

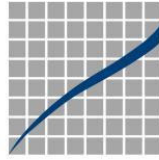
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)

July 13, 2022
Board Packet Supplement

MERIDIAN SERVICE METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Meridian Service Metropolitan District

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meridian Service Metropolitan District ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2021, and the respective changes in financial position, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

[REPORT DATE]

BASIC FINANCIAL STATEMENTS

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 522,387	\$ 5,155,571	\$ 5,677,958
Cash and investments - restricted	737,063	5,398,218	6,135,281
Accounts receivable	321,585	1,845,120	2,166,705
Prepaid expenses	58,196	77,634	135,830
Security deposits	2,000	9,580	11,580
Capital assets not being depreciated	135,681	408,988	544,669
Capital assets, net	<u>11,982,552</u>	<u>35,837,339</u>	<u>47,819,891</u>
 Total assets	 <u>13,759,464</u>	 <u>48,732,450</u>	 <u>62,491,914</u>
LIABILITIES			
Accounts payable	97,982	373,614	471,596
Accrued liabilities	18,383	13,867	32,250
Arbitration payable	-	10,461,249	10,461,249
Retainage payable	-	153,212	153,212
Due to Meridian Ranch Metropolitan District	-	327,000	327,000
Loan payable, current portion	-	329,000	329,000
Noncurrent liabilities:			
Loan payable, net of current portion	-	4,347,000	4,347,000
Developer advance and accrued interest	-	22,906,953	22,906,953
 Total liabilities	 <u>116,365</u>	 <u>38,911,895</u>	 <u>39,028,260</u>
NET POSITION			
Net investment in capital assets	12,118,233	13,339,374	25,457,607
Restricted:			
Emergency reserve (Note 11)	8,100	-	8,100
Parks and ground	522,813	-	522,813
Recreation	541,431	-	541,431
Capital projects	370,819	-	370,819
Unrestricted	<u>81,703</u>	<u>(3,518,819)</u>	<u>(3,437,116)</u>
 Total net position	 <u>\$ 13,643,099</u>	 <u>\$ 9,820,555</u>	 <u>\$ 23,463,654</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
General government	\$ 3,315,341	\$ 3,063,376	\$ -	\$ 812,356	\$ 560,391	\$ -	\$ 560,391
Interest and related costs on long-term debt	-	-	-	-	-	-	-
Total primary government	<u>\$ 3,315,341</u>	<u>\$ 3,063,376</u>	<u>\$ -</u>	<u>\$ 812,356</u>	560,391	-	560,391
BUSINESS-TYPE ACTIVITIES							
Water	\$ 5,126,067	\$ 3,159,640	\$ -	\$ 2,406,035	-	439,608	439,608
Sewer	16,052,716	1,794,857	-	3,812,140	-	(10,445,719)	(10,445,719)
Total business-type activities	<u>\$ 21,178,783</u>	<u>\$ 4,954,497</u>	<u>\$ -</u>	<u>\$ 6,218,175</u>	-	(10,006,111)	(10,006,111)
GENERAL REVENUES							
Investment income					4,080	56,615	60,695
Miscellaneous					58,575	13,114	71,689
Intergovernmental revenues					311,017	98,123	409,140
Total general revenues					<u>373,672</u>	167,852	541,524
Change in net position					934,063	(9,838,259)	(8,904,196)
Net position, beginning of year					12,709,036	19,658,814	32,367,850
Net position, end of year					<u>\$ 13,643,099</u>	<u>\$ 9,820,555</u>	<u>\$ 23,463,654</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 82,577	\$ 235,196	\$ 204,614	\$ -	\$ 522,387
Cash and investments - restricted	3,084	193,322	169,838	370,819	737,063
Accounts receivable	-	114,624	206,961	-	321,585
Prepaid expenditures	8,703	17,793	31,700	-	58,196
Security deposits	2,000	-	-	-	2,000
Total assets	\$ 96,364	\$ 560,935	\$ 613,113	\$ 370,819	1,641,231
<u>LIABILITIES</u>					
Accounts payable	\$ 4,856	\$ 35,713	\$ 57,413	\$ -	97,982
Accrued liabilities	1,705	2,409	14,269	-	18,383
Total liabilities	6,561	38,122	71,682	-	116,365
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid expenditures	8,703	17,793	31,700	-	58,196
Security deposits	2,000	-	-	-	2,000
Restricted:					
Emergency reserve (Note 11)	8,100	-	-	-	8,100
Capital projects	-	-	-	370,819	370,819
Parks and ground	-	350,016	-	-	350,016
Recreation	-	-	340,153	-	340,153
Assigned:					
Emergency reserve	-	145,004	159,578	-	304,582
Rate stabilization	-	10,000	10,000	-	20,000
Unassigned:					
General government	71,000	-	-	-	71,000
Total fund balances	89,803	522,813	541,431	370,819	1,524,866
Total liabilities and fund balances	\$ 96,364	\$ 560,935	\$ 613,113	\$ 370,819	

Amounts reported in governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets not being depreciated	135,681
Capital assets, net	11,982,552
Net position of governmental activities	\$ 13,643,099

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Intergovernmental revenues	\$ 260,000	\$ 51,017	\$ -	\$ -	\$ 311,017
Recreation center fees	-	-	1,924,163	-	1,924,163
Parks and ground fees	-	925,920	-	-	925,920
Street lighting fees	-	179,544	-	-	179,544
Other revenues	3,599	20,825	31,025	3,126	58,575
Investment income	800	75	47	3,158	4,080
Lease revenues	24,999	-	-	-	24,999
Falcon Freedom Days	-	-	8,750	-	8,750
Total revenues	289,398	1,177,381	1,963,985	6,284	3,437,048
EXPENDITURES					
Accounting	18,383	22,710	38,608	-	79,701
Capital expenditures	-	-	-	1,309,014	1,309,014
Dues and subscriptions	8,913	232	2,005	-	11,150
Engineering	1,668	6,321	12,193	-	20,182
Insurance	4,343	16,737	28,002	-	49,082
Landscaping	-	363,919	-	-	363,919
Legal	86,467	117	-	-	86,584
Miscellaneous	5,075	1,145	53,489	-	59,709
Office supplies	11,360	8,159	49,012	-	68,531
Professional services	51,932	-	-	-	51,932
Repairs and maintenance	407	21,291	165,923	-	187,621
Salaries and payroll	18,062	171,598	1,015,815	-	1,205,475
Supplies	-	435	63,614	-	64,049
Utilities	60,329	180,327	183,460	-	424,116
Total expenditures	266,939	792,991	1,612,121	1,309,014	3,981,065
Excess of revenues over (under) expenditures	22,459	384,390	351,864	(1,302,730)	(544,017)

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Contributed assets received	-	-	-	812,356	812,356
Transfer from (to) other funds	-	(300,000)	(200,000)	500,000	-
Total other financing sources (uses)	-	(300,000)	(200,000)	1,312,356	812,356
Net change in fund balances	22,459	84,390	151,864	9,626	268,339
Fund balances, beginning of year, as previously stated	67,344	438,423	389,567	362,615	1,257,949
Correction to net position, beginning of year	-	-	-	(1,422)	(1,422)
Fund balances, end of year	<u>\$ 89,803</u>	<u>\$ 522,813</u>	<u>\$ 541,431</u>	<u>\$ 370,819</u>	<u>\$ 1,524,866</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net change in fund balances - total governmental funds	\$ 268,339
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,309,014
Loss of disposals of assets	(4,000)
Depreciation expense	(639,290)
Change in net position of governmental activities	\$ 934,063

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 260,000	\$ 260,000	\$ 260,000	\$ -
Other revenues	4,800	405	3,599	3,194
Investment income	-	860	800	(60)
Lease revenues	22,110	24,997	24,999	2
Total revenues	286,910	286,262	289,398	3,136
EXPENDITURES				
Accounting	15,600	20,100	18,383	1,717
Dues and subscriptions	13,700	9,750	8,913	837
Engineering	700	1,700	1,668	32
Insurance	3,500	4,415	4,343	72
Legal	30,000	95,000	86,467	8,533
Miscellaneous	8,200	5,780	5,075	705
Office supplies	19,905	16,200	11,360	4,840
Professional services	43,800	49,000	51,932	(2,932)
Repairs and maintenance	-	650	407	243
Salaries and payroll	23,215	18,850	18,062	788
Utilities	90,120	61,350	60,329	1,021
Total expenditures	248,740	282,795	266,939	15,856
Net change in fund balance	\$ 38,170	\$ 3,467	22,459	\$ 18,992
Fund balance, beginning of year			67,344	
Fund balance, end of year			\$ 89,803	

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 3,556,487	\$ 1,599,084	\$ 5,155,571
Cash and investments - restricted	1,967,725	3,430,493	5,398,218
Accounts receivable - user fees	265,326	1,579,794	1,845,120
Prepaid expenses	42,852	34,782	77,634
Deposits	4,790	4,790	9,580
Total current assets	5,837,180	6,648,943	12,486,123
Capital assets:			
Capital assets not being depreciated	408,988	-	408,988
Capital assets, net	23,515,730	12,321,609	35,837,339
Total capital assets	23,924,718	12,321,609	36,246,327
Total assets	\$ 29,761,898	\$ 18,970,552	\$ 48,732,450
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 203,122	\$ 170,492	\$ 373,614
Accrued liabilities	8,027	5,840	13,867
Due to Cherokee Metropolitan District	-	10,461,249	10,461,249
Retainage payable	153,212	-	153,212
Facility fees payable - Meridian Ranch Metropolitan District	163,500	163,500	327,000
Loan payable, current portion	-	329,000	329,000
Total current liabilities	527,861	11,130,081	11,657,942
Noncurrent liabilities:			
Loan payable, net of current portion	-	4,347,000	4,347,000
Developer advance and accrued interest	20,848,417	2,058,536	22,906,953
Total noncurrent liabilities	20,848,417	6,405,536	27,253,953
Total liabilities	21,376,278	17,535,617	38,911,895
<u>NET POSITION</u>			
Net investment in capital assets	3,076,301	10,263,073	13,339,374
Unrestricted	5,309,319	(8,828,138)	(3,518,819)
Total net position	8,385,620	1,434,935	9,820,555
Total liabilities and net position	\$ 29,761,898	\$ 18,970,552	\$ 48,732,450

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
<u>OPERATING REVENUES</u>			
Service charges	\$ 3,000,790	\$ 1,794,857	\$ 4,795,647
Meter services	158,850	-	158,850
Total operating revenues	3,159,640	1,794,857	4,954,497
<u>OPERATING EXPENSES</u>			
Cost of services:			
Operations	285,557	523,988	809,545
Engineering	107,899	95,528	203,427
Payroll	380,276	424,622	804,898
Repairs and maintenance	71,177	89,855	161,032
Administrative and general expenses:			
Accounting and management	52,238	37,848	90,086
Depreciation	1,161,814	618,383	1,780,197
Dues and subscriptions	2,701	2,367	5,068
Insurance	38,629	27,202	65,831
Interest expense	465,774	-	465,774
Legal	27,294	395,532	422,826
Cost of debt issuance	-	115,785	115,785
Miscellaneous	13,671	7,986	21,657
Office	16,815	13,199	30,014
Utilities	519,972	85,761	605,733
Total operating expenses	3,143,817	2,438,056	5,581,873
Operating income (loss)	15,823	(643,199)	(627,376)
<u>NONOPERATING REVENUES AND EXPENSES</u>			
Facility fees	2,264,250	3,648,890	5,913,140
Miscellaneous income	6,845	6,269	13,114
Investment income	63	56,552	56,615
Fees transferred to Meridian Ranch Metropolitan District	(1,982,250)	(1,982,250)	(3,964,500)
Net nonoperating revenues (expenses)	288,908	1,729,461	2,018,369
Income (loss) before other financing sources (uses)	304,731	1,086,262	1,390,993

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Contributed assets	\$ 141,785	\$ 163,250	\$ 305,035
Contributions to Cherokee Metropolitan District	-	(11,632,410)	(11,632,410)
Intergovernmental revenues	14,154	83,969	98,123
Net other financing sources (uses)	<u>155,939</u>	<u>(11,385,191)</u>	<u>(11,229,252)</u>
Change in net position	460,670	(10,298,929)	(9,838,259)
Net position, beginning of year	<u>7,924,950</u>	<u>11,733,864</u>	<u>19,658,814</u>
Net position, end of year	<u>\$ 8,385,620</u>	<u>\$ 1,434,935</u>	<u>\$ 9,820,555</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 3,196,522	\$ 1,706,739	\$ 4,903,261
Payments to vendors	(1,776,146)	(2,586,572)	(4,362,718)
Net cash flows from operating activities	1,420,376	(879,833)	540,543
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Loan proceeds	-	6,530,439	6,530,439
Repayments on loan	-	(1,854,648)	(1,854,648)
Net cash flows from non-capital financing activities	-	4,675,791	4,675,791
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(3,930,045)	(455,985)	(4,386,030)
Investment income	63	56,552	56,615
Miscellaneous income	7,054	6,269	13,323
Facility fees	2,264,250	3,648,890	5,913,140
Fees transferred to Meridian Ranch Metropolitan District	(1,982,250)	(1,982,250)	(3,964,500)
Transfers to other governments	-	(3,961,285)	(3,961,285)
Intergovernmental revenues	14,154	83,969	98,123
Net cash flows from capital and related financing activities	(3,626,774)	(2,603,840)	(6,230,614)
Net change in cash and investments	(2,206,398)	1,192,118	(1,014,280)
Cash and investments, beginning balance	7,730,610	3,837,459	11,568,069
Cash and investments, ending balance	<u>\$ 5,524,212</u>	<u>\$ 5,029,577</u>	<u>\$ 10,553,789</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 15,823	\$ (643,199)	\$ (627,376)
Depreciation	1,161,814	618,383	1,780,197
Changes in operating assets and liabilities:			
Accounts receivable	195,732	(88,118)	107,614
Prepaid expenses and deposits	4,656	(1,029)	3,627
Accounts payable	(426,410)	(442,560)	(868,970)
Retainage payable	153,212	-	153,212
Accrued liabilities	(150,225)	(127,505)	(277,730)
Due to Cherokee Metropolitan District	-	(195,805)	(195,805)
Accrued interest on developer advances	465,774	-	465,774
Net cash flows from operating activities	<u>\$ 1,420,376</u>	<u>\$ (879,833)</u>	<u>\$ 540,543</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. DEFINITION OF REPORTING ENTITY

Meridian Service Metropolitan District ("District" or "Meridian Service"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on May 5, 1998, concurrently with Meridian Ranch Metropolitan District ("Meridian Ranch", collectively, the "Districts") to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation and television relay for public and private purposes by any available means. The District also has limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The District is intended to be the operating district related to Meridian Ranch Metropolitan District ("Meridian Ranch"), the financing district (Note 9).

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material source of revenue subject to accrual is investment income. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Parks and ground fund and recreation fund - The parks and ground fund and recreation fund account for parks and recreation operations.

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital equipment and facilities.

The District reports the following major proprietary funds:

Water fund - The water fund accounts for the water operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer fund - The sewer fund accounts for the sewer operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues, expenditures and expenses. Actual results could vary from the estimates.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District incurred expenses in excess of appropriations for the year ended December 31, 2021 in the sewer fund primarily due to amounts contributed to Cherokee Metropolitan District. This may be a violation of local government budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are carried at estimated fair value.

Cash equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or fewer to be cash equivalents.

Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park and recreation facilities	40 years
Water facilities	30 years
Sewer facilities	30 years
Vehicles and equipment	5-15 years

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water rights

The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Facility fees

A water tap fee and a sewer tap fee per single family equivalent unit are charged against properties within the District. Facility fees are due when a building permit is issued.

Net position and fund balances

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed fund balance - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned fund balance - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance - The residual portion of fund balance that does not meet any of the criteria described above.

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 5,677,958
Cash and investments - restricted	6,135,281
	\$ 11,813,239
Total cash and investments	\$ 11,813,239

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 2,970,250
Investments	8,842,989
	\$ 11,813,239
	\$ 11,813,239

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District's cash deposits had a bank balance of \$2,907,431 and a book balance of \$2,970,250.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the boards of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust	Weighted average under one year	<u>\$ 8,842,989</u>

Colostrust

During 2020, the District invested in the Colorado Local Government Liquid Asset Trust ("Colostrust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state securities commission administers and enforces all state statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.

Colostrust offers shares in two portfolios, Colostrust Prime and Colostrust Plus+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. Colostrust Plus+ may also invest in certain obligations of US government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of US government agencies. A designated custodial bank serves as custodian for the Colostrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colostrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. Colostrust is rated AAAM by S&P Global Ratings. Colostrust records its investments at fair value and the District records its investments in Colostrust at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. CAPITAL ASSETS

An analysis of the changes in capital assets for governmental activities for the year ended December 31, 2021 follows:

	Balance 1/1/2021	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2021
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	\$ 7,743	\$ 427,938	\$ (300,000)	\$ 135,681
Total capital assets not being depreciated	<u>7,743</u>	<u>427,938</u>	<u>(300,000)</u>	<u>135,681</u>
Capital assets being depreciated:				
Parks and recreation facilities	15,709,050	1,112,355	-	16,821,405
Vehicles and equipment	<u>137,589</u>	<u>68,721</u>	<u>(27,507)</u>	<u>178,803</u>
Total capital assets being depreciated	15,846,639	1,181,076	(27,507)	17,000,208
Less accumulated depreciation	<u>(4,401,873)</u>	<u>(639,290)</u>	<u>23,507</u>	<u>(5,017,656)</u>
Total capital assets being depreciated, net	<u>11,444,766</u>	<u>541,786</u>	<u>(4,000)</u>	<u>11,982,552</u>
Governmental activities capital assets, net	<u>\$ 11,452,509</u>	<u>\$ 969,724</u>	<u>\$ (304,000)</u>	<u>\$ 12,118,233</u>

Depreciation expense for governmental activities for the year ended December 31, 2021 totaled \$639,290.

A reconciliation of cash and non-cash activity is as follows:

<u>Capital Projects Fund</u>	
Total cash outlay	\$ 496,658
CIP reclassifications	300,000
Contributed capital assets	<u>812,356</u>
Total additions	<u>\$ 1,609,014</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. CAPITAL ASSETS (CONTINUED)

An analysis of the changes in capital assets for business-type activities for the year ended December 31, 2021 follows:

	Balance 1/1/2021	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2021
Business-type activities				
Capital assets not being depreciated:				
Water rights	\$ 257,085	\$ -	\$ -	\$ 257,085
Construction in progress	898,626	4,308,517	(5,055,240)	151,903
Total capital assets not being depreciated	<u>1,155,711</u>	<u>4,308,517</u>	<u>(5,055,240)</u>	<u>408,988</u>
Capital assets being depreciated:				
Water system facilities	33,868,502	4,425,063	-	38,293,565
Sewer system facilities	18,336,908	867,879	-	19,204,787
Vehicles - water	93,049	46,609	-	139,658
Vehicles - sewer	139,673	98,237	-	237,910
Total capital assets being depreciated	52,438,132	5,437,788	-	57,875,920
Less accumulated depreciation	<u>(20,258,384)</u>	<u>(1,780,197)</u>	<u>-</u>	<u>(22,038,581)</u>
Total capital assets being depreciated, net	<u>32,179,748</u>	<u>3,657,591</u>	<u>-</u>	<u>35,837,339</u>
Business-type activities capital assets, net	<u>\$ 33,335,459</u>	<u>\$ 7,966,108</u>	<u>\$ (5,055,240)</u>	<u>\$ 36,246,327</u>

Depreciation expense for business-type activities for the year ended December 31, 2021 totaled \$1,780,197.

A reconciliation of cash and non-cash activity is as follows:

	Water Fund	Sewer Fund	Total
Total cash outlay	\$ 3,930,045	\$ 455,985	\$ 4,386,030
CIP reclassifications	4,265,617	789,623	5,055,240
Contributed capital assets	141,785	163,250	305,035
Total additions	<u>\$ 8,337,447</u>	<u>\$ 1,408,858</u>	<u>\$ 9,746,305</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS

An analysis of changes in the District's long-term obligations for the year ended December 31, 2021 is as follows:

	Balance 1/1/2021	Additions	Repayments	Balance 12/31/2021	Due within one year
<u>Direct placements</u>					
Series 2021 Loan	\$ -	\$ 4,676,000	\$ -	\$ 4,676,000	\$ 329,000
Promissory note	-	1,854,439	(1,854,439)	-	-
Total direct placements	-	6,530,439	(1,854,439)	4,676,000	329,000
<u>Developer advances</u>					
Developer advances	9,315,476	-	-	9,315,476	-
Developer advances - accrued interest	13,125,703	465,774	-	13,591,477	-
Total developer advances	22,441,179	465,774	-	22,906,953	-
	<u>\$ 22,441,179</u>	<u>\$ 6,996,213</u>	<u>\$ (1,854,439)</u>	<u>\$ 27,582,953</u>	<u>\$ 329,000</u>

Promissory note

On August 11, 2021, the District entered into a Promissory note ("Note") with a private lender in the amount of \$1,854,439 to fund payments due to Cherokee Metropolitan District pursuant to the wastewater arbitration judgment (Note 6). This was repaid during the year ended December 31, 2021.

Series 2021 Loan Agreement and Promissory Note

On December 10, 2021, the District entered into the Series 2021 Loan Agreement and Promissory Note ("Loan") with a bank in the amount of \$4,676,000 for the purposes of: (a) paying or reimbursing the costs of acquiring, constructing, and installing a portion of the Wastewater System, including reimbursing amounts previously paid to Cherokee Metropolitan District pursuant to the wastewater arbitration judgment (Note 6); (b) funding an additional payment due to Cherokee Metropolitan District; (c) funding a debt service reserve fund; and (d) paying costs incurred in connection with the Loan.

The Loan bears interest at 2.15% per annum, payable semi-annually on June 1 and December 1, beginning in 2022. Annual mandatory sinking fund principal payments are due on December 1, beginning in 2022. The Loan matures on December 1, 2033.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021 Loan Agreement and Promissory Note (continued)

The District's long-term obligations related to the Loan are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 329,000	\$ 98,021	\$ 427,021
2023	344,000	93,461	437,461
2024	352,000	86,064	438,064
2025	359,000	78,496	437,496
2026	367,000	70,778	437,778
2027-2031	1,957,000	232,071	2,189,071
2032-2033	968,000	32,659	1,000,659
	<u>\$ 4,676,000</u>	<u>\$ 691,550</u>	<u>\$ 5,367,550</u>

Events of default

Events of default occur if: (a) the District fails to apply the pledge revenue as required by the loan agreement or custodial agreement; (b) the District fails to observe or perform any of the covenants, agreements, or conditions; (c) any representation or warranty made by the District proves to be untrue or incomplete; (d) the occurrence and continuance of an event of default or an event of nonperformance under the custodial agreement or any of the other financing documents after the expiration of any grace period; (e) default in the payment of principal or interest when due on any financial obligation of the District; (f) the pledge revenue or any other security interest created fails to be fully enforceable with the priority required thereunder; (g) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days; (h) a change occurs in the financial or operating conditions of the District that, in the lender's reasonable judgment, will have a materially adverse impact on the ability of the District to generate pledge revenue; (i) the District commences bankruptcy, insolvency, or liquidation; (j) the loan agreement ceases to be valid; (k) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern; (l) any funds or investments on deposit in any of the accounts established under the Loan shall become subject to any writ, judgment, warrant, attachment, execution, or similar process.

Remedies on occurrence of events of default for the loan

Upon the occurrence and continuance of an event of default, the lender has the following rights and remedies: (a) exercise any and all remedies available under the custodial agreement; (b) exercise the lender's right of set-off to the extent necessary to satisfy any past-due obligation of the District on the loan; (c) take any other action or remedy available under the other financing documents or any other document, or at law or in equity, including without limitation injunctive relief and/or specific performance if the District has failed to impose sewer surcharge fees sufficient to pay operating expenses and pay the debt service due and owing on the loan and the District's share of the wastewater arbitration judgment (Note 6).

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Developer advances

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 at the rate of 5% per annum. On March 4, 2020, this agreement was revised and the Developer agreed to forego the compounding of interest from March 18, 2018 through January 1, 2026.

Authorized indebtedness

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$170,000,000 at an interest rate not to exceed 16% per annum.

As of December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Authorized</u>	<u>Issued</u>	<u>Remaining</u>
Street improvements	\$ 29,435,000	\$ -	\$ 29,435,000
Water	35,765,000	-	35,765,000
Sanitation	7,320,000	-	7,320,000
Safety protection	1,740,000	-	1,740,000
Park and recreation	7,620,000	-	7,620,000
Mosquito control	1,305,000	-	1,305,000
Television relay and translation	1,055,000	-	1,055,000
Public transportation	260,000	-	260,000
Operations	500,000	-	500,000
Refunding	85,000,000	-	85,000,000
	<u>\$ 170,000,000</u>	<u>\$ -</u>	<u>\$ 170,000,000</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. COMMITMENTS

Wastewater arbitration judgment

Pursuant to an arbitration judgment payable related to the Chico Basin Wastewater Treatment Facility and Black Squirrel Basin Recharge Facility Intergovernmental Agreement with Cherokee Metropolitan District ("Cherokee"), the District must pay 45.8% of all documented costs for Cherokee to complete certain upgrades and repairs to bring the wastewater treatment facility into compliance with its discharge permit. The District's portion of these upgrades are expected to total approximately \$19,465,000. As of December 31, 2021, the District's portion of costs incurred totaled \$10,461,249.

On June 24, 2022, the District entered into an intergovernmental agreement with Cherokee under which the District agreed to fund its portion of the costs due to Cherokee under the Arbitration Award in payments equal to 45.8% of the payments due under Cherokee's Water and Wastewater Enterprise Revenue Bonds Series 2020 ("Cherokee Bond"). During the year ended December 31, 2021, total payments of \$901,864 were made under this agreement, all of which represent financing costs (i.e., interest on Cherokee's underlying Cherokee bond).

Defined contribution money purchase plan - IRC 401(a) and deferred compensation plan

The District adopted an employees' qualified money purchase plan and trust ("Plan") in accordance with Internal Revenue Code Section 401(a). The Plan is administered by ICMA Retirement Corporation. The Plan is a defined contribution plan with the District contributing an amount equal to 6.2% of each participant's compensation for the year. Each full-time employee aged 16 or older is eligible to participate. Each participant is required to match the District's contribution. The District adopted an employees' 457(b) deferred compensation plan in which the District contributes on behalf of each participant 100% of the voluntary participant contribution made by the participant for the plan year not to exceed 3% of participant earnings. The District is not liable for further pension benefits in excess of the contributions made to the Plan nor liable for losses from depreciation in the value of any investments acquired under the Plan. The employer and the employees' contributions are fully vested at the date of contribution. Contributions are tax deferred until withdrawn. The District contributed \$53,964 to the Plan during the year ended December 31, 2021.

7. NET POSITION

The District has a net position consisting of three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of long-term obligations that are attributable to the acquisition, construction, or improvement of those assets.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. NET POSITION (CONTINUED)

As of December 31, 2021, the District had net investment in capital assets as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Capital assets, net	\$ 12,118,233	\$ 36,246,327	\$ 48,364,560
Long-term obligations	-	(22,906,953)	(22,906,953)
Net investment in capital assets	<u>\$ 12,118,233</u>	<u>\$ 13,339,374</u>	<u>\$ 25,457,607</u>

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

Restricted net position:		
Emergency reserve (Note 11)		\$ 8,100
Parks and ground		522,813
Recreation		541,431
Capital projects		370,819
		<u>\$ 1,443,163</u>

Unrestricted net position consists of net assets that do not meet the definition of net investment in capital assets or restricted net assets.

8. INTERGOVERNMENTAL AGREEMENTS

The District entered into an intergovernmental agreement with Meridian Ranch on August 17, 2001 to set forth rights and obligations of the Districts pursuant to their respective service plans. The District agreed that the facilities described in the service plans are needed by the District and that such facilities will benefit the residents and property owners in both Districts in terms of cost, quality and level of service.

Each of the Districts agreed that the District will own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both Districts, and that Meridian Ranch will contribute to the costs of construction, operation, and maintenance of such facilities.

Meridian Ranch agreed to issue limited tax general obligation bonds, or if bonds were not issued, Meridian Ranch agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). As bonds were issued, Meridian Ranch transferred the net proceeds of the bonds to the District. Any and all bond proceeds received by the District will be applied to the payment of public infrastructure costs or will be utilized to pay all or a portion of Meridian Ranch's outstanding bonds. To assist in the repayment of Meridian Ranch's subordinate bonds, the District is required to transfer revenue collected from facility fees and/or user fees to Meridian Ranch. The water taps from Latigo Trails are not included in fees transferred to Meridian Ranch.

During the year ended December 31, 2021, the District transferred a total of \$3,964,500 to Meridian Ranch to assist in the repayment of the subordinate bonds issued by Meridian Ranch.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

During the year ended December 31, 2021, the District received a total of \$311,017 from Meridian Ranch for the costs of constructing and maintaining certain facilities.

The District entered into an intergovernmental agreement with Cherokee whereas the District will pay for its portion of the wastewater treatment costs incurred by Cherokee. Total amount paid to Cherokee as of and for the year ended December 31, 2021 was \$317,315, and included in sewer fund operations.

The District entered into an intergovernmental agreement with Woodmen Hills Metropolitan District ("WHMD") on September 21, 2009, to set forth the rights and obligations of the Districts for operations on a sewer lift station that sends their sewage to the Black Squirrel Waste Water Treatment Facility. The District shall own and be responsible for the operation, maintenance, and repair of the life station and invoice WHMD on a monthly basis for its share of the costs of operations, maintenance, and repairs. As of and for the year ended December 31, 2021, the District collected \$98,123 under this agreement.

9. RELATED PARTIES

Some of the members of the board of directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest with respect to certain transactions which come before the board of directors.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to contractors; or acts of God.

The District is a member of the Colorado Special District Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

11. TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments within the state of Colorado.

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

11. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenue annually from any revenue source other than ad valorem taxes.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

**MERIDIAN SERVICE METROPOLITAN DISTRICT
PARKS AND GROUND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance
<u>REVENUES</u>			
Intergovernmental revenues	\$ 35,000	\$ 51,017	\$ 16,017
Parks and ground fees	927,150	925,920	(1,230)
Street lighting fees	180,025	179,544	(481)
Other revenues	17,850	20,825	2,975
Investment income	-	75	75
Total revenues	1,160,025	1,177,381	17,356
<u>EXPENDITURES</u>			
Accounting	15,590	22,710	(7,120)
Dues and subscriptions	500	232	268
Engineering	3,500	6,321	(2,821)
Insurance	12,360	16,737	(4,377)
Landscaping	364,500	363,919	581
Legal	2,500	117	2,383
Miscellaneous	500	1,145	(645)
Office supplies	6,900	8,159	(1,259)
Repairs and maintenance	78,000	21,291	56,709
Salaries and payroll	246,875	171,598	75,277
Supplies	2,000	435	1,565
Utilities	171,350	180,327	(8,977)
Total expenditures	904,575	792,991	111,584
Excess of revenues over (under) expenditures	255,450	384,390	128,940
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from (to) other funds	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	-
Net change in fund balance	\$ (44,550)	84,390	\$ 128,940
Fund balance, beginning of year		438,423	
Fund balance, end of year		\$ 522,813	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
REVENUES				
Recreation center fees	\$ 1,864,450	\$ 1,914,450	\$ 1,924,163	\$ 9,713
Other revenues	22,650	21,437	31,025	9,588
Investment income	-	25	47	22
Falcon Freedom Days	20,000	8,750	8,750	-
Total revenues	1,907,100	1,944,662	1,963,985	19,323
EXPENDITURES				
Accounting	25,300	39,500	38,608	892
Dues and subscriptions	1,000	1,600	2,005	(405)
Engineering	5,000	14,000	12,193	1,807
Insurance	18,823	28,100	28,002	98
Legal	5,000	5,000	-	5,000
Office supplies	46,200	50,000	49,012	988
Other	75,650	52,282	53,489	(1,207)
Repairs and maintenance	257,500	257,500	165,923	91,577
Salaries and payroll	970,200	1,012,300	1,015,815	(3,515)
Supplies	63,500	59,000	63,614	(4,614)
Utilities	182,100	177,500	183,460	(5,960)
Total expenditures	1,650,273	1,696,782	1,612,121	84,661
Excess of revenues over (under) expenditures	256,827	247,880	351,864	103,984
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	\$ 56,827	\$ 47,880	151,864	\$ 103,984
Fund balance, beginning of year			389,567	
Fund balance, end of year			\$ 541,431	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 3,126	\$ 3,126
Investment income	-	2,050	3,158	1,108
Total revenues	-	2,050	6,284	4,234
EXPENDITURES				
Capital expenditures	1,588,900	498,300	496,658	1,642
Legal	10,000	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	1,598,900	498,300	496,658	1,642
Excess of revenues over (under) expenditures	(1,598,900)	(496,250)	(490,374)	5,876
OTHER FINANCING SOURCES (USES)				
Transfers from Meridian Ranch Metro District	750,000	-	-	-
Repayments to developer	(750,000)	-	-	-
Transfer from (to) other funds	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balance	\$ (1,098,900)	\$ 3,750	9,626	\$ 5,876
Fund balance, beginning of year			362,615	
Correction to net position, beginning of year			(1,422)	
Fund balance, end of year			\$ 370,819	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
REVENUES				
Service charges	\$ 2,955,350	\$ 2,945,879	\$ 3,000,790	\$ 54,911
Meter services	187,500	100,000	158,850	58,850
Total revenues	3,142,850	3,045,879	3,159,640	113,761
EXPENSES				
Cost of services:				
Operations	401,010	308,000	285,557	22,443
Engineering	50,000	118,000	107,899	10,101
Payroll	576,825	410,541	380,276	30,265
Repairs and maintenance	112,000	51,100	71,177	(20,077)
Administrative and general expenses:				
Accounting and management	54,000	51,000	52,238	(1,238)
Capital outlay	6,151,500	4,004,115	3,930,045	74,070
Dues and subscriptions	2,500	4,000	2,701	1,299
Insurance	65,000	38,650	38,629	21
Legal	30,000	22,000	27,294	(5,294)
Miscellaneous	17,925	15,305	13,671	1,634
Office	15,375	19,450	16,815	2,635
Utilities	499,700	507,700	519,972	(12,272)
Total operating expenses	7,975,835	5,549,861	5,446,274	103,587
Operating income (loss)	(4,832,985)	(2,503,982)	(2,286,634)	217,348
NONOPERATING REVENUES AND (EXPENSES)				
Facilities fees	1,800,000	2,167,250	2,264,250	97,000
Miscellaneous income	-	3,990	6,845	2,855
Investment income	-	-	63	63
Fees transferred to Meridian Ranch Metropolitan District	(1,800,000)	(1,892,500)	(1,982,250)	(89,750)
Net nonoperating revenues (expenses)	-	278,740	288,908	10,168
Income (loss) before other financing sources (uses)	(4,832,985)	(2,225,242)	(1,997,726)	227,516

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues	\$ 25,000	\$ 15,284	\$ 14,154	\$ (1,130)
Net other financing sources (uses)	25,000	15,284	14,154	(1,130)
Change in net position	<u>\$ (4,807,985)</u>	<u>\$ (2,209,958)</u>	(1,983,572)	<u>\$ 226,386</u>
Net position, beginning of year, as previously stated			8,542,092	
Correction to net position, beginning of year			84,442	
Net position, end of year			<u>\$ 6,642,962</u>	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
WATER FUND
YEAR ENDED DECEMBER 31, 2021**

The accompanying schedule of revenues, expenses and changes in net position - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences for the year ended December 31, 2020 is presented below.

Revenues - budgetary basis	\$ 5,444,952
Contributed assets	141,785
Revenues per statement of revenues, expenses, and changes in net position	\$ 5,586,737
Expenditures - budgetary basis	\$ 7,428,524
Depreciation	1,161,814
Capital outlay	(3,930,045)
Interest expense	465,774
Change in net assets per statement of revenues, expenses and changes in net position	\$ 5,126,067

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 1,771,200	\$ 1,803,663	\$ 1,794,857	\$ (8,806)
Total revenues	1,771,200	1,803,663	1,794,857	(8,806)
EXPENDITURES				
Cost of services:				
Operations	584,100	592,000	523,988	68,012
Engineering	75,000	74,250	95,528	(21,278)
Payroll	536,525	484,175	424,622	59,553
Repairs and maintenance	99,900	119,900	89,855	30,045
Administrative and general expenses:				
Accounting and management	51,000	38,000	37,848	152
Dues and subscriptions	3,000	5,000	2,367	2,633
Insurance	50,000	27,276	27,202	74
Legal	170,000	382,250	395,532	(13,282)
Cost of debt issuance	-	-	115,785	(115,785)
Miscellaneous	7,300	14,325	7,986	6,339
Office	16,750	16,000	13,199	2,801
Utilities	34,700	88,400	85,761	2,639
Capital outlay	1,331,500	852,500	455,985	396,515
Total operating expenses	2,959,775	2,694,076	2,275,658	418,418
Operating income (loss)	(1,188,575)	(890,413)	(480,801)	409,612
NONOPERATING REVENUES (EXPENSES)				
Facility fees	2,951,175	3,569,890	3,648,890	79,000
Miscellaneous income	-	4,335	6,269	1,934
Investment income	-	56,500	56,552	52
Fees transferred to Meridian Ranch				
Metropolitan District	(1,700,000)	(1,892,500)	(1,982,250)	(89,750)
Net nonoperating revenues (expenses)	1,251,175	1,738,225	1,729,461	(8,764)
Income (loss) before other financing sources (uses)	62,600	847,812	1,248,660	400,848

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from loan issuance	\$ -	\$ 4,775,000	\$ 6,530,439	\$ 1,755,439
Repayments on loans	-	-	(1,854,439)	(1,854,439)
Transfer from Meridian Ranch Metropolitan District	750,000	-	-	-
Repay developer advances	(750,000)	-	-	-
Contributions to Cherokee Metropolitan District	-	(1,024,540)	(975,837)	48,703
Intergovernmental revenues	103,000	229,000	83,969	(145,031)
Net other financing sources (uses)	103,000	3,979,460	3,784,132	(195,328)
Change in net position	\$ 165,600	\$ 4,827,272	5,032,792	\$ 205,520
Net position, beginning of year, as previously stated			1,471,852	
Correction to net position, beginning of year			(1,332,430)	
Net position, end of year			\$ 5,172,214	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
SEWER FUND
YEAR ENDED DECEMBER 31, 2021**

The accompanying schedule of revenues, expenses and changes in net position - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences for the year ended December 31, 2021 is presented below.

Revenues - budgetary basis	\$ 12,120,976
Loan proceeds	(6,530,439)
Contributed assets	163,250
Revenues per statement of revenues, expenses, and changes in net position	\$ 5,753,787
Expenditures - budgetary basis	\$ 7,088,184
Depreciation	618,383
Repayment of loan proceeds	(1,854,439)
Contributions to Cherokee Metropolitan District	10,656,573
Capital outlay	(455,985)
Change in net assets per statement of revenues, expenses and changes in net position	\$ 16,052,716

See independent auditor's report.

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

	CHECKING Wells Fargo
Account Activity Item Description	
Cash balance at end of period	\$ 1,590,551
June activity:	
Utility billing from residents	718,167
Recreation Center Program Fees	14,685
Tap fees and meter fees (In)	479,115
Tap fees transferred to MRMD (Out)	(462,000)
El Paso County Collection of Delinquent Accounts	987
Transfer from Meridian Ranch - CTF	13,193
AT&T, Falcon Freedom Days and reimbursements	7,040
Payroll	(253,037)
Reimb from Zions Bank for 2/22 CMD Pmt	351,620
Transfer to Clean Water Loan Fund	(40,423)
June checks and payments	
Operations incl. interim checks	(743,970)
Interest, fees and returned checks	(1,919)
Sub-total	1,674,006
July 13th payment Estimate	(830,000)
Adjusted balance	\$ 844,006
Less restricted funds as of June 30, 2022:	
Conservation Trust Funds	25,011
5% Reserve Fund	(44,495)
Sewer Reserve Fund	(18,468)
Capital Project Funds	(468,894)
Rate Stabilization Fund	16,553
Capital TDS	32,418
Adjusted Unrestricted Balance	\$ 386,133

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

Account Activity Item Description	INVESTMENTS								TOTAL ALL ACCOUNTS
	Checking Wells Fargo	Petty Cash	ColoTrust Plus/Edge					Bank of San Juan Loan Funds	
			Conservation Trust Funds	5% Reserve	Sewer Reserve (\$2)	Capital Project Funds	Rate Stabilization Funds		
Cash balance at end of period	1,590,551	386	53,417	2,142,829	422,850	6,893,577	649,433	476,645	12,229,687
June activity:									
Utility billing from residents	718,167	-	-	-	-	-	-	-	718,167
Recreation Center Program Fees	14,685	-	-	-	-	-	-	-	14,685
Tap fees and meter fees (In)	479,115	-	-	-	-	-	-	-	479,115
Tap fees transferred to MRMD (Out)	(462,000)	-	-	-	-	-	-	-	(462,000)
El Paso County Collection of Deliquent Accounts	987	-	-	-	-	-	-	-	987
Transfer from Meridian Ranch - CTF	13,193	-	-	-	-	-	-	-	13,193
AT&T, Falcon Freedom Days and reimbursements	7,040	-	-	-	-	-	-	-	7,040
Payroll	(253,037)	-	-	-	-	-	-	-	(253,037)
Reimb from Zions Bank for 2/22 CMD Pmt	351,620	-	-	-	-	-	-	-	351,620
Transfer to Clean Water Loan Fund	(40,423)	-	-	-	-	-	-	-	(40,423)
June checks and payments									
Operations incl. interim checks	(743,970)	-	-	-	-	-	-	-	(743,970)
Interest, fees and returned checks	(1,919)	-	73	3,493	662	8,762	1,073	-	12,144
Sub-total	1,674,006	386	53,490	2,146,322	423,512	6,902,339	650,507	476,645	12,327,207
July 13th payment Estimate	(830,000)	-	-	-	-	-	-	-	(830,000)
Adjusted balance	844,006	386	53,490	2,146,322	423,512	6,902,339	650,507	476,645	11,497,207
Less restricted funds as of June 30, 2022:									
Petty Cash	-	(386)	-	-	-	-	-	-	(386)
Conservation Trust Funds	25,011	-	(53,490)	-	-	-	-	-	(28,479)
5% Reserve Fund	(44,495)	-	-	(2,146,322)	-	-	-	-	(2,190,816)
Sewer Reserve Fund	(18,468)	-	-	-	(423,512)	-	-	-	(441,980)
Capital Project Funds	(468,894)	-	-	-	-	(6,902,339)	-	-	(7,371,233)
Rate Stabilization Fund	16,553	-	-	-	-	-	(650,507)	-	(633,953)
Capital TDS	32,418	-	-	-	-	-	-	(476,645)	(444,226)
Unrestricted cash balance	\$ 386,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,133

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
General Revenue - Fund 10	\$1,553	\$207,764	\$368,634	(\$160,870)	56.4%
Parks/Grounds Revenue - Fund 15	106,581	523,149	1,271,805	(748,656)	41.1%
Rec Center Revenue - Fund 16	189,731	906,132	2,206,548	(1,300,416)	41.1%
Water Revenue - Fund 40	312,010	1,249,566	3,318,835	(2,069,269)	37.7%
Sewer Revenue - Fund 50	160,331	890,086	3,281,460	(2,391,374)	27.1%
Billing Fees	8,463	55,268	64,000	(8,733)	86.4%
Clean Water Surcharge	36,023	177,386	425,760	(248,374)	41.7%
Grant Revenue	26,655	42,124	55,000	(12,876)	76.6%
Development Inspection Fees	-	68,875	-	68,875	-
Interest Income	20,692	50,242	-	50,242	-
Miscellaneous Income	-	-	150	(150)	-
TOTAL REVENUES	862,039	4,170,592	10,992,192	(6,821,600)	37.9%
EXPENSES					
Fund & General Expenses					
General & Admin. Expense	44,593	244,291	817,989	(573,698)	29.9%
Personnel Expenses	162,877	779,460	2,542,460	(1,763,000)	30.7%
Parks/Grounds Expense - Fund 15	47,146	122,718	575,000	(452,282)	21.3%
MRRC Expense - Fund 16	21,703	171,263	508,720	(337,457)	33.7%
Water Expense - Fund 40	63,486	205,901	1,139,500	(933,599)	18.1%
Sewer Expense - Fund 50	78,707	291,346	843,800	(552,454)	34.5%
General Operating Expenses	87,813	410,455	1,133,520	(723,065)	36.2%
TOTAL Fund & General Expenses	506,325	2,225,433	7,560,989	(5,335,556)	29.4%
Capital Expenses					
Capital Expense - Other	9,630	39,660	60,000	(20,340)	66.1%
Capital Expense P&G Fund 15	-	300,000	300,000	-	100.0%
Capital Expense MRRC Fund 16	152,885	308,263	268,000	40,263	115.0%
Capital Expense Water Fund 40	83,126	233,406	6,280,000	(6,046,594)	3.7%
Capital Expense Sewer Fund 50	-	-	150,000	(150,000)	-
Capital Outlay - Vehicle	42,403	43,302	85,000	(41,698)	50.9%
Capital Interest Expense	-	351,620	703,240	(351,620)	50.0%
TOTAL Capital Expenses	288,044	1,276,251	7,846,240	(6,569,989)	16.3%
TOTAL EXPENSES	794,369	3,501,683	15,407,229	(11,905,546)	22.7%
EXCESS REVENUES OVER (UNDER) EXPENSES	67,670	668,908	(4,415,037)	5,083,945	
Other Financing Sources (Uses)					
Tap Fees Received	524,000	3,578,000	4,750,000	(1,172,000)	75.3%
Tap Fees Transferred to MRMD	(539,000)	(3,575,000)	(4,750,000)	1,175,000	75.3%
Transfer from (to) Other Funds	(23,169)	(115,211)	(278,000)	162,789	41.4%
Emergency Reserve (5%)	16,665	83,345	200,000	(116,655)	41.7%
Emergency Reserve (\$2) - Sewer	6,504	31,866	78,000	(46,134)	40.9%
TOTAL Other Financing Sources (Uses)	(15,000)	3,000	-	3,000	-
NET CHANGE IN FUND BALANCE	\$52,670	\$671,908	(\$4,415,037)	\$5,086,945	
BEGINNING FUND BALANCE**		12,667,064			
ENDING FUND BALANCE		<u><u>\$13,338,972</u></u>			
Operating Fund Balance		2,476,714			
Capital Project Fund Balance		7,610,282			
Emergency Reserve Fund Balance 5%		2,180,486			
Sewer Reserve Fund Balance \$2		436,490			
Rate Stabilization Fund Balance		635,000			
Total Fund Balance		<u><u>\$13,338,972</u></u>			

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
IGA - Meridian Ranch	-	\$200,000	\$350,000	(\$150,000)	57.1%
AT&T Lease	1,553	7,764	18,634	(10,870)	41.7%
Grant Revenue	1,655	1,655	-	1,655	-
Interest Income	1,391	3,718	-	3,718	-
Miscellaneous Income	-	-	150	(150)	-
TOTAL REVENUES	4,599	213,137	368,784	(155,647)	57.8%
EXPENSES					
Accounting	-	-	1,000	(1,000)	-
Audit	1,036	1,036	20,000	(18,964)	5.2%
Payroll & HR Services	4,217	22,007	54,000	(31,993)	40.8%
Election Expense	-	2,198	6,000	(3,803)	36.6%
Engineering/Consulting	123	634	2,000	(1,366)	31.7%
Legal	9,830	24,826	80,000	(55,174)	31.0%
Personnel Expenses	2,004	10,514	30,357	(19,843)	34.6%
Copier - Contract Expenses	-	220	5,000	(4,780)	4.4%
IT/Computer/Software	-	5,197	14,200	(9,003)	36.6%
Rent - Shared	2,881	17,819	47,080	(29,261)	37.8%
Telephone & Internet	867	4,583	7,500	(2,917)	61.1%
Utilities	274	1,543	4,000	(2,457)	38.6%
Repairs & Maint - Office	255	1,451	5,000	(3,549)	29.0%
Office Furniture	-	6,057	-	6,057	-
Supplies	161	1,034	5,500	(4,466)	18.8%
Licenses,Certs & Memberships	212	499	2,500	(2,001)	20.0%
Subscriptions	-	25	250	(225)	10.0%
Insurance	362	2,057	5,839	(3,782)	35.2%
Bank Charges	-	25	-	25	-
Public Information	-	-	500	(500)	-
Meals & Entertainment	197	890	6,284	(5,394)	14.2%
Miscellaneous Expense	-	-	1,000	(1,000)	-
Vehicle, Equipment & Travel	266	1,940	4,900	(2,960)	39.6%
TABOR Emergency Reserve 3%	-	-	11,062	(11,062)	-
TOTAL EXPENSES	22,685	104,556	313,972	(209,416)	33.3%
NET CHANGE IN FUND BALANCE	(\$18,086)	\$108,581	\$54,812	\$53,769	
BEGINNING FUND BALANCE**		62,251			
ENDING FUND BALANCE		<u><u>\$170,832</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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
Parks & Grounds Fees	\$89,447	\$439,048	\$1,065,143	(\$626,095)	41.2%
Street Lighting Fees	17,134	84,102	206,662	(122,561)	40.7%
Billing Fees	2,116	13,817	16,000	(2,183)	86.4%
Grant Revenue	-	15,321	55,000	(39,679)	27.9%
Interest Income	35	83	-	83	-
TOTAL REVENUES	108,731	552,370	1,342,805	(790,435)	41.1%
EXPENSES					
General & Admin. Expense					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	1,931	9,448	24,000	(14,552)	39.4%
Engineering/Consulting	439	3,046	7,000	(3,954)	43.5%
Legal	-	168	2,500	(2,332)	6.7%
Personnel Expenses	13,977	66,409	240,650	(174,241)	27.6%
General Operations - Admin	112	4,827	19,900	(15,073)	24.3%
TOTAL General & Admin. Expense	16,459	83,898	295,050	(211,152)	28.4%
Operating Expense					
Landscape Repair & Maint.	39,191	110,494	506,000	(395,506)	21.8%
Hardscape Repair & Maint.	7,402	8,274	24,500	(16,226)	33.8%
Park Maint.	552	2,855	37,500	(34,645)	7.6%
Pond Maint.	-	1,096	7,000	(5,904)	15.7%
Utilities	14,539	73,032	189,210	(116,178)	38.6%
Insurance	1,295	6,489	19,305	(12,816)	33.6%
Vehicle, Equipment & Travel	618	4,981	15,000	(10,019)	33.2%
TOTAL Operating Expense	63,597	207,220	798,515	(591,295)	26.0%
Capital Outlay - Vehicle	-	-	21,000	(21,000)	-
TOTAL EXPENSES	80,056	291,118	1,114,565	(823,447)	26.1%
EXCESS REVENUES OVER (UNDER) EXPENSES	28,675	261,252	228,240	33,012	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) Capital	(200,000)	(300,000)	(300,000)	-	100.0%
TOTAL Other Financing Sources (Uses)	(200,000)	(300,000)	(300,000)	-	100.0%
NET CHANGE IN FUND BALANCE	(\$171,325)	(\$38,748)	(\$71,760)	\$33,012	
BEGINNING FUND BALANCE**		334,973			
ENDING FUND BALANCE		<u>\$296,225</u>			
Operating Fund Balance		141,221			
Emergency Reserve Fund Balance 5%		145,004			
Rate Stabilization Fund Balance		<u>10,000</u>			
Total Fund Balance		\$296,225			

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
Recreation Center Service Fees	\$170,797	\$838,214	\$2,076,458	(\$1,238,244)	40.4%
Fee Based Programming	14,835	62,041	114,000	(51,959)	54.4%
MRRC Concession Sales	214	577	2,000	(1,423)	28.9%
Falcon Freedom Days Revenue	3,550	3,550	8,750	(5,200)	40.6%
Billing Fees	2,116	13,817	16,000	(2,183)	86.4%
Advertising Fees	336	1,750	5,340	(3,590)	32.8%
Grant Revenue	-	148	-	148	-
TOTAL REVENUES	191,847	920,097	2,222,548	(1,302,451)	41.4%
EXPENSES					
General & Admin. Expense					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	3,372	16,501	42,000	(25,499)	39.3%
Engineering/Consulting	771	4,008	10,000	(5,992)	40.1%
Legal	-	-	1,000	(1,000)	-
Personnel Expenses	82,602	390,728	1,200,967	(810,239)	32.5%
General Operations - Admin	2,726	21,413	60,350	(38,937)	35.5%
TOTAL General & Admin. Expense	89,471	432,649	1,315,317	(882,668)	32.9%
Operating Expense					
Programming Supplies	10,588	38,387	62,000	(23,613)	61.9%
Building Maint.	5,849	52,917	144,720	(91,803)	36.6%
Grounds Maint.	-	-	1,000	(1,000)	-
Pool Maint.	4,490	23,568	157,000	(133,432)	15.0%
MRRC Security	-	950	4,000	(3,050)	23.8%
Exercise Equip. & Furn.-Replace	-	53,421	75,000	(21,579)	71.2%
MR Community Events	-	1,245	15,000	(13,755)	8.3%
Falcon Freedom Days Expenses	776	776	50,000	(49,225)	1.6%
Utilities	14,808	85,262	186,375	(101,113)	45.7%
Insurance	2,275	11,381	32,315	(20,934)	35.2%
Vehicle, Equipment & Travel	112	961	2,500	(1,539)	38.4%
TOTAL Operating Expense	38,898	268,866	729,910	(461,044)	36.8%
TOTAL EXPENSES	128,370	701,515	2,045,227	(1,343,712)	34.3%
EXCESS REVENUES OVER (UNDER) EXPENSES	63,477	218,581	177,321	41,260	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) Capital	(22,330)	(111,690)	(268,000)	156,310	41.7%
TOTAL Other Financing Sources (Uses)	(22,330)	(111,690)	(268,000)	156,310	41.7%
NET CHANGE IN FUND BALANCE	\$41,147	\$106,891	(\$90,679)	\$197,570	
BEGINNING FUND BALANCE**		427,347			
ENDING FUND BALANCE		\$534,238			
Operating Fund Balance		364,659			
Emergency Reserve Fund Balance 5%		159,579			
Rate Stabilization Fund Balance		10,000			
Total Fund Balance		\$534,238			

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
Clean Water Surcharge	\$36,023	\$177,386	\$425,760	(\$248,374)	41.7%
Grant Revenue	25,000	25,000	-	25,000	-
Interest Income	4,958	11,836	-	11,836	-
TOTAL REVENUES	65,982	214,222	425,760	(211,538)	50.3%
EXPENSES					
Capital Expense - Other					
Build-Out CIP & Funding Plan	9,630	39,660	60,000	(20,340)	66.1%
TOTAL Capital Expense - Other	9,630	39,660	60,000	(20,340)	66.1%
Capital Expense P&G Fund 15					
3rd Const & Acq-Winding Walk	-	300,000	300,000	-	100.0%
TOTAL Capital Expense P&G Fund 15	-	300,000	300,000	-	100.0%
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	152,885	183,280	-	183,280	-
TOTAL Capital Expense MRRC Fund 16	152,885	308,263	268,000	40,263	115.0%
Capital Expense Water Fund 40					
Expand Filter Plant & Bldg	5,101	81,030	2,000,000	(1,918,970)	4.1%
Purchase WHMD 2.0 MG Water Tank	-	-	750,000	(750,000)	-
Water Rights	74,817	140,797	750,000	(609,203)	18.8%
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	3,208	11,579	1,200,000	(1,188,421)	1.0%
Latigo Transmission Line	-	-	50,000	(50,000)	-
TOTAL Capital Expense Water Fund 40	83,126	233,406	6,280,000	(6,046,594)	3.7%
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)	-
TOTAL Capital Expense Sewer Fund 50	-	-	150,000	(150,000)	-
Capital Interest Expense	-	351,620	703,240	(351,620)	50.0%
TOTAL EXPENSES	245,640	1,232,948	7,761,240	(6,528,292)	15.9%
EXCESS REVENUES OVER (UNDER) EXPENSES	(179,659)	(1,018,727)	(7,335,480)	6,316,753	
Other Financing Sources (Uses)					
Transfer from (to) Other Funds					
Transfer from (to) General Fund	191,665	958,345	2,300,000	(1,341,655)	41.7%
Transfer from (to) P&G Fund	200,000	300,000	300,000	-	100.0%
Transfer from (to) Rec Fund	22,330	111,690	268,000	(156,310)	41.7%
Transfer from (to) Water Fund	170,830	854,190	2,050,000	(1,195,810)	41.7%
Transfer from (to) Sewer Fund	4,400	22,046	52,846	(30,800)	41.7%
TOTAL Transfer from (to) Other Funds	589,225	2,246,271	4,970,846	(2,724,575)	45.2%
TOTAL Other Financing Sources (Uses)	589,225	2,246,271	4,970,846	(2,724,575)	45.2%
NET CHANGE IN FUND BALANCE	409,566	1,227,544	(2,364,634)	3,592,178	
BEGINNING FUND BALANCE**		6,382,738			
ENDING FUND BALANCE		7,610,282			
Other - Fund 10		837,709			
Parks & Ground Fund 15		206,819			
Recreation Center Fund 16		173,363			
Water Fund 40		4,871,147			
Sewer Fund 50		908,901			
TDS - Clean Water		612,343			
Total Fund Balance		7,610,282			

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over	
				(Under) Budget	% of Budget (41.7% YTD)
REVENUES					
Water Service Fees - Res.	\$250,458	\$1,011,538	\$2,714,980	(\$1,703,442)	37.3%
Water Service Fees - Comm.	14,832	51,487	145,165	(93,678)	35.5%
Meter Set Fees	18,740	123,820	162,500	(38,680)	76.2%
Irrigation	26,768	61,401	256,190	(194,789)	24.0%
IGA Shared Water Cost Reimb.	1,213	1,320	40,000	(38,680)	3.3%
Billing Fees	2,116	13,817	16,000	(2,183)	86.4%
Development Inspection Fees	-	34,438	-	34,438	-
TOTAL REVENUES	314,126	1,297,821	3,334,835	(2,037,014)	38.9%
EXPENSES					
General & Admin. Expense					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	4,582	22,422	52,800	(30,378)	42.5%
Engineering/Consulting	3,211	17,407	100,000	(82,593)	17.4%
Legal	-	1,807	20,000	(18,193)	9.0%
Personnel Expenses	29,197	139,424	524,311	(384,887)	26.6%
General Operations - Admin	1,593	13,741	66,575	(52,834)	20.6%
TOTAL General & Admin. Expense	38,583	194,801	764,686	(569,885)	25.5%
Operating Expense					
Water Operations General	11,244	36,781	86,000	(49,219)	42.8%
Raw Water Operations	5,183	10,450	375,000	(364,550)	2.8%
Water Treatment Operations	1,424	26,497	473,000	(446,503)	5.6%
Water Distribution Operations	43,492	127,975	184,000	(56,025)	69.6%
Non-Potable Water Operations	2,143	4,197	21,500	(17,303)	19.5%
Utilities	43,392	167,493	539,685	(372,192)	31.0%
Insurance	3,254	19,947	49,447	(29,500)	40.3%
Vehicle, Equipment & Travel	2,034	6,250	15,500	(9,250)	40.3%
TOTAL Operating Expense	112,167	399,592	1,744,132	(1,344,540)	22.9%
Capital Outlay - Vehicle	21,202	21,651	32,000	(10,349)	67.7%
TOTAL EXPENSES	171,951	616,044	2,540,818	(1,924,774)	24.2%
EXCESS REVENUES OVER (UNDER) EXPENSES	142,175	681,777	794,017	(112,240)	
Other Financing Sources (Uses)					
Tap & Transfers from (to) Other Funds					
Tap Fees Received	262,000	1,789,000	2,375,000	(586,000)	75.3%
Tap Fees Transferred to MRMD	(269,500)	(1,787,500)	(2,375,000)	587,500	75.3%
Transfer from (to) Capital	(170,830)	(854,190)	(2,050,000)	1,195,810	41.7%
TOTAL Tap & Transfers from (to) Other Funds	(178,330)	(852,690)	(2,050,000)	1,197,310	41.6%
TOTAL Other Financing Sources (Uses)	(178,330)	(852,690)	(2,050,000)	1,197,310	41.6%
NET CHANGE IN FUND BALANCE	(\$36,155)	(\$170,913)	(\$1,255,983)	\$1,085,070	
BEGINNING FUND BALANCE**		2,166,493			
ENDING FUND BALANCE		<u>\$1,995,580</u>			
Operating Fund Balance		689,826			
Emergency Reserve Fund Balance 5%		1,005,754			
Rate Stabilization Fund Balance		300,000			
Total Fund Balance		<u>\$1,995,580</u>			

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 Five Months Ended May 31, 2022

	Month of May 2022	YTD Actual	Adopted 2022 Budget	Variance Over (Under) Budget	% of Budget (41.7% YTD)
REVENUES					
Sewer Fees - Res.	\$153,135	\$751,374	\$1,848,242	(\$1,096,868)	40.7%
Sewer Fees - Comm.	2,424	7,710	36,750	(29,040)	21.0%
Sterling Ranch Revenue	-	100,986	1,341,468	(1,240,482)	7.5%
IGA Shared Sewer Cost Reimb.	4,772	30,016	55,000	(24,984)	54.6%
Billing Fees	2,116	13,817	16,000	(2,183)	86.4%
Development Inspection Fees	-	34,438	-	34,438	-
Interest Income	14,308	34,605	-	34,605	-
TOTAL REVENUES	176,755	972,945	3,297,460	(2,324,515)	29.5%
EXPENSES					
General & Admin. Expense					
Accounting	-	-	1,000	(1,000)	-
Customer Billing Services	3,712	18,164	42,000	(23,836)	43.2%
Engineering/Consulting	1,155	5,757	35,000	(29,243)	16.4%
Legal	-	5,629	20,000	(14,371)	28.1%
Personnel Expenses	35,096	172,385	546,175	(373,790)	31.6%
General Operations - Admin	937	9,909	49,050	(39,141)	20.2%
TOTAL General & Admin. Expense	40,900	211,843	693,225	(481,382)	30.6%
Operating Expense					
Sewer Operations	60,302	181,974	489,500	(307,526)	37.2%
Lift Station Operations	12,292	59,107	244,200	(185,093)	24.2%
Lift Station Operations-Shared	6,114	50,265	110,100	(59,835)	45.7%
Utilities	1,398	6,982	4,515	2,467	154.7%
Insurance	2,673	12,688	31,367	(18,679)	40.5%
Vehicle, Equipment & Travel	788	10,991	26,500	(15,509)	41.5%
TOTAL Operating Expense	83,565	322,007	906,182	(584,175)	35.5%
Capital Outlay - Vehicle	21,202	21,651	32,000	(10,349)	67.7%
TOTAL EXPENSES	145,667	555,502	1,631,407	(1,075,905)	34.1%
EXCESS REVENUES OVER (UNDER) EXPENSES	31,088	417,444	1,666,053	(1,248,609)	
Other Financing Sources (Uses)					
Tap & Transfers from (to) Other Funds					
Tap Fees Received	262,000	1,789,000	2,375,000	(586,000)	75.3%
Tap Fees Transferred to MRMD	(269,500)	(1,787,500)	(2,375,000)	587,500	75.3%
Transfer from (to) Capital	(196,065)	(980,391)	(2,352,846)	1,372,455	41.7%
Transfer from (to) Emer Reserve	(16,665)	(83,345)	(200,000)	116,655	41.7%
Transfer from (to) Emer. (\$2)	(6,504)	(31,866)	(78,000)	46,134	40.9%
TOTAL Tap & Transfers from (to) Other Fund	(226,734)	(1,094,102)	(2,630,846)	1,536,744	41.6%
Emergency Reserves					
Emergency Reserve (5%)	16,665	83,345	200,000	(116,655)	41.7%
Emergency Reserve (\$2) - Sewer	6,504	31,866	78,000	(46,134)	40.9%
TOTAL Emergency Reserves	23,169	115,211	278,000	(162,789)	41.4%
TOTAL Other Financing Sources (Uses)	(203,565)	(978,891)	(2,352,846)	1,373,955	41.6%
NET CHANGE IN FUND BALANCE	(\$172,477)	(\$561,447)	(\$686,793)	\$125,346	
BEGINNING FUND BALANCE**		3,293,262			
ENDING FUND BALANCE		<u>\$2,731,815</u>			
Operating Fund Balance		1,110,176			
Emergency Reserve Fund Balance 5%		870,149			
Sewer Reserve Fund Balance \$2		436,490			
Rate Stabilization Fund Balance		315,000			
Total Fund Balance		<u>\$2,731,815</u>			

Meridian Service Metropolitan District
Statement of Cash Flows - Unaudited
May 2022

	May 22
OPERATING ACTIVITIES	
Net Income	-1,778,557.04
Adjustments to reconcile Net Income to net cash provided by operations:	
1400110 · Accounts Receivable	-102,082.13
1400170 · ADG Discrepancies	-1,000.00
1400200 · Accounts Receivable - Non UB	47,755.10
1500100 · Prepaid Insurance	11,015.00
3000000 · Accounts Payable	125,513.14
3070100 · Chase Credit Card	-2,841.48
3070300 · Divvy Credit	5,887.10
3070400 · Conoco Credit Card	-3,500.00
3110100 · Payroll Taxes Payable	409.93
3110300 · Employee Paid Ins Contrib.	-0.12
3160000 · Deposits Held	1,000.00
3180200 · Cherokee - New WWTP (Current)	-351,619.86
Net cash provided by Operating Activities	-2,048,020.36
FINANCING ACTIVITIES	
3500200 · Cherokee - New WWTP (LT Liab)	1,831,227.36
4000100 · Comprehensive Income	7,408.56
Net cash provided by Financing Activities	1,838,635.92
Net cash increase for period	-209,384.44
Cash at beginning of period	12,598,080.12
Cash at end of period	12,388,695.68

Meridian Service Metropolitan District
Balance Sheet Summary - Unaudited
As of May 31, 2022

	May 31, 22
ASSETS	
Current Assets	
Checking/Savings	12,388,695.68
Accounts Receivable	2,339,262.20
Other Current Assets	77,105.00
	14,805,062.88
Total Current Assets	14,805,062.88
Fixed Assets	48,076,975.64
Other Assets	299,164.21
	63,181,202.73
TOTAL ASSETS	63,181,202.73
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	878,163.35
Credit Cards	-7,487.18
Other Current Liabilities	13,729,222.29
	14,599,898.46
Total Current Liabilities	14,599,898.46
Long Term Liabilities	28,386,765.31
	42,986,663.77
Total Liabilities	42,986,663.77
Equity	20,194,538.96
	63,181,202.73
TOTAL LIABILITIES & EQUITY	63,181,202.73

Meridian Service Metropolitan District

Balance Sheet - Unaudited

As of May 31, 2022

07/12/22

Accrual Basis

	May 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1000000 · Operating Funds	
1000100 · Wells Fargo - Operating	1,590,550.94
1000300 · Petty Cash	386.16
Total 1000000 · Operating Funds	1,590,937.10
1100000 · Non-Operating Funds	
1100100 · ColoTrust - CTF from MRMD 8001	15,337.30
1100101 · ColoTrust - CTF from MRMD E001	38,079.70
1100200 · ColoTrust - Reserve 8002	50,067.10
1100201 · ColoTrust - Reserve E002	2,092,761.72
1100400 · ColoTrust - Sewer Reserve 8004	37,517.10
1100401 · ColoTrust - Sewer Reserve E003	385,332.54
1100500 · ColoTrust - Cap Projects 8005	2,682,880.99
1100501 · ColoTrust - Cap Projects E004	4,210,696.11
1100601 · ColoTrus - Rate Stabiliz E005	649,433.07
1100901 · Bank of the San Juans -Reserves	476,644.71
1100903 · Zions Bank Pledged Revenue Fund	2,500.00
1100904 · Zions Bank Loan Payment Fund	156,508.24
Total 1100000 · Non-Operating Funds	10,797,758.58
Total Checking/Savings	12,388,695.68
Accounts Receivable	
1400000 · Accounts Receivable	
1400100 · UB Accounts Receivable	939,458.03
1400200 · Accounts Receivable - Non UB	1,399,804.17
Total 1400000 · Accounts Receivable	2,339,262.20
Total Accounts Receivable	2,339,262.20
Other Current Assets	
1500000 · Prepaid Expenses	77,105.00
Total Other Current Assets	77,105.00
Total Current Assets	14,805,062.88
Fixed Assets	
2100000 · Fixed Assets	
2110000 · Non-Depreciable Assets	
2110100 · Water Rights	257,084.50
Total 2110000 · Non-Depreciable Assets	257,084.50
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
Total 2120000 · Depreciable Assets	35,582,841.67
2130000 · Recreation Assets	11,887,621.65
2140000 · Vehicles & Equipment	349,427.82
Total 2100000 · Fixed Assets	48,076,975.64
Total Fixed Assets	48,076,975.64

Meridian Service Metropolitan District

Balance Sheet - Unaudited

07/12/22

As of May 31, 2022

Accrual Basis

	May 31, 22
Other Assets	
1600000 · Other Assets	
1600100 · Security Deposit	11,580.00
Total 1600000 · Other Assets	11,580.00
2000000 · Construction in Progress	287,584.21
Total Other Assets	299,164.21
TOTAL ASSETS	63,181,202.73
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	878,163.35
Credit Cards	-7,487.18
Other Current Liabilities	
3100000 · Other Current Liabilities	
3110000 · Payroll Liabilities	1,153.48
3120000 · Retainage Payable	153,211.67
3140000 · Accr Int Payable - Developer	13,591,477.00
3160000 · Deposits Held	6,000.00
3180200 · Cherokee - New WWTP (Current)	-351,619.86
3180300 · Bank of San Juan Loan-Current	329,000.00
Total 3100000 · Other Current Liabilities	13,729,222.29
Total Other Current Liabilities	13,729,222.29
Total Current Liabilities	14,599,898.46
Long Term Liabilities	
3500000 · Long Term Liabilities	
3500100 · Notes Payable	9,315,476.39
3500200 · Cherokee - New WWTP (LT Liab)	14,724,288.92
3500300 · Bank of San Juan TDS Loan	4,347,000.00
Total 3500000 · Long Term Liabilities	28,386,765.31
Total Long Term Liabilities	28,386,765.31
Total Liabilities	42,986,663.77
Equity	
4000000 · Retained Earnings	24,370,897.65
4000100 · Comprehensive Income	-34,983.34
Net Income	-4,141,375.35
Total Equity	20,194,538.96
TOTAL LIABILITIES & EQUITY	63,181,202.73

Meridian Service Metropolitan District
Vendor Payment Register Report - Summary
Finance Committee - Interim Payments
June 23, 2022

<u>Date</u>	<u>Payment Type</u>	<u>Vendor</u>	<u>Amount</u>
06/23/22	Check	Amazon Capital Services	\$ 2,463.59
06/23/22	Check	Aqueous Solution Inc.	\$ 1,878.75
06/23/22	Check	Badger Meter	\$ 204.78
06/23/22	ePayment	Browns Hill Engineering & Controls, LLC	\$ 2,085.00
06/23/22	ePayment	CEM Sales & Service	\$ 1,911.74
06/23/22	Vendor Direct	Cintas Fire 636525	\$ 2,517.55
06/23/22	Check	Club Automation, LLC	\$ 1,832.70
06/23/22	Vendor Direct	Comcast - MRRC	\$ 404.93
06/23/22	Vendor Direct	Comcast - Office	\$ 326.60
06/23/22	Check	CPS Distributors, Inc	\$ 203.77
06/23/22	ePayment	DBC Irrigation Supply	\$ 659.09
06/23/22	Check	Falcon Auto Repair & Tire, LLC	\$ 1,562.22
06/23/22	Check	Falcon Environmental Corporation	\$ 1,161.31
06/23/22	Check	Grainger	\$ 1,312.14
06/23/22	Check	GTL Development Inc.	\$ 1,440.42
06/23/22	Check	Home Depot Credit Services	\$ 3,309.62
06/23/22	Vendor Direct	Johnson Controls Security Solutions	\$ 950.00
06/23/22	ePayment	LONG Building Technologies	\$ 3,749.00
06/23/22	Vendor Direct	Mug-A-Bug Pest Control	\$ 308.00
06/23/22	Check	MVEA	\$ 67,080.18
06/23/22	Vendor Direct	O'Reilly Automotive	\$ 105.91
06/23/22	Check	Ross Electric-Enterprise, Inc.	\$ 4,843.94
06/23/22	Check	Shops at Meridian Ranch, LLC	\$ 3,734.48
06/23/22	Vendor Direct	UniFirst First Aid & Safety	\$ 776.95
06/23/22	Vendor Direct	USA BlueBook	\$ 2,881.08
06/23/22	Check	Utility Notification Center of Colorado	\$ 772.20
06/23/22	Vendor Direct	Waste Management of Colorado Springs	\$ 808.11
06/23/22	Check	WHMD Woodmen Hills Metropolitan District	\$ 30.36
Total Payments	28	Total Payments	\$ 109,314.42

**Meridian Service Metropolitan District
Vendor Payment Register Report - Summary
Board Meeting - Payments to Approve
July 13, 2022**

<u>Date</u>	<u>Payment Type</u>	<u>Vendor</u>	<u>Amount</u>
07/13/22	Check	Amazon Capital Services	\$ 2,442.14
07/13/22	Check	Aqueous Solution Inc.	\$ 2,296.89
07/13/22	Check	Batteries Plus Bulbs	\$ 70.18
07/13/22	ePayment	Beers Construction LLC	\$ 451,645.66
07/13/22	Check	Black Hills Energy	\$ 4,721.73
07/13/22	Vendor Direct	BrightView Landscape Services Inc.	\$ 36,346.00
07/13/22	ePayment	Browns Hill Engineering & Controls, LLC	\$ 1,448.26
07/13/22	ePayment	Carlson, Hammond & Paddock, LLC	\$ 2,627.45
07/13/22	Check	Carrie Billingsly	\$ 28.55
07/13/22	Check	CEBT Payments	\$ 13,658.05
07/13/22	Check	CenturyLink - FP	\$ 200.76
07/13/22	Check	CenturyLink - LS	\$ 249.67
07/13/22	ePayment	Cherokee MD	\$ 138,647.20
07/13/22	Vendor Direct	Cintas Fire 636525	\$ 2,881.84
07/13/22	Vendor Direct	Colorado Analytical Lab	\$ 2,726.00
07/13/22	Check	Colorado State Treasurer	\$ 851.27
07/13/22	Check	CPS Distributors, Inc	\$ 276.12
07/13/22	ePayment	CRS Community Resource Services	\$ 14,633.32
07/13/22	Check	CSU Colorado Springs Utilities	\$ 421.25
07/13/22	ePayment	DBC Irrigation Supply	\$ 69.95
07/13/22	Check	Debra Williams	\$ 13.75
07/13/22	ePayment	Divvy Pay LLC	\$ 21,792.37
07/13/22	ePayment	Eileen Krauth	\$ 30.89
07/13/22	Check	Falcon Environmental Corporation	\$ 800.07
07/13/22	Check	Grainger	\$ 84.96
07/13/22	Check	HelloSpoke	\$ 869.11
07/13/22	ePayment	Jan-Pro of Southern Colorado	\$ 255.00
07/13/22	ePayment	JDS-Hydro Consultants, Inc.	\$ 4,632.50
07/13/22	Check	Jennette Coe	\$ 26.91
07/13/22	Check	John Deere Financial	\$ 635.43
07/13/22	ePayment	Levi's Custom Clean	\$ 200.00
07/13/22	Check	Lytle Water Solutions, LLC	\$ 14,675.00
07/13/22	Vendor Direct	Mug-A-Bug Pest Control	\$ 246.00
07/13/22	Vendor Direct	O'Reilly Automotive	\$ 4.99
07/13/22	Check	Pikes Peak Regional Building Dept	\$ 177.00
07/13/22	ePayment	Raftelis	\$ 9,630.25
07/13/22	ePayment	Rob's Septic Service and Porta-Pot Rental	\$ 480.00
07/13/22	Check	Ross Electric-Enterprise, Inc.	\$ 762.03
07/13/22	Vendor Direct	Safeway	\$ 668.72
07/13/22	Check	Shops at Meridian Ranch, LLC	\$ 98.04
07/13/22	Vendor Direct	Spencer Fane LLP	\$ 9,830.24
07/13/22	ePayment	Starfish Aquatics Institute	\$ 129.00
07/13/22	Check	Streamline	\$ 1,799.93
07/13/22	Vendor Direct	Uline	\$ 3,509.68
07/13/22	Check	VertiCloud Networks LLC	\$ 3,132.90
07/13/22	Check	Western Enterprises, Inc.	\$ 26,250.00
07/13/22	Check	WHMD Woodmen Hills Metropolitan District	\$ 2,679.90
		BDC Total	\$ 827,433.80
07/06/22	ACH	Conoco Fleet Service	\$ 110.99
07/13/22	CK# 13307	Jermaine Cooper - Temp Access Refund	\$ 1,000.00
07/13/22	CK# 13308	Kyle Lynch - Customer Refund	\$ 355.33
07/13/22	CK#13309	Andrea Androsky - FFD Refund	\$ 100.00

Total Payments	51	Total Payments	\$ 829,000.12
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<u>Payroll Transactions</u>	<u>06/1-06/30/22</u>	
BOD Payroll:	\$ 1,076.50	
Bi-weekly Payroll:	\$ 250,735.15	Three Payrolls 2nd, 16th, 30th
Payroll & HR Services:	\$ 919.77	
Total:	\$ 252,731.42	

Meridian Service Metropolitan District Reconciliation Detail 3070300 · Divvy Credit, Period Ending 06/30/2022

Type	Date	Name	Memo	Clr	Amount	Balance
Beginning Balance						6,994.22
Cleared Transactions						
Charges and Cash Advances - 55 items						
Credit Card Charge	06/08/2022	Conoco	AM Truck #6	X	-100.00	-100.00
Credit Card Charge	06/08/2022	Costco	JC Snacks for Board Meeting	X	-8.99	-108.99
Credit Card Charge	06/09/2022	Conoco	AM Truck #6 - Diesel	X	-100.00	-208.99
Credit Card Charge	06/09/2022	Costco	JC Paper Bowls	X	-11.35	-220.34
Credit Card Charge	06/10/2022	Conoco	RB Truck 15 fuel	X	-100.00	-320.34
Credit Card Charge	06/10/2022	LinkedIn	RK Monthly Subscription	X	-29.99	-350.33
Credit Card Charge	06/11/2022	Conoco	AM Fuel, truck #17.	X	-100.00	-450.33
Credit Card Charge	06/11/2022	7-Eleven	BM Veh #8...BM	X	-100.00	-550.33
Credit Card Charge	06/11/2022	Conoco	AM Truck #2 fuel	X	-60.56	-610.89
Credit Card Charge	06/12/2022	La Mission	JN Lunch with Ryan and Tobi. JC changed from F10 to F16	X	-58.04	-668.93
Credit Card Charge	06/14/2022	Conoco	AK Truck #5	X	-100.00	-768.93
Credit Card Charge	06/15/2022	All American Sports	RK Youth Jerseys. 2 Invoices paid at one time	X	-2,760.00	-3,528.93
Credit Card Charge	06/15/2022	Conoco	CP Veh #19	X	-100.00	-3,628.93
Credit Card Charge	06/15/2022	Sams Club	MRRC: Water and FP: Water/Paper Towels	X	-54.34	-3,683.27
Credit Card Charge	06/16/2022	Amazon	JC Registration/Insurance/Fuel Card Holders for all Vehicles	X	-111.86	-3,795.13
Credit Card Charge	06/16/2022	7-Eleven	BM Veh #8...BM	X	-100.00	-3,895.13
Credit Card Charge	06/17/2022	Home Depot	RK Garage payment split 50/50 with mrrc and parks and grounds.	X	-12,739.25	-16,634.38
Credit Card Charge	06/17/2022	Verizon - Cell	JC Cell Service Date 4/28/22-5/27/22	X	-389.45	-17,023.83
Credit Card Charge	06/18/2022	Fit-bench Recovery, ...	RK Leather repair on equipment	X	-474.00	-17,497.83
Credit Card Charge	06/18/2022	Conoco	AM Truck #17 fuel	X	-100.00	-17,597.83
Credit Card Charge	06/20/2022	Blue Ribbon Trophies	RK Indoor soccer trophies	X	-110.00	-17,707.83
Credit Card Charge	06/20/2022	Conoco	AK Truck # 5 BBQY20	X	-100.00	-17,807.83
Credit Card Charge	06/21/2022	Conoco	RB Veh #15	X	-100.00	-17,907.83
Credit Card Charge	06/21/2022	Conoco	RB Veh #15	X	-100.00	-18,007.83
Credit Card Charge	06/21/2022	Barnhart Pump CO	DW Misc supplies.	X	-27.59	-18,035.42
Credit Card Charge	06/21/2022	Costco	JC Staff Appreciation BBQ	X	-5.29	-18,040.71
Credit Card Charge	06/22/2022	Costco	JC Staff Appreciation BBQ	X	-366.35	-18,407.06
Credit Card Charge	06/22/2022	Misc Vendors	JC Office Staff lunch after SDA Workshop	X	-103.80	-18,510.86
Credit Card Charge	06/22/2022	Vistaprint	RK Signs for FFD	X	-94.70	-18,605.56
Credit Card Charge	06/22/2022	Costco	RB Salad for employee appreciation party	X	-18.09	-18,623.65
Credit Card Charge	06/22/2022	Dollar Tree	RB Staff Appreciation Lunch	X	-6.57	-18,630.22
Credit Card Charge	06/23/2022	Conoco	CP Truck 19. Milage 1578.1	X	-100.00	-18,730.22
Credit Card Charge	06/23/2022	Misc Vendors	JC King Soopers - Staff Appreciation BBQ	X	-91.52	-18,821.74
Credit Card Charge	06/23/2022	Misc Vendors	RB Staff party - bad ass coffee	X	-57.50	-18,879.24
Credit Card Charge	06/23/2022	Zumba Fitness	RK Monthly Instructor Membership	X	-48.89	-18,928.13
Credit Card Charge	06/23/2022	Conoco	AK 5 gallon gas can Andrew Kemnetz	X	-25.17	-18,953.30
Credit Card Charge	06/23/2022	Walmart	RB Sports name tags	X	-6.06	-18,959.36
Credit Card Charge	06/24/2022	American Red Cross	RK Employee CPR Training	X	-256.00	-19,215.36
Credit Card Charge	06/24/2022	Verizon - SCADA	BM SCADA Service Dates: 4/4/22-5/3/22	X	-249.89	-19,465.25
Credit Card Charge	06/24/2022	Party City	RB Staff appreciation	X	-79.00	-19,544.25
Credit Card Charge	06/25/2022	7-Eleven	DW Truck #9 Fuel	X	-100.00	-19,644.25
Credit Card Charge	06/25/2022	Conoco	AM Truck# 17 fuel	X	-100.00	-19,744.25
Credit Card Charge	06/25/2022	Conoco	PS Truck 02	X	-76.50	-19,820.75
Credit Card Charge	06/25/2022	7-Eleven	DW Fuel for unit 09	X	-72.41	-19,893.16
Credit Card Charge	06/25/2022	Amazon	BA Office Supplies	X	-27.80	-19,920.96
Credit Card Charge	06/25/2022	Safeway Store	RB Tide Pods for Aquatics	X	-10.99	-19,931.95

**Meridian Service Metropolitan District
Reconciliation Detail
3070300 · Divvy Credit, Period Ending 06/30/2022**

Type	Date	Name	Memo	Clr	Amount	Balance	
Credit Card Charge	06/26/2022	Foley Carrier Servic...	JC DOT Compliance - Annual Subscription 50/50 Water & Sewer	X	-552.00	-20,483.95	
Credit Card Charge	06/26/2022	Domino's	RK Parents night out dinner	X	-85.35	-20,569.30	
Credit Card Charge	06/27/2022	Deep Rock	BA Water for Main Office	X	-60.85	-20,630.15	
Credit Card Charge	06/28/2022	Dog Waste Depot	AM Bags for can liners and dog pick up	X	-573.62	-21,203.77	
Credit Card Charge	06/29/2022	Misc Vendors	RK Rekeyed storage room, chemical room on outdoor pump house ...	X	-302.49	-21,506.26	
Credit Card Charge	06/29/2022	AAA Steam & Sauna	AK Truck #05 BBQ-Y20	X	-74.83	-21,581.09	
Credit Card Charge	06/29/2022	Misc Vendors	JN Staff lunch mtg.	X	-68.19	-21,649.28	
Credit Card Charge	06/30/2022	Conoco	PS Service truck unit #6	X	-100.00	-21,749.28	
Credit Card Charge	06/30/2022	Vistaprint	BA Business Cards for Dustin Wilcox	X	-43.09	-21,792.37	
Total Charges and Cash Advances						-21,792.37	-21,792.37
Payments and Credits - 4 items							
Bill	06/05/2022	Divvy Pay LLC	One Off CC Pymt 5/15/22-6/5/22 for Purchase.	X	6,994.22	6,994.22	
Bill Pmt -CCard	06/16/2022	Verizon - Cell	QuickBooks generated zero amount transaction for bill payment stub	X	0.00	6,994.22	
Bill Pmt -CCard	06/16/2022	Verizon - Cell	VOID: 542185859-00001 Duplicate CC/Divvy Payment	X	0.00	6,994.22	
Bill Pmt -CCard	06/24/2022	Verizon - SCADA	QuickBooks generated zero amount transaction for bill payment stub	X	0.00	6,994.22	
Total Cleared Transactions						-14,798.15	-14,798.15
Cleared Balance						14,798.15	21,792.37
Register Balance as of 06/30/2022						14,798.15	21,792.37
Ending Balance						14,798.15	21,792.37