

**CITY OF CHERRY HILLS VILLAGE, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2016**

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## FINANCIAL SECTION



## JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the City Council  
City of Cherry Hills Village  
Cherry Hills Village, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cherry Hills Village, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cherry Hills Village as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 26 and 27 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*John Luttrell & Associates, LLC*

April 11, 2017

## Management's Discussion and Analysis

As management of the City of Cherry Hills Village, we offer this narrative overview and analysis of the financial activities of the City of Cherry Hills Village for the fiscal year that ended December 31, 2016. Please read it in conjunction with the Auditors' Report at the front of this report and the City's financial statements, which follow this section.

### Financial Highlights

- The assets of the City of Cherry Hills Village exceeded its liabilities at the close of fiscal year 2016 by \$36.0 million (net position). Of this amount, \$14.8 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2016, the City of Cherry Hills Village governmental funds reported combined ending fund balances of \$16.9 million, an increase of \$99,794 in comparison with the prior year. Approximately 23% or \$4 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year 2016, fund balance for the general fund was \$12.2 million, of which \$5.5 million was committed to capital expenditures.
- General fund actual revenues exceeded budgeted revenue by \$512,201 for the fiscal year 2016 and actual expenditures were \$3,654,236 less than budgeted expenditures (due to the purchase of land for a new public works facility postponed until 2017).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cherry Hills Village basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements report information on all activities of the City. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The *statement of net position* presents information on all of the City of Cherry Hills Village assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cherry Hills Village is improving or deteriorating.

The *statement of activities* presents information showing how the City of Cherry Hills Village net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of

the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, data processing, community development, Village Crier, public safety, public works and parks and recreation.

**Fund financial statements.** The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes (like the Parks and Recreation Fund) or to show that it is properly using certain taxes and grants (like the Conservation Trust Fund and the Arapahoe County Open Space Fund).

**Governmental funds** – All of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided that explains the relationship between them.

**Proprietary Funds** – The City of Cherry Hills Village maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer Fund. This fund is considered to be a major fund of the City of Cherry Hills Village.

## **Financial Analysis of the City As A Whole**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cherry Hills Village, assets exceeded liabilities by \$36,121,315 at the close of the 2016 fiscal year.

A portion of the City of Cherry Hills Village's net position (52%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Cherry Hills Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



An additional portion of the City of Cherry Hills Village net position (7%) represents resources that are subject to external restrictions for how they may be used. The remaining balance of unrestricted net position (41% or \$14,814,081) may be used to meet the City's obligations to citizens and creditors.

At the end of the current fiscal year, the City of Cherry Hills Village is able to report positive balances in net position for the City as a whole, as well as for its governmental activities as a whole. The same situation held true for the prior fiscal year.

### City of Cherry Hills Village Net Position

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
	2016	2015	2016	2015
Current and other assets	\$22,035,665	\$21,912,316	\$810,439	\$746,611
Capital assets	\$20,738,309	\$20,794,914	\$177,425	\$201,037
<b>Total assets</b>	<b>\$42,773,974</b>	<b>\$42,707,230</b>	<b>\$987,864</b>	<b>\$947,648</b>
Long-term liabilities outstanding	\$1,777,687	\$2,538,052	\$0	\$0
Other liabilities and deferred outflows	\$5,862,836	\$5,833,045	\$0	\$24,550
<b>Total liabilities and deferred outflows</b>	<b>\$7,640,523</b>	<b>\$8,371,097</b>	<b>\$0</b>	<b>\$24,550</b>
Net position:				
Net investment in capital assets	\$18,496,740	\$17,818,759	\$177,425	\$201,037
Restricted	\$2,633,069	\$2,906,935	\$0	\$0
Unrestricted	\$14,003,642	\$13,610,439	\$810,439	\$722,061
<b>Total net position</b>	<b>\$35,133,451</b>	<b>\$34,336,133</b>	<b>\$987,864</b>	<b>\$923,098</b>

### Changes in Net Position

#### Governmental activities

- Governmental-type activities increased the City's total net position by \$797,318 from 2015. The increase is due to the decrease in liabilities resulting from the South Suburban asset payment for 2016.

#### Business Type Activities

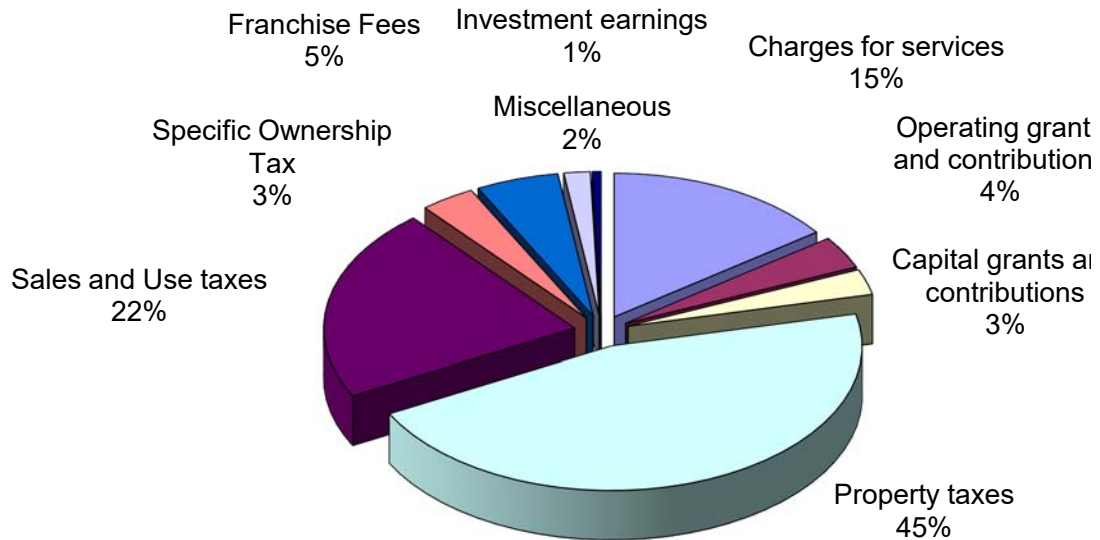
- Business-type activities increased the City's total net position by \$64,766 from 2015. The increase is primarily due to additional tap fee revenues.

## City of Cherry Hills Village Changes in Net Position

	Governmental Activities 2016	Governmental Activities 2015	Business- type Activities 2016	Business- type Activities 2015
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for services	\$1,483,798	\$1,355,186	\$103,586	\$105,805
Operating grants and contributions	\$359,705	\$368,785	\$0	\$0
Capital grants and contributions	\$283,256	\$311,795	\$3,000	\$53,700
<b>General Revenues</b>				
Property taxes	\$4,543,976	\$3,876,261	\$0	\$0
Sales and Use taxes	\$2,145,874	\$2,257,257	\$0	\$0
Specific Ownership taxes	\$350,464	\$294,629	\$0	\$0
Franchise taxes	\$528,488	\$551,716	\$0	\$0
Miscellaneous	\$117,378	\$451,926	\$0	\$0
Investment earnings	\$107,223	\$32,664	\$4,884	\$1,294
<b>Total revenues</b>	<b>\$9,920,162</b>	<b>\$9,500,219</b>	<b>\$111,470</b>	<b>\$160,799</b>
<b>Expenses</b>				
General Government	\$1,437,542	\$1,533,465	\$0	\$0
Judicial	\$90,255	\$81,424	\$0	\$0
Public Safety	\$3,802,114	\$3,124,542	\$0	\$0
Public Works	\$1,229,563	\$947,196	\$0	\$0
Community Development	\$500,559	\$549,527	\$0	\$0
Parks, Recreation, and Open Space	\$2,007,832	\$2,167,380	\$0	\$0
Village Crier	\$29,592	\$21,361	\$0	\$0
Other	\$25,387	\$18,925	\$46,704	\$132,471
<b>Total expenses</b>	<b>\$9,122,844</b>	<b>\$8,443,820</b>	<b>\$46,704</b>	<b>\$132,471</b>
Increases in net position	\$797,318	\$1,056,399	\$64,766	\$28,328
Net position, beginning	\$34,336,133	\$33,279,734	\$923,098	\$894,770
Net position, ending	\$35,133,451	\$34,336,133	\$987,864	\$923,098

## Financial Analysis of the City's Funds

### Revenue by Source - Governmental Activities



The City of Cherry Hills Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In 2011, the City adopted a new accounting pronouncement which requires it to classify fund balance based mainly on the extent to which the City is bound to honor constraints on how the funds are allowed to be spent.

### Governmental Funds

The focus of the City of Cherry Hills Village governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Cherry Hills Village financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2016, the City of Cherry Hills Village governmental funds reported combined ending fund balances of \$16.9 million, an increase of \$99,157 in comparison with the prior year. Approximately 23% of this total amount (\$4 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, restricted or is nonspendable.

The General Fund is the chief operating fund of the City of Cherry Hills Village (and is combined with the Capital Fund for audit purposes). At the end of fiscal year 2016, unassigned fund balance of the General Fund, combined with the Capital Fund, was \$4 million; while total fund balance reached \$12.2 million.

As a measure of the Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50% of total General Fund/Capital Fund expenditures, while total fund balance represents 154% of that same amount.

The Parks and Recreation Fund began receiving revenues in 2006. This fund had a positive balance of \$2,322,030 at the end of 2016 and will continue to receive revenues as ordered by the South Suburban exclusion.

### ***South Suburban Exclusion***

On March 22, 2007 the Colorado Court of Appeals sent the litigation between The City of Cherry Hills Village and South Suburban Park and Recreation District back to the trial judge for further proceedings. This litigation involves the City's decision to withdraw from South Suburban following the 2003 City election authorizing the exclusion. Following the trial in August 2004, the trial judge approved the exclusion, but ordered the City to pay South Suburban \$9,660,838, the fair market value of certain parks and facilities in the City.

Both parties appealed the trial judge's order. Under the Court of Appeals decision, the exclusion stands, but the Court held that Colorado law does not require payment of fair market value as a condition for exclusion under these circumstances. Upon appeal, the trial judge was to reconsider the evidence and make new findings to support any judgment awarding compensation to South Suburban. In May 2008, the trial court issued a second opinion, again ordering the City to pay South Suburban the sum of \$9,660,838. This second opinion contained virtually no explanation of how the trial court arrived at the precise figure it had previously determined was the fair market value of the parks in the City and made no specific findings on the other factors that the Court of Appeals directed the trial court to consider.

As a result, in May 2008 the City filed an appeal with the Colorado Court of Appeals. Also in the spring of 2008, the City filed a motion to stay payment of the \$9,660,838 judgment pending the decision by the Colorado Court of Appeals. The court granted the City's motion, but stipulated that the City must pay the District the 2007 asset payment plus interest from December 1, 2007 to the date of payment, which was August 1, 2008. The City received an unfavorable ruling by the Colorado Court of Appeals in 2009 and was required to make the principal and interest payments on the assets for 2008 and 2009.

### **Proprietary Fund**

The Water and Sewer Fund accounts for all revenue and expenses associated with the consolidation and operations of water and sewer utilities under the auspices of the City. In 2016, sewer repairs and maintenance fees of \$396 per year were charged to residents under the Englewood total service agreement. Revenues exceeded expenses in this fund by \$64,766 in 2016.

## General Fund Budgetary Highlights

There were no supplemental appropriations made to the 2016 General Fund budget.

The General Fund expenditures in 2016 were \$3,653,599 under budget and revenues were \$512,201 over budget. The General Fund balance decreased by \$99,548 and had an ending fund balance of \$12,231,875.

## Capital Asset and Debt Administration

**Capital assets.** The City of Cherry Hills Village investment in capital assets as of December 31, 2016 amounts to \$21 million. This investment in capital assets includes land, buildings, vehicles, equipment, and sewer lines.

Capital asset events during the 2016 fiscal year included the following:

- New police equipment and vehicles in the amount of \$217,023
- New public works equipment in the amount of \$38,316
- New parks equipment in the amount of \$18,702
- Addition of Deborah Butterfield art in the amount of \$395,000

### City of Cherry Hills Village's Capital Assets (net of accumulated depreciation)

	2016	2015
Land	\$15,393,400	\$15,393,400
CIP	\$192,759	\$33,958
Buildings and Improvements	\$3,717,384	\$4,239,954
Software	\$49,208	\$59,645
Equipment	\$1,028,759	\$1,067,957
Art	\$356,799	\$0
Sewer Lines	\$177,425	\$201,037
<b>Total Capital Assets</b>	<b>\$20,915,734</b>	<b>\$20,995,951</b>

**Long-term debt.** At the end of the 2016 fiscal year, the City of Cherry Hills Village had total long-term debt outstanding of \$2,517,872. This total debt represents the South Suburban obligation (\$2,241,569) and accrued compensated absences (\$276,303).

## **Economic Factors, Next Year's Budget and Rates**

The City of Cherry Hills Village sales tax rate remains at 3.5% and the mill levy is 14.722.

In preparing the 2017 budget, the City of Cherry Hills Village had to take several factors into consideration. In 2011, the City Council approved the creation of a new Capital Fund and approximately \$9 million of the General Fund balance was transferred to the Capital Fund at that time. The 1 mill of property tax revenue from the Parks Fund will no longer be transferred to the Capital Fund. The 2017 budget was adopted with a slight decrease in property tax revenues (less than 1%) from 2016 and also a small decrease in both sales tax and use tax. All other revenues would remain constant or increase slightly.

During the 2016 fiscal year, fund balance in the General Fund (to include the Capital Fund) decreased to \$12.2 million (from \$12.3 million). The General Fund (to include the Capital Fund) balance is projected to end 2017 at approximately \$11 million.

The adopted 2017 fiscal year total budget appropriations are \$22.5 million, an increase of \$7,624,800 from 2016. This increase is due to three major capital projects: a new public works facility, a new village center and improvements to John Meade Park/Alan Hutto Memorial Commons. The City will be financing the three projects with the proceeds from Certificates of Participation (COP's) in the amount of \$11.8 million.

## **Requests For Information**

This financial report is designed to provide a general overview of the City of Cherry Hills Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Karen Proctor  
Director of Finance and Administration  
303-783-2723

City of Cherry Hills Village  
2450 E. Quincy Ave.  
Cherry Hills Village, Colorado 80113

Or

[kproctor@cherryhillsvillage.com](mailto:kproctor@cherryhillsvillage.com)

## **BASIC FINANCIAL STATEMENTS**

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2016	2015
<b>ASSETS</b>				
Cash and Investments	\$ 14,687,331	\$ 810,043	\$ 15,497,374	\$ 17,563,222
Receivables				
Property Taxes	4,548,877	-	4,548,877	4,571,649
Sales and Other	382,966	-	382,966	350,671
Accounts Receivable	2,928	396	3,324	3,529
Prepaid Items	2,413,563	-	2,413,563	169,856
Capital Assets, Not Depreciated	15,586,159	-	15,586,159	15,427,358
Capital Assets, Depreciated Net of Accumulated Depreciation	5,152,150	177,425	5,329,575	5,568,593
<b>TOTAL ASSETS</b>	<b>42,773,974</b>	<b>987,864</b>	<b>43,761,838</b>	<b>43,654,878</b>
<b>LIABILITIES</b>				
Accounts Payable	351,243	-	351,243	302,275
Accrued Expenses	25,857	-	25,857	37,450
Unearned Revenue	40,000	-	40,000	44,967
Escrow Deposits	156,674	-	156,674	166,668
Noncurrent Liabilities				
Due within One Year	740,185	-	740,185	734,586
Due in More Than One Year	1,777,687	-	1,777,687	2,538,052
<b>TOTAL LIABILITIES</b>	<b>3,091,646</b>	<b>-</b>	<b>3,091,646</b>	<b>3,823,998</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	4,548,877	-	4,548,877	4,571,649
<b>NET POSITION</b>				
Investment in Capital Assets	18,496,740	177,425	18,674,165	18,019,796
Restricted for Parks and Recreation	2,322,030	-	2,322,030	2,275,956
Restricted for Emergencies	293,000	-	293,000	281,000
Restricted for Public Art	18,039	-	18,039	349,979
Unrestricted	14,003,642	810,439	14,814,081	14,332,500
<b>TOTAL NET POSITION</b>	<b>\$ 35,133,451</b>	<b>\$ 987,864</b>	<b>\$ 36,121,315</b>	<b>\$ 35,259,231</b>

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



CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,437,542	\$ -	\$ -	\$ -
Judicial	90,255	280,782	-	-
Community Development	500,559	1,113,117	-	-
Village Crier	29,592	17,431	-	-
Public Safety	3,802,114	72,468	-	-
Public Works	1,229,563	-	359,705	-
Parks and Recreation	2,007,832	-	-	283,256
Interest on Long Term Debt	25,387	-	-	-
Total Governmental Activities	9,122,844	1,483,798	359,705	283,256
<b>Business-Type Activities</b>				
Water and Sewer	46,704	103,586	-	3,000
Total Business-Type Activities	46,704	103,586	-	3,000
Total Primary Government	\$ 9,169,548	\$ 1,587,384	\$ 359,705	\$ 286,256

GENERAL REVENUES

Property Taxes  
Specific Ownership Taxes  
Sales and Use Taxes  
Franchise Fees  
Interest  
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION Beginning

NET POSITION Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2016	2015
\$ (1,437,542)	\$ -	\$ (1,437,542)	\$ (1,533,465)
190,527	-	190,527	167,302
612,558	-	612,558	467,034
(12,161)	-	(12,161)	(3,930)
(3,729,646)	-	(3,729,646)	(3,052,074)
(869,858)	-	(869,858)	(578,411)
(1,724,576)	-	(1,724,576)	(1,855,585)
(25,387)	-	(25,387)	(18,925)
(6,996,085)	-	(6,996,085)	(6,408,054)
-	59,882	59,882	27,034
-	59,882	59,882	27,034
(6,996,085)	59,882	(6,936,203)	(6,381,020)
4,543,976	-	4,543,976	3,876,261
350,464	-	350,464	294,629
2,145,874	-	2,145,874	2,257,257
528,488	-	528,488	551,716
107,223	4,884	112,107	33,958
117,378	-	117,378	451,926
7,793,403	4,884	7,798,287	7,465,747
797,318	64,766	862,084	1,084,727
34,336,133	923,098	35,259,231	34,174,504
<u>\$ 35,133,451</u>	<u>\$ 987,864</u>	<u>\$ 36,121,315</u>	<u>\$ 35,259,231</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2016	2015
<b>ASSETS</b>					
Cash and Investments	\$ 9,783,577	\$ 2,473,804	\$ 2,429,950	\$ 14,687,331	\$ 16,816,611
Property Taxes Receivable	2,449,060	2,099,817	-	4,548,877	4,571,649
Accounts Receivable	2,029	209	690	2,928	3,529
Other Receivables	382,966	-	-	382,966	350,671
Prepaid Items	2,413,563	-	-	2,413,563	169,856
<b>TOTAL ASSETS</b>	<b>\$ 15,031,195</b>	<b>\$ 4,573,830</b>	<b>\$ 2,430,640</b>	<b>\$ 22,035,665</b>	<b>\$ 21,912,316</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 168,161	\$ 151,551	\$ 31,531	\$ 351,243	\$ 278,675
Accrued Expenses	25,425	432	-	25,857	37,450
Unearned Revenue	-	-	40,000	40,000	44,967
Escrow Deposits	156,674	-	-	156,674	165,718
<b>TOTAL LIABILITIES</b>	<b>350,260</b>	<b>151,983</b>	<b>71,531</b>	<b>573,774</b>	<b>526,810</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Tax Revenue	2,449,060	2,099,817	-	4,548,877	4,571,649
<b>FUND EQUITY</b>					
Nonspendable	2,413,563	-	-	2,413,563	169,856
Restricted	311,039	-	2,359,109	2,670,148	2,837,457
Committed	5,548,670	2,322,030	-	7,870,700	8,618,111
Unassigned	3,958,603	-	-	3,958,603	5,188,433
<b>TOTAL FUND EQUITY</b>	<b>12,231,875</b>	<b>2,322,030</b>	<b>2,359,109</b>	<b>16,913,014</b>	<b>16,813,857</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	<b>\$ 15,031,195</b>	<b>\$ 4,573,830</b>	<b>\$ 2,430,640</b>		

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.	20,738,309	20,794,914
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include long term obligation of (\$2,241,569), and Accrued Compensated Absences (\$276,303).	(2,517,872)	(3,272,638)
<b>Net position of governmental activities</b>	<b>\$ 35,133,451</b>	<b>\$ 34,336,133</b>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2016

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2016	2015
<b>REVENUES</b>					
Property Taxes	\$ 2,819,048	\$ 1,724,928	\$ -	\$ 4,543,976	\$ 3,876,261
Specific Ownership Taxes	350,464	-	-	350,464	294,629
Sales and Use Taxes	2,117,242	-	-	2,117,242	2,228,129
Franchise Fees	528,488	-	-	528,488	551,716
Licenses and Permits	1,113,117	-	-	1,113,117	1,016,561
Intergovernmental	388,337	-	283,256	671,593	709,708
Charges for Services	353,250	-	-	353,250	321,194
Miscellaneous	118,327	-	16,482	134,809	469,357
Interest	68,512	20,174	18,537	107,223	32,664
<b>TOTAL REVENUES</b>	<b>7,856,785</b>	<b>1,745,102</b>	<b>318,275</b>	<b>9,920,162</b>	<b>9,500,219</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	1,406,538	-	9,164	1,415,702	1,490,621
Judicial	90,255	-	-	90,255	81,424
Community Development	500,559	-	-	500,559	549,527
Village Crier	29,592	-	-	29,592	21,361
Public Safety	3,258,094	-	-	3,258,094	3,094,845
Public Works	1,192,431	-	-	1,192,431	1,156,758
Parks and Recreation	-	939,055	156,480	1,095,535	1,113,176
Debt Service					
Principal	-	734,586	-	734,586	734,625
Interest	-	25,387	-	25,387	18,925
Capital Outlay	1,478,864	-	-	1,478,864	1,027,471
<b>TOTAL EXPENDITURES</b>	<b>7,956,333</b>	<b>1,699,028</b>	<b>165,644</b>	<b>9,821,005</b>	<b>9,288,733</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(99,548)</b>	<b>46,074</b>	<b>152,631</b>	<b>99,157</b>	<b>211,486</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	1,542,491
Transfers Out	-	-	-	-	(1,542,491)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(99,548)</b>	<b>46,074</b>	<b>152,631</b>	<b>99,157</b>	<b>211,486</b>
FUND BALANCES, Beginning	12,331,423	2,275,956	2,206,478	16,813,857	16,602,371
FUND BALANCES, Ending	<u>\$ 12,231,875</u>	<u>\$ 2,322,030</u>	<u>\$ 2,359,109</u>	<u>\$ 16,913,014</u>	<u>\$ 16,813,857</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 99,157
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$376,516) and loss on disposal of assets (\$501,469) exceeded capital outlay \$821,380 in the current period.	(56,605)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include debt payments of \$734,586 and change in accrued compensated absences of \$20,180.	<u>754,766</u>
Change in Net Position of Governmental Activities	<u><u>\$ 797,318</u></u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPE  
 As of December 31, 2016

ASSETS	2016	2015
Current Assets		
Cash and Investments	\$ 810,043	\$ 746,611
Accounts Receivable	396	-
	<u>810,439</u>	<u>746,611</u>
Total Current Assets		
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	177,425	201,037
	<u>177,425</u>	<u>201,037</u>
TOTAL ASSETS	<u>987,864</u>	<u>947,648</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	23,600
Escrow Deposits	-	950
	<u>-</u>	<u>24,550</u>
TOTAL LIABILITIES	<u>-</u>	<u>24,550</u>
NET POSITION		
Investment in Capital Assets	177,425	201,037
Unrestricted	810,439	722,061
	<u>810,439</u>	<u>722,061</u>
TOTAL NET POSITION	<u>\$ 987,864</u>	<u>\$ 923,098</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPE  
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for Services	\$ 103,586	\$ 105,805
TOTAL OPERATING REVENUES	<u>103,586</u>	<u>105,805</u>
OPERATING EXPENSES		
Operations	14,885	106,239
General and Administrative	8,207	2,620
Depreciation	<u>23,612</u>	<u>23,612</u>
TOTAL OPERATING EXPENSES	<u>46,704</u>	<u>132,471</u>
OPERATING INCOME	<u>56,882</u>	<u>(26,666)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	<u>4,884</u>	<u>1,294</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,884</u>	<u>1,294</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>61,766</u>	<u>(25,372)</u>
Capital Contributions- Tap Fees	<u>3,000</u>	<u>53,700</u>
CHANGE IN NET POSITION	64,766	28,328
NET POSITION Beginning	<u>923,098</u>	<u>894,770</u>
NET POSITION, Ending	<u>\$ 987,864</u>	<u>\$ 923,098</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2016  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 103,190	\$ 105,805
Cash Paid to Suppliers	(47,642)	(114,376)
Net Cash Provided (Used) by Operating Activities	<u>55,548</u>	<u>(8,571)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	<u>3,000</u>	<u>53,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>4,884</u>	<u>1,294</u>
Net Increase in Cash and Cash Equivalents	63,432	46,423
CASH AND CASH EQUIVALENTS, Beginning	<u>746,611</u>	<u>700,188</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 810,043</u>	<u>\$ 746,611</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 56,882</u>	<u>\$ (26,666)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	23,612	23,612
Changes in Assets and Liabilities		
Accounts Receivable	(396)	-
Accounts Payable	(23,600)	23,600
Escrow Deposits	(950)	(29,117)
Total Adjustments	<u>(1,334)</u>	<u>18,095</u>
Net Cash Provided by Operating Activities	<u>\$ 55,548</u>	<u>\$ (8,571)</u>

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



CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND- SPECIAL IMPROVEMENT DISTRICT NO.7  
December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	\$ 42,342
Accounts Receivable	<u>10,340</u>
TOTAL ASSETS	<u>\$ 52,682</u>
LIABILITIES	
Due to Property Owners	<u>52,682</u>
TOTAL LIABILITIES	<u>\$ 52,682</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cherry Hills Village, Colorado (the “City”) is a continuation of the Town of Cherry Hills Village after adoption of its Home Rule Charter in 1966. The City is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the City of Cherry Hills Village, Colorado conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

**Reporting Entity**

In accordance with governmental accounting standards, the City of Cherry Hills Village has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the City does not include additional organizations in its reporting entity.

**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 nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, the City reports the following major governmental funds:

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

The *Parks and Recreation Fund* accounts for allocated property tax revenues for parks and recreation activities.

The City reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

Additionally, the City reports the following fund type:

The *Agency Fund* accounts for resources to support the activities of the Special Improvement District No. 7. The City holds all assets in a purely custodial capacity.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	50 years
Machinery and Equipment	10-25 years
Vehicles	5-10 years
Infrastructure (Sewer Lines)	25-50 years

**Compensated Absences**

The City allows its employees to accrue personal time off (PTO). Employees are expected to manage their PTO banks throughout the year, and banks should not exceed 200 hours. Any excess leave accumulated (over 200 hours) at the end of the year shall be subject to forfeiture except where the employee has been denied the opportunity to take vacation time, or where special circumstances exist, and approval to exceed the limits has been authorized by the City Manager. If approved, hours in excess of the 200 hour maximum will be paid at 100% of the employee's regular hourly pay rate during the year in which the PTO was accrued. Upon separation of employment, up to 200 hours of unused PTO are paid out using the employee's regular hourly pay rate. Hours in excess of 200 are paid out at a rate of 50% of the employee's regular hourly pay rate.

These compensated absences are recognized when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2016, the City's nonspendable fund balance are prepaid expenses.
- 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. The City has classified the following amounts as restricted:
  1. General Fund: Emergency Reserves of \$293,000 are restricted because their use is restricted by State Statute for declared emergencies. In addition donations in the amount of \$18,039 are restricted for art purchases.
  2. Land Donation Fund: The fund balance in this fund is restricted because their use is restricted by donors.
  3. Open Space Fund: The fund balance in this fund is restricted because their use is restricted by vote.
  4. Conservation Trust Fund: The fund balance in this fund is restricted because their use is restricted by State statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed 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. As of December 31, 2016, the City committed \$5,548,670 of its General Fund fund balance to be used for capital projects. In addition, the City has committed the fund balance in the Park and Recreation Fund to be used for parks and open space projects and maintenance.
- Assigned – This classification includes amounts that are constrained by the City Council intent to be used for specific purposes, but are neither restricted nor committed. As of December 31, 2016, the City does not have any assigned fund balances.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- 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 City 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.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the City staff submits to the City Council 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.



CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

- Budgets are legally adopted for all funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2016 follows:

Petty Cash	\$ 350
Cash Deposits	1,401,961
Investments	<u>14,137,405</u>
Total	<b><u>\$ 15,539,716</u></b>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 14,687,331
Business-type Activities	810,043
Fiduciary Funds	<u>42,342</u>
Total	<b><u>\$ 15,539,716</u></b>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2016, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Deposits** (Continued)

Custodial Credit Risk – Deposits (Continued)

The City has no policy regarding custodial credit risk for deposits.

At December 31, 2016, the City had deposits with financial institutions with a carrying amount of \$1,401,961. The bank balances with the financial institutions were \$1,512,483. Of these balances, \$750,000 was covered by federal depository insurance and \$762,483 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The City has a formal investment policy that limits interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily with durations of no longer than five years, money market mutual funds, or similar investment pools.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Fair Value

The City 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The District had invested \$340,700 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is considered to be a 2a7 like investments and is valued using the NAV per share (or its equivalent) of the investments. The 2a-7 like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a-7 like investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool.

The City had invested \$13,796,705 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned 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 the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2016 is summarized below:

	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/16</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 15,393,400	\$ -	\$ -	\$ 15,393,400
Construction in Progress	<u>33,958</u>	<u>192,759</u>	<u>33,958</u>	<u>192,759</u>
Total Capital Assets, not depreciated	<u>15,527,358</u>	<u>192,759</u>	<u>33,958</u>	<u>15,586,159</u>
Capital Assets, depreciated				
Buildings	4,986,859	-	471,498	4,515,361
Software	104,367	-	-	104,367
Art	-	395,000	-	395,000
Machinery and Equipment	<u>2,728,211</u>	<u>233,621</u>	<u>117,147</u>	<u>2,844,685</u>
Total Capital Assets, depreciated	<u>7,819,437</u>	<u>628,621</u>	<u>588,645</u>	<u>7,859,413</u>
Less Accumulated Depreciation				
Buildings	746,905	88,772	37,700	797,977
Software	44,722	10,437	-	55,159
Art	-	38,201	-	38,201
Machinery and Equipment	<u>1,660,254</u>	<u>239,106</u>	<u>83,434</u>	<u>1,815,926</u>
Total Accumulated Depreciation	<u>2,451,881</u>	<u>376,516</u>	<u>121,134</u>	<u>2,707,263</u>
Total Capital Assets, depreciated, Net	<u>5,367,556</u>	<u>252,105</u>	<u>467,511</u>	<u>5,152,150</u>
Governmental Activities, Capital Assets, Net	<u>\$ 20,794,914</u>	<u>\$ 444,864</u>	<u>\$ 501,469</u>	<u>\$ 20,738,309</u>
	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/16</u>
<b>Business-Type Activities</b>				
Capital Assets, depreciated				
Sewer Lines	\$ 708,364	\$ -	\$ -	\$ 708,364
Total Capital Assets, depreciated	<u>708,364</u>	<u>-</u>	<u>-</u>	<u>708,364</u>
Less: Accumulated Depreciation				
Sewer Lines	<u>507,327</u>	<u>23,612</u>	<u>-</u>	<u>530,939</u>
Total Accumulated Depreciation	<u>507,327</u>	<u>23,612</u>	<u>-</u>	<u>530,939</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 201,037</u>	<u>\$ (23,612)</u>	<u>\$ -</u>	<u>\$ 177,425</u>

Depreciation expense was charged to functions/programs of the City as follows:

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 4: CAPITAL ASSETS** (Continued)

**Governmental Activities**

General Government	\$ 42,020
Public Safety	157,234
Public Works	140,518
Parks and Recreation	<u>36,744</u>
 Total	 <b><u>\$ 376,516</u></b>

**NOTE 5: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due In</u> <u>One Year</u>
South Suburban Obligation	\$ 2,976,155	\$ -	\$ 734,586	\$ 2,241,569	\$ 740,185
Accrued Compensated Absences	<u>296,483</u>	<u>-</u>	<u>20,180</u>	<u>276,303</u>	<u>-</u>
 Total	 <b><u>\$ 3,272,638</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ 754,766</u></b>	 <b><u>\$ 2,517,872</u></b>	 <b><u>\$ 740,185</u></b>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

**South Suburban Obligation**

The City initiated exclusion from the South Suburban Parks and Recreation District (the "District"). The resulting litigation produced an order from the District Court dated November 2004. The order requires the City to pay the District \$9,660,838 for the conveyance and transfer of facilities, including water rights, parks, trails, and other considerations.

The City's appeals process ended in November 2009 with a final decision by the Colorado Supreme Court, denying the appeal. The City is required to make annual principal and interest payments, beginning in December 2006 through 2019. Interest on the obligation accrues at the two-year Treasury bill rate.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 5: LONG-TERM DEBT** (Continued)

Annual debt service requirements for the outstanding obligation at December 31, 2016 are estimated at a .853% interest rate and are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 740,185	\$ 19,053	\$ 759,238
2018	757,962	1,276	759,238
2019	<u>743,422</u>	<u>632</u>	<u>744,054</u>
Total Debt Service Requirements	<u>\$ 2,241,569</u>	<u>\$ 20,961</u>	<u>\$ 2,262,530</u>

**NOTE 6: RETIREMENT COMMITMENTS**

**Police Pension Plan**

Plan Description - The City contributes to a single employer money purchase pension plan (Plan) on behalf of police officers. All full time, paid police employees of the City are members of the Plan.

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City Council. Both the City and the employee contribute 8.0% of the employee's covered salary. Employees vest in 25% of the City contributions after one year of employment and an additional 25% each year thereafter. Employees fully vest after four years of participation in the Plan. During the year ending December 31, 2016 the City contributed \$151,115 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation.

**Non-Sworn Managers Pension Plan**

The City contributes to a single-employer defined contribution money purchase pension plan (the "Plan") on behalf of non-sworn managers. All non-sworn managers are required to participate in the Plan. The contribution requirements are established and may be amended by the City Council. The city is required to contribute 5% the employee's covered salary and employees contribute 11% of covered salary. Employees fully vest in the Plan immediately.

During the year ended December 31, 2016, the City contributed \$32,689 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 6: RETIREMENT COMMITMENTS** (Continued)

**Deferred 457 Compensation Plan**

The City has a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. Participation in the Plan is optional for employees. The City matches the contribution of participating employees up to 3% of sworn police officer salaries and up to 5% of other non-management employee salaries. Total contributions to the Plan during the year ended December 31, 2016 were \$240,284. The Plan is administered by the International City/County Management Association Retirement Corporation.

**NOTE 7: CONSOLIDATION OF WATER AND SANITATION DISTRICTS**

The City has taken action to dissolve certain water and sanitation districts which have historically provided services within the City limits. The City provides water services to these and future areas through a Total Service Contract with the Board of Water Commissioners to the City and County of Denver (Denver).

Presently the City owns and operates 3 small sanitation districts. The current policy is to not actively take over any more sanitation districts, but encourage and support these districts to consolidate with larger districts that can more effectively manage these services. The City is in the process of updating the sanitation districts which it operates to help facilitate consolidation with a more appropriate entity in the future.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Special Improvement District No. 7**

In 2000, the Special Improvement District No. 7 (the “District”) issued \$595,000 Special Assessment Bonds, Taxable Series 2000A and \$930,000 Special Assessment Bonds, Tax Exempt Series 2000B. These bonds were issued to finance improvements within the District. The bonds accrued interest at rates ranging from 5.8% to 8.75% per year.

The Series 2000A bonds were paid in full as of December 31, 2011. During the year ended December 31, 2012, the District issued \$585,000 Special Improvement District Revenue Refunding Note, Series 2012 to advance refund the Special Assessment Bonds, Tax Exempt Series 2000B. The note accrues interest at a rate of 2.6% per year. Interest payments are due semi-annually on June 15 and December 15. Principal payments on the note is due annually on December 15, through 2020.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 8: COMMITMENTS AND CONTINGENCIES** (Continued)

**Special Improvement District No. 7** (Continued)

The City is not obligated for this debt and is only acting as an agent for the property owners in collecting assessments and paying the required debt service. The activities of the District are recorded in the City's Agency Fund and the outstanding debt is not recorded on the City's financial statements. Outstanding bonds at December 31, 2016 totaled \$310,000.

**Denver Christian Schools**

In October 2003, the City issued Denver Christian Schools Project Revenue Bonds to provide financial assistance to a private sector entity to acquire equipment and to construct and renovate certain buildings and educational facilities deemed to be in the public interest.

Neither the City, State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the City's financial statements. Outstanding bonds at December 31, 2016 totaled \$1,188,736.

**South Metro Fire Rescue Authority**

The City entered into an MOU with South Metro Fire Rescue Authority in February of 2011 for the planning and design of a public safety facility.

In September of 2011, the City entered into an Intergovernmental Agreement with the Authority to construct, own, and operate a common public safety facility. Ownership of the facility will be determined by a calculation of the aggregate amount of contributions made by each party to the Agreement. Upon completion of the construction, ongoing operating costs will be calculated based on the percentage share of ownership interest. The original Agreement expired in December 31, 2012 and automatically renews upon the same terms and conditions for one-year periods.

The City began construction of the facility in March of 2012 and the construction was substantially completed by December 31, 2012. The City's Police Department along with the South Metro Fire Rescue Authority moved into the new facility in January of 2013. The City's portion of the building cost is recorded as Buildings on the City's government-wide financial statements.



CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 8: COMMITMENTS AND CONTINGENCIES** (Continued)

**South Metro Fire Rescue Authority** (Continued)

Under the terms of the operations agreement, South Metro Fire Rescue Authority is responsible for paying 50 percent of the buildings utility costs and 20 percent of the building telephone and internet services. During the year ended December 31, 2016, the South Metro Fire Rescue Authority paid \$25,557 to the City for reimbursement of these operating costs under the terms of the agreement.

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$293,000 was recorded in the General Fund.

**NOTE 9: SUBSEQUENT EVENTS**

Land Purchase

On January 12, 2017, the City purchased a piece of land located in the City of Sheridan, Colorado for a total purchase price of \$2,425,000. The land will be the future site of the City's Public Works Facility, which is scheduled to begin construction in 2017.

Certificates of Participation

In February of 2017, the City issued \$11,395,000 in Certificates of Participation. Proceeds are used to fund construction of the City's Public Works Facility and City Administration Building. The Certificates carry interest rates ranging from 2% to 5%. Annual principal and interest payments on the Certificates are due beginning on December 1, 2017 through 2041.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF CHERRY HILLS VILLAGE, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 2,804,900	\$ 2,819,048	\$ 14,148	\$ 2,404,979
Specific Ownership Taxes	264,000	350,464	86,464	294,629
Sales and Use Taxes	2,058,119	2,117,242	59,123	2,228,129
Franchise Fees	492,700	528,488	35,788	551,716
Licenses and Permits	900,501	1,113,117	212,616	1,016,561
Intergovernmental	403,878	388,337	(15,541)	397,913
Charges for Services	358,000	353,250	(4,750)	321,194
Miscellaneous	47,986	118,327	70,341	457,640
Interest	14,500	68,512	54,012	21,857
TOTAL REVENUES	<u>7,344,584</u>	<u>7,856,785</u>	<u>512,201</u>	<u>7,694,618</u>
EXPENDITURES				
Current				
General Government	1,994,711	1,406,538	588,173	1,490,002
Judicial	75,279	90,255	(14,976)	81,424
Community Development	604,870	500,559	104,311	549,527
Village Crier	30,500	29,592	908	21,361
Public Safety	3,152,225	3,258,094	(105,869)	3,094,845
Public Works	1,147,282	1,192,431	(45,149)	1,156,758
Capital Outlay	4,605,065	1,478,864	3,126,201	1,027,471
TOTAL EXPENDITURES	<u>11,609,932</u>	<u>7,956,333</u>	<u>3,653,599</u>	<u>7,421,388</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,265,348)</u>	<u>(99,548)</u>	<u>4,165,800</u>	<u>273,230</u>
OTHER FINANCING (USES)				
Proceeds from Issuance of Debt	3,500,000	-	(3,500,000)	-
Transfers Out	-	-	-	(1,542,491)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,500,000</u>	<u>-</u>	<u>(3,500,000)</u>	<u>(1,542,491)</u>
NET CHANGE IN FUND BALANCE	<u>(765,348)</u>	<u>(99,548)</u>	<u>665,800</u>	<u>(1,269,261)</u>
FUND BALANCE, Beginning	<u>11,255,025</u>	<u>12,331,423</u>	<u>1,076,398</u>	<u>13,600,684</u>
FUND BALANCE, Ending	<u>\$ 10,489,677</u>	<u>\$ 12,231,875</u>	<u>\$ 1,742,198</u>	<u>\$ 12,331,423</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

PARKS AND RECREATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 1,772,749	\$ 1,724,928	\$ (47,821)	\$ 1,471,282
Specific Ownership Taxes	10,000	-	(10,000)	-
Interest	5,000	20,174	15,174	6,251
TOTAL REVENUES	<u>1,787,749</u>	<u>1,745,102</u>	<u>(42,647)</u>	<u>1,477,533</u>
EXPENDITURES				
Current				
Personal Services	533,004	479,148	53,856	456,230
Supplies and Materials	29,250	29,163	87	22,236
Utilities	33,200	21,737	11,463	19,601
Contractual Services	87,877	103,618	(15,741)	82,157
Maintenance	50,500	30,298	20,202	57,094
Other	293,945	275,091	18,854	310,690
Debt Service				
Principal	734,586	734,586	-	734,625
Interest	25,387	25,387	-	18,925
TOTAL EXPENDITURES	<u>1,787,749</u>	<u>1,699,028</u>	<u>88,721</u>	<u>1,701,558</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>46,074</u>	<u>46,074</u>	<u>(224,025)</u>
OTHER FINANCING SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,542,491</u>
NET CHANGE IN FUND BALANCE	-	46,074	46,074	1,318,466
FUND BALANCE, Beginning	<u>2,299,604</u>	<u>2,275,956</u>	<u>(23,648)</u>	<u>957,490</u>
FUND BALANCE, Ending	<u>\$ 2,299,604</u>	<u>\$ 2,322,030</u>	<u>\$ 22,426</u>	<u>\$ 2,275,956</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

CITY OF CHERRY HILLS VILLAGE, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2016

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2016	2015
	FUND	OPEN SPACE	FUND		
		FUND			
<b>ASSETS</b>					
Cash and Investments	\$ 662,814	\$ 931,231	\$ 835,905	\$ 2,429,950	\$ 2,280,315
Accounts Receivable	690	-	-	690	-
<b>TOTAL ASSETS</b>	<u>\$ 663,504</u>	<u>\$ 931,231</u>	<u>\$ 835,905</u>	<u>\$ 2,430,640</u>	<u>\$ 2,280,315</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 633	\$ 30,898	\$ -	\$ 31,531	\$ 28,870
Unearned Revenue	-	40,000	-	40,000	44,967
<b>TOTAL LIABILITIES</b>	<u>633</u>	<u>70,898</u>	<u>-</u>	<u>71,531</u>	<u>73,837</u>
<b>FUND BALANCES</b>					
Restricted	<u>662,871</u>	<u>860,333</u>	<u>835,905</u>	<u>2,359,109</u>	<u>2,206,478</u>
<b>TOTAL FUND BALANCES</b>	<u>662,871</u>	<u>860,333</u>	<u>835,905</u>	<u>2,359,109</u>	<u>2,206,478</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 663,504</u>	<u>\$ 931,231</u>	<u>\$ 835,905</u>	<u>\$ 2,430,640</u>	<u>\$ 2,280,315</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 Year Ended December 31, 2016

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2016	2015
	FUND	OPEN SPACE	FUND		
		FUND			
REVENUES					
Intergovernmental	\$ -	\$ 212,033	\$ 71,223	\$ 283,256	\$ 311,795
Other	8,835	7,647	-	16,482	11,717
Interest	5,408	12,014	1,115	18,537	4,556
TOTAL REVENUES	14,243	231,694	72,338	318,275	328,068
EXPENDITURES					
General Government	9,164	-	-	9,164	619
Parks and Recreation	-	142,917	13,563	156,480	165,168
TOTAL EXPENDITURES	9,164	142,917	13,563	165,644	165,787
CHANGE IN FUND BALANCES	5,079	88,777	58,775	152,631	162,281
FUND BALANCES, Beginning	657,792	771,556	777,130	2,206,478	2,044,197
FUND BALANCES, Ending	\$ 662,871	\$ 860,333	\$ 835,905	\$ 2,359,109	\$ 2,206,478

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

LAND DONATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016			VARIANCE	2015
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Interest	\$ 1,000	\$ 1,000	\$ 5,408	\$ 4,408	\$ 1,433
Other	5,000	5,000	8,835	3,835	8,379
TOTAL REVENUES	6,000	6,000	14,243	8,243	9,812
EXPENDITURES					
General and Administrative	5,620	11,020	9,164	1,856	619
TOTAL EXPENDITURES	5,620	11,020	9,164	1,856	619
NET CHANGE IN FUND BALANCE	380	(5,020)	5,079	10,099	9,193
FUND BALANCE, Beginning	649,150	649,150	657,792	8,642	648,599
FUND BALANCE, Ending	\$ 649,530	\$ 644,130	\$ 662,871	\$ 18,741	\$ 657,792

See the accompanying independent auditors' report.



CITY OF CHERRY HILLS VILLAGE, COLORADO

ARAPAHOE COUNTY OPEN SPACE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Open Space Shareback	\$ 130,000	\$ 151,811	\$ 21,811	\$ 142,285
Intergovernmental	-	60,222	60,222	109,162
Other	2,000	7,647	5,647	3,338
Interest	1,400	12,014	10,614	2,828
TOTAL REVENUES	133,400	231,694	98,294	257,613
EXPENDITURES				
Parks and Recreation	600,000	142,917	457,083	157,397
TOTAL EXPENDITURES	600,000	142,917	457,083	157,397
NET CHANGE IN FUND BALANCE	(466,600)	88,777	555,377	100,216
FUND BALANCE, Beginning	668,824	771,556	102,732	671,340
FUND BALANCE, Ending	\$ 202,224	\$ 860,333	\$ 658,109	\$ 771,556

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 60,000	\$ 71,223	\$ 11,223	\$ 60,348
Interest	266	1,115	849	295
TOTAL REVENUES	<u>60,266</u>	<u>72,338</u>	<u>12,072</u>	<u>60,643</u>
EXPENDITURES				
Parks and Recreation	<u>248,500</u>	<u>13,563</u>	<u>234,937</u>	<u>7,771</u>
NET CHANGE IN FUND BALANCE	(188,234)	58,775	247,009	52,872
FUND BALANCE, Beginning	<u>674,877</u>	<u>777,130</u>	<u>102,253</u>	<u>724,258</u>
FUND BALANCE, Ending	<u>\$ 486,643</u>	<u>\$ 835,905</u>	<u>\$ 349,262</u>	<u>\$ 777,130</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

WATER AND SEWER FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Tap Fees	\$ -	\$ 3,000	\$ 3,000	\$ 53,700
Sewer Administration Fees	2,328	50	(2,278)	11,634
Sewer Repairs and Maintenance Fees	74,496	102,586	28,090	63,655
Miscellaneous	-	950	950	30,516
Interest	800	4,884	4,084	1,294
TOTAL REVENUES	<u>77,624</u>	<u>111,470</u>	<u>33,846</u>	<u>160,799</u>
EXPENDITURES				
Legal Fees	1,000	1,773	(773)	1,571
Contractual Services	30,000	5,580	24,420	195
Repairs and Maintenance	500,000	14,885	485,115	106,239
Other	1,000	854	146	854
Depreciation Expense	-	23,612	(23,612)	23,612
TOTAL EXPENDITURES	<u>532,000</u>	<u>46,704</u>	<u>485,296</u>	<u>132,471</u>
NET INCOME	<u>\$ (454,376)</u>	64,766	<u>\$ 519,142</u>	28,328
NET POSITION, Beginning		<u>923,098</u>		<u>894,770</u>
NET POSITION, Ending		<u>\$ 987,864</u>		<u>\$ 923,098</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

AGENCY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Assessment Revenue	\$ 68,417	\$ 93,425	\$ 25,008	\$ 59,192
Interest on Assessments	11,284	12,248	964	13,198
Interest Income	50	257	207	48
TOTAL REVENUES	<u>79,751</u>	<u>105,930</u>	<u>26,179</u>	<u>72,438</u>
EXPENDITURES				
Treasurer's Fees	797	953	(156)	724
Debt Service				
Principal	80,000	60,000	20,000	70,000
Interest Expense	10,000	8,840	1,160	10,530
TOTAL EXPENDITURES	<u>90,797</u>	<u>69,793</u>	<u>21,004</u>	<u>81,254</u>
NET CHANGE IN FUND BALANCE	(11,046)	36,137	47,183	(8,816)
FUND BALANCE, Beginning	<u>33,793</u>	<u>16,545</u>	<u>(17,248)</u>	<u>25,361</u>
FUND BALANCE, Ending	<u>\$ 22,747</u>	<u>\$ 52,682</u>	<u>\$ 29,935</u>	<u>\$ 16,545</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended December 31, 2016

	BALANCE DECEMBER 31, 2015	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2016
ASSETS				
Cash and Investments	<u>\$ 16,545</u>	<u>\$ 105,930</u>	<u>\$ 69,793</u>	<u>\$ 52,682</u>
LIABILITIES				
Due Property Owners	<u>16,545</u>	<u>105,930</u>	<u>69,793</u>	<u>52,682</u>
TOTAL LIABILITIES	<u>\$ 16,545</u>	<u>\$ 105,930</u>	<u>\$ 69,793</u>	<u>\$ 52,682</u>

See the accompanying independent auditors' report.

## **STATE COMPLIANCE**

The public report burden for this information collection is estimated to average 380 hours annually.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Arapahoe
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of City of Cherry Hills Village	Prepared By: Phone:	Karen L. Proctor 303-783-2723

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	586,827
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	646,240
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	16,009
2. General fund appropriations	1,052,617	b. Snow and ice removal	44,749
3. Other local imposts (from page 2)	460,734	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	60,758
5. Transfers from toll facilities		4. General administration & miscellaneous	201,679
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	292,411
a. Bonds - Original Issues		6. Total (1 through 5)	1,787,915
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,513,351	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	274,564	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,787,915	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,787,915

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,787,915	1,787,915		(0)

**Notes and Comments:**

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2016

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	460,734	g. Other Misc. Receipts	
6. Total (1. through 5.)	460,734	h. Other	
c. Total (a. + b.)	460,734	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	249,435	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	25,128	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,128	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	274,564	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		3,619	3,619
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		583,209	583,209
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	583,209	583,209
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	586,827	586,827
			(Carry forward to page 1)

Notes and Comments: