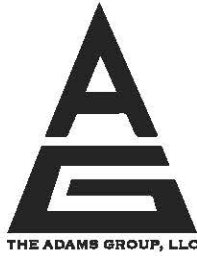


PERRY PARK METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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, 2020, 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.

Auditors' 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 auditors' 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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For the year ended December 31, 2020, the District recorded a prior period adjustment to capital assets. As a result, capital assets were overstated in 2019. See Note 9 for additional information. Our opinions are not modified with respect to this matter.

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.

The Adams Group, LLC

June 30, 2021
Denver, Colorado

PERRY PARK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and investments - unrestricted	\$ 607,249
Cash and investments - restricted	9,163
Property taxes receivable	190,160
Grants receivable	74,449
Prepaid expense	4,538
Capital assets, net	<u>381,007</u>
Total assets	<u>1,266,566</u>
Liabilities	
Accounts payable	<u>14,602</u>
Total liabilities	<u>14,602</u>
Deferred Inflows of Resources	
Deferred property tax revenue	<u>190,160</u>
Total deferred inflows of resources	<u>190,160</u>
Net Position	
Net investment in capital assets	381,007
Restricted	15,827
Unrestricted	<u>664,970</u>
Total net position	<u><u>\$ 1,061,804</u></u>

The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Primary Government					
General Government	\$ 215,224	\$ 0	\$ 84,265	\$ 106,919	\$ (24,040)
	<u>\$ 215,224</u>	<u>\$ 0</u>	<u>\$ 84,265</u>	<u>\$ 106,919</u>	<u>(24,040)</u>
General Revenues:					
					188,081
					16,609
					50,000
					5,371
					2,270
					<u>262,331</u>
					238,291
					823,513
					<u>\$ 1,061,804</u>

The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2020

	General Fund
Assets	
Cash and investments - unrestricted	\$ 607,249
Cash and investments - restricted	9,163
Property taxes receivable	190,160
Grants receivable	74,449
Prepaid expense	4,538
Total Assets	\$ 885,559
Liabilities	
Accounts payable	\$ 14,602
Total Liabilities	14,602
Deferred Inflows of Resources	
Deferred property tax revenue	190,160
Deferred grant revenue	74,449
Total Deferred Inflows of Resources	264,609
Fund Balances	
Nonspendable	4,538
Restricted for:	
Emergencies	6,664
Conservation Trust Funds	9,163
Assigned for:	
Subsequent year's appropriation	107,734
Unassigned	478,249
Total Fund Balance	606,348
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 885,559

The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance of Governmental Funds		\$ 606,348
--	--	------------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	448,489	
Accumulated depreciation	(67,482)	
		381,007

Grant receivables are not available to pay for current period expenditures and, therefore are reported as unavailable resources in the funds.

		74,449
--	--	--------

Net Position of Governmental Activities		\$ 1,061,804
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The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund
Revenues:	
Property taxes	\$ 188,081
Specific ownership taxes	16,609
Conservation Trust Fund	9,816
Exclusion proceeds	50,000
Interest Income	5,371
Miscellaneous Income	2,270
	272,147
Total revenues	272,147
Expenditures:	
General Government	
Director's Fees/Expenses	4,900
Dues/Memberships	665
Fire Mitigation	15,002
Information Technology	1,332
Insurance	4,742
Legal	9,732
Management, Accounting, and Administration	23,268
Miscellaneous	104
Office Supplies/Meeting Expenses & Postage	(168)
Open Space Maintenance	3,001
Park Maintenance	10,880
CTF Expenses	3,854
Payroll Taxes	375
Seasonal Activities	10,500
Slash Pick-up and Burn	40,586
Storage	320
Treasurer's Fees	2,830
Utilities	1,594
Community Recreation Development	3,500
Fire Mitigation - Grant	73,755
	73,755
Total expenditures	210,772
Net change in fund balances	61,375
Fund balances - beginning	544,973
	544,973
Fund balances - ending	\$ 606,348

The accompanying notes are an integral part of these 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
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Governmental Fund	\$	61,375
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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 capital outlay exceeded depreciation during the year.

Contributed capital	106,919		
Depreciation expense	(4,452)		
			102,467

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.

		74,449
--	--	--------

Change in Net Position of Governmental Activities	\$	238,291
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The accompanying notes are an integral part of these 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, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 188,184	\$ 188,081	\$ (103)
Specific ownership taxes	11,291	16,609	5,318
Conservation Trust Fund	7,000	9,816	2,816
Grant Proceeds	183,000	50,000	(133,000)
Interest Income	9,000	5,371	(3,629)
Miscellaneous Income	0	2,270	2,270
Total revenues	<u>398,475</u>	<u>272,147</u>	<u>(126,328)</u>
Expenditures:			
General Government			
Audit/Audit Exemptions	500	0	500
Director's Fees/Expenses	12,000	4,900	7,100
Dues/Memberships	500	665	(165)
Elections	10,000	0	10,000
Emergency Preparedness	2,500	0	2,500
Fire Mitigation	5,000	15,002	(10,002)
Information Technology	1,500	1,332	168
Insurance	5,600	4,742	858
Legal	10,000	9,732	268
Management, Accounting, and Administration	26,000	23,268	2,732
Miscellaneous	0	104	(104)
Office Supplies/Meeting Expenses & Postage	200	(168)	368
Open Space Maintenance	30,000	3,001	26,999
Park Maintenance	15,000	10,880	4,120
CTF Expenses	12,000	3,854	8,146
Payroll Taxes	900	375	525
Seasonal Activities	2,000	10,500	(8,500)
Slash Pick-up and Burn	50,000	40,586	9,414
Storage	600	320	280
Traffic & Safety	1,000	0	1,000
Treasurer's Fees	3,000	2,830	170
Utilities	8,500	1,594	6,906
Contingency	15,000	0	15,000
Emergency Reserves	8,000	0	8,000

The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government (continued)			
Pond Reclamation and Maintenance	50,000	0	50,000
Community Recreation Development	0	3,500	(3,500)
Fire Mitigation - Grant	243,000	73,755	169,245
Entryway Improvements	20,000	0	20,000
	<u>532,800</u>	<u>210,772</u>	<u>322,028</u>
Net change in fund balance	<u>\$ (134,325)</u>	61,375	<u>\$ 195,700</u>
Fund balance, beginning of the year		<u>544,973</u>	
Fund balance, end of the year		<u>\$ 606,348</u>	

The accompanying notes are an integral part of these financial statements.

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 flows. 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 grants and are recognized as revenue by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 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
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

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.

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.

NOTE 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 all the 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
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS

The District's cash and investments are classified in the accompanying financial statements as follows, as of December 31, 2020:

Cash and investments - unrestricted	\$ 607,249
Cash and investments - restricted	9,163
	<hr/>
Total cash and investments	\$ 616,412
	<hr/> <hr/>

Cash and investments as of December 31, 2020 consist of the following:

Demand deposits	\$ 83,080
Investments	533,332
	<hr/>
Total cash and investments	\$ 616,412
	<hr/> <hr/>

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, 2020, the District's cash deposits had a bank balance of \$104,325 and a carrying balance of \$83,080.

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 statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities of the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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:

	Maturity	Amount
	Weighted Average Under 100	
	Days	
COLOTRUST		\$ 533,332
Total investments		\$ 533,332

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. 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.colotruster.com

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2020, 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.

NOTE 4 - CAPITAL ASSETS

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

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 244,727	\$ 106,919	\$ 0	\$ 351,646
Capital assets, being depreciated				
Infrastructure	96,843	0	0	96,843
Less: accumulated depreciation	(63,030)	(4,452)	0	(67,482)
Total capital assets, being depreciated	<u>33,813</u>	<u>(4,452)</u>	<u>0</u>	<u>29,361</u>
Total capital assets, net	<u>\$ 278,540</u>	<u>\$ 102,467</u>	<u>\$ 0</u>	<u>\$ 381,007</u>

NOTE 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.

As of December 31, 2020, the District has no outstanding debt.

NOTE 6 - NET POSITION

The District net position includes three components: net investment in capital assets, 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.

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 - NET POSITION (CONTINUED)

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. As December 31, 2020, restricted net position includes:

	Governmental Activities
TABOR emergency reserve	\$ 6,664
Conservation Trust Funds	9,163

Total restricted net position	\$ 15,827

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. As of December 31, 2020, the District had unrestricted net position of \$664,970.

NOTE 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, 2020. 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.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees, and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members and to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool.

PERRY PARK METROPOLITAN DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 - RISK MANAGEMENT (CONTINUED)

It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 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 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.

TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2020, the District determined a prior period adjustment was necessary to adjust capital assets reported during the prior year for governmental activities. The prior period adjustment reduced the book value of capital assets. See the table below for impact:

	<u>Governmental Activities</u>
Net position, as previously reported	\$ 942,754
Restatement	(119,241)
Net position 12/31/2019, restated	\$ 823,513