

CITY OF CHERRY HILLS VILLAGE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2009

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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

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, Colorado, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the City, as listed in the table of contents. These financial statements are the responsibility of the City of Cherry Hills Village, Colorado'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 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, Colorado, as of December 31, 2009, 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 is not a required part of the basic financial statements but is 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 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 the City of Cherry Hills Village, Colorado's basic financial statements. The individual fund 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 presented in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

April 7, 2010

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, 2009. 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 2009 by \$22 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 2009, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$12.9 million, an increase of \$379,079 in comparison with the prior year. Approximately 93%, \$12 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year 2009, fund balance for the general fund was \$11.9 million.
- General fund actual revenues exceeded budgeted revenue by \$231,288 for the fiscal year 2009 and actual expenditures were \$220,431 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 2009. 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, data processing, 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 \$21,962,123 at the close of the 2009 fiscal year.

A portion of the City of Cherry Hills Village's net assets (40% 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 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,384,774) 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 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008
Current and other assets	\$17,945,515	\$17,857,661	\$603,352	\$976,996
Capital assets	\$15,712,633	\$15,531,168	\$345,847	\$372,597
Total assets	\$33,658,148	\$33,388,829	\$949,199	\$1,349,593
Long-term liabilities outstanding	\$7,676,837	\$8,774,147	\$0	\$0
Other liabilities	\$4,956,670	\$5,247,895	\$11,717	\$39,837
Total liabilities	\$12,633,507	\$14,022,042	\$11,717	\$39,837
Net assets:				
Invested in capital assets, net of related debt	\$8,250,166	\$6,904,359	\$345,847	\$372,597
Restricted	\$981,336	\$1,325,231	\$0	\$0
Unrestricted	\$11,793,139	\$11,137,197	\$591,635	\$937,159
Total net assets	\$21,024,641	\$19,366,787	\$937,482	\$1,309,756

Changes in Net Assets

Governmental activities

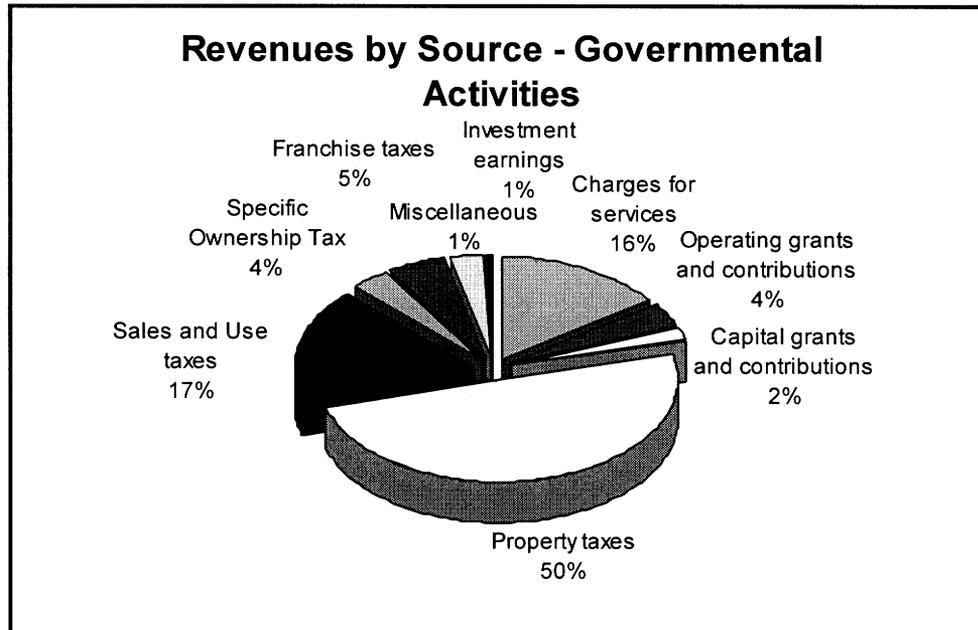
- Governmental-type activities increased the City's total net assets by \$1,657,854 from 2008.
- The increase in total net assets is due to a decrease in liabilities resulting from the South Suburban asset payment for 2008 and 2009.

Business Type Activities

- Business-type activities decreased the City's total net assets by \$372,274 from 2008.
- 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 2009	Governmental Activities 2008	Business- type Activities 2009	Business- type Activities 2008
Revenues				
Program Revenues				
Charges for services	\$1,417,624	\$1,569,483	\$25,320	\$32,424
Operating grants and contributions	\$346,308	\$415,795	\$0	\$0
Capital grants and contributions	\$181,394	\$196,124	\$7,077	\$18,000
General Revenues				
Property taxes	\$4,587,316	\$4,589,401	\$0	\$0
Sales and Use taxes	\$1,572,456	\$1,469,721	\$0	\$0
Specific Ownership taxes	\$323,111	\$191,555	\$0	\$0
Franchise taxes	\$482,572	\$543,737	\$0	\$0
Miscellaneous	\$288,508	\$91,468	\$0	\$0
Investment earnings	\$56,677	\$316,863	\$3,293	\$18,484
Total revenues	\$9,255,966	\$9,384,147	\$35,690	\$68,908
Expenses				
General Government	\$1,418,580	\$1,524,467	\$0	\$0
Judicial	\$82,353	\$78,086	\$0	\$0
Public Safety	\$2,479,974	\$2,320,425	\$0	\$0
Public Works	\$1,612,875	\$1,809,862	\$0	\$0
Community Development	\$330,410	\$368,455	\$0	\$0
Parks, Recreation, and Open Space	\$1,238,029	\$1,445,784	\$0	\$0
Village Crier	\$16,607	\$15,942	\$0	\$0
Other	\$419,284		\$407,964	\$268,827
Total expenses	\$7,598,112	\$7,563,021	\$407,964	\$268,827
Increases in net assets	\$1,657,854	\$1,821,126	-\$372,274	-\$199,919
Net assets, beginning	\$19,366,787	\$17,545,661	\$1,309,756	\$1,509,675
Net assets, ending	\$21,024,641	\$19,366,787	\$937,482	\$1,309,756



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 2009, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$12.9 million, an increase of \$379,079 in comparison with the prior year. Approximately 93% of this total amount (\$12 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 (\$707,336) 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 2009, unreserved fund balance of the general fund was \$11.6 million, while total fund balance reached \$11.9 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 188% of total general fund expenditures, while total fund balance represents 193% of that same amount.

The Parks and Recreation Fund began receiving revenues in 2006. This fund had a positive balance of \$90,669 at the end of 2009. There was a decrease in the fund balance from 2008 due to the fact that the principle and interest payments for 2008 and 2009 on the assets granted to the City when we excluded from South Suburban were made in 2009. 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 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. 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 \$372,274 in 2009.

General Fund Budgetary Highlights

The original general fund budget was amended by adding an additional \$150,000 transfer of funds to the Catherine H. Anderson Open Space Fund.

The general fund expenditures were \$220,431 under budget and revenues were \$231,288 over budget. There was \$400,000 in the 2009 budget for a sanitary sewer repair project, \$10,000 for new trail signage, \$15,000 for fence material and \$15,000 for the “Little Dry Creek” study. These projects were not completed and were rebudgeted for in 2010.

The General Fund balance was increased by \$480,300 in 2009.

Capital Asset and Debt Administration

Capital assets. The City of Cherry Hills Village’s investment in capital assets as of December 31, 2009 amounts to \$16.1 million. This investment in capital assets includes land, construction in process, building improvements, equipment, and sewer lines.

Major capital asset events during the 2009 fiscal year included the following:

- Police equipment purchases in the amount of \$69,220
- Police vehicle purchases in the amount of \$98,413
- Public Works equipment purchase in the amount of \$208,581
- Parks and Recreation equipment in the amount of \$14,000

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

	2009	2008
Land	\$13,888,438	\$13,888,438
CIP	\$471,498	\$403,682
Buildings and Improvements	\$322,998	\$337,609
Equipment	\$1,029,699	\$901,439
Sewer Lines	\$345,847	\$372,597
Total Capital Assets	\$16,058,480	\$15,903,765

See Note 5 for more information on Capital Assets.

Long-term debt. At the end of the 2009 fiscal year, the City of Cherry Hills Village had total long-term debt outstanding of 7,676,837. This total debt represents the South Suburban obligation and accrued compensated absences. See Note 6 for more information on Long-term debt.

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 2010 budget, the City of Cherry Hills Village had to take several factors into consideration. The 2010 budget was adopted on the assumption that General Fund revenues would decrease approximately 9% compared to 2009. The 2010 budgets a decrease to the General Fund balance of \$540,468 for street improvements.

During the 2009 fiscal year, fund balance in the General Fund increased to \$11.9 million (from \$11.4 million). The General Fund balance is projected decrease by approximately \$541,000 in 2010.

The adopted 2010 fiscal year budget is \$8.5 million, a decrease of \$600,000 from 2009.

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
Or
kproctor@cherryhillsvillage.com

BASIC FINANCIAL STATEMENTS

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET ASSETS

As of December 31, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 12,863,343	\$ 597,617	\$ 13,460,960
Receivables			
Property Taxes	4,733,147	-	4,733,147
Sales and Other	302,381	-	302,381
Accounts	18,377	5,735	24,112
Prepaid Items	28,267		28,267
Capital Assets, Not Depreciated	14,359,936	-	14,359,936
Capital Assets, Depreciated			
Net of Accumulated Depreciation	<u>1,352,697</u>	<u>345,847</u>	<u>1,698,544</u>
TOTAL ASSETS	<u>33,658,148</u>	<u>949,199</u>	<u>34,607,347</u>
LIABILITIES			
Accounts Payable	207,817	103	207,920
Deferred Revenues	4,733,147	-	4,733,147
Escrow Deposits	15,706	11,614	27,320
Noncurrent Liabilities			
Due within One Year	775,754	-	775,754
Due in More Than One Year	<u>6,901,083</u>	<u>-</u>	<u>6,901,083</u>
TOTAL LIABILITIES	<u>12,633,507</u>	<u>11,717</u>	<u>12,645,224</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,250,166	345,847	8,596,013
Restricted for Parks and Recreation	707,336	-	707,336
Restricted for Emergencies	274,000	-	274,000
Unrestricted	<u>11,793,139</u>	<u>591,635</u>	<u>12,384,774</u>
TOTAL NET ASSETS	<u>\$ 21,024,641</u>	<u>\$ 937,482</u>	<u>\$ 21,962,123</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, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,418,580	\$ 6,500	\$ -	\$ -
Judicial	82,353	-	-	-
Community Development	330,410	769,395	-	-
Village Crier	16,607	18,572	-	-
Public Safety	2,479,974	592,784	-	-
Public Works	1,612,875	30,373	346,308	-
Parks and Recreation	1,238,029	-	-	181,394
Interest on Long Term Debt	419,284	-	-	-
Total Governmental Activities	7,598,112	1,417,624	346,308	181,394
Business-Type Activities				
Water and Sewer	407,964	25,320	-	7,077
Total Business-Type Activities	407,964	25,320	-	7,077
Total Primary Government	\$ 8,006,076	\$ 1,442,944	\$ 346,308	\$ 188,471

GENERAL REVENUES

Property Taxes
Specific Ownership Taxes
Sales and Use Taxes
Franchise Fees
Interest
Miscellaneous
Loss on Sale of Assets

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
CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,412,080)	\$ -	\$ (1,412,080)
(82,353)	-	(82,353)
438,985	-	438,985
1,965	-	1,965
(1,887,190)	-	(1,887,190)
(1,236,194)	-	(1,236,194)
(1,056,635)	-	(1,056,635)
(419,284)	-	(419,284)
<u>(5,652,786)</u>	<u>-</u>	<u>(5,652,786)</u>
-	(375,567)	(375,567)
<u>-</u>	<u>(375,567)</u>	<u>(375,567)</u>
(5,652,786)	(375,567)	(6,028,353)
4,587,316	-	4,587,316
323,111	-	323,111
1,572,456	-	1,572,456
482,572	-	482,572
56,677	3,293	59,970
291,509	-	291,509
(3,001)	-	(3,001)
<u>7,310,640</u>	<u>3,293</u>	<u>7,313,933</u>
1,657,854	(372,274)	1,285,580
<u>19,366,787</u>	<u>1,309,756</u>	<u>20,676,543</u>
<u>\$ 21,024,641</u>	<u>\$ 937,482</u>	<u>\$ 21,962,123</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2009

	GENERAL FUND	PARKS AND RECREATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and Investments	\$ 10,100,083	\$ 1,715,472	\$ 1,047,788	\$ 12,863,343
Property Taxes Receivable	2,578,121	2,155,026	-	4,733,147
Accounts Receivable	6,927	11,450	-	18,377
Other Receivables	302,381	-	-	302,381
Prepaid Items	24,562	3,705	-	28,267
Interfund Receivable	1,542,491	-	-	1,542,491
TOTAL ASSETS	\$ 14,554,565	\$ 3,885,653	\$ 1,047,788	\$ 19,488,006
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 108,172	\$ 95,598	\$ 4,047	\$ 207,817
Deferred Revenues - Property Taxes	2,578,121	2,155,026	-	4,733,147
Escrow Deposits	13,837	1,869	-	15,706
Interfund Payable	-	1,542,491	-	1,542,491
TOTAL LIABILITIES	2,700,130	3,794,984	4,047	6,499,161
FUND EQUITY				
Fund Balance				
Reserved for Emergencies	274,000	-	-	274,000
Reserved for Parks and Recreation	-	-	707,336	707,336
Unreserved, reported in				
General Fund	11,580,435	-	-	11,580,435
Special Revenue Funds	-	90,669	-	90,669
Capital Projects Funds	-	-	336,405	336,405
TOTAL FUND EQUITY	11,854,435	90,669	1,043,741	12,988,845
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,554,565	\$ 3,885,653	\$ 1,047,788	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 15,712,633

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 (\$7,343,902), Capital Lease (\$118,565), and Accrued Compensated Absences (\$214,370). (7,676,837)

Net assets of governmental activities \$ 21,024,641

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, 2009

	GENERAL FUND	PARKS AND RECREATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Property Taxes	\$ 2,565,549	\$ 2,021,767	-	\$ 4,587,316
Specific Ownership Taxes	180,553	142,558	-	323,111
Sales and Use Taxes	1,544,010	-	-	1,544,010
Franchise Fees	482,572	-	-	482,572
Licenses and Permits	769,395	-	-	769,395
Intergovernmental	374,754	-	181,394	556,148
Charges for Services	648,229	-	-	648,229
Miscellaneous	21,801	240,600	29,108	291,509
Interest	24,820	26,017	5,840	56,677
TOTAL REVENUES	6,611,683	2,430,942	216,342	9,258,967
EXPENDITURES				
Current				
General Government	1,331,549	-	3,033	1,334,582
Judicial	82,353	-	-	82,353
Community Development	330,410	-	-	330,410
Village Crier	16,607	-	-	16,607
Public Safety	2,409,806	-	-	2,409,806
Public Works	744,724	-	-	744,724
Parks and Recreation	-	856,380	79,719	936,099
Debt Service				
Principal	60,016	1,282,907	-	1,342,923
Interest	2,392	416,892	-	419,284
Capital Outlay	1,182,107	259,574	-	1,441,681
TOTAL EXPENDITURES	6,159,964	2,815,753	82,752	9,058,469
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	451,719	(384,811)	133,590	200,498
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	178,581	-	-	178,581
Transfers In	-	-	150,000	150,000
Transfers Out	(150,000)	-	-	(150,000)
TOTAL OTHER FINANCING SOURCES (USES)	28,581	-	150,000	178,581
NET CHANGE IN FUND BALANCES	480,300	(384,811)	283,590	379,079
FUND BALANCES, Beginning	11,374,135	475,480	760,151	12,609,766
FUND BALANCES, Ending	\$ 11,854,435	\$ 90,669	\$ 1,043,741	\$ 12,988,845

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, 2009

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 379,079
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 capital outlay \$416,798, exceeded loss on disposal of capital assets (\$3,001), and depreciation expense (\$232,332) in the current period.	181,465
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 assets. These include debt payments of \$1,282,907, payments of capital lease of \$60,016, and change in accrued compensated absences of (\$67,032).	1,275,891
Capital lease proceeds are reported as a financing source in the governmental funds and increase fund balance. In the government-wide financial statements, however, the capital lease increases long-term liabilities in the statement of net assets and does not effect the statement of activities.	<u>(178,581)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,657,854</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE
As of December 31, 2009

ASSETS	
Current Assets	
Cash and Investments	\$ 597,617
Accounts Receivable	<u>5,735</u>
Total Current Assets	<u>603,352</u>
Noncurrent Assets	
Capital Assets, net of accumulated depreciation	<u>345,847</u>
TOTAL ASSETS	<u>949,199</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	103
Escrow Deposits	<u>11,614</u>
TOTAL LIABILITIES	<u>11,717</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	345,847
Unreserved	<u>591,635</u>
TOTAL NET ASSETS	<u>\$ 937,482</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 ASSETS
PROPRIETARY FUND TYPE
Year Ended December 31, 2009

OPERATING REVENUES	
Charges for Services	<u>\$ 25,320</u>
TOTAL OPERATING REVENUES	<u>25,320</u>
OPERATING EXPENSES	
Operations	365,843
General and Administrative	15,371
Depreciation	<u>26,750</u>
TOTAL OPERATING EXPENSES	<u>407,964</u>
OPERATING INCOME	<u>(382,644)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	<u>3,293</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>3,293</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(379,351)
Capital Contributions- Tap Fees	<u>7,077</u>
CHANGE IN NET ASSETS	(372,274)
NET ASSETS, Beginning	<u>1,309,756</u>
NET ASSETS, Ending	<u><u>\$ 937,482</u></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, 2009
 Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 44,203
Cash Paid to Suppliers	<u>(409,334)</u>
Net Cash Provided by Operating Activities	<u>(365,131)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions	<u>7,077</u>
Net Cash Used by Capital and Related Financing Activities	<u>7,077</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>3,293</u>
Net Cash Provided by Investing Activities	<u>3,293</u>
Net Decrease in Cash and Cash Equivalents	(354,761)
CASH AND CASH EQUIVALENTS, Beginning	<u>952,378</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 597,617</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ (382,644)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	26,750
Changes in Assets and Liabilities	
Accounts Receivable	18,883
Accounts Payable	(9,667)
Escrow Deposits	<u>(18,453)</u>
Total Adjustments	<u>17,513</u>
Net Cash Provided by Operating Activities	<u>\$ (365,131)</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, 2009

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 206,331</u>
LIABILITIES	
Due to Property Owners	<u>\$ 206,331</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 assets 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, 2009

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, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) 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.

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.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

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

In January 2009 the City changed its policies for compensated absences. The City implemented a Paid Time Off ("PTO") program where employees accrue PTO hours ranging from 184 to 264 hours per year depending on the employee's years of service. Employees of the City are allowed to bank a maximum of 160 hours of PTO. Hours in excess of 160 at the end of the calendar year will be paid out at a rate of 50%. Upon termination of employment from the City, an employee will be compensated for accrued time off at the employee's current pay rate.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

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.

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.

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, 2009

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.
- 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, 2009 follows:

Petty Cash	\$ 350
Cash Deposits	5,201,828
Investments	<u>8,465,113</u>
Total	<u>\$ 13,667,291</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

Governmental Activities	\$ 12,863,343
Business-type Activities	597,617
Fiduciary Funds	<u>206,331</u>
Total	<u>\$ 13,667,291</u>

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, 2009, 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.

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

At December 31, 2009, the City had deposits with financial institutions with a carrying amount of \$5,201,828. The bank balances with the financial institutions were \$5,211,801. Of these balances, \$250,000 was covered by federal depository insurance and \$4,961,801 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.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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.

The City had invested \$8,465,113 in the Colorado Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (COLOTRUST and CSAFE); investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate 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 rated AAA and CSAFE is rated AAAM by Standard and Poor's.

NOTE 4: INTERFUND BALANCES

The General Fund advanced \$1,542,491 to the Parks and Recreation Fund. The advance originally covered a negative cash balance in the Parks and Recreation Fund related to the South Suburban Parks and Recreation District Obligation described in Note 6. As of December 31, 2009 the City has not made a final decision regarding the repayment of the advance.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2009 is summarized below:

	Balances <u>12/31/08</u>	Additions	Deletions	Balances <u>12/31/09</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 13,888,438	\$ -	\$ -	\$ 13,888,438
Construction in Process	<u>403,682</u>	<u>67,816</u>	<u>-</u>	<u>471,498</u>
Total Capital Assets, not depreciated	<u>14,292,120</u>	<u>67,816</u>	<u>-</u>	<u>14,359,936</u>
Capital Assets, depreciated				
Buildings	731,480	-	-	731,480
Machinery and Equipment	<u>2,057,469</u>	<u>348,982</u>	<u>168,804</u>	<u>2,237,647</u>
Total Capital Assets, depreciated	<u>2,788,949</u>	<u>348,982</u>	<u>168,804</u>	<u>2,969,127</u>
Less Accumulated Depreciation				
Buildings	393,871	14,611	-	408,482
Machinery and Equipment	<u>1,156,030</u>	<u>217,721</u>	<u>165,803</u>	<u>1,207,948</u>
Total Accumulated Depreciation	<u>1,549,901</u>	<u>232,332</u>	<u>165,803</u>	<u>1,616,430</u>
Total Capital Assets, depreciated, Net	<u>1,239,048</u>	<u>116,650</u>	<u>3,001</u>	<u>1,352,697</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,531,168</u>	<u>\$ 184,466</u>	<u>\$ 3,001</u>	<u>\$ 15,712,633</u>
Business-Type Activities				
Capital Assets, depreciated				
Sewer Lines	<u>708,364</u>	<u>-</u>	<u>-</u>	<u>708,364</u>
Total Capital Assets, depreciated	<u>708,364</u>	<u>-</u>	<u>-</u>	<u>708,364</u>
Less: Accumulated Depreciation				
Sewer Lines	<u>335,767</u>	<u>26,750</u>	<u>-</u>	<u>362,517</u>
Total Accumulated Depreciation	<u>335,767</u>	<u>26,750</u>	<u>-</u>	<u>362,517</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 372,597</u>	<u>\$ 26,750</u>	<u>\$ -</u>	<u>\$ 345,847</u>

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

Governmental Activities	
General Government	\$ 16,965
Public Safety	70,168
Public Works	99,843
Parks and Recreation	<u>45,356</u>
Total	<u>\$ 232,332</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 6: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2009.

	Balance 12/31/08	Additions	Payments	Balance 12/31/09	Due In One Year
South Suburban Obligation	\$ 8,626,809	\$ -	\$ 1,282,907	\$ 7,343,902	\$ 708,017
Capital Lease	-	178,581	60,016	118,565	58,263
Accrued Compensated Absences	<u>147,338</u>	<u>112,157</u>	<u>45,125</u>	<u>214,370</u>	<u>9,474</u>
Total	<u>\$ 8,774,147</u>	<u>\$ 290,738</u>	<u>\$ 1,388,048</u>	<u>\$ 7,676,837</u>	<u>\$ 775,754</u>

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.

Annual debt service requirements for the outstanding obligation at December 31, 2009 are estimated at a 3% interest rate and are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 708,017	\$ 59,486	\$ 767,503
2011	737,320	199,077	936,397
2012	737,320	176,957	914,277
2013	737,320	154,837	892,157
2014	737,320	132,718	870,038
2015 - 2019	<u>3,686,605</u>	<u>331,795</u>	<u>4,018,400</u>
Total Debt Service Requirements	<u>\$ 7,343,902</u>	<u>\$ 1,054,870</u>	<u>\$ 8,398,772</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 6: LONG-TERM DEBT (Continued)

Capital Lease

In February 2009 the City entered into a capital lease agreement to purchase equipment which will be paid from revenues of the General Fund. Under the terms of the lease, the City is required to make annual lease payments in the amount of \$62,412. The lease carries an interest rate of 3.5%. The lease matures in July 2011.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligation at December 31, 2009.

Year Ended December 31,

2010	\$ 62,412
2011	<u>62,412</u>
Total Minimum Lease Payments	124,824
Less: Interest	<u>(6,259)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 118,565</u>

NOTE 7: 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 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 ending December 31, 2009 the City contributed \$133,387 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, 2009

NOTE 7: RETIREMENT COMMITMENTS (Continued)

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, 2009, the City contributed \$25,836 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation.

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, 2009, were \$62,234. The Plan is administered by the International City/County Management Association Retirement Corporation.

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 services to areas within the City 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. Denver bills users within the City directly.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

Englewood

The City has a service and maintenance contract with Englewood to provide sanitation services to certain areas within the City. Under the terms of the contract, Englewood treats City sewage and provides routine maintenance services. Englewood bills City residents for these routine services and retains all billing collections. Non-routine major repairs are billed directly to the City. The City retains title to all sewer lines 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.

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 accrue interest at rates ranging from 5.8% to 8.75% per year. Interest 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 bonds 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. 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, 2009 totaled \$885,000.

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, 2009 totaled \$2,037,941.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

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, 2009, the emergency reserve of \$274,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHERRY HILLS VILLAGE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 2,501,668	\$ 2,501,668	\$ 2,565,549	\$ 63,881
Specific Ownership Taxes	180,000	180,000	180,553	553
Sales and Use Taxes	1,175,000	1,175,000	1,544,010	369,010
Franchise Fees	440,000	440,000	482,572	42,572
Licenses and Permits	841,725	841,725	769,395	(72,330)
Intergovernmental	363,802	363,802	374,754	10,952
Charges for Services	535,700	535,700	648,229	112,529
Miscellaneous	42,500	42,500	21,801	(20,699)
Interest	300,000	300,000	24,820	(275,180)
TOTAL REVENUES	6,380,395	6,380,395	6,611,683	231,288
EXPENDITURES				
Current				
General Government	1,505,036	1,505,036	1,331,549	173,487
Judicial	88,437	88,437	82,353	6,084
Community Development	326,313	326,313	330,410	(4,097)
Village Crier	14,400	14,400	16,607	(2,207)
Public Safety	2,454,025	2,454,025	2,409,806	44,219
Public Works	796,950	796,950	744,724	52,226
Debt Service				
Principal	-	71,500	60,016	11,484
Interest	-	-	2,392	(2,392)
Capital Outlay	1,185,234	1,113,734	1,182,107	(68,373)
Contingency	10,000	10,000	-	10,000
TOTAL EXPENDITURES	6,380,395	6,380,395	6,159,964	220,431
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	451,719	451,719
OTHER FINANCING SOURCED (USES)				
Proceeds from Capital Lease	-	-	178,581	178,581
Transfers Out	-	(150,000)	(150,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(150,000)	28,581	178,581
NET CHANGE IN FUND BALANCE	-	(150,000)	480,300	630,300
FUND BALANCE, Beginning	10,754,908	10,754,908	11,374,135	619,227
FUND BALANCE, Ending	\$ 10,754,908	\$ 10,604,908	\$ 11,854,435	\$ 1,249,527

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

PARKS AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 2,000,703	\$ 2,000,703	\$ 2,021,767	\$ 21,064
Specific Ownership Taxes	150,000	150,000	142,558	(7,442)
Other Revenues	-	240,600	240,600	-
Interest	125,000	125,000	26,017	(98,983)
TOTAL REVENUES	<u>2,275,703</u>	<u>2,516,303</u>	<u>2,430,942</u>	<u>(85,361)</u>
EXPENDITURES				
Current				
Personal Services	372,060	372,060	336,332	35,728
Supplies and Materials	49,000	49,000	25,206	23,794
Utilities	28,800	28,800	15,920	12,880
Contractual Services	106,912	106,912	179,417	(72,505)
Maintenance	51,500	51,500	53,623	(2,123)
Other	261,750	261,750	245,882	15,868
Debt Service				
Principal	-	1,282,907	1,282,907	-
Interest	-	416,892	416,892	-
Capital Outlay	30,500	270,500	259,574	10,926
TOTAL EXPENDITURES	<u>900,522</u>	<u>2,840,321</u>	<u>2,815,753</u>	<u>24,568</u>
NET CHANGE IN FUND BALANCE	1,375,181	(324,018)	(384,811)	(60,793)
FUND BALANCE, Beginning	<u>564,775</u>	<u>564,775</u>	<u>475,480</u>	<u>(89,295)</u>
FUND BALANCE, Ending	<u>\$ 1,939,956</u>	<u>\$ 240,757</u>	<u>\$ 90,669</u>	<u>\$ (150,088)</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, 2009

	LAND DONATION FUND	ARAPAHOE COUNTY OPEN SPACE FUND	CONSERVATION TRUST FUND	TOTAL
ASSETS				
Cash and Investments	\$ 336,405	\$ 283,378	\$ 428,005	\$ 1,047,788
TOTAL ASSETS	\$ 336,405	\$ 283,378	\$ 428,005	\$ 1,047,788
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ 4,047	\$ -	\$ 4,047
TOTAL LIABILITIES	-	4,047	-	4,047
FUND BALANCES				
Reserved for Parks and Recreation	-	279,331	428,005	707,336
Unreserved, Reported in Capital Projects Fund	336,405	-	-	336,405
TOTAL FUND BALANCES	336,405	279,331	428,005	1,043,741
TOTAL LIABILITIES AND FUND BALANCES	\$ 336,405	\$ 283,378	\$ 428,005	\$ 1,047,788

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, 2009

	LAND DONATION FUND	ARAPAHOE COUNTY OPEN SPACE FUND	CONSERVATION TRUST FUND	TOTAL
REVENUES				
Intergovernmental	\$ -	\$ 123,028	\$ 58,366	\$ 181,394
Other	2,056	27,052	-	29,108
Interest	2,982	2,107	751	5,840
TOTAL REVENUES	5,038	152,187	59,117	216,342
EXPENDITURES				
General Government	3,033	-	-	3,033
Parks and Recreation	-	79,434	285	79,719
TOTAL EXPENDITURES	3,033	79,434	285	82,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,005	72,753	58,832	133,590
OTHER FINANCING SOURCES				
Transfers In	150,000	-	-	150,000
CHANGE IN FUND BALANCES	152,005	72,753	58,832	283,590
FUND BALANCES, Beginning	184,400	206,578	369,173	760,151
FUND BALANCES, Ending	\$ 336,405	\$ 279,331	\$ 428,005	\$ 1,043,741

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

LAND DONATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Interest	\$ 25,000	\$ 25,000	\$ 2,982	\$ (22,018)
Other	1,000	1,000	2,056	1,056
TOTAL REVENUES	26,000	26,000	5,038	(20,962)
EXPENDITURES				
General and Administrative	3,034	3,034	3,033	1
TOTAL EXPENDITURES	3,034	3,034	3,033	1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,966	22,966	2,005	(20,961)
OTHER FINANCING SOURCES				
Transfers In	-	150,000	150,000	-
NET CHANGE IN FUND BALANCE	22,966	172,966	152,005	(20,961)
FUND BALANCE, Beginning	187,321	210,287	184,400	(25,887)
FUND BALANCE, Ending	\$ 210,287	\$ 383,253	\$ 336,405	\$ (46,848)

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

ARAPAHOE COUNTY OPEN SPACE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Open Space Shareback	\$ 130,000	\$ 130,000	\$ 123,028	\$ (6,972)
Other	2,000	2,000	27,052	25,052
Interest	10,000	10,000	2,107	(7,893)
TOTAL REVENUES	<u>142,000</u>	<u>142,000</u>	<u>152,187</u>	<u>10,187</u>
EXPENDITURES				
Parks and Recreation	<u>160,000</u>	<u>201,198</u>	<u>79,434</u>	<u>121,764</u>
TOTAL EXPENDITURES	<u>160,000</u>	<u>201,198</u>	<u>79,434</u>	<u>121,764</u>
NET CHANGE IN FUND BALANCE	(18,000)	(59,198)	72,753	131,951
FUND BALANCE, Beginning	<u>276,483</u>	<u>258,483</u>	<u>206,578</u>	<u>(51,905)</u>
FUND BALANCE, Ending	<u>\$ 258,483</u>	<u>\$ 199,285</u>	<u>\$ 279,331</u>	<u>\$ 80,046</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,000	\$ 58,366	\$ (1,634)
Interest	6,000	751	(5,249)
	<u>66,000</u>	<u>59,117</u>	<u>(6,883)</u>
TOTAL REVENUES			
EXPENDITURES			
Parks and Recreation	125,000	285	124,715
	<u>(59,000)</u>	58,832	117,832
NET CHANGE IN FUND BALANCE			
FUND BALANCE, Beginning	234,768	369,173	134,405
FUND BALANCE, Ending	<u>\$ 175,768</u>	<u>\$ 428,005</u>	<u>\$ 252,237</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

WATER AND SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Tap Fees	\$ 10,000	\$ 10,000	\$ 7,077	\$ (2,923)
Sewer Administration Fees	1,812	1,812	1,920	108
Sewer Repairs and Maintenance Fees	22,650	22,650	23,400	750
Interest	25,000	25,000	3,293	(21,707)
TOTAL REVENUES	59,462	59,462	35,690	(23,772)
EXPENDITURES				
Legal Fees	5,000	5,000	13,369	(8,369)
Englewood Fire Hydrant	1,200	1,200	-	1,200
Contractual Services	-	79,638	69,333	10,305
Repairs and Maintenance	550,000	633,031	296,510	336,521
Other	-	-	2,002	(2,002)
Depreciation Expense	26,750	26,750	26,750	-
TOTAL EXPENDITURES	582,950	745,619	407,964	337,655
NET INCOME, Budget Basis	\$ (523,488)	\$ (686,157)	(372,274)	\$ 313,883
GAAP BASIS ADJUSTMENTS				
Capital Outlay			-	
NET INCOME, GAAP Basis			(372,274)	
NET ASSETS, Beginning			1,309,756	
NET ASSETS, Ending			\$ 937,482	

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2009

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Assessment Revenue	\$ 57,849	\$ 91,738	\$ 33,889
Interest on Assessments	72,438	66,324	(6,114)
Interest Income	20,000	3,701	(16,299)
TOTAL REVENUES	<u>150,287</u>	<u>161,763</u>	<u>11,476</u>
EXPENDITURES			
Treasurer's Fees	1,303	1,580	(277)
Principal Payments	64,000	64,000	-
Interest Expense	62,539	62,539	-
TOTAL EXPENDITURES	<u>127,842</u>	<u>128,119</u>	<u>(277)</u>
NET CHANGE IN FUND BALANCE	22,445	33,644	11,199
FUND BALANCE, Beginning	<u>198,000</u>	<u>172,687</u>	<u>(25,313)</u>
FUND BALANCE, Ending	<u>\$ 220,445</u>	<u>\$ 206,331</u>	<u>\$ (14,114)</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, 2009

	BALANCE DECEMBER 31 <u>2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE DECEMBER 31 <u>2009</u>
ASSETS				
Cash and Investments	<u>\$ 172,687</u>	<u>\$ 161,763</u>	<u>\$ 128,119</u>	<u>\$ 206,331</u>
LIABILITIES				
Due Property Owners	<u>\$ 172,687</u>	<u>\$ 161,763</u>	<u>\$ 128,119</u>	<u>\$ 206,331</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Arapahoe YEAR ENDING : December 2009
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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	749,899
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	438,516
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	8,131
2. General fund appropriations	1,138,678	b. Snow and ice removal	14,218
3. Other local imposts (from page 2)	315,721	c. Other	3,434
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	25,783
5. Transfers from toll facilities		4. General administration & miscellaneous	183,258
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)	1,689,867
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)	1,454,399	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	235,468	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,689,867	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)	1,689,867

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
		1,689,867	1,689,867		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2009

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	315,721	g. Other Misc. Receipts	
6. Total (1. through 5.)	315,721	h. Other	
c. Total (a. + b.)	315,721	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	211,139	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	24,329	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	24,329	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	235,468	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		2,474	2,474
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		747,425	747,425
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	747,425	747,425
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	749,899	749,899
			(Carry forward to page 1)

Notes and Comments: