

**Perry Park Metropolitan District
Douglas County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023

Perry Park Metropolitan District

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 11, 2024

BASIC FINANCIAL STATEMENTS

Perry Park Metropolitan District
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 819,949
Cash and investments - Restricted	10,000
Prepaid expenses	5,720
Property taxes receivable	245,990
Capital assets, net	378,044
Total assets	1,459,703
LIABILITIES	
Accounts payable	3,521
Total liabilities	3,521
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	245,990
Total deferred inflows of resources	245,990
NET POSITION	
Net investment in capital assets	378,044
Restricted for:	
Emergency reserves	10,000
Unrestricted	822,148
Total net position	\$ 1,210,192

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
Primary government					
General government	\$ (615,923)	\$ -	\$ -	\$ 430,820	\$ (185,103)
Total governmental activities	<u>\$ (615,923)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,820</u>	<u>(185,103)</u>
General revenues:					
				206,368	
				19,137	
				37,335	
				3,216	
				<u>266,056</u>	
				80,953	
				1,129,239	
				<u>\$ 1,210,192</u>	

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	General Fund	Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 819,949	\$ -	\$ 819,949
Cash and investments - Restricted	10,000	-	10,000
Prepaid expenses	5,720	-	5,720
Property taxes receivable	245,990	-	245,990
Total assets	1,081,659	-	1,081,659
 LIABILITIES			
Accounts payable	3,521	-	3,521
Total liabilities	3,521	-	3,521
 DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	245,990	-	245,990
Total deferred inflows of resources	245,990	-	245,990
 FUND BALANCES			
Nonspendable:			
Prepaid amounts	5,720	-	5,720
Restricted for:			
Emergencies	10,000	-	10,000
Assigned:			
Subsequent year expenditures	243,096	-	243,096
Unassigned	573,332	-	573,332
Total fund balances	832,148	-	832,148
Total liabilities, deferred inflows of resources and fund balances	\$ 1,081,659	\$ -	

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, net	378,044
Net position of governmental activities	\$ 1,210,192

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	General Fund	Projects Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 206,368	\$ -	\$ 206,368
Specific ownership taxes	19,137	-	19,137
Conservation Trust	13,414	-	13,414
Grant proceeds	-	417,406	417,406
Other revenue	3,216	-	3,216
Investment earnings	37,335	-	37,335
Total revenues	279,470	417,406	696,876
Expenditures			
Current			
Accounting and management	37,671	-	37,671
Donations	914	-	914
Directors fees and payroll taxes	9,304	-	9,304
Dues and memberships	1,223	-	1,223
Elections	7,437	-	7,437
Engineering	16,335	-	16,335
Entryway	-	2,600	2,600
Fire mitigation	600	-	600
Grant expenditures - fire mitigation	-	427,406	427,406
Gravel pit	1,200	-	1,200
Insurance	5,023	-	5,023
Landscaping, parks and open space maintenance	15,298	-	15,298
Legal	32,003	-	32,003
Office, administration, and information technology	3,896	-	3,896
Repairs and maintenance	1,796	-	1,796
Seasonal activities	17,694	-	17,694
Slash pick-up and burn	26,986	-	26,986
Treasurer's fees	3,101	-	3,101
Water	2,014	-	2,014
Total expenditures	182,495	430,006	612,501
Excess of revenues over (under) expenditures	96,975	(12,600)	84,375
Other financing sources (uses)			
Transfers (to) from other funds	(12,600)	12,600	-
Total other financing sources (uses)	(12,600)	12,600	-
Net change in fund balance	84,375	-	84,375
Fund balances - beginning	747,773	-	747,773
Fund balances - ending	\$ 832,148	\$ -	\$ 832,148

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

Net change in fund balances - governmental funds \$ 84,375

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 allocation of cost of any depreciable asset over the
estimated useful life of the asset.

Depreciation expense (3,422)

Change in net position of governmental activities \$ 80,953

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended For the Year Ended For the Year Ended December 31, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 206,368	\$ 206,368	\$ -
Specific ownership taxes	12,382	19,137	6,755
Conservation Trust	7,000	13,414	6,414
Other revenue	-	3,216	3,216
Investment earnings	6,500	37,335	30,835
Total revenues	<u>232,250</u>	<u>279,470</u>	<u>47,220</u>
EXPENDITURES			
Accounting and management	30,500	37,671	(7,171)
Conservation Trust	5,000	-	5,000
Donations	-	914	(914)
Directors fees, expenses and payroll taxes	12,600	9,304	3,296
Dues and memberships	1,500	1,223	277
Elections	10,000	7,437	2,563
Engineering	5,000	16,335	(11,335)
Fire mitigation	18,000	600	17,400
Gravel pit	1,200	1,200	-
Insurance	4,800	5,023	(223)
Landscaping, parks and open space maintenance	21,000	15,298	5,702
Legal	25,000	32,003	(7,003)
Office, administration, and information technology	5,000	3,896	1,104
Repairs and maintenance	1,500	1,796	(296)
Seasonal activities	15,000	17,694	(2,694)
Slash pick-up and burn	80,000	26,986	53,014
Treasurer's fees	3,100	3,101	(1)
Water	10,000	2,014	7,986
Contingency	10,000	-	10,000
Emergency reserves	10,000	-	10,000
Total expenditures	<u>269,200</u>	<u>182,495</u>	<u>86,705</u>
Excess of revenues over expenditures	<u>(36,950)</u>	<u>96,975</u>	<u>133,925</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	<u>(121,000)</u>	<u>(12,600)</u>	<u>108,400</u>
Total other financing sources (uses)	<u>(121,000)</u>	<u>(12,600)</u>	<u>108,400</u>
Net change in fund balances	<u>(157,950)</u>	<u>84,375</u>	<u>242,325</u>
Fund balances - beginning	<u>749,943</u>	<u>747,773</u>	<u>(2,170)</u>
Fund balances - ending	<u>\$ 591,993</u>	<u>\$ 832,148</u>	<u>\$ 240,155</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Summary of significant accounting policies

A. Reporting entity

Perry Park Metropolitan District (the District) is a quasi-municipal corporation and 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 general property taxes.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As of December 31, 2023, no component unit has been identified as reportable to the District, nor is the District a component unit of any other primary governmental entity.

B. Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and statement of activities. These financial statements include all of the activities of the District. The effect of any interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct and indirect 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 customer 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

Perry Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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.

C. 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds, notes and developer advances are recorded as reduction in liabilities.

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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is due. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District.

The government reports the following major governmental funds:

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

The projects fund accounts for the resources accumulated and payments made for major projects and major capital improvements.

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

Perry Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

D. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. 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.

F. 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.

G. 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 recorded at acquisition 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 cost 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 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 year

Perry Park Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

H. Interfund Balances

The District reports interfund balances (receivables and payables) that are representative of agreements between funds in the fund financial statements as due to/from other funds. The interfund balances, when applicable, have been eliminated in the government-wide statements.

I. 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.

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.

J. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. In accordance with the Colorado State Budget Law, the District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before October 15, the Board prepares a proposed operating budget for each fund, based on their respective basis of accounting, for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held on the proposed budget.
3. After considering comments received, the budget is formally adopted by resolution.
4. On or before December 15, the required mill levy is adopted by resolution. The mill levy is then certified to the County Commissioners.
5. Before December 31, the expenditures are appropriated for the ensuing year. The District can modify the budget by line item within the total appropriation without notification. The appropriation is at the total fund level and lapses at year-end.

Perry Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

K. 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. The District has one item that qualifies for reporting in this category. The item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

L. Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available to 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 should be 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:

Non-spendable 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 constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

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 above criteria.

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.

Note 2 – Cash and investments

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 819,949
Cash and investments - Restricted	10,000
Total cash and investments	<u>\$ 829,949</u>

Cash and investments as of December 31, 2023 consist of the following:

Demand deposits	\$ 19,115
Investments	810,834
Total cash and investments	<u>\$ 829,949</u>

Cash 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, 2023, the District’s cash deposits had a bank balance of \$19,068 and a carrying balance of \$19,115.

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

Investments

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District generally limits its investment to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless 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, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Fair Value Measurement and Application

Certain investments are measured at fair value 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

As of December 31, 2023, the District had the following investment:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted-Average Under 60 Days	\$ 810,834

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios: Colotrust Prime, Colotrust Plus, and Colotrust Edge.

Colotrust Prime and Colotrust Plus operate similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. Both portfolios are rated AAAM by Standard and Poor's.

Colotrust Edge is managed to approximate a \$10.00 transactional share price. Colotrust Edge may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highest rated commercial paper. Colotrust Edge is rated AAAf/S1 by Fitch Ratings.

A designated custodial bank serves as custodian for the Trust's investment portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. The District invested in the Colotrust Prime and Colotrust Plus portfolios during 2023.

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

Note 3 – Capital assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 351,646	\$ -	\$ -	\$ 351,646
Capital assets, being depreciated:				
Infrastructure	106,828	-	-	106,828
Less accumulated depreciation	(77,008)	(3,422)	-	(80,430)
Total capital assets being depreciated, net	29,820	(3,422)	-	26,398
Total capital assets, net	\$ 381,466	\$ (3,422)	\$ -	\$ 378,044

Note 4 – 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, 2023, the District has no outstanding debt.

Note 5 – Net position

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, developer advances, note, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets in the amount of \$378,044.

Perry Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District has net position of \$10,000 restricted for emergency reserves.

The District's unrestricted net position as of December 31, 2023, totaled \$822,148.

Note 6 - 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 personnel, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and worker's compensation 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.

Note 7 - Tax, spending and debt limitation

Article X, Section 20 of the Colorado Constitution, referred to 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.

Spending and revenue limits are determined based on the prior year's 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. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

In November 1993, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 1993 and any year thereafter, without regard to any limitations under TABOR.

Perry Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

Note 8 – Related party

During 2023, Perry Park Community Fund (PPCF), a 501(c)(3) nonprofit corporation, was established for the purpose of collecting and distributing charitable donations for community projects and functions. A majority of the Board of Directors of PPCF are also members of the District's Board of Directors.

During 2023, the District donated \$1,000 to PPCF.

Note 9 - Interfund Transfers

The transfer from the general fund to the capital projects fund was for purposes of contributing to fire mitigation costs.

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SUPPLEMENTAL INFORMATION

Perry Park Metropolitan District

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PROJECTS FUND**

For the Year Ended December 31, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Grant Proceeds	\$ 551,000	\$ 417,406	\$ (133,594)
Total revenues	<u>551,000</u>	<u>417,406</u>	<u>(133,594)</u>
EXPENDITURES			
Grant expenditures - fire mitigation	471,000	427,406	43,594
Grant expenditures - operations	180,000	-	180,000
Grant administration	10,000	-	10,000
Entryway improvements	5,000	2,600	2,400
Pond reclamation and renewal	6,000	-	6,000
Total expenditures	<u>672,000</u>	<u>430,006</u>	<u>241,994</u>
Excess of expenditures over (under) revenues	<u>(121,000)</u>	<u>(12,600)</u>	<u>108,400</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	121,000	12,600	(108,400)
Total other financing sources (uses)	<u>121,000</u>	<u>12,600</u>	<u>(108,400)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>