



FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2017

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Office of the State Auditor

July 31, 2018

PERRY PARK METROPOLITAN DISTRICT

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Fund and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Net Activities	7
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Perry Park Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Perry Park Metropolitan District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Perry Park Metropolitan District, as of December 31, 2017, and the respective changes in financial position 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.

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, who 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.

Fiscal Focus Partners, LLC

Lakewood, Colorado
July 26, 2018

BASIC FINANCIAL STATEMENTS

Perry Park Metropolitan District
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 446,450
Cash and cash equivalents, restricted	19,073
Accounts receivable, County	1,126
Property taxes receivable	163,275
Prepaid expense	4,142
Capital assets, net of accumulated depreciation	289,554
Total assets	923,620
 LIABILITIES	
Accounts payable	15,826
Total liabilities	15,826
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	163,275
Total deferred inflows of resources	163,275
 NET POSITION	
Net investment in capital assets	289,554
Restricted	
Emergency reserve (TABOR)	5,525
Conservation Trust funds	16,572
Unrestricted	432,868
Total net position	\$ 744,519

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Perry Park Metropolitan District
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government				
General government	\$ 165,936	\$ -	\$ -	\$ (165,936)
Total government activities	\$ 165,936	\$ -	\$ -	\$ (165,936)
General revenues:				
				152,502
Property tax				16,816
Specific ownership tax				9,067
Conservation Trust funds				1,364
Grant proceeds				702
Miscellaneous income				3,634
Interest income				
Total general revenues				184,085
Change in net position				18,149
Net position - Beginning				726,370
Net position - Ending				\$ 744,519

These financial statements should be read only in connection with the accompanying notes to financial statements.

Perry Park Metropolitan District
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017

	General Fund	Total Governmental Funds
ASSETS		
Cash and investments	\$ 446,450	\$ 446,450
Restricted cash and cash equivalents	19,073	19,073
Accounts receivable, County	1,126	1,126
Property taxes receivable	163,275	163,275
Prepaid expense	4,142	4,142
Total assets	\$ 634,066	\$ 634,066
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Accounts payable	\$ 15,826	\$ 15,826
Total liabilities	15,826	15,826
 DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	163,275	163,275
TOTAL DEFERRED INFLOWS OF RESOURCES	163,275	163,275
 FUND BALANCE		
Nonspendable:		
Prepaid expenditures	4,142	4,142
Restricted:		
Emergency reserves	5,525	5,525
Conservation Trust funds	16,572	16,572
Unassigned	428,726	428,726
Total fund balance	454,965	454,965
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
	\$ 634,066	

Amounts reported for 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		289,554
Net position of governmental activities		\$ 744,519

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Perry Park Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General Fund
REVENUES	
Property tax	\$ 152,502
Specific ownership tax	16,816
Interest income	3,634
Conservation Trust Fund	9,067
Grant proceeds	1,364
Miscellaneous income	702
Total revenue	184,085
 EXPENDITURES	
<u>General government</u>	
Accounting/Meetings	12,479
Audit/Audit Exemption	769
CTF expenditures	6,863
Director's Fees/Expenses	7,200
Fire Mitigation	8,229
Firewise Project	10,088
Gravel Pit Operation	323
Information Technology	3,171
Insurance	5,296
Legal	6,191
Park Maintenance	1,679
Miscellaneous	1,631
Office Supplies/Meeting Exp & Postage	727
Open Space Maintenance	12,918
Payroll Taxes	551
Seasonal Activities	19,155
Slash Pick-up And Grinding	51,072
Traffic and Safety	2,700
Treasurer Fee	2,291
Utilities	8,151
<u>Capital Outlay</u>	
Community Recreational Development	2,109
Total expenditures	163,593
 NET CHANGE IN FUND BALANCE	 20,492
 FUND BALANCE - BEGINNING OF YEAR	 434,473
 FUND BALANCE - END OF YEAR	 \$ 454,965

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Perry Park Metropolitan District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 20,492</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for the period.	<u>(2,343)</u>
Change in net position - Governmental activities	<u><u>\$ 18,149</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Perry Park Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
REVENUES			
Property taxes	\$ 153,515	\$ 152,502	\$ (1,013)
Specific ownership taxes	12,500	16,816	4,316
Interest income	700	3,634	2,934
Conservation Trust Fund	6,500	9,067	2,567
Grants proceeds	-	1,364	1,364
Miscellaneous income	-	702	702
Total Revenue	<u>173,215</u>	<u>184,085</u>	<u>10,870</u>
EXPENDITURES			
Accounting/meetings	6,500	12,479	(5,979)
Audit/Audit Exemption	2,000	769	1,231
CTF expenditures	-	6,863	(6,863)
Director's fees/expenses	5,500	7,200	(1,700)
Emergency preparedness	2,500	-	2,500
Fire mitigation	25,000	8,229	16,771
Firewise project	25,000	10,088	14,912
Gravel Pit operation	323	323	-
Information technology	2,000	3,171	(1,171)
Insurance	5,100	5,296	(196)
Legal	20,000	6,191	13,809
Park maintenance	2,000	1,679	321
Miscellaneous	1,000	1,631	(631)
Office supplies/Meeting expense & postage	3,000	727	2,273
Open Space maintenance	9,000	12,918	(3,918)
Payroll taxes	421	551	(130)
Seasonal activities	20,000	19,155	845
Slash pick-up and grinding	46,000	51,072	(5,072)
Traffic and safety	5,500	2,700	2,800
Treasurer fee	2,303	2,291	12
Utilities	8,500	8,151	349
Weed & pest control	36,500	-	36,500
Capital Outlay			
Pond Reclamation and Renewal	25,000	-	25,000
Community Recreational Development	145,000	2,109	142,891
Entryway Improvements	25,000	-	25,000
Emergency reserves	6,844	-	6,844
Total Expenditures	<u>429,991</u>	<u>163,593</u>	<u>266,398</u>
NET CHANGE IN FUND BALANCE	(256,776)	20,492	277,268
FUND BALANCE - BEGINNING OF YEAR	<u>484,573</u>	<u>434,473</u>	<u>(50,100)</u>
FUND BALANCE - END OF YEAR	<u>\$ 227,797</u>	<u>\$ 454,965</u>	<u>\$ 227,168</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

PERRY PARK METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Perry Park Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized on March 7, 1977. The District is located in Douglas County, Colorado, and was organized to provide street improvements, recreational facilities, drainage improvements, and weed and pest control. The District derives its revenue principally from property taxes.

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

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of these financial statements follows.

Reporting Entity — The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-Wide and Fund Financial Statements — The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations are made to minimize the double counting of internal activities. These statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

PERRY PARK METROPOLITAN DISTRICT

Measurement Focus, Basis of Accounting and Financial Statement Presentation — 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 the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied.

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 collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes and are recognized as revenue by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. 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 monthly to the District.

PERRY PARK METROPOLITAN DISTRICT

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

Restricted Cash and Investments — The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by law.

Capital Assets — Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items) are reported 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. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 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 asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as follows:

Park Improvements	20 years
Playground Equipment	20 years
Street Lights/Signs	20 years

Fund Balance Classification — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted -This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

PERRY PARK METROPOLITAN DISTRICT

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information — The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally approved.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.
6. The budget for the all funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts are as originally adopted or amended.
8. All annual appropriations lapse at the end of the year.

PERRY PARK METROPOLITAN DISTRICT

3. CASH AND INVESTMENTS

The District's cash and investments are classified in the accompanying financial statements as follows, as of December 31, 2017:

Statement of net position:	
Cash and investments	\$446,450
Restricted cash and investments	<u>19,073</u>
Total cash and investments	<u>\$465,523</u>

Cash and investments as of December 31, 2017 consist of the following:

Demand deposits	\$ 38,352
ColoTrust	<u>427,171</u>
Total cash and investments	<u>\$465,523</u>

Deposits — 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.

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.

At December 31, 2017, the District's cash deposits had a bank balance of \$51,274 and a carrying balance of \$38,352.

Investments – The District adopted a formal investment policy on August 10, 2017 that follows state statutes regarding investments.

The District generally limits its investments to those which are believed to have 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 formally approved by the Board of Directors.

PERRY PARK METROPOLITAN DISTRICT

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 U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain certificates of participation
- Certain securities lending agreements

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3) as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted market prices.

Level 3: Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investments measured at NAV:

COLOTRUST	<u>\$ 427,171</u>
Total investments measured at NAV	<u>\$ 427,171</u>

PERRY PARK METROPOLITAN DISTRICT

Investments Measured at NAV:

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. COLOTRUST reports all investments as level 2 investments while the District's investment in COLOTRUST is reported at NAV. The District has no unfunded commitments or redemption restrictions on their investment in COLOTRUST. The separate audited financial statements of COLOTRUST are available on their website at www.colotrust.com.

Credit risk - State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2017, all of the District's investments were rated AAAM by Standard & Poor's.

Interest rate risk - State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 244,727	\$ -	\$ -	\$ 244,727
Construction in progress	-	2,109	-	2,109
Capital assets, being depreciated				
Furniture and fixtures	96,843	-	-	96,843
Less: accumulated depreciation	(49,673)	(4,452)	-	(54,125)
Total capital assets not being depreciated	47,170	(4,452)	-	42,718
Total capital assets, net	\$ 291,897	\$ (2,343)	\$ -	\$ 289,554

PERRY PARK METROPOLITAN DISTRICT

5. DEBT AUTHORIZATION

On November 4, 1997, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$400,000 at an interest rate not to exceed 6.5% per annum.

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$305,000 at an interest rate not to exceed 7.5% per annum.

At December 31, 2017, the District has no outstanding debt.

6. NET POSITION

The District net position includes three components: net investment in capital assets and restricted and unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had a net investment in capital assets as follows:

Net investment in capital assets:	
Capital assets, net of depreciation	<u>\$289,554</u>

Restricted assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted Net position includes:

Emergency reserve (TABOR)	\$ 5,525
Conservation Trust funds	<u>16,572</u>
Total restricted net position	<u>\$ 22,097</u>

Unrestricted net position consists of the net amount of assets, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2017, the District had unrestricted net position of \$432,868.

PERRY PARK METROPOLITAN DISTRICT

7. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation insurance to its members.

The District pays annual premiums to the Pool for liability and public officials liability 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.

8. AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, referred to as the Taxpayer's Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On May 7, 2002, a majority of District electors authorized the District to collect and spend all revenues received by the District for 2002 and any year thereafter, without regard to limitations under TABOR.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.