

CATHEDRAL PINES METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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BASIC FINANCIAL STATEMENTS

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CATHEDRAL PINES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 43,106
Cash and investments - restricted	168,833
Accounts receivable	2,550
Accounts receivable - County Treasurer	4,970
Property taxes receivable	481,455
Capital assets:	
Capital assets, net	1,234,812
Total assets	1,935,726
<u>LIABILITIES</u>	
Accounts payable	31,517
Accrued interest	18,738
Noncurrent liabilities:	
Due within one year	65,000
Due in more than one year	4,824,621
Total liabilities	4,939,876
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned rental revenues	21,500
Deferred property tax revenues	481,455
Total deferred inflows of resources	502,955
<u>NET POSITION</u>	
Net investments in capital assets	(1,074,443)
Restricted for:	
Debt service	147,563
Emergency reserve	12,021
Unrestricted	(2,592,246)
Total net position	\$ (3,507,105)

The accompanying notes and independent auditor's report
should be read with this financial statement.

CATHEDRAL PINES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
General government	\$ 427,140	\$ -	\$ -	\$ -	\$ (427,140)
Interest and related costs on long-term debt	201,937	-	-	-	(201,937)
Total primary government	<u>\$ 629,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(629,077)</u>
GENERAL REVENUES					
Property taxes					454,532
Specific ownership taxes					55,121
HOA reimbursements					1,389
Rental revenues					153,642
Sales					8,829
Investment earnings					6,420
Total general revenues					<u>679,933</u>
Change in net position					50,856
Net position, beginning of year					<u>(3,557,961)</u>
Net position, end of year					<u>\$ (3,507,105)</u>

The accompanying notes and independent auditor's report should be read with this financial statement.

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**CATHEDRAL PINES METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 43,106	\$ -	\$ 43,106
Cash and investments - restricted	-	168,833	168,833
Accounts receivable	2,550	-	2,550
Accounts receivables - County Treasurer	4,970	-	4,970
Property taxes receivable	200,606	280,849	481,455
Due from other fund	2,532	-	2,532
Total assets	\$ 253,764	\$ 449,682	703,446
<u>LIABILITIES</u>			
Accounts payable	\$ 31,517	\$ -	31,517
Due to other fund	-	2,532	2,532
Total liabilities	31,517	2,532	34,049
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned rental revenues	21,500	-	21,500
Deferred property tax revenues	200,606	280,849	481,455
Total deferred inflows of resources	222,106	280,849	502,955
<u>FUND BALANCE</u>			
Restricted for:			
Debt service	-	166,301	166,301
Emergency reserve	12,021	-	12,021
Unassigned:			
General government	(11,880)	-	(11,880)
Total fund balances	141	166,301	166,442
Total liabilities and fund balances	\$ 253,764	\$ 449,682	

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, net	1,234,812
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(18,738)
Bonds payable	(4,889,621)

Net position of governmental activities	\$ (3,507,105)
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The accompanying notes and independent auditor's report should be read with this financial statement.

CATHEDRAL PINES METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property taxes	\$ 143,205	\$ 311,327	\$ 454,532
Specific ownership taxes	55,121	-	55,121
Recoveries	1,389	-	1,389
Rental revenues	153,642	-	153,642
Sales	8,829	-	8,829
Interest income	1,509	4,911	6,420
Total revenues	363,695	316,238	679,933
<u>EXPENDITURES</u>			
Current:			
Bank charges	433	-	433
Booking fees	16,141	-	16,141
Capital outlay	69,594	-	69,594
Cleaning	8,400	-	8,400
County Treasurer's fees	2,154	4,682	6,836
Event expense	5,352	-	5,352
Insurance	887	-	887
Landscape maintenance	45,292	-	45,292
Management expense	57,600	-	57,600
Marketing	1,299	-	1,299
Miscellaneous	29,306	-	29,306
Office expense	452	-	452
Professional fees	14,350	-	14,350
Repairs and maintenance	72,244	-	72,244
Security	974	-	974
Snow removal	32,677	-	32,677
Telephone	2,826	-	2,826
Trash	7,945	-	7,945
Utilities	32,768	-	32,768
Debt service:			
Bond principle	-	60,000	60,000
Interest expense	-	221,338	221,338
Total expenditures	400,694	286,020	686,714
Net change in fund balances	(36,999)	30,218	(6,781)
Fund balances, beginning of year	37,140	136,083	173,223
Fund balances, end of year	\$ 141	\$ 166,301	\$ 166,442

The accompanying notes and independent auditor's report
should be read with this financial statement.

**CATHEDRAL PINES 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, 2019**

Net change in fund balances - total governmental funds	\$	(6,781)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statements of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocations of the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Depreciation expense		(91,357)
Capital outlay		69,594

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond principal payment		60,000
Amortization of bond premium		19,400

Changes in net position of governmental activities	\$	50,856
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The accompanying notes and independent auditor's report should be read with this financial statement.

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CATHEDRAL PINES METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 143,204	\$ 143,204	\$ 143,205	\$ 1
Specific ownership taxes	31,817	45,296	55,121	9,825
Recoveries	-	1,389	1,389	-
Rental revenues	120,000	132,000	153,642	21,642
Sales	7,750	10,679	8,829	(1,850)
Interest income	100	1	1,509	1,508
Total revenues	302,872	332,569	363,695	31,126
<u>EXPENDITURES</u>				
Bank charges	100	405	433	(28)
Booking fees	15,000	15,000	16,141	(1,141)
Capital outlay	36,000	20,000	69,594	(49,594)
Cleaning	2,500	7,875	8,400	(525)
Contingency	10,000	-	-	-
County Treasurer's fees	2,148	2,215	2,154	61
Event expense	20,000	27,500	5,352	22,148
Insurance	12,000	12,000	887	11,113
Landscape maintenance	30,000	46,780	45,292	1,488
Management expense	36,000	36,000	57,600	(21,600)
Marketing	1,000	1,018	1,299	(281)
Miscellaneous	-	1,500	29,306	(27,806)
Office expense	500	500	452	48
Professional fees	13,000	13,850	14,350	(500)
Repairs and maintenance	67,000	96,874	72,244	24,630
Security	2,000	3,000	974	2,026
Snow removal	17,000	24,500	32,677	(8,177)
Telephone	1,200	3,000	2,826	174
Trash	5,000	7,000	7,945	(945)
Utilities	32,000	35,500	32,768	2,732
Total expenditures	302,448	354,517	400,694	(46,177)
Net change in fund balance	\$ 424	\$ (21,948)	(36,999)	\$ 15,051
Fund balance, beginning of year			37,140	
Fund balance, end of year			\$ 141	

The accompanying notes and independent auditor's report
should be read with this financial statement.

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. DEFINITION OF REPORTING ENTITY

Cathedral Pines Metropolitan District ("District"), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District was formed in 2004 to provide parks and recreation, street improvements, storm sewer, flood, and surface drainage maintenance for the Cathedral Pines community which is located in El Paso County, Colorado ("County"). The District 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 reporting 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.

The District has no employees and all operational and administrative functions are contracted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

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

The statement of activities demonstrates the degree to which the direct 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 both measurable and available. Revenues are considered to be available when they are collectable 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 fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

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.

Debt service fund - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used in payment of long-term debt.

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 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 amended its annual budget for the year ended December 31, 2019.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2019 in the general fund, which may be a violation of the local government budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of all 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 balance in the total cash.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Capital assets

Capital assets, which include parks, trails and monuments, community building and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from five to 30 years.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in revenues or expenses.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, incremental property tax revenue and unearned rental revenues are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances

The Districts report interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

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 balance

Fund balance for governmental funds is 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.

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.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 43,106
Cash and investments - restricted	<u>168,833</u>
	<u>\$ 211,939</u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 43,106
Investments	<u>168,833</u>
	<u>\$ 211,939</u>

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, 2019, the District's cash deposits had a bank balance of \$46,466 and a book balance of \$43,106.

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 identified with an asterisk 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

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

As of December 31, 2019, the District had the following in investments.

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Eastern Colorado Bank money markets	Weighted average under 60 days	<u>\$ 168,833</u>

The Eastern Colorado Bank Money Markets is a money market fund that is managed by Eastern Colorado Bank and each share is equal in value to \$1. The fund is rated AAAM and invests in high quality short-term US government securities. The average maturity of the underlying securities is 90 days or less.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

4. CAPITAL ASSETS

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

	Balance 1/1/19	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/19
Community building	\$ 1,328,384	\$ -	\$ -	\$ 1,328,384
Parks, trails and monuments	897,355	69,594	-	966,949
Equipment	13,922	-	-	13,922
Less: accumulated depreciation	(983,086)	(91,357)	-	(1,074,443)
Capital assets, net	<u>\$ 1,256,575</u>	<u>\$ (21,763)</u>	<u>\$ -</u>	<u>\$ 1,234,812</u>

Depreciation expense for the year ended December 31, 2019 totaled \$91,357.

5. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District during the year ended December 31, 2019:

	Balance 1/1/19	Additions	Repayments/ Defeasance	Balance 12/31/19	Due within one year
Series 2016 General Obligation Refunding Bonds	\$ 4,600,000	\$ -	\$ (60,000)	\$ 4,540,000	\$ 65,000
Unamortized portion of premium	369,021	-	(19,400)	349,621	-
	<u>\$ 4,969,021</u>	<u>\$ -</u>	<u>\$ (79,400)</u>	<u>\$ 4,889,621</u>	<u>\$ 65,000</u>

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS (CONTINUED)

2016 Series Bonds

On July 26, 2016, the District issued general obligation refunding bonds in the aggregate principal amount of \$4,660,000, plus an original issue premium of \$414,882. The bonds bear interest at the rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing on December 1, 2016, and mature on December 1 in the years and amounts as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 250,000	2.625%
2026	415,000	4.000%
2031	580,000	5.000%
2037	1,010,000	5.000%
2046	2,405,000	5.000%

The bonds are subject to redemption prior to maturity at the discretion of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2026 or on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds are subject to mandatory sinking fund redemption requirements beginning in 2018.

The bonds are secured and payable from pledged revenue, consisting of monies derived by (1) the required mill levy of a minimum of 28.50 mills, or such lesser mill levy which, when combined with other pledged revenue then held in the bond fund, will permit the District to fully fund the bond fund for the next bond year and pay the bonds as they come due, and to fund the surplus fund up to maximum surplus amount; and (2) any other legally available monies which the District determines in its absolute discretion, to transfer to the trustee for application as pledged revenue.

The District is required, pursuant to the bond agreements, to maintain bond and surplus cash accounts. The purpose of the surplus cash account is to provide adequate reserves to meet principal and interest requirements if the bond account does not have enough funding. The surplus account is required to be maintained as long as the bonds are outstanding.

See independent auditor's report

CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS (CONTINUED)

2016 Series Bonds (continued)

Annual requirements to amortize the 2016 Series Bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 65,000	\$ 219,763	\$ 284,763
2021	65,000	218,056	283,056
2022	75,000	216,350	291,350
2023	75,000	213,350	288,350
2024	85,000	210,350	295,350
2025-2029	505,000	994,250	1,499,250
2030-2034	715,000	851,000	1,566,000
2035-2039	980,000	647,000	1,627,000
2040-2044	1,325,000	369,500	1,694,500
2045-2046	<u>650,000</u>	<u>49,250</u>	<u>699,250</u>
Total	<u>\$ 4,540,000</u>	<u>\$ 3,988,869</u>	<u>\$ 8,528,869</u>

6. NET POSITION

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

Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2019, the District had net position invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt:

Capital assets, net	\$ 1,234,812
Non-current portion of related long-term obligations	<u>(2,309,255)</u>

Invested in capital assets, net of related debt	<u>\$ (1,074,443)</u>
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CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

6. NET POSITION (CONTINUED)

Restricted net position includes the net position that is restricted for use either by 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 of as of December 31, 2019 as follows:

Restricted net position:

Debt service (Note 5)	\$ 147,563
Emergencies (Note 8)	<u>12,021</u>
	<u>\$ 159,584</u>

The District's unrestricted net position as of December 31, 2019 totaled a deficit of \$2,592,246. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds. These bonds were issued to refinance prior debt and to fund the costs of certain public improvements within the District. These improvements are contributed to the County upon completion.

7. 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 employees; or acts of God.

The District carries insurance to mitigate these risks including property, liability, public officials liability and workers compensation coverage.

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. A majority of the District's electors authorized the District to collect and spend or retain a reserve all currently levied taxes and fees of the District without regard to any limitations under 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.

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CATHEDRAL PINES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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8. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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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SUPPLEMENTARY INFORMATION

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**CATHEDRAL PINES METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 311,326	\$ 311,326	\$ 311,327	\$ 1
Interest income	900	4,719	4,911	192
Total revenues	312,226	316,046	316,238	192
<u>EXPENDITURES</u>				
Current:				
Contingency	1,000	-	-	-
County Treasurer's fees	4,673	4,673	4,682	-
Trustee fees	800	800	-	800
Debt service:				
Bond principle	60,000	60,000	60,000	-
Interest expense	221,338	221,338	221,338	-
Total expenditures	287,811	286,811	286,020	800
Net change in fund balance	\$ 24,415	\$ 29,235	30,218	\$ (608)
Fund balance, beginning of year			136,083	
Fund balance, end of year			\$ 166,301	

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