>\$3.73</b>	<b>\$5.02</b>
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.74	\$1.35	\$1.57	\$0.96	\$0.57	\$0.55	\$0.92	\$1.70	\$2.87

Meridian Services Metropolitan District  
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 7  
 Scenario 2: \$11,500 Facility Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>KEY PARAMETERS SUMMARY</b>										
Facility Fee, \$ per SFE	\$9,500	\$11,500	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.2	\$3.6	\$4.4	\$4.8	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$8.30	\$8.20	\$14.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Revenue Adjustments	0.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>CAPITAL EXPANSION FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$4.33</b>	<b>\$8.12</b>	<b>\$0.51</b>	<b>\$1.15</b>	<b>\$2.54</b>	<b>\$2.69</b>	<b>\$2.35</b>	<b>\$1.01</b>	<b>\$1.87</b>	<b>\$6.36</b>
Sources of Funds	\$9.71	\$1.15	\$11.93	\$12.57	\$19.00	\$5.02	\$5.18	\$5.33	\$5.49	\$5.02
Uses of Funds	\$5.92	\$8.76	\$11.29	\$11.17	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Annual Surplus/(Deficiency)	\$3.80	(\$7.61)	\$0.64	\$1.39	\$0.14	(\$0.33)	(\$1.35)	\$0.87	\$4.49	\$3.97
<b>Ending Fund Balance</b>	<b>\$8.12</b>	<b>\$0.51</b>	<b>\$1.15</b>	<b>\$2.54</b>	<b>\$2.69</b>	<b>\$2.35</b>	<b>\$1.01</b>	<b>\$1.87</b>	<b>\$6.36</b>	<b>\$10.33</b>
<b>OPERATING FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$2.32</b>	\$1.06	\$2.15	\$2.79	\$2.99	\$2.31	\$1.85	\$1.76	\$2.06	\$2.79
Operating Income	3.33	3.81	4.20	4.65	5.10	5.58	6.09	6.62	7.19	7.75
Revenue Requirements	4.59	2.71	3.57	4.44	5.79	6.04	6.18	6.32	6.47	6.62
Annual Surplus/(Deficiency)	(1.26)	1.09	0.63	0.21	(0.68)	(0.46)	(0.09)	0.30	0.72	1.12
<b>Ending Balance</b>	<b>\$1.06</b>	<b>\$2.15</b>	<b>\$2.79</b>	<b>\$2.99</b>	<b>\$2.31</b>	<b>\$1.85</b>	<b>\$1.76</b>	<b>\$2.06</b>	<b>\$2.79</b>	<b>\$3.91</b>
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.74	\$1.30	\$1.43	\$0.67	\$0.12	(\$0.07)	\$0.14	\$0.75	\$1.76



Meridian Services Metropolitan District  
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 8  
 Scenario 3: \$14,000 Facility Fee + \$250 per Year

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>KEY PARAMETERS SUMMARY</b>										
Facility Fee, \$ per SFE	\$9,500	\$14,000	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.4	\$4.1	\$4.5	\$4.6	\$4.7	\$4.8	\$4.9	\$4.9	\$4.5
Bond Issues, \$ mil	\$0.00	\$0.00	\$9.40	\$9.30	\$16.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.88	\$0.88	\$0.88	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26
Annual Revenue Adjustments	0.0%	8.0%	6.6%	6.6%	6.6%	6.6%	3.0%	3.0%	3.0%	3.0%
<b>CAPITAL EXPANSION FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$4.33</b>	<b>\$8.12</b>	<b>\$0.00</b>	<b>\$1.32</b>	<b>\$3.12</b>	<b>\$3.73</b>	<b>\$1.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2.68</b>
Sources of Funds	\$9.71	\$1.52	\$13.49	\$13.85	\$20.73	\$4.71	\$5.96	\$5.73	\$4.94	\$4.46
Uses of Funds	\$5.92	\$9.64	\$12.17	\$12.05	\$20.12	\$6.61	\$7.78	\$5.73	\$2.26	\$2.31
Annual Surplus/(Deficiency)	\$3.80	(\$8.12)	\$1.32	\$1.80	\$0.61	(\$1.91)	(\$1.82)	\$0.00	\$2.68	\$2.15
<b>Ending Fund Balance</b>	<b>\$8.12</b>	<b>\$0.00</b>	<b>\$1.32</b>	<b>\$3.12</b>	<b>\$3.73</b>	<b>\$1.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2.68</b>	<b>\$4.84</b>
<b>OPERATING FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$2.32</b>	\$1.06	\$2.04	\$2.72	\$3.08	\$2.60	\$2.62	\$1.91	\$1.97	\$3.41
Operating Income	3.33	3.80	4.34	4.96	5.64	6.38	6.96	7.57	8.22	8.87
Revenue Requirements	4.59	2.83	3.66	4.61	6.11	6.36	7.68	7.51	6.79	6.94
Annual Surplus/(Deficiency)	(1.26)	0.98	0.69	0.35	(0.47)	0.02	(0.72)	0.07	1.43	1.92
<b>Ending Balance</b>	<b>\$1.06</b>	<b>\$2.04</b>	<b>\$2.72</b>	<b>\$3.08</b>	<b>\$2.60</b>	<b>\$2.62</b>	<b>\$1.91</b>	<b>\$1.97</b>	<b>\$3.41</b>	<b>\$5.33</b>
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.62	\$1.24	\$1.51	\$0.96	\$0.89	\$0.08	\$0.04	\$1.37	\$3.17

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 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 9  
 Scenario 4: \$11,500 Tap Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>KEY PARAMETERS SUMMARY</b>										
Facility Fee, \$ per SFE	\$9,500	\$11,500	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.2	\$3.6	\$4.4	\$4.8	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$9.40	\$9.30	\$16.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.88	\$0.88	\$0.88	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26
Annual Revenue Adjustments	0.0%	8.0%	7.0%	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
<b>CAPITAL EXPANSION FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$4.33</b>	<b>\$8.12</b>	<b>\$0.00</b>	<b>\$0.86</b>	<b>\$2.47</b>	<b>\$3.26</b>	<b>\$1.67</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3.23</b>
Sources of Funds	\$9.71	\$1.52	\$13.03	\$13.67	\$20.90	\$5.02	\$6.12	\$5.73	\$5.49	\$5.02
Uses of Funds	\$5.92	\$9.64	\$12.17	\$12.05	\$20.12	\$6.61	\$7.78	\$5.73	\$2.26	\$2.31
Annual Surplus/(Deficiency)	\$3.80	(\$8.12)	\$0.86	\$1.61	\$0.79	(\$1.59)	(\$1.67)	\$0.00	\$3.23	\$2.71
<b>Ending Fund Balance</b>	<b>\$8.12</b>	<b>\$0.00</b>	<b>\$0.86</b>	<b>\$2.47</b>	<b>\$3.26</b>	<b>\$1.67</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3.23</b>	<b>\$5.94</b>
<b>OPERATING FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$2.32</b>	\$1.06	\$1.78	\$2.48	\$2.87	\$2.46	\$2.57	\$2.20	\$2.85	\$4.41
Operating Income	3.33	3.80	4.36	5.00	5.70	6.48	7.07	7.69	8.35	9.01
Revenue Requirements	4.59	3.08	3.66	4.61	6.11	6.36	7.44	7.04	6.79	6.94
Annual Surplus/(Deficiency)	(1.26)	0.72	0.70	0.39	(0.41)	0.11	(0.38)	0.65	1.56	2.06
<b>Ending Balance</b>	<b>\$1.06</b>	<b>\$1.78</b>	<b>\$2.48</b>	<b>\$2.87</b>	<b>\$2.46</b>	<b>\$2.57</b>	<b>\$2.20</b>	<b>\$2.85</b>	<b>\$4.41</b>	<b>\$6.48</b>
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.37	\$1.00	\$1.31	\$0.82	\$0.84	\$0.37	\$0.92	\$2.38	\$4.32

## Wastewater Utility

Raftelis developed multiple financial planning scenarios to evaluate the impact on annual rate revenues based on varying the levels of the facility fee charges. However, our analysis showed there were minimal differences between them. As a result, we recommended the scenario below. The scenarios are listed below

### Introduction

The wastewater utility consists of four subfunds:

- **Operating Fund.** Funds activities associated with annual operation and maintenance of the utility, debt service on proposed bond or loan issues, transfers to the capital fund to assist in funding any deficiencies not met from tap fees (facility fees)<sup>4</sup>, and maintaining emergency and rate stabilization reserves
- **TDS Improvement Fund.** Tracks activities associated with collecting the Clean Water Surcharge from the Service District customers and Sterling Ranch customers and payments to Cherokee Metropolitan District and Bank of San Juan.
- **FAWWA Facility Fee Fund.** Tracks activities associated with pre-paid tap fee receipts from the Falcon Area Water and Wastewater Authority. These funds can be used for any financial needs in the water and wastewater utilities
- **Capital Expansion Fund.** Tracks activities associated with funding growth-related capital improvement projects. Sources include facility fees, transfers from the operating fund, bonds, and property taxes. Uses include growth-related capital projects and payments on the Metro Ranch Metropolitan District bond payments used to fund infrastructure projects.

Raftelis maintained the separation of these sub-funds for this study to ensure that sources of funds were being used for their appropriate purposes. For example, facility fees and bond and loan issues fund the capital improvement program but should not fund operations.

### Assumptions

The wastewater utility financial plan scenarios were developed based on several assumptions. Changes to these assumptions may materially affect the results.

*Table 10: Wastewater Utility Assumptions*

Item	Description
2022 Beginning Fund Balance	
Operating Fund	\$3,435,602
Capital Fund	\$1,138,159
TDS Improvement Fund	\$595,077
FAWWA Tap Fee Fund	\$0
State Loan Issues	
Term	20 years
Interest Rate	4.75%
Debt Service Coverage Target	1.25x debt service payments

<sup>4</sup> Tap fees and facility fees are used interchangeably throughout this memo.

Item	Description
SFE Annual Growth [1] (through buildout in 2028)	
2023	100
2024	287
2025-2030	314
2031	279
Average O&M Inflation	2023: 4.0%; 2024 – 2031: 3.5%
Annual Capital Projects Inflation	5.0%
Mill Levy Increase	2022 Mill Levy: 21.998 2031 Mill Levy: 30.169

## Financial Plan

### Capital Improvement Program

The 10-year capital improvement program totals \$9.2 million, including an annual inflation allowance of 5%. Of this \$9.2 million, \$4.2 million is for growth-related projects, and the remaining \$5.0 million is for repair and replacement projects. The growth-related projects are anticipated to be funded with facility fee revenue, bond proceeds, reserves, and rate revenue as transfers from the operating fund.

### Revenue Requirement

Revenue from rates and other miscellaneous revenue should be sufficient to meet annual revenue requirements in the operating fund. Revenue requirements include operation and maintenance expenses, transfers to the capital expansion fund, payments on proposed debt service, and meeting target debt service coverage and reserves.

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 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 11  
 Existing Fees + \$500/year Increase

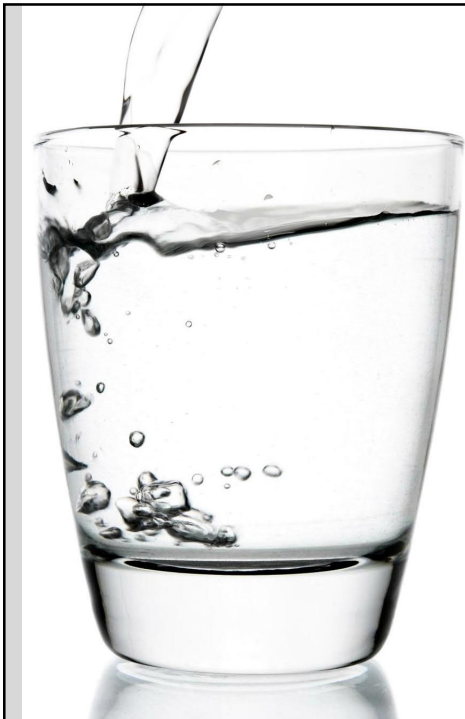
Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Facility Fee, \$ per SFE	\$9,500	\$10,000	\$10,500	\$11,000	\$11,500	\$12,000	\$12,500	\$13,000	\$13,500	\$14,000
Bond Issues, millions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, millions	\$150,000	\$1,443,750	\$826,875	\$1,764,000	\$0	\$0	\$0	\$0	\$0	\$0
Mill Levy, millions	\$2.34	\$2.81	\$2.95	\$3.10	\$3.25	\$3.40	\$3.57	\$3.74	\$3.91	\$4.10
Property Tax Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MRMD Payments, millions	\$3.61	\$3.89	\$4.27	\$4.27	\$4.35	\$4.35	\$4.44	\$4.44	\$4.52	\$4.52
Annual Revenue Adjustments	0.0%	8.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>CAPITAL EXPANSION FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$1.14</b>	<b>\$2.06</b>	<b>\$0.54</b>	<b>\$1.40</b>	<b>\$1.92</b>	<b>\$4.42</b>	<b>\$7.23</b>	<b>\$10.29</b>	<b>\$13.66</b>	<b>\$17.29</b>
Sources of Funds	\$4.68	\$3.81	\$5.97	\$6.55	\$6.86	\$7.17	\$7.49	\$7.82	\$8.15	\$8.00
Uses of Funds	\$3.76	\$5.34	\$5.10	\$6.04	\$4.35	\$4.35	\$4.44	\$4.44	\$4.52	\$4.52
Annual Surplus/(Deficiency)	\$0.92	(\$1.52)	\$0.87	\$0.51	\$2.50	\$2.82	\$3.05	\$3.38	\$3.63	\$3.48
<b>Ending Fund Balance</b>	<b>\$2.06</b>	<b>\$0.54</b>	<b>\$1.40</b>	<b>\$1.92</b>	<b>\$4.42</b>	<b>\$7.23</b>	<b>\$10.29</b>	<b>\$13.66</b>	<b>\$17.29</b>	<b>\$20.77</b>
<b>FAWWA FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1.48</b>	<b>\$17.37</b>	<b>\$16.97</b>	<b>\$16.68</b>	<b>\$16.53</b>	<b>\$16.47</b>	<b>\$16.47</b>
Sources of Funds	2.71	0.00	1.48	15.95	0.00	0.00	0.00	0.00	0.00	0.00
Uses of Funds	2.71	0.00	0.00	0.05	0.40	0.30	0.15	0.06	0.00	0.00
Annual Surplus/(Deficiency)	0.00	0.00	1.48	15.90	(0.40)	(0.30)	(0.15)	(0.06)	0.00	0.00
<b>Ending Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1.48</b>	<b>\$17.37</b>	<b>\$16.97</b>	<b>\$16.68</b>	<b>\$16.53</b>	<b>\$16.47</b>	<b>\$16.47</b>	<b>\$16.47</b>
<b>TDS FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$0.60</b>	<b>\$1.76</b>	<b>\$1.06</b>	<b>\$0.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.03</b>
Sources of Funds	2.31	0.44	0.55	0.70	1.15	1.15	1.15	1.15	1.18	1.27
Uses of Funds	1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Annual Surplus/(Deficiency)	1.17	(0.71)	(0.60)	(0.45)	0.00	0.00	0.00	0.00	0.03	0.12
<b>Ending Balance</b>	<b>\$1.76</b>	<b>\$1.06</b>	<b>\$0.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.03</b>	<b>\$0.15</b>
<b>OPERATING FUND CASH FLOW SUMMARY</b>										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Fund Balance</b>	<b>\$3.44</b>	<b>\$1.60</b>	<b>\$1.72</b>	<b>\$1.86</b>	<b>\$2.06</b>	<b>\$2.33</b>	<b>\$2.80</b>	<b>\$3.47</b>	<b>\$4.36</b>	<b>\$5.46</b>
Operating Income	2.21	2.06	2.28	2.52	2.78	3.04	3.31	3.59	3.89	4.17
Revenue Requirements	4.05	1.94	2.13	2.32	2.51	2.57	2.64	2.71	2.78	2.86
Annual Surplus/(Deficiency)	(1.84)	0.12	0.14	0.20	0.27	0.47	0.67	0.88	1.10	1.31
<b>Ending Balance</b>	<b>\$1.60</b>	<b>\$1.72</b>	<b>\$1.86</b>	<b>\$2.06</b>	<b>\$2.33</b>	<b>\$2.80</b>	<b>\$3.47</b>	<b>\$4.36</b>	<b>\$5.46</b>	<b>\$6.77</b>
Target Reserve	1.12	1.18	1.25	1.32	1.38	1.44	1.51	1.58	1.66	1.73
<i>Over/(Under) Target</i>	<i>\$0.48</i>	<i>\$0.54</i>	<i>\$0.61</i>	<i>\$0.75</i>	<i>\$0.95</i>	<i>\$1.36</i>	<i>\$1.96</i>	<i>\$2.77</i>	<i>\$3.80</i>	<i>\$5.04</i>

# Meridian Service

## Metropolitan District

### 2022 Water and Wastewater Financial Plan and Fee Study

October 2022



## Agenda



**Rate study goals and objectives**



**Tap fees**



**Financial plan findings**







**Typical bill comparison**







**Peer utility typical bill survey**

## MSMD's rates and fees must:

-  **Fund Operations**
-  **Fund Capital Projects & Debt**
-  **Maintain Reserves**
-  **Fund Growth**

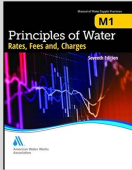
3

## How we'll get there

- |   |   |
|---|---|
|  <b>Fund Operations</b>                  |  <b>Rate Revenues</b>  |
|  <b>Fund Capital Projects &amp; Debt</b> |  <b>Facility fees</b>  |
|  <b>Maintain Reserves</b>                |  <b>Reserves</b>       |
|  <b>Fund Growth</b>                      |  <b>Property taxes</b> |

4

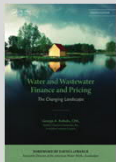
## Guided by industry-standard financial planning and rate-setting approaches



American Water Works Association,  
Manual M-1, Principles of Rates, Fees, and Charges



Water Environment Federation  
Financing and Charges for Wastewater Systems



Raftelis Financial Consultants  
Water and Wastewater Finance and Pricing

5

## Water utility financial plan scorecard



- District facility fees and projected loans fund growth-related projects
- Rate revenues available to meet cash flow deficiencies if needed



- FAWWA contract revenues available to fund capital projects, and developer contribution payments



- Net income including facility fee revenue meets annual projected target debt service coverage requirements of 1.25 times annual debt service



- Rate revenues and facility fees assist in repaying developer contributions (scenarios 3 & 4)



- *Result: Rate increase alternatives for your consideration*



## Wastewater utility financial plan scorecard



- Facility fees and property taxes sufficient to fund growth-related projects and refinanced MRMD debt



- FAWWA contract revenues available to fund capital projects, and MRMD payments



- Rate revenues sufficient to meet annual O&M, repair and replacement capital each year through study period



- *Result: Annual revenue adjustments are needed*

# Facility Fees



## What are facility fees?

- One-time charge
- Fee for new customer demand only
- Fee required of all new customers for their share of capacity
- Fee required for existing customers requesting increases in capacity
- Fee based on the value of the utility's capacity and the amount of capacity needed by the new customer

9

## What are facility fees?

- Can be used to pay for debt service
- Balances equity between existing and new customers
- Fee represents cost to reserve capacity in system backbone and associated facilities
  - Transmission mains
  - Pump stations
  - Storage
  - Wastewater treatment plant
  - Force and large gravity mains
  - Lift stations

10

## Facility fees – State statute requirements

- Compliant with State Statutes – 29.20.104.5
- Reasonably tied to impact of new development
- Assessed in proportion to impact
- May not be used to fund repairs
- Excludes contributed assets and assets less than 5 year service life

11

## Financial planning scenarios



Water

①

- \$14,000 Tap Fee in 2023 + \$500 increase annually through 2031

②

- \$11,500 Tap Fee in 2023 + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)

③

- \$14,000 tap fee in 2023 + \$250 annual increase through 2031
- Includes payment for developer contributions

④

- \$11,500 tap fee + 10% annual incr. ('23-'26); + \$500 annual incr. ('27-'31)
- Includes payment for developer contributions




Wastewater

①


- \$10,000 Tap Fee in 2023 + \$500 increase annually through 2031

12

## Facility fees Comparison of current and calculated fee

	<b>Water</b>	Meter Size [1]	SFE [2]	Current	Calculated	Change - \$
		3/4"	1	\$9,500	\$27,630	\$18,130
1"	2	19,000	55,260	36,260		

[1] Meter sizes greater than 1" assessed on an individual basis  
[2] Single family equivalent


	<b>Wastewater</b>	Meter Size [1]	SFE [2]	Current	Calculated	Change - \$
		3/4"	1	\$9,500	\$3,410	(\$6,090)
1"	2	19,000	6,820	(12,180)		

[1] Meter sizes greater than 1" assessed on an individual basis  
[2] Single family equivalent


- Calculated fees are based on utility system asset data, future expansion project costs, added capacity, and demand characteristics of a single family equivalent (SFE)

13

## Facility fees Current and alternative fees for 2023

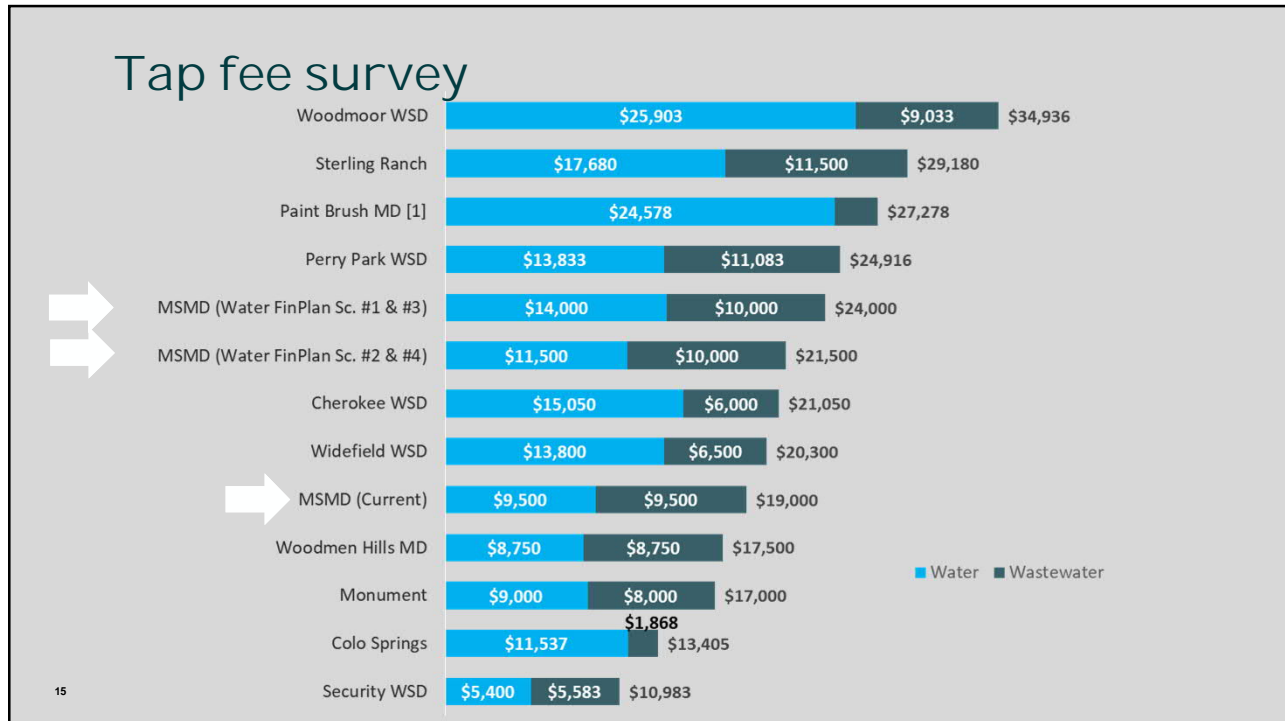
	<b>Water</b>	Meter Size [1]	SFE [2]	Current	Financial Plan Scenario	
		3/4"	1	\$9,500	#2 and #4	#1 and #3
1"	2	19,000	23,000	28,000		

[1] Meter sizes greater than 1" assessed on an individual basis  
[2] Single family equivalent

	<b>Wastewater</b>	Meter Size [1]	SFE [2]	Current	Financial Plan Scenario #1
		3/4"	1	\$9,500	\$10,000
1"	2	19,000	20,000		

[1] Meter sizes greater than 1" assessed on an individual basis  
[2] Single family equivalent

14



15

# Water Financial Plan

↓

16

## Water utility flow of funds Self supporting enterprise fund



<p><b>Operating</b></p>	<ul style="list-style-type: none"> <li>• Rate revenues</li> <li>• O&amp;M expense</li> <li>• Repair and replacement projects</li> </ul>
<p><b>Capital Expansion</b></p>	<ul style="list-style-type: none"> <li>• Facility fee revenues</li> <li>• Bond proceeds</li> <li>• Expansion-related capital improvement projects</li> </ul>

## Water financial plan assumptions

<p><b>Reserve Targets</b></p>	<ul style="list-style-type: none"> <li>• Target reserve requirement increase from \$1.4 million in 2023 to \$2.15 million in 2031.</li> <li>• Available for unforeseen operating expense and/or capital expenditures</li> </ul>
<p><b>Growth-Related Capital Funding</b></p>	<ul style="list-style-type: none"> <li>• Facility fees</li> <li>• Rate revenues if needed</li> <li>• Capital reserves</li> <li>• Proposed bonds</li> <li>• FAWWA contract revenues</li> </ul>
<p><b>Inflation Assumptions</b></p>	<ul style="list-style-type: none"> <li>• 4% in 2023; 3.5% in 2024 - 2031</li> <li>• 5% on capital projects</li> </ul>
<p><b>Other Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Growth-related debt service funded by rate revenues</li> <li>• Developer contribution repayments funded by rate revenues and facility fees</li> </ul>

## Water utility financial plan scenarios

①

- \$14,000 Tap Fee in 2023 + \$500 increase annually through 2031

②

- \$11,500 Tap Fee in 2023 + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)

③

- \$14,000 tap fee in 2023 + \$250 annual increase through 2031
- Includes payment for developer contributions

④

- \$11,500 tap fee + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)
- Includes payment for developer contributions

## Water financial plan scenarios Key variables to optimize cash flows



- Tap fee scenarios



- Annual revenue adjustments



- Bond proceeds to fund growth-related debt



- *Result: Minimize impacts to existing water and wastewater customers*

## Water financial plan scenario results

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>Tap fees (\$)</b>	\$14,000 in 2023 + \$500 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)	\$14,000 in 2023 + \$250 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)
<b>Loan Proceeds/ Total CIP</b>	Bonds: \$28.7 Million Total Growth CIP: \$71.1 million	Bonds: \$30.7 Million Total Growth CIP: \$71.1 million	Bonds: \$34.8 Million Total Growth CIP: \$71.1 million	Bonds: \$34.8 Million Total Growth CIP: \$71.1 million
<b>Service Fees Increase (%)</b>	8.0% ('23); 3.0% ('24-'31)  Cumulative 36.8%	8.0% ('23); 3.0% ('24-'31)  Cumulative 36.8%	8.0% ('23); 6.6% ('24-'27) 3.0% ('28-'31) Cumulative 57.0%	8.0% ('23); 7.0% ('24-'27) 3.0% ('28-'31) Cumulative 59.3%
<b>Service Fees Increase (\$)</b>	\$5.04 in 2023 Cumulative Increase through 2027 \$23.18	\$5.04 in 2023 Cumulative Increase through 2027 \$23.18	\$5.04 in 2023 Cumulative Increase through 2027 \$35.88	\$5.04 in 2023 Cumulative Increase through 2027 \$37.37
<b>Developer Contribution Repayment</b>	No	No	Yes	Yes

## Water financial plan scenario results

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<b>Tap fees (\$)</b>	\$14,000 in 2023 + \$500 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)	\$14,000 in 2023 + \$250 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)
<b>Operating Fund Ending Balance</b>	2022: (\$0.3) million 2031: \$5.0 million	2022: (\$0.3) million 2031: \$3.9 million	2022: (\$0.3) million 2031: \$5.3 million	2022: (\$0.3) million 2031: \$6.5 million
<b>Ending Fund Balances</b>	Each scenario meets operating target reserves (emergency and rate stabilization) throughout study period. Funds in excess of reserve amounts in 2031 will be used to fund future capital repair and replacement projects or offset bond issues to fund capital projects			
<b>Other Sources</b>	FAWWA contract revenues available to fund capital projects. Projected 2031 ending fund balance available for water and wastewater expenditures: \$16.6 million			
<b>Capital Expansion Fund Ending Balance</b>	2022: \$8.1million 2031: \$9.5 million	2022: \$8.1 million 2031: \$10.3 million	2022: \$8.1 million 2031: \$4.8 million	2022: \$8.1 million 2031: \$5.9 million



# Wastewater Financial Plan



23

## Wastewater utility flow of funds Self supporting enterprise fund



### Operating

- Rate revenues
- O&M expense
- Repair and replacement projects



### TDS

- Clean Water Fee revenues
- Payments on Cherokee debt
- As-needed transfers from FAWWA reserve to preserve fund balance



### FAWWA

- FAWWA facility fees
- As-needed transfers to TDS fund to meet cash flow deficiencies



### Capital Expansion

- Facility fee revenues
- Property tax revenue (mil levy)
- Loan proceeds
- MRMD payments
- Expansion-related capital improvement projects

## Wastewater financial plan assumptions

### Reserve Targets

- Target reserve requirement increase from \$1.2 million in 2023 to \$1.7 million in 2031.
- Available for unforeseen operating expenses and/or capital expenditures

### Inflation Assumptions

- 4% in 2023; 3.5% in 2024 - 2031
- 5% on capital repair and replacement
- Mill levy increases from 21.998 mils in 2022 to 30.169 mils in 2031

### Other Assumptions

- Debt payments to MRMD funded through facility fees and property taxes in the wastewater fund
- FAWWA contract revenues

25

## Wastewater financial plan scenarios Key variables to optimize cash flows



- District facility fees



- Use of property taxes (mill levy) to pay outstanding debt to MRMD



- *Result: Minimize impacts to existing water and wastewater customers*

## Wastewater financial plan scenario results

Tap fees (\$)	\$10,000 in '23 + \$500 ('24 - '31)
Loan Proceeds/Total CIP	Loans: \$0.0 Million Total Growth CIP: \$4.2 million
Service Fees Increase (%)* <small>*Does not apply to CWF</small>	8.0% ('23); 3.0% ('24-'31) Cumulative 26.5%
Service Fees Increase (\$)	\$3.79 in 2023; Cumulative Incr. through 2027 Cumulative \$8.01
Developer Contribution Repayment	No
MRMD Repayment	Yes
Property Tax Mil Levy Increase	2023: 25.998 mils 2031: 30.169 mils 2037: 33.82 mils

27

## Wastewater financial plan scenario results

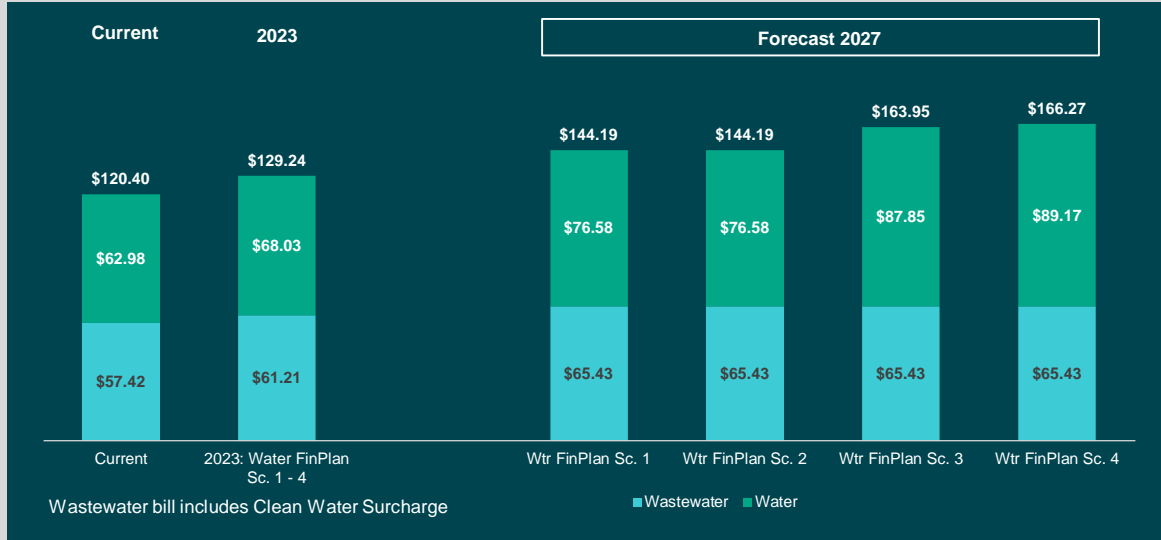
Tap fees (\$)	\$10,000 in '23 + \$500 ('24 - '31)
Ending Operating Fund Balance	Meets target reserves throughout study period. Funds in excess of reserve amounts in 2031 are reserved to fund future capital repair and replacement programs
Ending Operating Fund Balance	2022: \$1.6 million 2031: \$6.8 million
Ending Operating Fund Balance	Meets target reserves throughout study period. Funds in excess of reserve amounts in 2031 are reserved to fund future capital repair and replacement programs
Other WW Funds 2031 Balance	<ul style="list-style-type: none"> <li>Capital expansion fund: \$20.8 million</li> <li>FAWWA contract revenue available: \$16.6 million*</li> <li>TDS improvement fund: \$153,680</li> </ul> <p><i>*FAWWA reserves available to fund water and wastewater expenditures</i></p>

28

## Monthly water and wastewater bill comparison

Current, 2023 proposed, and 2027 forecast

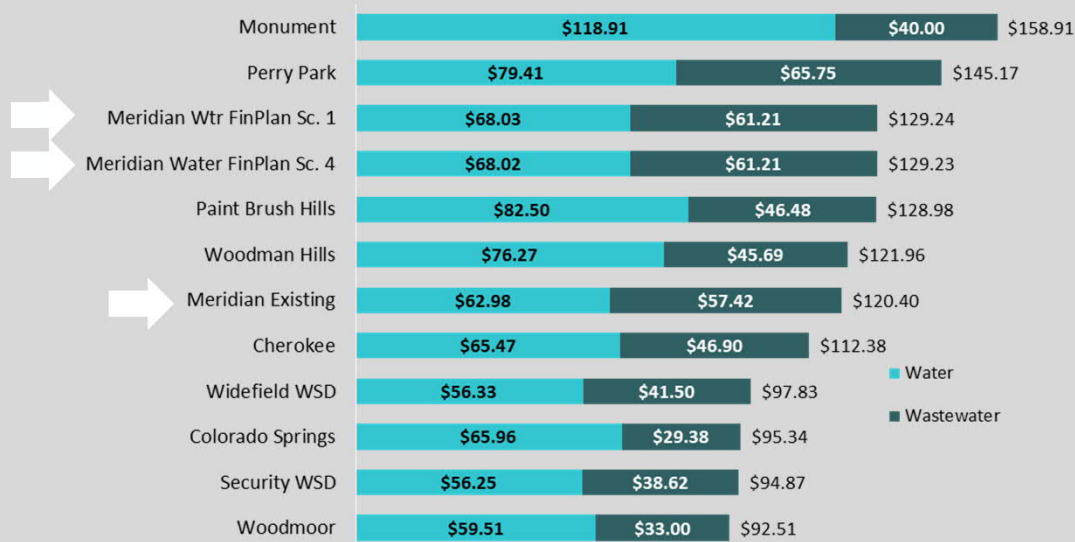
Meridian Ranch single family residential (1 SFE) – 7,000 gal water usage



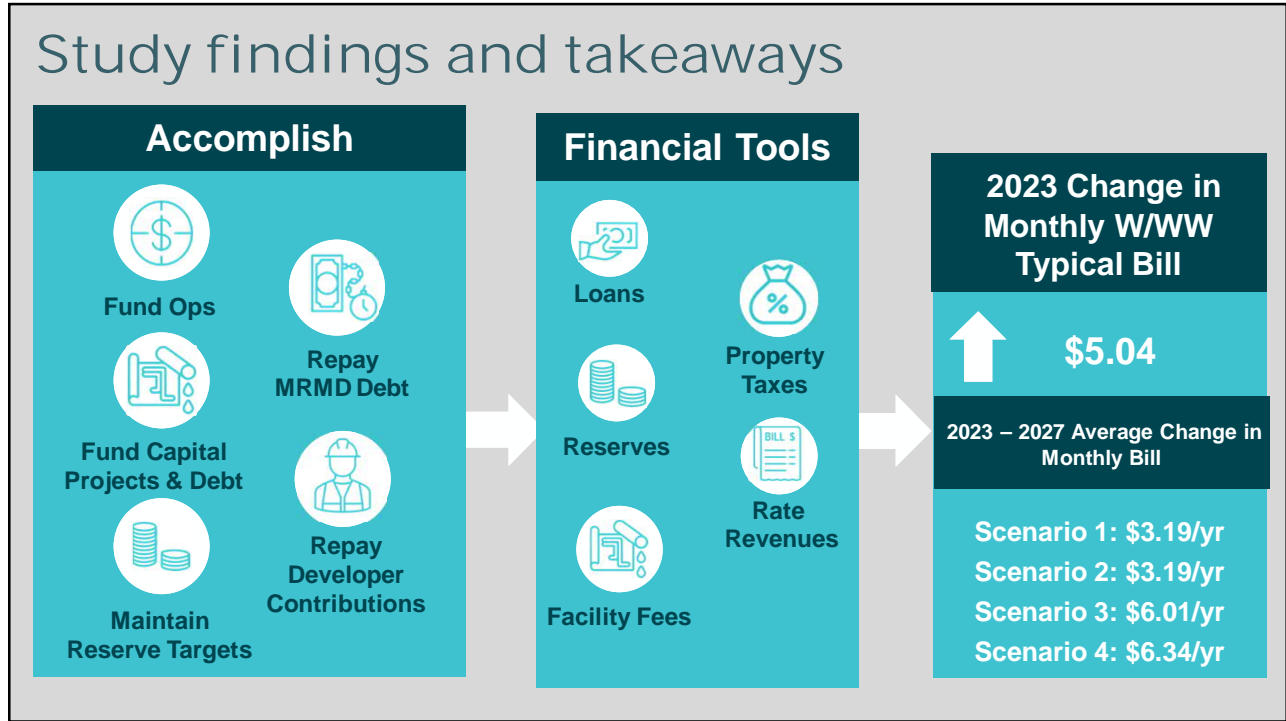
29

## Peer utility bill survey



Water: ¾" meter, 7,000 gallons water use



30



# Thank You

32