CHEROKEE METROPOLITAN DISTRICT

LETTER OF BUDGET TRANSMITTAL

DATE: January 31, 2025

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

Attached is the 2025 Budget for the Cherokee Metropolitan District in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on Tuesday, December 17, 2024. If there are any questions on the budget, please contact:

Kevin Brown, General Manager
Cherokee Metropolitan District
6250 Palmer Park Boulevard
Colorado Springs, CO 80915
Tel: (719) 597-5080
Fax: (719) 597-5145

I, Carrie Bartow, CPA, CGMA, Principal of the firm, CliftonLarsonAllen LLP, contracted to Cherokee Metropolitan District, hereby certify that the attached is a true and correct copy of the 2025 Budget.

By: Carrie Bartow

CHEROKEE METROPOLITAN DISTRICT
6250 Palmer Park Blvd., Colorado Springs, CO 80915-1721
Telephone: (719) 597-5080 Fax: (719) 597-5145

2025 BUDGET MESSAGE

The Cherokee Metropolitan District is a political subdivision of the State of Colorado. The District provides water and wastewater services; maintains District owned parks and medians, facilitates the installation and maintenance of street lighting; and operates the Cherokee Ridge Golf Course.

The District is governed by a five-member Board, has 50 full-time employees, including the General Manager, and hires seasonal workers for golf course and parks operations. The District contracts with various professionals to provide Chief Financial Officer services; attorneys for General Counsel and representation regarding specific legal matters (e.g. water rights negotiations and litigation); engineers specializing in water and wastewater planning and infrastructure projects; and various professional consultants, through separate agreements.

Basis of Accounting

The District prepares its budget on the modified accrual basis of accounting and uses both governmental and proprietary funds to budget and report on its financial position.

Revenues

Rates and Fees
The District collects no ad valorem taxes and is financed through rates and fees that are charged to consumers residing within the District's boundaries, as well as from extra-territorial consumers that have contracted with the District for the provision of water and wastewater services.

Intergovernmental Revenue
The District receives additional revenues from the State of Colorado's Conservation Trust Fund (CTF). The Department of Local Affairs distributes CTF monies quarterly to the District for the provision of Park and Recreational services.

Funds

General Fund
The General Fund accounts for the revenue derived from District residents for the provision of street lighting.

Parks Fund
The Parks Fund accounts for revenues generated from monthly Park Fees assessed by the District, CTF monies derived from the State of Colorado, park facilities rental fees, and any grants received for Park related projects. Revenues are used for Park maintenance and capital improvements.

Golf Course Enterprise Fund
The Golf Course Enterprise Fund reflects revenues generated from greens fees, retail sales, and cart rental. Expenditures range from routine operating expenses to capital expenditures to improve the facility and grounds.

Water and Wastewater Enterprise Fund
This is the primary accounting fund for District revenue and operating expenditures. Revenue is derived from rates and fees charged to consumers for the provision of water and wastewater services, loan proceeds, and Grant funds. Expenditures reflected in this fund include, but may not be limited to, water and wastewater operations, purchase of water resources, capital improvements, and debt service.

Emergency Reserve

At the end of each year the District, where applicable, reserves that portion of the District's governmental funds' balances necessary to comply with the TABOR Amendment.

On the Horizon

Cherokee Metropolitan District is preparing to begin a major capital improvement plan over the next five years. The plan anticipates constructing a PFAS treatment facility ahead of the national treatment deadline as well as replacing the District's aging primary water transmission line. Cherokee is confident that these projects can be completed while maintaining healthy liquidity and maintaining a sustainable annual surplus. The District recently completed a 19-year process to obtain new water rights, nearly doubling water available and opening up improved water service to new areas of El Paso County and ensuring continued growth.

The golf course continues to set attendance records and is on track for strong growth across all revenue streams. The parks department is completing major upgrades and repairs to parks facilities but anticipates stable funding over the next five years.

CHEROKEE METROPOLITAN DISTRICT
RESOLUTION NO. 2024-11

A RESOLUTION ADOPTING THE 2025 BUDGET, AND APPROPRIATING SUMS OF MONEY TO THE FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CHEROKEE METROPOLITAN DISTRICT, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2025, AND ENDING ON THE LAST DAY OF DECEMBER, 2025.

WHEREAS, the Board of Directors of the Cherokee Metropolitan District has authorized its consultants and staff to prepare and submit a proposed budget to said governing body no later than October 15, 2024; and

WHEREAS, the proposed budget was submitted to the Board of the District for its consideration on September 24, 2024; and,

WHEREAS, upon due and proper notice, posted in accordance with Colorado Law and published in a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on December 17, 2024, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CHEROKEE METROPOLITAN DISTRICT OF EL PASO COUNTY, COLORADO, AS FOLLOWS:

Section 1. Adoption of Budget for 2025. That the budget as submitted, attached hereto as **Exhibit A** and incorporated herein by this reference, is hereby approved and adopted by the Board as the true and accurate budget of the Cherokee Metropolitan District for fiscal year 2025.

Section 2. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto as **Exhibit A**, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated.

ADOPTED AND APPROVED this 17th day of December, 2024.

Michelle Marie Kinney, President

ATTEST:

Jeff Bandy, Secretary

EXHIBIT A

BUDGET DOCUMENT

CHEROKEE METROPOLITAN DISTRICT

ADOPTED 2025 BUDGET

GENERAL FUND

CHEROKEE METROPOLITAN DISTRICT

GENERAL FUND

ADOPTED 2025 BUDGET

	2023 Actual	2024 Estimated	Adopted 2025 Budget
REVENUE			
Fees	$ 151,346	$ 157,285	**$143,400**
Total Revenue	$ 151,346	$ 157,285	**$143,400**
EXPENDITURES			
Lighting-Streets	$ 133,583	$ 150,435	**$141,100**
Total Expenditures	$ 133,583	$ 150,435	**$141,100**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	$ 17,763	$ 6,850	**$ 2,300**
OTHER FINANCING SOURCES (USES)			
Transfer to Parks Fund	$ (17,763)	$ (6,850)	**$ -**
Total Other Financing Sources (uses)	$ (17,763)	$ (6,850)	**$ -**
NET CHANGE IN FUND BALANCE	$ -	$ -	**$ 2,300**
FUND BALANCE - BEGINNING	$ 181,930	$ 181,930	**$ 181,930**
FUND BALANCE - ENDING	$ 181,930	$ 181,930	**$ 184,230**

PARKS FUND

CHEROKEE METROPOLITAN DISTRICT

PARKS FUND

ADOPTED 2025 BUDGET

	2023 Actual	2024 Estimated	Adopted 2025 Budget
REVENUE			
Fees	$ 196,626	$ 212,300	**$ 219,800**
Conservation Trust Funds	$ 172,191	$ 145,000	**$ 150,000**
Interest/Miscellaneous Income	$ 18,684	$ 84,265	**$ 15,200**
Total Revenue	$ 387,501	$ 441,565	**$ 385,000**
EXPENDITURES			
Parks, Landscape and Open Space	$ 215,088	$ 407,361	**$ 334,400**
Capital Outlay	$ 21,770	$ -	**$ 153,000**
Total Expenditures	$ 236,858	$ 407,361	**$ 487,400**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	$ 150,643	$ 34,204	**$ (102,400)**
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	$ 17,763	$ 6,850	**$ -**
Total Other Financing Sources (uses)	$ 17,763	$ 6,850	**$ -**
NET CHANGE IN FUND BALANCE	$ 168,407	$ 41,054	**$ (102,400)**
FUND BALANCE - BEGINNING	$ 195,410	$ 363,817	**$ 404,871**
FUND BALANCE - ENDING	$ 363,817	$ 404,871	**$ 302,471**

WATER AND WASTEWATER
ENTERPRISE FUND

CHEROKEE METROPOLITAN DISTRICT

WATER AND WASTEWATER ENTERPRISE FUND

ADOPTED 2025 BUDGET

	2023 Actual	2024 Estimated	Adopted 2025 Budget
REVENUE			
Water Sales	$ 8,251,349	$ 8,223,039	**$ 8,281,500**
Sewer Services	$ 6,851,414	$ 6,978,847	**$ 6,320,000**
Water and Wastewater Tap Fees	$ 3,394,605	$ 2,147,177	**$ 1,852,400**
Interfund Loan Revenue	$ 49,200	$ -	**$ -**
Interest Income	$ 1,975,032	$ 2,634,981	**$ 1,000,000**
Miscellaneous Income	$ 1,280,205	$ 3,308,767	**$ 4,465,240**
Total Revenue	$ 21,801,806	$ 23,292,811	**$ 21,919,140**
EXPENDITURES			
Water System			
Purchased Water	$ 13,137	$ -	**$ 25,000**
Pumping	$ 894,876	$ 896,880	**$ 968,500**
Treatment	$ 138,650	$ 184,631	**$ 210,850**
Transmission and Distribution	$ 385,851	$ 234,915	**$ 561,000**
Employee Benefits and Training	$ 1,777,414	$ 1,657,418	**$ 1,663,600**
Total Water System	$ 3,209,927	$ 2,973,844	**$ 3,428,950**
Wastewater System			
Treatment	$ 2,159,449	$ 2,254,566	**$ 2,722,700**
Collections	$ 670,073	$ 753,688	**$ 996,343**
Total Wastewater System	$ 2,829,522	$ 3,008,254	**$ 3,719,043**
Support Services			
Engineering	$ 46,044	$ 30,370	**$ 31,000**
Safety and Technical Services	$ 174,142	$ 204,905	**$ 220,000**
Employee Benefits and Training	$ 589,227	$ 679,031	**$ 792,040**
Total Support Services	$ 809,412	$ 914,306	**$ 1,043,040**
Other			
General and Administrative	$ 2,171,387	$ 2,541,274	**$ 2,310,000**
Capital Expenditures	$ 5,985,547	$ 6,029,017	**$ 14,259,000**
Debt Principal Payments	$ 1,610,047	$ 2,886,249	**$ 1,767,525**
Interest and Bond Fees	$ 487,064	$ 2,103,866	**$ 2,528,880**
Total Other	$ 10,254,044	$ 13,560,406	**$ 20,865,405**
Total Expenditures	$ 18,653,105	$ 20,456,811	**$ 29,056,438**
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	$ 3,148,700	$ 2,836,000	**$ (7,137,298)**
OTHER FINANCING SOURCES (USES)			
Restricted Bond Proceeds	$ 1,249,830	$ -	**$ -**
TDS Surcharge	$ 1,127,565	$ -	**$ -**
TDS Debt Service Contribution-Meridian	$ 703,240	$ -	**$ -**
Interest Earned on Bond Proceeds-Restricted	$ 117,964	$ -	**$ -**
Debt Service on New Bond Issue	$ (1,550,200)	$ -	**$ -**
TDS Project	$ (1,249,830)	$ -	**$ -**
Total Other Financing Sources (Uses)	$ 398,569	$ -	**$ -**
NET CHANGE IN FUND BALANCE	$ 3,547,269	$ 2,836,000	**$ (7,137,298)**
FUND BALANCE - BEGINNING - Unrestricted	$ 37,589,680	$ 40,738,380	**$ 43,574,380**
FUND BALANCE - ENDING -Unrestricted - Note 1	$ 40,738,380	$ 43,574,380	**$ 36,437,082**

GOLF COURSE ENTERPRISE FUND

CHEROKEE METROPOLITAN DISTRICT

GOLF COURSE ENTERPRISE FUND

ADOPTED 2025 BUDGET

	2023 Actual	2024 Estimated	Adopted 2025 Budget
REVENUE			
Golf Revenue	$ 1,357,653	$ 1,399,527	**$1,365,000**
Resale	$ 369,906	$ 376,631	**$ 377,000**
Interest/Miscellaneous Income	$ 138,452	$ 165,150	**$ 29,200**
Total Revenue	$ 1,866,010	$ 1,941,308	**$ 1,771,200**
EXPENDITURES			
Operating Expense	$ 895,962	$ 1,090,088	**$1,005,950**
Resale Expense	$ 252,753	$ 233,185	**$ 246,000**
General and Administrative	$ 238,130	$ 264,413	**$ 263,650**
Debt Service-Interfund Loan	$ 49,200	$ -	**$ -**
Capital Expenditures	$ 91,252	$ 333,780	**$ 265,000**
Total Expenditures	$ 1,527,298	$ 1,921,466	**$1,780,600**
NET CHANGE IN FUND BALANCE	$ 338,713	$ 19,842	**$ (9,400)**
FUND BALANCE - BEGINNING	$ 748,522	$ 1,087,235	**$ 1,107,077**
FUND BALANCE - ENDING	$ 1,087,235	$ 1,107,077	**$ 1,097,677**

NOTICE OF PUBLIC HEARING

PUBLISHER'S AFFIDAVIT

STATE OF COLORADO)
) ss.
COUNTY OF ELBERT)

I, Nikki Lister, do solemnly affirm that I am the Publisher of RANCHLAND NEWS; that the same is a weekly newspaper published at Simla, County of Elbert, State of Colorado, and has a general circulation therein; that said newspaper has been continuously and uninterruptedly published in said County of Elbert for a period of at least 52 consecutive weeks next prior to the first publication of the annexed notice, that said newspaper is entered in the post office at Calhan, Colorado as second class mail matter and that said newspaper is a newspaper within the meaning of the Act of the General Assembly of the State of Colorado, approved March 30, 1923, and entitled "Legal Notices and Advertisements," with other Acts relating to the printing and publishing of legal notices and advertisements. That the annexed notice was published in the regular and entire issue of said newspaper, once each week for one successive weeks; that the first publication of said notice was in the Issue of said newspaper dated;

November 14, 2024

and the last publication of said notice was in the issue of said newspaper dated;

November 14, 2024

and that copies of each number of said paper in which said notice and/or list was published were delivered by carriers or transmitted by mail to each of the subscribers of said newspaper, Ranchland News, according to the accustomed mode of business in this office.

Nikki Lister

Publisher

The above certificate of publication was subscribed and affirmed to before me, a Notary Public, to be the identical person described in the above certificate, on the

14 day of November, 2024

Jenna Lister

Notary Public

February 20, 2028

(My Notary Public Commission Expiration Date)

JENNIFER LISTER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20244007249
MY COMMISSION EXPIRES FEBRUARY 20, 2028

NOTICE OF PUBLIC HEARINGS

ON PROPOSED 2025 BUDGET AND AMENDMENT OF 2024 BUDGET
CHEROKEE METROPOLITAN DISTRICT

NOTICE IS HEREBY GIVEN that a proposed Budget has been submitted to the Board of Directors ("Board") of the Cherokee Metropolitan District ("District") for fiscal year 2025. A copy of the proposed 2025 Budget is available for inspection by the public at the District's office, 6250 Palmer Park Boulevard, Colorado Springs, Colorado 80915. The District Board will consider the proposed 2025 Budget, and an Amended 2024 Budget, if necessary, at public hearings to be held during a regular meeting scheduled for 5:30 p.m. on Tuesday, December 17, 2024, at 6250 Palmer Park Boulevard, Colorado Springs, Colorado 80915 and remotely via Zoom.

https://zoom.us/j/96422002711?pwd=CUZedE5zq7uNb0F9n1lTbSNOQsgROK.1

Meeting ID: 964 2200 2711 Passcode: 386159

The meeting is open to the public and may be obtained from the District's website at https://www.cherokeemetro.org/.

The Board may take action on the proposed 2025 Budget, and the proposed Amended 2024 Budget, if necessary, during the regular meeting following the public hearings. Any interested elector of the District may file or register any objections thereto with the Board during normal business hours prior to the final adoption of the proposed 2025 Budget and Amended 2024 Budget, if necessary.

CHEROKEE METROPOLITAN DISTRICT
By: /s/ Kevin Brown
Interim General Manager
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