

CITY OF CHERRY HILLS VILLAGE, COLORADO

FINANCIAL STATEMENTS

December 31, 2008

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

INDEPENDENT AUDITORS' REPORT

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, 2008, which collectively comprise the basic financial statements of the City of Cherry Hills Village, as listed in the table of contents. These financial statements are the responsibility of the City of Cherry Hills Village's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred 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, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the City of Cherry Hills Village's basic financial statements. The combining and individual fund financial statements and schedules and state compliance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

April 16, 2009

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, 2008. 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 2008 by \$20.6 million (net assets). Of this amount, \$12 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2008, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$12.6 million, an increase of \$951,017 in comparison with the prior year. Approximately 90%, \$11.3 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year 2008, fund balance for the general fund was \$11.3 million.
- General fund actual revenues exceeded budgeted revenue by \$515,085 for the fiscal year 2008 and actual expenditures were \$104,140 less than budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cherry Hills Village's basic financial statements. The basic financial statements comprise 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 assets 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 assets* presents information on all of the City of Cherry Hills Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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's net assets changed during fiscal year 2008. All changes in net assets 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, community development, Village Crier, public safety, public works and parks, recreation and open space.

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 that 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 (or differences) 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 assets. As noted earlier, net assets 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 \$20,676,543 at the close of the 2008 fiscal year.

A portion of the City of Cherry Hills Village's net assets (35% total) 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's net assets (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,074,356) 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 assets 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 Assets

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007
Current and other assets	\$17,857,661	\$16,336,566	\$976,996	\$1,135,250
Capital assets	\$15,531,168	\$15,260,394	\$372,597	\$399,347
Total assets	\$33,388,829	\$31,596,960	\$1,349,593	\$1,534,597
Long-term liabilities outstanding	\$8,774,147	\$9,373,482	\$0	\$0
Other liabilities	\$5,247,895	\$4,677,817	\$39,837	\$24,922
Total liabilities	\$14,022,042	\$14,051,299	\$39,837	\$24,922
Net assets:				
Invested in capital assets, net of related debt	\$6,904,359	\$6,110,902	\$372,597	\$399,347
Restricted	\$1,325,231	\$994,974	\$0	\$0
Unrestricted	\$11,137,197	\$10,439,785	\$937,159	\$1,110,328
Total net assets	\$19,366,787	\$17,545,661	\$1,309,756	\$1,509,675

Changes in Net Assets

Governmental activities

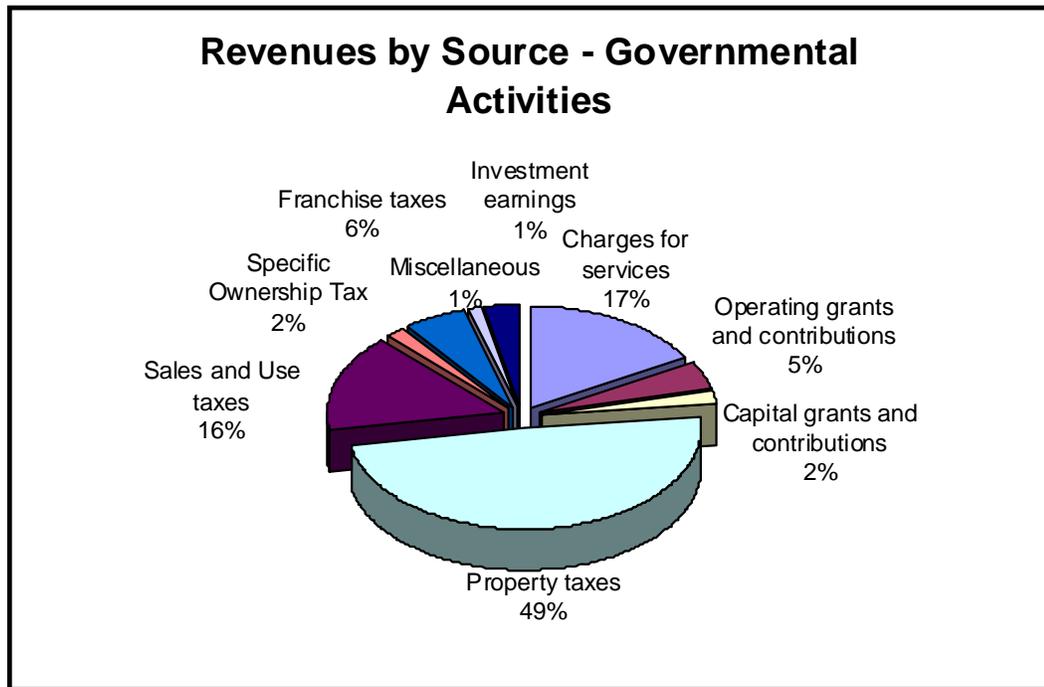
- Governmental-type activities increased the City's total net assets by \$1,821,126 from 2007.
- The increase in total net assets was due to an increase in cash and investments from operations.

Business Type Activities

- Business-type activities decreased the City's total net assets by \$199,919 from 2007.
- The decrease is due to the expenditure of funds for repair and maintenance of the sewer lines.

City of Cherry Hills Village Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Business- type Activities 2008	Business- type Activities 2007
Revenues				
Program Revenues				
Charges for services	\$1,569,483	\$1,380,401	\$32,424	\$30,135
Operating grants and contributions	\$415,795	\$352,611	\$0	\$0
Capital grants and contributions	\$196,124	\$188,312	\$18,000	\$9,075
General Revenues				
Property taxes	\$4,589,401	\$3,818,958	\$0	\$0
Sales and Use taxes	\$1,469,721	\$1,596,912	\$0	\$0
Specific Ownership taxes	\$191,555	\$179,750	\$0	\$0
Franchise taxes	\$543,737	\$472,280	\$0	\$0
Miscellaneous	\$91,468	\$77,940	\$0	\$0
Investment earnings	\$316,863	\$554,518	\$18,484	\$35,283
Total revenues	\$9,384,147	\$8,621,682	\$68,908	\$74,493
Expenses				
General Government	\$1,524,467	\$1,209,491	\$0	\$0
Judicial	\$78,086	\$86,461	\$0	\$0
Data Processing	\$0	\$67,874	\$0	\$0
Public Safety	\$2,320,425	\$1,922,720	\$0	\$0
Public Works	\$1,809,862	\$1,330,782	\$0	\$0
Community Development	\$368,455	\$454,794	\$0	\$0
Parks, Recreation, and Open Space	\$1,445,784	\$1,165,653	\$0	\$0
Village Crier	\$15,942	\$13,861	\$0	\$0
Other			\$268,827	\$28,724
Total expenses	\$7,563,021	\$6,251,636	\$268,827	\$28,724
Increases in net assets	\$1,821,126	\$2,370,046	-\$199,919	\$45,769
Net assets, beginning	\$17,545,661	\$15,175,615	\$1,509,675	\$1,463,906
Net assets, ending	\$19,366,787	\$17,545,661	\$1,309,756	\$1,509,675



Financial Analysis of the City's Funds

The City of Cherry Hills Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Cherry Hills Village's 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's financing requirements. In particular, unreserved 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 2008, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$12.6 million, an increase of \$951,017 in comparison with the prior year. Approximately 90% of this total amount (\$11.3 million) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for parks (\$1,051,231) and 2) for emergencies (\$274,000).

The general fund is the chief operating fund of the City of Cherry Hills Village. At the end of fiscal year 2008, unreserved fund balance of the general fund was \$11.1 million, while total fund balance reached \$11.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 178% of total general fund expenditures, while total fund balance represents 182% of that same amount.

The Parks and Recreation Fund began receiving revenues in 2006. This fund had a positive balance of \$475,480 at the end of 2008 due to the fact that a principle and interest payment was not made for 2008 on the assets granted to the City when we excluded from South Suburban and there was an increase in property tax revenues. This fund will continue to receive revenues as ordered by the exclusion.

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

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 Village 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 Village 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 Village 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 1st, 2008. The stay will remain in effect only as long as appellate proceedings continue in the Colorado Court of Appeals. The City anticipates a ruling by the Colorado Court of Appeals during the early summer months of 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. Sewer administration fees of \$12 per year and sewer repairs and maintenance fees of \$150 per year are charged to residents under the Englewood total service agreement. Expenses exceed revenues in this fund due to some repair and maintenance work by \$199,919 in 2008.

General Fund Budgetary Highlights

The original general fund budget was amended by adding an additional \$170,000 to the capital expenditures budget.

The general fund expenditures were \$104,140 under budget and revenues were \$515,085 over budget. There was \$203,867 in the budget for a sanitary sewer repair project, the Fairfax waterline extension and the Woodie Hollow Picnic Shelter. These projects were not completed and were rebudgeted for 2009.

The General Fund balance was increased by \$620,575 dollars in 2008.

Capital Asset and Debt Administration

Capital assets. The City of Cherry Hills Village's investment in capital assets as of December 31, 2008 amounts to \$15.9 million. This investment in capital assets includes land, construction in process, building improvements, equipment, and sewer lines.

Major capital asset events during the 2008 fiscal year included the following:

- Police equipment purchases in the amount of \$157,705
- Police vehicles/motorcycle purchases in the amount of \$51,718
- Public Works equipment and vehicle purchases in the amount of \$50,815
- Parks and Recreation equipment in the amount of \$39,485

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

	2008	2007
Land	\$13,888,438	\$13,683,801
CIP	\$403,682	\$403,682
Buildings and Improvements	\$337,609	\$352,220
Equipment	\$901,439	\$820,691
Sewer Lines	\$372,597	\$399,347
Total Capital Assets	\$15,903,765	\$15,659,741

Long-term debt. At the end of the 2008 fiscal year, the City of Cherry Hills Village had total long-term debt outstanding of \$8,774,147. This total debt represents the South Suburban obligation and accrued compensated absences. As a result of the Court of Appeals judgment in the South Suburban Exclusion Litigation, the City did not make payment to the District for 2008. The Court of Appeals Opinion stated:

“The order is vacated, and the case is remanded for further proceedings. On remand, the trial court shall delete its finding that the ‘fair and equitable’ criteria alone required Cherry Hills to reimburse the District for FMV of the facilities and may revise its other findings and conclusions consistently with this opinion. The court shall not take further evidence, but may in its discretion allow additional briefing. Without knowing the extent of such amended findings, we cannot now determine whether the record otherwise supports an award of FMV.”

Based on the Court of Appeals Opinion, the City did not pay South Suburban any amounts for 2008 “fair market value,” as doing so would be inconsistent with the Court of Appeals Opinion.

Economic Factors And Next Year’s Budgets And Rates

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

In preparing the 2009 budget, the City of Cherry Hills Village had to take several factors into consideration. The 2009 budget was adopted on the assumption that General Fund revenues would remain somewhat constant compared to 2008.

During the 2008 fiscal year, fund balance in the General Fund increased to \$11.3 million (from \$10.7 million). The General Fund balance is projected to remain the same by the end of 2009.

The adopted 2009 fiscal year budget is \$9.1 million, an increase of \$100,000 from 2008.

Requests For Information

This financial report is designed to provide a general overview of the City of Cherry Hills Village’s finances for those with an interest in the City’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
City of Cherry Hills Village
2450 E. Quincy Ave.
Cherry Hills Village, Colorado 80113

BASIC FINANCIAL STATEMENTS

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET ASSETS

December 31, 2008

	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES	2008	2007
ASSETS				
Cash and Investments	\$ 12,947,770	\$ 952,378	\$ 13,900,148	\$ 12,721,573
Taxes Receivable	4,789,211	-	4,789,211	4,668,374
Other Receivables	120,680	24,618	145,298	79,957
Prepaid Expenses	-	-	-	1,912
Capital Assets, Not Being Depreciated	14,292,120	-	14,292,120	14,087,483
Capital Assets, Net of Accumulated Depreciation	<u>1,239,048</u>	<u>372,597</u>	<u>1,611,645</u>	<u>1,572,258</u>
TOTAL ASSETS	<u>33,388,829</u>	<u>1,349,593</u>	<u>34,738,422</u>	<u>33,131,557</u>
LIABILITIES				
Accounts Payable	299,657	9,770	309,427	142,621
Accrued Liabilities	65,472	-	65,472	-
Deferred Revenues	4,851,963	-	4,851,963	4,457,912
Escrow Accounts	30,803	30,067	60,870	102,206
Noncurrent Liabilities				
Due Within One Year	1,371,542	-	1,371,542	1,070,528
Due In More Than One Year	<u>7,402,605</u>	<u>-</u>	<u>7,402,605</u>	<u>8,302,954</u>
TOTAL LIABILITIES	<u>14,022,042</u>	<u>39,837</u>	<u>14,061,879</u>	<u>14,076,221</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	6,904,359	372,597	7,276,956	6,510,249
Restricted for Parks and Open Space	1,051,231	-	1,051,231	741,974
Restricted for Emergencies	274,000	-	274,000	253,000
Unrestricted	<u>11,137,197</u>	<u>937,159</u>	<u>12,074,356</u>	<u>11,550,113</u>
TOTAL NET ASSETS	<u>\$ 19,366,787</u>	<u>\$ 1,309,756</u>	<u>\$ 20,676,543</u>	<u>\$ 19,055,336</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,524,467	\$ 6,666	\$ -	\$ -
Judicial	78,086	-	-	-
Community Development	368,455	1,013,261	-	-
Village Crier	15,942	-	-	-
Public Safety	2,320,425	522,076	-	-
Public Works	1,809,862	27,480	344,995	-
Parks, Recreation, and Open Space	1,445,784	-	70,800	196,124
Total Governmental Activities	7,563,021	1,569,483	415,795	196,124
Business-Type Activities				
Water and Sewer Utility	268,827	32,424	-	18,000
Total Business-Type Activities	268,827	32,424	-	18,000
TOTAL PRIMARY GOVERNMENT	\$ 7,831,848	\$ 1,601,907	\$ 415,795	\$ 214,124

GENERAL REVENUES

Property Taxes
Specific Ownership Taxes
Sales and Use Taxes
Franchise Taxes
Investment Income
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
		2008	2007
\$ (1,517,801)	\$ -	\$ (1,517,801)	\$ (1,236,124)
(78,086)	-	(78,086)	(86,461)
644,806	-	644,806	487,166
(15,942)	-	(15,942)	(13,861)
(1,798,349)	-	(1,798,349)	(1,531,260)
(1,437,387)	-	(1,437,387)	(972,431)
(1,178,860)	-	(1,178,860)	(977,341)
<u>(5,381,619)</u>	<u>-</u>	<u>(5,381,619)</u>	<u>(4,330,312)</u>
<u>-</u>	<u>(218,403)</u>	<u>(218,403)</u>	<u>10,486</u>
<u>-</u>	<u>(218,403)</u>	<u>(218,403)</u>	<u>10,486</u>
<u>(5,381,619)</u>	<u>(218,403)</u>	<u>(5,600,022)</u>	<u>(4,319,826)</u>
4,589,401	-	4,589,401	3,818,958
191,555	-	191,555	179,750
1,469,721	-	1,469,721	1,596,912
543,737	-	543,737	472,280
316,863	18,484	335,347	589,801
91,468	-	91,468	77,940
<u>7,202,745</u>	<u>18,484</u>	<u>7,221,229</u>	<u>6,735,641</u>
1,821,126	(199,919)	1,621,207	2,415,815
<u>17,545,661</u>	<u>1,509,675</u>	<u>19,055,336</u>	<u>16,639,521</u>
<u>\$ 19,366,787</u>	<u>\$ 1,309,756</u>	<u>\$ 20,676,543</u>	<u>\$ 19,055,336</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	GENERAL	PARKS AND RECREATION	OTHER GOVERNMENTAL FUNDS	TOTAL	
				2008	2007
ASSETS					
Cash and Investments	\$ 9,813,772	\$ 2,348,371	\$ 785,627	\$ 12,947,770	\$ 11,591,686
Taxes Receivable	2,690,485	2,098,726	-	4,789,211	4,668,374
Other Receivables	110,127	8,139	2,414	120,680	74,594
Prepaid Items	-	-	-	-	1,912
Interfund Receivables	1,542,491	-	-	1,542,491	1,542,491
TOTAL ASSETS	\$ 14,156,875	\$ 4,455,236	\$ 788,041	\$ 19,400,152	\$ 17,879,057
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 175,697	\$ 96,070	\$ 27,890	\$ 299,657	\$ 142,621
Accrued Liabilities	65,472	-	-	65,472	-
Deferred Revenues	2,510,768	2,341,195	-	4,851,963	4,457,912
Escrow Accounts	30,803	-	-	30,803	77,284
Interfund Payables	-	1,542,491	-	1,542,491	1,542,491
TOTAL LIABILITIES	2,782,740	3,979,756	27,890	6,790,386	6,220,308
FUND BALANCES					
Reserved for Prepaid Items	-	-	-	-	1,912
Reserved for Parks and Open Space	-	475,480	575,751	1,051,231	741,974
Reserved for Emergencies	274,000	-	-	274,000	253,000
Unreserved, Reported in General Fund	11,100,135	-	-	11,100,135	10,498,923
Capital Projects Fund	-	-	184,400	184,400	162,940
TOTAL FUND BALANCES	11,374,135	475,480	760,151	12,609,766	11,658,749
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,156,875	\$ 4,455,236	\$ 788,041	\$ 19,400,152	\$ 17,879,057

Amounts Reported for Governmental Activities in the Statement of Net Assets are Difference Because:

Total Fund Balances of Governmental Funds	\$ 12,609,766	\$ 11,658,749
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,531,168	15,260,394
Long-term liabilities, including long-term debt (\$8,626,809) and accrued compensated absences (\$147,338), are not due and payable in the current year and therefore are not reported in the funds.	<u>(8,774,147)</u>	<u>(9,373,482)</u>
Total Net Assets of Governmental Activities	<u>\$ 19,366,787</u>	<u>\$ 17,545,661</u>

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, 2008

	<u>GENERAL</u>	<u>PARKS AND RECREATION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>	
				2008	2007
REVENUES					
Taxes	\$ 4,692,344	\$ 2,102,070	\$ -	\$ 6,794,414	\$ 6,067,900
Licenses and Permits	1,080,047	-	-	1,080,047	988,941
Intergovernmental	372,976	70,800	196,124	639,900	545,234
Charges for Services	489,436	-	-	489,436	391,460
Investment Income	176,785	111,551	28,527	316,863	554,518
Miscellaneous	53,096	-	10,391	63,487	73,629
TOTAL REVENUES	<u>6,864,684</u>	<u>2,284,421</u>	<u>235,042</u>	<u>9,384,147</u>	<u>8,621,682</u>
EXPENDITURES					
Current					
General Government	1,315,430	-	619	1,316,049	1,233,845
Judicial	78,086	-	-	78,086	86,461
Community Development	367,320	-	-	367,320	449,926
Village Crier	15,942	-	-	15,942	13,861
Public Safety	2,255,094	-	-	2,255,094	1,858,291
Public Works	755,375	-	-	755,375	645,738
Parks, Recreation, and Open Space	-	756,915	319,463	1,076,378	790,538
Capital Outlay	1,456,862	117,889	-	1,574,751	1,143,298
Debt Service					
Principal	-	522,683	-	522,683	-
Interest	-	471,452	-	471,452	-
TOTAL EXPENDITURES	<u>6,244,109</u>	<u>1,868,939</u>	<u>320,082</u>	<u>8,433,130</u>	<u>6,221,958</u>
NET CHANGE IN FUND BALANCES	620,575	415,482	(85,040)	951,017	2,399,724
FUND BALANCES, Beginning	<u>10,753,560</u>	<u>59,998</u>	<u>845,191</u>	<u>11,658,749</u>	<u>9,259,025</u>
FUND BALANCES, Ending	<u>\$ 11,374,135</u>	<u>\$ 475,480</u>	<u>\$ 760,151</u>	<u>\$ 12,609,766</u>	<u>\$ 11,658,749</u>

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

Net Change in Fund Balances of Governmental Funds	\$ 951,017	\$ 2,399,724
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount that capital outlay \$504,360 exceeded depreciation expense (\$216,565) and asset disposals (\$17,021) in the current year.	270,774	(61)
Payments of debt principal and compensated absences are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.	<u>599,335</u>	<u>(29,617)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,821,126</u>	<u>\$ 2,370,046</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET ASSETS
PROPRIETARY FUND
 December 31, 2008

	<u>WATER AND SEWER</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 952,378	\$ 1,129,887
Accounts Receivable	<u>24,618</u>	<u>5,363</u>
TOTAL CURRENT ASSETS	976,996	1,135,250
CAPITAL ASSETS		
Capital Assets, Net of Accumulated Depreciation	<u>372,597</u>	<u>399,347</u>
TOTAL ASSETS	<u>1,349,593</u>	<u>1,534,597</u>
CURRENT LIABILITIES		
Accounts Payable	9,770	-
Escrow Accounts	<u>30,067</u>	<u>24,922</u>
TOTAL LIABILITIES	<u>39,837</u>	<u>24,922</u>
NET ASSETS		
Invested in Capital Assets	372,597	399,347
Unrestricted	<u>937,159</u>	<u>1,110,328</u>
TOTAL NET ASSETS	<u>\$ 1,309,756</u>	<u>\$ 1,509,675</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 FUND NET ASSETS
PROPRIETARY FUND

Year Ended December 31, 2008

	<u>WATER AND SEWER</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for Services	\$ 32,424	\$ 30,135
TOTAL OPERATING REVENUES	<u>32,424</u>	<u>30,135</u>
OPERATING EXPENSES		
Operations	241,613	1,974
Administrative	464	-
Depreciation	<u>26,750</u>	<u>26,750</u>
TOTAL OPERATING EXPENSES	<u>268,827</u>	<u>28,724</u>
OPERATING INCOME (LOSS)	(236,403)	1,411
NONOPERATING REVENUES		
Investment Income	<u>18,484</u>	<u>35,283</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(217,919)	36,694
CAPITAL CONTRIBUTIONS		
Tap Fees	<u>18,000</u>	<u>9,075</u>
CHANGE IN NET ASSETS	(199,919)	45,769
NET ASSETS, Beginning	<u>1,509,675</u>	<u>1,463,906</u>
NET ASSETS, Ending	<u>\$ 1,309,756</u>	<u>\$ 1,509,675</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2008

	<u>WATER AND SEWER</u>	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 13,169	\$ 26,181
Cash Payments to Suppliers	<u>(227,162)</u>	<u>(6,192)</u>
Net Cash Provided (Used) by Operating Activities	(213,993)	19,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap Fees Received	18,000	9,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>18,484</u>	<u>35,283</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(177,509)	64,347
CASH AND CASH EQUIVALENTS, Beginning	<u>1,129,887</u>	<u>1,065,540</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 952,378</u>	<u>\$ 1,129,887</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (236,403)	\$ 1,411
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	26,750	26,750
Changes in Assets and Liabilities		
Accounts Receivable	(19,255)	(3,954)
Accounts Payable	9,770	-
Escrow Accounts	<u>5,145</u>	<u>(4,218)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (213,993)</u>	<u>\$ 19,989</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2008

	SPECIAL IMPROVEMENT DISTRICT NO.7	
	2008	2007
ASSETS		
Cash and Investments	\$ 172,687	\$ 113,135
Assessment Receivable	-	62,373
TOTAL ASSETS	\$ 172,687	\$ 175,508
LIABILITIES		
Due to Property Owners	\$ 172,687	\$ 175,508
TOTAL LIABILITIES	\$ 172,687	\$ 175,508

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cherry Hills Village (the “City”) is a continuation of the Town of Cherry Hills Village after adoption of its Home Rule Charter on November 8, 1966. The City is governed by a Mayor and six-member council elected by the residents. The City provides the following services: public safety, public works, public improvements, parks and recreation, planning and zoning, municipal court, water and sewer, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

In accordance with governmental accounting standards, the City has considered the possibility of inclusion of additional entities in its 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 organizations that are fiscally dependent upon it.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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 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 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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the City's government-wide financial statements. Major individual 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. The agency fund utilizes the accrual basis of accounting. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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 except those required to be accounted for in another fund.

The *Parks and Recreation Fund* accounts for the City's parks and recreation activities, which are financed with a dedicated property tax.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

The *Agency Fund* accounts for assets held by the City in a trustee capacity for residents and bondholders of the Special Improvement District No. 7.

Assets, Liabilities and Net Assets/Fund Balances

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents. Investments are reported at fair value.

Accounts Receivable - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets/Fund Balances (Continued)

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivable and payables*.

Residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include buildings, equipment, water and sewer systems, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Infrastructure assets, which include streets, bridges, sidewalks, drainage systems and trails, purchased or constructed prior to January 1, 2004, have not been reported in the financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$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 the asset life are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives.

Sewer Lines	25 - 50 years
Buildings and Improvements	50 years
Equipment	10 - 25 years
Vehicles	5 - 10 years

Deferred Revenues - Deferred revenues include property taxes earned but levied for a subsequent year. Grant proceeds received before qualifying expenditures are incurred are also deferred in the financial statements.

Long-Term Debt - In the government-wide financial statements, and the proprietary fund 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 statement of net assets.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets/Fund Balances (Continued)

Compensated Absences - Employees of the City are allowed to accumulate unused vacation and sick time. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time and, if the employee has completed between 10 and 15 years of continuous service, will be compensated for 25% of accrued sick time at their final hourly rate or, if the employee has completed over 15 years of continuous service, will be compensated for 50% of accrued sick time at their final hourly rate.

Effective January 1, 2009, the City implemented a paid time off program ("PTO"). Full-time employees accrue PTO depending on years of continuous service. Upon separation, any remaining unused PTO is paid to the employee at their base pay rate.

These compensated absences are recognized when due in the governmental funds and when earned in the proprietary fund. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Net Assets/Fund Balances - In the government-wide financial statements and the proprietary fund in the fund financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following 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 reported at December 31.

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. Certain prior year amounts have been reclassified to conform to the current year presentation.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2008, follows:

Petty Cash	\$ 350
Cash Deposits	189,702
Investments	<u>13,882,783</u>
Total	<u>\$ 14,072,835</u>

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

Governmental Activities	\$ 12,947,770
Business-Type Activities	952,378
Agency Fund	<u>172,687</u>
Total	<u>\$ 14,072,835</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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.

Investments

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial, and concentration risk criteria in which local governments may invest, including the following. State statutes generally limit investments to a maturity of five years.

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools - At December 31, 2008, the City had \$12,545,010 and \$1,337,773, respectively, invested in the Colorado Local Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (the "Trusts"). The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00. Both Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: INTERFUND BALANCES

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Parks and Recreation Fund	<u>\$ 1,542,491</u>

The General Fund originally covered a negative cash balance in the Parks and Recreation Fund. Once a final decision is reached on the South Suburban Parks and Recreation District Obligation, this interfund balance will be repaid.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, is summarized below. Certain prior year amounts have been reclassified to conform to the current year presentation.

	<u>Balances</u> 12/31/07	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/08
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Improvements	\$ 13,683,801	\$ 204,637	\$ -	\$ 13,888,438
Construction in Progress	<u>403,682</u>	<u>-</u>	<u>-</u>	<u>403,682</u>
Total Capital Assets, Not Being Depreciated	<u>14,087,483</u>	<u>204,637</u>	<u>-</u>	<u>14,292,120</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	731,480	-	-	731,480
Equipment	<u>1,872,234</u>	<u>299,723</u>	<u>114,488</u>	<u>2,057,469</u>
Total Capital Assets, Being Depreciated	<u>2,603,714</u>	<u>299,723</u>	<u>114,488</u>	<u>2,788,949</u>
Less Accumulated Depreciation				
Buildings and Improvements	(379,260)	(14,611)	-	(393,871)
Equipment	<u>(1,051,543)</u>	<u>(201,954)</u>	<u>(97,467)</u>	<u>(1,156,030)</u>
Total Accumulated Depreciation	<u>(1,430,803)</u>	<u>(216,565)</u>	<u>(97,467)</u>	<u>(1,549,901)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,172,911</u>	<u>83,158</u>	<u>17,021</u>	<u>1,239,048</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,260,394</u>	<u>\$ 287,795</u>	<u>\$ 17,021</u>	<u>\$ 15,531,168</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/07	Additions	Deletions	Balances 12/31/08
Business-Type Activities				
Capital Assets, Being Depreciated				
Sewer Lines	\$ 708,364	\$ -	\$ -	\$ 708,364
Total Capital Assets, Being Depreciated	<u>708,364</u>	<u>-</u>	<u>-</u>	<u>708,364</u>
Less Accumulated Depreciation				
Sewer Lines	(309,017)	(26,750)	-	(335,767)
Total Accumulated Depreciation	<u>(309,017)</u>	<u>(26,750)</u>	<u>-</u>	<u>(335,767)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 399,347</u>	<u>\$ (26,750)</u>	<u>\$ -</u>	<u>\$ 372,597</u>

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

Governmental Activities		
General Government		\$ 16,966
Public Safety		75,882
Public Works		38,228
Parks, Recreation, and Open Space		<u>85,489</u>
Total		<u>\$ 216,565</u>
Business-Type Activities		
Water and Sewer		<u>\$ 26,750</u>

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2008:

	Balance 12/31/07	Additions	Payments	Balance 12/31/08	Due Within One Year
Governmental Activities					
South Suburban Obligation	\$ 9,149,492	\$ -	\$ 522,683	\$ 8,626,809	\$ 1,371,542
Accrued Compensated Absences	<u>223,990</u>	<u>138,637</u>	<u>215,289</u>	<u>147,338</u>	<u>-</u>
Total	<u>\$ 9,373,482</u>	<u>\$ 138,637</u>	<u>\$ 737,972</u>	<u>\$ 8,774,147</u>	<u>\$ 1,371,542</u>

South Suburban Parks and Recreation District 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, water rights and other considerations, primarily parks and trails.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 5: LONG-TERM DEBT (Continued)

South Suburban Parks and Recreation District Obligation (Continued)

The City has agreed to make annual installments, including interest accruing at the two-year Treasury bill rate, currently 3.346%, for fifteen years. Principal and interest payments are due annually beginning December 1, 2006, through 2018.

The City is in the appeals process regarding the court order and payments on the debt obligation are not required. However, the City paid \$994,135, including principal and interest, during the year ended December 31, 2008. The outcome of this process is currently unknown.

The obligation payments are estimated to be as follows, based on the current interest rate:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,371,542	\$ 554,738	\$ 1,926,280
2010	720,379	242,761	963,140
2011	744,483	218,657	963,140
2012	769,393	193,747	963,140
2013	795,137	168,003	963,140
2014-2018	<u>4,225,875</u>	<u>422,679</u>	<u>4,648,554</u>
Total	<u>\$ 8,626,809</u>	<u>\$ 1,800,585</u>	<u>\$ 10,427,394</u>

Accrued Compensated Absences

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

2000 Special Assessment Bonds

\$595,000 Special Assessment Bonds, Taxable Series 2000A, and \$930,000 Special Assessment Bonds, Tax-Exempt Series 2000B, were issued to finance improvements within Special Improvement District No. 7. The bonds accrue interest at rates ranging from 5.80% to 8.75% per annum. Payments are due semi-annually on June 15 and December 15. Principal payments on the Series 2000A bonds are due annually on December 15, through 2011. Principal payments on the Series 2000B are due annually on December 15, through 2020.

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. Therefore, the debt activity is recorded in the Special Improvement District No. 7 Agency Fund and the outstanding debt is not reported in the City's financial statements. Outstanding bonds at December 31, 2008, totaled \$1,013,000.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 6: RISK MANAGEMENT

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

NOTE 7: RETIREMENT COMMITMENTS

Police Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of police officers. All police officers 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 8% of each participating employee's compensation and each employee must contribute a matching amount. Employees vest in 20% of the City contributions after three years of employment, and an additional 20% each year thereafter. Employees fully vest after seven years of participation in the Plan.

During the year ended December 31, 2008, the City contributed \$132,954 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation (ICMARC).

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Non-Sworn Managers Pension Plan

The City contributes to a single-employer defined contribution money purchase pension 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% of each participating employee's compensation, and each employee must contribute 11% of their compensation. Employees fully vest in the Plan immediately.

During the year ended December 31, 2008, the City contributed \$24,048 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation (ICMARC).

Deferred 457 Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by ICMARC. Participation in the Plan is optional for employees. The Plan allows employees to defer a portion of their salary until future years. The City matches the contributions 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, 2008, were \$178,579.

NOTE 8: CONSOLIDATION OF WATER AND SANITATION DISTRICTS

The City has taken action to dissolve certain water and sanitation districts and other entities which have provided service to areas within the City's limits. The City will provide water and sanitation services to these and future areas through service contracts with the Board of Water Commissioners to the City and County of Denver (Denver) and the City of Englewood (Englewood).

Denver

The City has entered into a "total service" contract with Denver to provide water service within the City's service area, even though only part of the City is being served at this time. Although the City retains legal title to the water distribution facilities, Denver is responsible for all operations and maintenance, including all replacements, of the facilities and bills users directly.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 8: CONSOLIDATION OF WATER AND SANITATION DISTRICTS (Continued)

Englewood

The City has sewer service and maintenance contracts with Englewood to provide sanitation services to certain areas within the City. Under the terms of the contracts, Englewood treats City sewage and provides routine maintenance services. Englewood bills City residents for these routine services and retains all billing collections. Non-routine or major repairs are billed directly to the City. The City retains title to all sewer lines which have been contributed to it and is responsible for major maintenance and future costs of those lines.

The City has entered into a “total service” contract with Englewood to provide water within two small areas of the City. Englewood is responsible for all operations and maintenance, including all replacements, of the distribution facilities within the service areas and bills users directly.

NOTE 9: CONTINGENCIES

Conduit Debt Obligation

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

Neither the City, State nor any political subdivision there of is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Outstanding bonds at December 31, 2008, totaled \$2,849,808.

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 the State and local governments. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the City.

Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. In November, 1999, voters within the City authorized the City to collect, retain and expend all City revenues received in 1998 and each year thereafter for expenditure on lawful municipal purposes. The City’s management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 9: **CONTINGENCIES** (Continued)

Tabor Amendment (Continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2008, the emergency reserve of \$274,000 was reported as a reservation of fund balance in the General Fund.

Litigation

The City is involved in various litigation. The outcome of this litigation cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended December 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Property Taxes	\$ 2,471,396	\$ 2,471,396	\$ 2,487,331	\$ 15,935
Specific Ownership Taxes	180,000	180,000	191,555	11,555
Sales and Use Taxes	1,320,000	1,320,000	1,469,721	149,721
Franchise Taxes	388,000	388,000	543,737	155,737
Total Taxes	4,359,396	4,359,396	4,692,344	332,948
Licenses and Permits				
Building Permits	600,000	600,000	687,350	87,350
Other Permits and Licenses	278,575	278,575	392,697	114,122
Total Licenses and Permits	878,575	878,575	1,080,047	201,472
Intergovernmental				
Auto Registrations	20,000	20,000	23,392	3,392
Highway Users Taxes	196,770	196,770	213,702	16,932
Road and Bridge Fees	148,108	148,108	131,293	(16,815)
Cigarette Taxes	3,000	3,000	4,589	1,589
Total Intergovernmental	367,878	367,878	372,976	5,098
Charges for Services				
Municipal Court Fines	300,000	300,000	287,696	(12,304)
Other Charges for Services	102,000	102,000	201,740	99,740
Total Charges for Services	402,000	402,000	489,436	87,436
Investment Income	300,000	300,000	176,785	(123,215)
Other	41,750	41,750	53,096	11,346
TOTAL REVENUES	\$ 6,349,599	\$ 6,349,599	\$ 6,864,684	\$ 515,085

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended December 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES				
Current				
General Government	\$ 1,398,035	\$ 1,398,035	\$ 1,315,430	\$ 82,605
Judicial	85,733	85,733	78,086	7,647
Community Development	297,905	297,905	367,320	(69,415)
Village Crier	14,400	14,400	15,942	(1,542)
Public Safety	2,166,795	2,166,795	2,255,094	(88,299)
Public Works	764,850	764,850	755,375	9,475
Capital Outlay	1,440,531	1,610,531	1,456,862	153,669
Contingencies	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>6,178,249</u>	<u>6,348,249</u>	<u>6,244,109</u>	<u>104,140</u>
NET CHANGE IN FUND BALANCE	171,350	1,350	620,575	619,225
FUND BALANCE, Beginning	<u>10,753,558</u>	<u>10,753,558</u>	<u>10,753,560</u>	<u>2</u>
FUND BALANCE, Ending	<u>\$ 10,924,908</u>	<u>\$ 10,754,908</u>	<u>\$ 11,374,135</u>	<u>\$ 619,227</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
 Year Ended December 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 1,976,024	\$ 1,976,024	\$ 1,951,562	\$ (24,462)
Specific Ownership Taxes	145,000	145,000	150,508	5,508
Intergovernmental	-	-	70,800	70,800
Investment Income	125,000	125,000	111,551	(13,449)
TOTAL REVENUES	2,246,024	2,246,024	2,284,421	38,397
EXPENDITURES				
Current				
Personal Services	335,500	335,500	283,495	52,005
Supplies and Materials	42,200	42,200	25,813	16,387
Utilities	12,000	12,000	17,163	(5,163)
Contractual Services	109,815	109,815	19,516	90,299
Maintenance	43,500	43,500	103,262	(59,762)
Recreational Reimbursement Program	175,000	175,000	212,665	(37,665)
Equipment	8,500	8,500	2,865	5,635
Other	69,300	69,300	92,136	(22,836)
Capital Outlay	81,700	81,700	117,889	(36,189)
Debt Service				
Principal	565,949	565,949	522,683	43,266
Interest	366,639	471,452	471,452	-
TOTAL EXPENDITURES	1,810,103	1,914,916	1,868,939	45,977
NET CHANGE IN FUND BALANCE	435,921	331,108	415,482	84,374
FUND BALANCE, Beginning	(924,615)	59,998	59,998	-
FUND BALANCE, Ending	\$ (488,694)	\$ 391,106	\$ 475,480	\$ 84,374

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2008

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

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

- In September, City administration 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 an ordinance.
- 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.
- Budgets are legally adopted for all funds of the City. Budgets for the governmental and agency funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise fund are presented on a non-GAAP budgetary basis. Tap fees are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CHERRY HILLS VILLAGE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

	<u>CONSERVATION TRUST</u>	<u>ARAPAHOE COUNTY OPEN SPACE</u>	<u>LAND DONATION</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 369,669	\$ 233,972	\$ 181,986	\$ 785,627
Other Receivables	-	-	2,414	2,414
TOTAL ASSETS	<u>\$ 369,669</u>	<u>\$ 233,972</u>	<u>\$ 184,400</u>	<u>\$ 788,041</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 496	\$ 27,394	-	\$ 27,890
FUND BALANCES				
Reserved for Parks and Open Space	369,173	206,578	-	575,751
Unreserved, Reported in Capital Projects Fund	-	-	184,400	184,400
TOTAL FUND BALANCES	<u>369,173</u>	<u>206,578</u>	<u>184,400</u>	<u>760,151</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 369,669</u>	<u>\$ 233,972</u>	<u>\$ 184,400</u>	<u>\$ 788,041</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2008

	<u>CONSERVATION TRUST</u>	<u>ARAPAHOE COUNTY OPEN SPACE</u>	<u>LAND DONATION</u>	<u>TOTAL</u>
REVENUES				
Intergovernmental	\$ 62,339	\$ 133,785	\$ -	\$ 196,124
Investment Income	4,218	8,912	15,397	28,527
Miscellaneous	-	3,709	6,682	10,391
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	66,557	146,406	22,079	235,042
EXPENDITURES				
Current				
General Government	-	-	619	619
Parks, Recreation, and Open Space	55,652	263,811	-	319,463
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	55,652	263,811	619	320,082
NET CHANGE IN FUND BALANCES	10,905	(117,405)	21,460	(85,040)
FUND BALANCES, Beginning	<hr/> 358,268	<hr/> 323,983	<hr/> 162,940	<hr/> 845,191
FUND BALANCES, Ending	<u>\$ 369,173</u>	<u>\$ 206,578</u>	<u>\$ 184,400</u>	<u>\$ 760,151</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
 Year Ended December 31, 2008

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Lottery	\$ 60,000	\$ 62,339	\$ 2,339
Investment Income	7,500	4,218	(3,282)
TOTAL REVENUES	<u>67,500</u>	<u>66,557</u>	<u>(943)</u>
EXPENDITURES			
Trail Improvements	<u>191,000</u>	<u>55,652</u>	<u>135,348</u>
NET CHANGE IN FUND BALANCE	(123,500)	10,905	134,405
FUND BALANCE, Beginning	<u>312,612</u>	<u>358,268</u>	<u>45,656</u>
FUND BALANCE, Ending	\$ <u>189,112</u>	\$ <u>369,173</u>	\$ <u>180,061</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
ARAPAHOE COUNTY OPEN SPACE FUND
 Year Ended December 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Open Space Shareback	\$ 125,000	\$ 125,000	\$ 133,785	\$ 8,785
Investment Income	7,000	7,000	8,912	1,912
Miscellaneous	2,000	2,000	3,709	1,709
TOTAL REVENUES	134,000	134,000	146,406	12,406
EXPENDITURES				
Park and Trail Improvements	181,500	386,136	263,811	122,325
TOTAL EXPENDITURES	181,500	386,136	263,811	122,325
NET CHANGE IN FUND BALANCE	(47,500)	(252,136)	(117,405)	134,731
FUND BALANCE, Beginning	243,781	323,983	323,983	-
FUND BALANCE, Ending	\$ <u>196,281</u>	\$ <u>71,847</u>	\$ <u>206,578</u>	\$ <u>134,731</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
LAND DONATION FUND
 Year Ended December 31, 2008

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	\$ 25,000	\$ 15,397	\$ (9,603)
Miscellaneous	-	6,682	6,682
	<u>25,000</u>	<u>22,079</u>	<u>(2,921)</u>
TOTAL REVENUES			
EXPENDITURES			
Water Rights Purchases	620	619	1
	<u>620</u>	<u>619</u>	<u>1</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCE	24,380	21,460	(2,920)
FUND BALANCE, Beginning	<u>121,987</u>	<u>162,940</u>	<u>40,953</u>
FUND BALANCE, Ending	<u>\$ 146,367</u>	<u>\$ 184,400</u>	<u>\$ 38,033</u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER FUND
 Year Ended December 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Administration Fees	\$ 1,812	\$ 1,812	\$ 2,124	\$ 312
Repair and Replacement Fees	22,650	22,650	30,300	7,650
Tap Fees	10,000	10,000	18,000	8,000
Investment Income	25,000	25,000	18,484	(6,516)
TOTAL REVENUES	59,462	59,462	68,908	9,446
EXPENDITURES				
Legal	5,000	5,000	464	4,536
Fire Hydrant	1,200	1,200	-	1,200
Other Contractual	129,000	129,000	15,240	113,760
Repair and Maintenance	170,000	414,164	224,299	189,865
Miscellaneous	500	500	2,074	(1,574)
TOTAL EXPENDITURES	305,700	549,864	242,077	307,787
CHANGE IN NET ASSETS, Budgetary Basis	\$ <u>(246,238)</u>	\$ <u>(490,402)</u>	(173,169)	\$ <u>317,233</u>
ADJUSTMENT TO GAAP BASIS				
Depreciation			<u>(26,750)</u>	
CHANGE IN NET ASSETS, GAAP Basis			\$ <u>(199,919)</u>	

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

BUDGETARY COMPARISON SCHEDULE

AGENCY FUND

Year Ended December 31, 2008

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Assessment Revenue	\$ 54,064	\$ 44,269	\$ (9,795)
Assessment Interest	76,222	62,419	(13,803)
Investment Income	20,000	18,259	(1,741)
 TOTAL REVENUES	 <u>150,286</u>	 <u>124,947</u>	 <u>(25,339)</u>
EXPENDITURES			
County Treasurer's Fees	1,304	1,067	237
Principal Payments	59,000	59,000	-
Interest Expense	67,701	67,701	-
 TOTAL EXPENDITURES	 <u>128,005</u>	 <u>127,768</u>	 <u>237</u>
 NET CHANGE IN DUE TO PROPERTY OWNERS	 22,281	 (2,821)	 (25,102)
DUE TO PROPERTY OWNERS, Beginning	<u>114,924</u>	<u>175,508</u>	<u>60,584</u>
DUE TO PROPERTY OWNERS, Ending	\$ <u><u>137,205</u></u>	\$ <u><u>172,687</u></u>	\$ <u><u>35,482</u></u>

See the accompanying Independent Auditors' Report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2008

	<u>BALANCE</u> 12/31/07	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> 12/31/08
ASSETS				
Cash and Investments	\$ 113,135	\$ 124,947	\$ 65,395	\$ 172,687
Assessment Receivable	<u>62,373</u>	<u>-</u>	<u>62,373</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 175,508</u>	<u>\$ 124,947</u>	<u>\$ 127,768</u>	<u>\$ 172,687</u>
LIABILITIES				
Due to Property Owners	\$ 175,508	\$ 124,947	\$ 127,768	\$ 172,687
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 175,508</u>	<u>\$ 124,947</u>	<u>\$ 127,768</u>	<u>\$ 172,687</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT		City or County: Arapahoe			
		YEAR ENDING : December 2008			
This Information From The Records Of (example - City of _ or County of		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		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	930,815		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	499,091		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	8,280		
2. General fund appropriations	1,343,211	b. Snow and ice removal	20,245		
3. Other local imposts (from page 2)	322,849	c. Other	3,137		
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	31,662		
5. Transfers from toll facilities		4. General administration & miscellaneous	157,691		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	283,894		
a. Bonds - Original Issues		6. Total (1 through 5)	1,903,154		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	1,666,060	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	237,094	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	1,903,154	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	1,903,154		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,903,154	1,903,154		0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2008

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
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	322,849	g. Other Misc. Receipts	
6. Total (1. through 5.)	322,849	h. Other	
c. Total (a. + b.)	322,849	i. Total (a. through h.)	0
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	213,702	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	23,392	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	23,392	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	237,094	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)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		3,129	3,129
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		927,686	927,686
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	927,686	927,686
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	930,815	930,815
			(Carry forward to page 1)

Notes and Comments: