



SCHOOLER & ASSOCIATES, INC.

Development Consultants
Special District Management



CASCADE METROPOLITAN DISTRICT NO. 1

May, 2016

There has been considerable time and money spent investigating the District's options and remedies with regard to the former auditor's alleged negligence concerning the funds embezzled from the District. After reviewing and considering the costs and time associated with pursuing further efforts in this matter, the Board has decided to use its resources to continue its work in having Colorado Springs Utilities (CSU) take over the water system. Substantial strides have been made in this effort and the outcome looks very promising.

While it will be very disheartening to many of our members to realize there will be relatively little accountability for the embezzlement that occurred, the Board in good conscience could not spend untold financial and staff resources to pursue a financial remedy. Particularly when there is no guarantee of success and, even if successful, a low probability of recovering the entire amount that was lost.

The Board appreciates the trust and faith the members of the district have placed it in, and will continue to work toward a satisfactory outcome with CSU.

