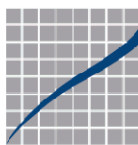


CASCADE METROPOLITAN DISTRICT NO. 1
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Cascade Metropolitan District No. 1

Cascade, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of Cascade Metropolitan District No. 1 ("District") as of and for the years ended December 31, 2020 and 2019, and the notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cascade Metropolitan District No. 1 as of December 31, 2020 and 2019, respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BiggsKofford, P.C.

Colorado Springs, Colorado

July 27, 2021

CASCADE METROPOLITAN DISTRICT NO. 1
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 206,848	\$ 211,498
Cash and investments - restricted	417,878	423,992
Accounts receivable, net	47,396	73,525
<u>Total current assets</u>	<u>672,122</u>	<u>709,015</u>
Non-current assets:		
Capital assets, net	-	5,423,120
<u>Total non-current assets</u>	<u>-</u>	<u>5,423,120</u>
<u>Total assets</u>	<u>\$ 672,122</u>	<u>\$ 6,132,135</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 115,066	\$ 184,874
Accrued interest payable	22,711	23,517
Prepaid water sales	5,706	5,706
Current maturities of bonds payable	65,000	55,000
<u>Total current liabilities</u>	<u>208,483</u>	<u>269,097</u>
Non-current liabilities:		
Bonds payable, net of current portion	4,740,000	4,775,039
<u>Total liabilities</u>	<u>4,948,483</u>	<u>5,044,136</u>
<u>NET POSITION</u>		
Net investment in capital assets	-	(490,731)
Restricted for debt service	417,878	423,992
Restricted for emergency reserves	22,500	23,701
Unrestricted	(4,716,739)	1,131,037
<u>Total net position</u>	<u>(4,276,361)</u>	<u>1,087,999</u>
<u>Total liabilities and net position</u>	<u>\$ 672,122</u>	<u>\$ 6,132,135</u>

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

CASCADE METROPOLITAN DISTRICT NO. 1
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 748,036	\$ 792,062
Property taxes	1,274	-
Total operating revenues	<u>749,310</u>	<u>792,062</u>
<u>OPERATING EXPENSES</u>		
Administration	60,000	60,000
Bank charges	5,052	6,372
Chemicals and supplies	110	1,190
Depreciation	29,101	31,660
Dues and subscriptions	175	675
Insurance	3,766	5,971
Labor	40,216	44,969
Office supplies and other expenses	5,418	4,254
Professional fees	53,825	48,181
Purchased water	195,094	229,802
Repairs and maintenance	43,804	15,977
Utilities and telephone	645	1,798
Vehicle expense	51	575
Water quality testing	1,923	2,392
Total operating expenses	<u>439,180</u>	<u>453,816</u>
Net operating income	<u>310,130</u>	<u>338,246</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Capital assets contributed to Colorado Springs Utilities	(5,364,220)	-
Grant revenues	75,395	588,193
Project closing costs	(100,000)	-
Interest expense	(304,405)	(279,867)
Interest income	3,462	16,648
Other revenues	278	133
Net non-operating revenues (expenses)	<u>(5,689,490)</u>	<u>325,107</u>
Income (loss) before contributions	<u>(5,379,360)</u>	<u>663,353</u>
Capital contributions - tap fees	<u>15,000</u>	<u>-</u>
Change in net position	<u>(5,364,360)</u>	<u>663,353</u>
Net position, beginning of year	<u>1,087,999</u>	<u>424,646</u>
Net position, end of year	<u>\$ (4,276,361)</u>	<u>\$ 1,087,999</u>

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

CASCADE METROPOLITAN DISTRICT NO. 1
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 774,165	\$ 783,478
Payments to vendors	(545,854)	(598,787)
Payments to employees for services	(3,766)	(5,971)
Net change in cash from operating activities	<u>224,545</u>	<u>178,720</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Grant Revenues	75,395	588,193
Other Revenues	278	133
Net change in cash from non-capital financing activities	<u>75,673</u>	<u>588,326</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Principal payments on bonds payable	(55,000)	(50,000)
Interest expense	(274,444)	(277,738)
Tap fees received	15,000	-
Acquisition and construction of capital assets	-	(1,057,504)
Net change in cash from capital and related financing activities	<u>(314,444)</u>	<u>(1,385,242)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest income	3,462	16,648
Net change in cash from investing activities	<u>3,462</u>	<u>16,648</u>
Net change in cash and investments	(10,764)	(601,548)
Cash and investments, beginning of year	<u>635,490</u>	<u>1,237,038</u>
Cash and investments, end of year	<u>\$ 624,726</u>	<u>\$ 635,490</u>

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

CASCADE METROPOLITAN DISTRICT NO. 1
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Net operating income	\$ 310,130	\$ 338,246
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	29,101	31,660
Loss on disposition of assets	29,799	-
Bad debt recovery	-	2,392
Decrease (increase) in operating assets:		
Accounts receivable	26,129	(10,976)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(170,614)	(182,602)
Net change in cash from operating activities	<u>\$ 224,545</u>	<u>\$ 178,720</u>
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital assets contributed to Colorado Springs Utilities	<u>\$ 5,364,220</u>	<u>\$ -</u>

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

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. DEFINITION OF REPORTING ENTITY

Cascade Metropolitan District No. 1 ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on November 16, 2004 to provide residential and commercial water services in the unincorporated town of Cascade, Colorado. The District is governed pursuant to provisions of the Colorado Special District Act. It is governed by an elected five-member board of directors, which is the policy-making body of the District.

The District follows 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 accounting policies of the District conform to accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District is similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

Basis of accounting

The District's records are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when liabilities are incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting (continued)

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

Cash and equivalents

For purposes of the statements of cash flows, the District considers cash and all highly liquid debt instruments with initial maturities of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable of the District consist of water usage fees and service fees receivable. Accounts receivable are stated at the amount the District expects to collect. The District maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the District's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Accounts receivable as of December 31, 2020 and 2019 have been recorded net of an allowance for doubtful accounts of \$5,000 each year.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets purchased or acquired with original costs of \$5,000 or greater are recorded at historical cost. Contributed capital assets are recorded at their estimated fair value on the date received. Additions, improvements, and other capital outlays that significantly extend the life of an asset are capitalized. Depreciation is computed using the straight-line method over estimated useful life as follows:

Water distribution system and equipment	40 years
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Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in non-operating revenues (expenses). Construction in progress is not depreciated until the assets are placed in service.

Revenues and expenses

Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Net position

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and budgetary accounting

In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds public hearings in the fall each year to adopt the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting pronouncements adopted

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB 89") is effective for fiscal years beginning after December 15, 2019. GASB 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The District early adopted GASB 89 effective January 1, 2019.

3. CASH AND INVESTMENTS

Cash and investments are reflected in the December 31, 2020 and 2019 statements of net position and statements of cash flows as follows:

	2020	2019
Cash	\$ 206,848	\$ 211,498
Cash and investments - restricted	417,878	423,992
	\$ 624,726	\$ 635,490

The carrying amounts of cash and investments, which equals fair value, as of December 31, 2020 and 2019 are as follows:

	2020	2019
Deposits with financial institutions	\$ 206,848	\$ 211,416
Investments	417,878	424,074
	\$ 624,726	\$ 635,490

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. 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 at least equal to 102% of the aggregate uninsured deposits.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions (continued)

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, 2020, the District had cash deposits with a bank balance of \$199,741 and a carrying balance of \$206,848. As of December 31, 2019, the District had cash deposits and money market funds with a bank balance of \$211,416 and a carrying balance of \$211,643.

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.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board 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 United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States 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

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

As of December 31, 2020, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 417,878</u>

As of December 31, 2019, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 424,074</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust'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 the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 is as follows:

	<u>Balance 01/01/20</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance 12/31/20</u>
Non-depreciable assets:				
Construction in progress	\$4,410,007		\$(4,410,007)	\$ -
Capital assets, being depreciated:				
Water distribution system and equipment	1,503,844	-	(1,503,844)	-
Total being depreciated	1,503,844	-	(1,503,844)	-
Less accumulated depreciation:				
Water distribution system and equipment	(490,731)	(29,101)	519,832	-
Capital assets, net	<u>\$5,423,120</u>	<u>\$ (29,101)</u>	<u>\$(5,394,019)</u>	<u>\$ -</u>

Capital asset activity for the year ended December 31, 2019 is as follows:

	<u>Balance 01/01/19</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance 12/31/19</u>
Non-depreciable assets:				
Construction in progress	\$3,352,503	\$ 1,057,504	\$ -	\$4,410,007
Capital assets, being depreciated:				
Water distribution system and equipment	1,503,844	-	-	1,503,844
Total being depreciated	1,503,844	-	-	1,503,844
Less accumulated depreciation:				
Water distribution system and equipment	(459,071)	(31,660)	-	(490,731)
Capital assets, net	<u>\$4,397,276</u>	<u>\$ 1,025,844</u>	<u>\$ -</u>	<u>\$5,423,120</u>

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$29,101 and \$31,660, respectively.

During the year ended December 31, 2020, the District conveyed all its capital assets to Colorado Springs Utilities ("CSU"). As of December 31, 2020, the District was obligated to reimburse CSU for the cost of improvements that had not been made prior to the conveyance. The District estimates the cost for the improvements will be \$100,000 and, accordingly, has included this balance in accounts payable and accrued liabilities on the statement of net income as of December 31, 2020 and included this amount as project closing costs on the statement of revenues, expenses and changes in net position for the year then ended. Any differences between the estimated and actual amounts will be recorded in the period in which such differences are determinable.

5. BONDS PAYABLE

The following is an analysis of the changes in the District's bonds payable for the year ended December 31, 2020:

	Balance 01/01/20	Additions	Amortization / (accretion) / (repayments)	Balance 12/31/20	Due within one year
Series 2015A Bonds	\$3,400,000	\$ -	\$ (40,000)	\$ 3,360,000	\$ 50,000
Series 2015A Bond Premium	35,514	-	(35,514)	-	-
Series 2015A Underwriter Discount	(39,962)	-	39,962	-	-
Series 2015B Bonds	1,460,000	-	(15,000)	1,445,000	15,000
Series 2015B Bond Discount	(25,513)	-	25,513	-	-
	<u>\$4,830,039</u>	<u>\$ -</u>	<u>\$ (25,039)</u>	<u>\$ 4,805,000</u>	<u>\$ 65,000</u>

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. BONDS PAYABLE (CONTINUED)

The following is an analysis of the changes in the District's bonds payable for the year ended December 31, 2019:

	<u>Balance 01/01/19</u>	<u>Additions</u>	<u>Amortization / (accretion) / (repayments)</u>	<u>Balance 12/31/19</u>	<u>Due within one year</u>
Series 2015A Bonds	\$3,435,000	\$ -	\$ (35,000)	\$ 3,400,000	\$ 35,000
Series 2015A Bond Premium	37,976	-	(2,462)	35,514	-
Series 2015A Underwriter Discount	(42,733)	-	2,771	(39,962)	-
Series 2015B Bonds	1,475,000	-	(15,000)	1,460,000	20,000
Series 2015B Bond Discount	(27,333)	-	1,820	(25,513)	-
	<u>\$4,877,910</u>	<u>\$ -</u>	<u>\$ (47,871)</u>	<u>\$ 4,830,039</u>	<u>\$ 55,000</u>

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Series 2015A Bonds bearing interest at rates between 4.75% and 6.00% per annum until maturity on December 1, 2036. Interest rates vary based on graduated maturity dates. Interest and principal are payable semi-annually on each June 1 and December 1.	3,360,000	3,400,000
Series 2015B Bonds bearing interest at a rate of 5.50% per annum until maturity on December 1, 2035. Interest and principal are payable semi-annually on each June 1 and December 1.	1,445,000	1,460,000
Total	\$ 4,805,000	\$4,860,000
Less current portion	(65,000)	(55,000)
	\$ 4,740,000	\$4,805,000

Future commitments on bonds payable as of December 31, 2020 as follows:

Year ending December 31,	Principal	Interest	Total
2021	\$ 65,000	\$ 272,525	\$ 337,525
2022	65,000	269,325	334,325
2023	75,000	266,125	341,125
2024	80,000	262,450	342,450
2025	90,000	258,500	348,500
2026 - 2030	580,000	1,214,450	1,794,450
2031 - 2035	1,785,000	1,030,725	2,815,725
2036	2,065,000	123,900	2,188,900
	\$4,805,000	\$ 3,698,000	\$ 8,503,000

The Series 2015A Bonds and Series 2015B Bonds require the maintenance of a debt service reserve account. The District was in compliance with these requirements as of December 31, 2020 and 2019.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. NET POSITION

The District has net position consisting of three components - net investment in capital assets, net of related debt; restricted; and unrestricted.

Net investment in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by outstanding balances of bonds payable or other borrowing attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020 and 2019, the District had an investment in capital assets, net of related debt as follows:

	2020	2019
Capital assets, net of accumulated depreciation	\$ -	\$ 1,013,113
Bonds payable	-	(1,503,844)
	<u>\$ -</u>	<u>\$ (490,731)</u>

Restricted net position include amounts that are restricted for use either externally by creditors, grantors, contributors, or by 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, 2020 and 2019 as follows:

	2020	2019
Restricted for debt service (Note 5)	\$ 417,878	\$ 423,992
Restricted for emergency reserves (Note 8)	22,500	23,701
	<u>\$ 440,378</u>	<u>\$ 447,693</u>

Unrestricted net position consists of amounts that do not meet the definition of invested in capital, net of related debt or restricted net position.

7. RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as amended, the District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to volunteers or contractors; and natural disasters. The District carries commercial insurance for some of these risks of loss. The remaining risks of loss are retained by the District. There were no significant changes in coverage during the years ended December 31, 2020 and 2019.

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. 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. In 2004, the District's voters authorized the District to collect, spend and retain all revenues without regard to the limitations contained within TABOR.

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. For the years ended December 31, 2020 and 2019, management used 3% of revenues to calculate the reserve amount.

The District's management believes it 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.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

CASCADE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET COMPARED TO ACTUAL
CASH BASIS
YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Favorable (Unfavorable) Variance
	Original	Final		
<u>OPERATING REVENUES</u>				
Water sales	\$ 723,118	\$ 702,185	773,411	\$ 71,226
Tap fees	-	15,000	15,000	-
Property taxes	-	-	1,274	1,274
Total operating revenues	723,118	717,185	789,685	72,500
<u>OPERATING EXPENDITURES</u>				
Administration	60,000	60,000	60,000	-
Bank charges	6,300	6,000	5,052	948
Chemicals and supplies	1,500	500	110	390
Contingency	27,166	-	-	-
Dues and subscriptions	1,500	175	175	-
Elections	3,000	632	-	632
Engineering and survey	1,000	-	-	-
Insurance	10,000	4,000	3,766	234
Labor	49,000	38,000	40,216	(2,216)
Office supplies and other expenses	6,000	3,285	5,418	(2,133)
Professional fees	50,750	25,250	53,825	(28,575)
Purchased water	225,000	165,000	195,094	(30,094)
Repairs and maintenance	8,000	25,000	43,804	(18,804)
Utilities and telephone	2,000	500	645	(145)
Vehicle expense	1,000	51	51	-
Water quality testing	1,500	1,500	1,923	(423)
Total operating expenditures	453,716	329,893	410,079	(80,186)
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Capital improvements	(133,500)	(133,500)	-	133,500
Grant revenues	-	-	75,395	75,395
Project closing costs	-	-	(100,000)	(100,000)
Interest and principal payments	(330,250)	(330,250)	(330,250)	-
Interest income	4,150	4,100	3,462	(638)
Other revenues	-	225	278	53
Total non-operating revenues and expenditures	(459,600)	(459,425)	(351,115)	108,310
Excess (deficit) of revenue over expenditures - budgetary basis	\$ (190,198)	\$ (72,133)	\$ 28,491	\$ 100,624

See independent auditor's report.

CASCADE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF AMOUNTS FROM US GAAP TO CASH BASIS
YEAR ENDED DECEMBER 31, 2020

The accompanying supplementary Schedule of Revenues and Expenditures - Budget Compared to Actual on page 20 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 in revenues and expenditures is presented below.

Total revenues per financial statements	\$ 843,445
Add:	
Revenue accruals and non-cash adjustments at December 31, 2019	27,757
Less:	
Revenue accruals and non-cash adjustments at December 31, 2020	(2,382)
Total actual revenues and receipts per the budget	\$ 868,820
Total expenses and capital expenditures per financial statements	6,207,805
Less:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2019	(3,754,247)
Principal payment on bonds	(50,000)
Depreciation expense	31,660
Add:	
Expense and capital expenditure accruals and non-cash adjustments at December 31, 2020	(1,620,788)
Principal payment on bonds	55,000
Depreciation expense	(29,101)
Total actual expenses and capital expenditures per the budget	\$ 840,329

See independent auditor's report.