

CITY OF CHERRY HILLS VILLAGE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2013

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cherry Hills Village, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cherry Hills Village as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages a – h and 26 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

John Luttrell & Associates, LLC

April 25, 2014

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, 2013. 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 2013 by \$32.0 million (net assets). Of this amount, \$14.3 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2013, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$15.1 million, an increase of \$725,683 in comparison with the prior year. Approximately 42%, \$6.2 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year 2013, fund balance for the general fund was \$6.5 million and the capital fund was \$6.0 million.
- General fund actual revenues exceeded budgeted revenue by \$833,817 for the fiscal year 2013 and actual expenditures were \$458,490 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements report information on all activities of the City. The statement of net 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 2013. 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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided that explains the relationship between them.

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

Financial Analysis of the City As A Whole

Net 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 \$31,981,226 at the close of the 2013 fiscal year.

A portion of the City of Cherry Hills Village's net assets (52% 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 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$14,309,546) 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 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012
Current and other assets	\$19,476,570	\$19,332,416	\$798,421	\$630,992
Capital assets	\$20,676,320	\$18,809,962	\$248,261	\$271,873
Total assets	\$40,152,890	\$38,142,378	\$1,046,682	\$902,865
Long-term liabilities outstanding	\$3,943,783	\$4,668,242	\$0	\$0
Other liabilities	\$5,158,724	\$5,744,941	\$115,839	\$31,809
Total liabilities	\$9,102,507	\$10,413,183	\$115,839	\$31,809
Net assets:				
Invested in capital assets, net of related debt	\$16,224,173	\$13,628,668	\$248,261	\$271,873
Restricted	\$1,199,246	\$1,253,470	\$0	\$0
Unrestricted	\$13,626,964	\$12,847,057	\$682,582	\$599,183
Total net assets	\$31,050,383	\$27,729,195	\$930,843	\$871,056

Changes in Net Assets

Governmental activities

- Governmental-type activities increased the City’s total net assets by \$3,321,188 from 2012.
- The increase in total net assets is due to the remaining cost of the Joint Public Safety building, in addition to the Hutto property donation and a decrease in liabilities resulting from the South Suburban asset payment for 2013.

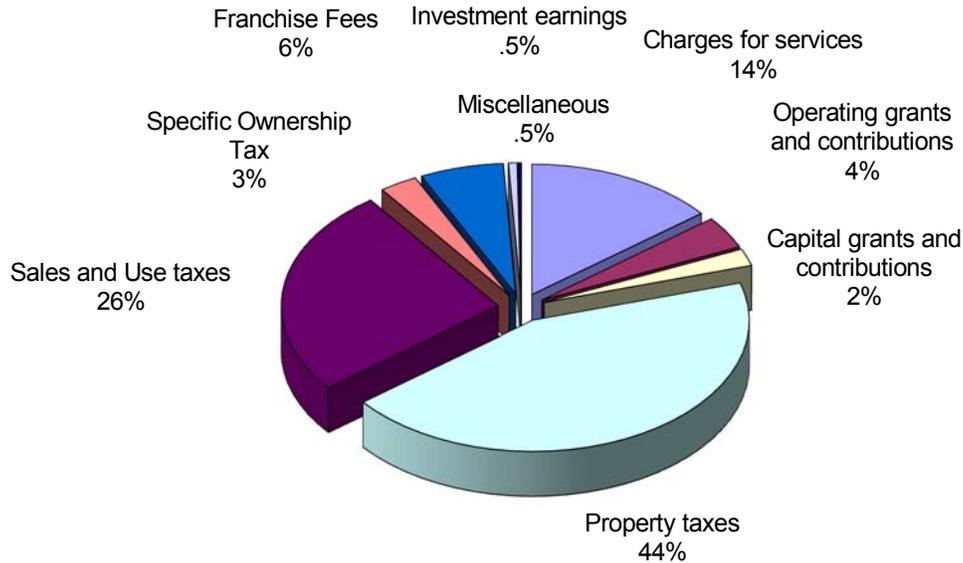
Business Type Activities

- Business-type activities increased the City’s total net assets by \$59,787 from 2012.
- The increase is due an increase in cash due to additional sewer maintenance billings.

City of Cherry Hills Village Changes in Net Assets

	Governmental Activities 2013	Governmental Activities 2012	Business- type Activities 2013	Business- type Activities 2012
Revenues				
Program Revenues				
Charges for services	\$1,299,440	\$1,293,438	\$0	\$0
Operating grants and contributions	\$362,891	\$362,004	\$0	\$0
Capital grants and contributions	\$190,737	\$170,224	\$0	\$0
General Revenues				
Property taxes	\$3,987,584	\$3,977,662	\$0	\$0
Sales and Use taxes	\$2,336,723	\$1,856,467	\$0	\$0
Specific Ownership taxes	\$258,436	\$258,773	\$0	\$0
Franchise taxes	\$567,599	\$524,883	\$0	\$0
Miscellaneous	\$58,435	\$44,049	\$0	\$0
Investment earnings	\$23,742	\$35,485	\$872	\$1,672
Total revenues	\$9,085,587	\$8,522,985	\$872	\$1,672
Expenses				
General Government	\$1,368,749	\$1,174,416	\$0	\$0
Judicial	\$99,729	\$97,826	\$0	\$0
Public Safety	\$2,917,634	\$2,763,185	\$0	\$0
Public Works	\$952,199	\$894,280	\$0	\$0
Community Development	\$452,668	\$421,340	\$0	\$0
Parks, Recreation, and Open Space	\$1,344,414	\$1,234,749	\$0	\$0
Village Crier	\$16,364	\$17,009	\$0	\$0
Other	\$12,642	\$14,313	\$43,962	\$42,391
Total expenses	\$7,164,399	\$6,617,118	\$43,962	\$42,391
Special Item	\$ 1,400,000	-	-	-
Increases in net assets	\$3,321,188	\$1,905,867	\$59,787	\$65,527
Net assets, beginning	\$27,729,195	\$25,823,328	\$871,056	\$805,529
Net assets, ending	\$31,050,383	\$27,729,195	\$930,843	\$871,056

Revenue by Source - Governmental Activities



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. In 2011 the city adopted a new accounting pronouncement which requires the city to classify fund balance based mainly on the extent to which the city is bound to honor constraints on how the funds are allowed to be spent.

Governmental Funds

The focus of the City of Cherry Hills Village'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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2013, the City of Cherry Hills Village's governmental funds reported combined ending fund balances of \$15.1 million, an increase of \$725,683 in comparison with the prior year. Approximately 42% of this total amount (\$6.2 million) constitutes unassigned 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, restricted or is nonspendable.

The General Fund is the chief operating fund of the City of Cherry Hills Village (and is combined with the Capital Fund for audit purposes). At the end of fiscal year 2013, unassigned fund balance of the General Fund, combined with the Capital Fund, was \$6.2 million, while total fund balance reached \$12.5 million.

As a measure of the Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 93% of total General Fund/Capital Fund expenditures, while total fund balance represents 109% of that same amount.

The Parks and Recreation Fund began receiving revenues in 2006. This fund had a positive balance of \$929,246 at the end of 2013 and will continue to receive revenues as ordered by the South Suburban exclusion.

South Suburban Exclusion

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

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

As a result, in May 2008 the city filed an appeal with the Colorado Court of Appeals. Also in the spring of 2008, the City filed a motion to stay payment of the \$9,660,838 judgment pending the decision by the Colorado Court of Appeals. The court granted the City's motion, but stipulated that the City must pay the District the 2007 asset payment plus interest from December 1, 2007 to the date of payment, which was August 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. Revenues exceeded expenditures in this fund by \$59,787 in 2013.

General Fund Budgetary Highlights

There were no modifications made to the original 2013 approved General Fund budget.

The General Fund expenditures in 2013 were \$458,490 under budget and revenues were \$833,817 over budget. This resulted in an increase to the General Fund balance over budget of \$1,292,309 and an ending fund balance of \$6,469,958.

Capital Asset and Debt Administration

Capital assets. The City of Cherry Hills Village's investment in capital assets as of December 31, 2013 amounts to \$20.9 million. This investment in capital assets includes land, buildings, vehicles, equipment, and sewer lines.

Capital asset events during the 2013 fiscal year included the following:

- Joint Public Safety building moved from Construction in Process to building in the amount of \$4,256,327
- Acquisition of the Hutto Property in the amount of \$1,504,962
- New police, public works and parks equipment in the amount of \$227,943

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

	2013	2012
Land	\$15,393,400	\$13,888,438
CIP	\$0	\$3,803,817
Buildings and Improvements	\$4,436,348	\$278,218
Software	\$80,519	\$90,956
Equipment	\$766,053	\$748,533
Sewer Lines	\$248,261	\$271,873
Total Capital Assets	\$20,924,581	\$19,081,835

Long-term debt. At the end of the 2013 fiscal year, the City of Cherry Hills Village had total long-term debt outstanding of \$4,694,272. This total debt represents the South Suburban (\$4,446,510) obligation and accrued compensated absences (\$247,762).

Economic Factors, Next Year's Budget 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 2014 budget, the City of Cherry Hills Village had to take several factors into consideration. In 2011 the City Council approved the creation of a new Capital Fund and approximately \$9 million of the General Fund balance was transferred to the Capital Fund at that time. In addition, 1 mill (\$290,292) of property tax revenue from the Parks Fund was moved to the Capital Fund. The 2014 budget was adopted on the assumption that property tax revenues would decrease approximately 4% from 2013 and other revenues would begin to increase slightly.

During the 2013 fiscal year, fund balance in the General Fund (to include the Capital Fund) increased to \$12.4 million (from \$11.8 million). The General Fund (to include the Capital Fund) balance is projected to end 2014 at approximately \$12 million.

The adopted 2014 fiscal year total budget appropriations are \$9.4 million, an increase of \$472,998 from 2013. This increase is due mainly to salary and insurance increases.

Requests For Information

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

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

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

Or

kproctor@cherryhillsvillage.com

BASIC FINANCIAL STATEMENTS

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2013	2012
ASSETS				
Cash and Investments	\$ 15,177,639	\$ 797,449	\$ 15,975,088	\$ 15,651,602
Receivables				
Property Taxes	3,882,370	-	3,882,370	4,017,445
Sales and Other	407,836	-	407,836	288,600
Accounts	8,725	972	9,697	5,761
Capital Assets, Not Depreciated	15,393,400	-	15,393,400	17,692,255
Capital Assets, Depreciated				
Net of Accumulated Depreciation	5,282,920	248,261	5,531,181	1,389,580
TOTAL ASSETS	40,152,890	1,046,682	41,199,572	39,045,243
LIABILITIES				
Accounts Payable	320,077	85,772	405,849	846,918
Accrued Expenses	2,286	-	2,286	32,480
Escrow Deposits	203,502	30,067	233,569	124,730
Noncurrent Liabilities				
Due within One Year	750,489	-	750,489	755,177
Due in More Than One Year	3,943,783	-	3,943,783	4,668,242
TOTAL LIABILITIES	5,220,137	115,839	5,335,976	6,427,547
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	3,882,370	-	3,882,370	4,017,445
NET POSITION				
Investment in Capital Assets	16,224,173	248,261	16,472,434	13,900,541
Restricted for Parks and Recreation	929,246	-	929,246	998,470
Restricted for Emergencies	270,000	-	270,000	255,000
Unrestricted	13,626,964	682,582	14,309,546	13,446,240
TOTAL NET POSITION	\$ 31,050,383	\$ 930,843	\$ 31,981,226	\$ 28,600,251

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,368,749	\$ -	\$ -	\$ -
Judicial	99,729	328,559	-	-
Community Development	452,668	855,912	-	-
Village Crier	16,364	16,628	-	-
Public Safety	2,917,634	98,341	-	-
Public Works	952,199	-	362,891	-
Parks and Recreation	1,344,414	-	-	190,737
Interest on Long Term Debt	12,642	-	-	-
Total Governmental Activities	7,164,399	1,299,440	362,891	190,737
Business-Type Activities				
Water and Sewer	43,962	46,207	-	56,700
Total Business-Type Activities	43,962	46,207	-	56,700
Total Primary Government	\$ 7,208,361	\$ 1,345,647	\$ 362,891	\$ 247,437

GENERAL REVENUES

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

SPECIAL ITEM

- Donation of Land

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION Beginning

NET POSITION Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2013	2012
\$ (1,368,749)	\$ -	\$ (1,368,749)	\$ (1,174,416)
228,830	-	228,830	250,212
403,244	-	403,244	424,240
264	-	264	(43)
(2,819,293)	-	(2,819,293)	(2,680,331)
(589,308)	-	(589,308)	(532,276)
(1,153,677)	-	(1,153,677)	(1,064,525)
(12,642)	-	(12,642)	(14,313)
(5,311,331)	-	(5,311,331)	(4,791,452)
-	58,945	58,945	63,855
-	58,945	58,945	63,855
(5,311,331)	58,945	(5,252,386)	(4,727,597)
3,987,584	-	3,987,584	3,977,662
258,436	-	258,436	258,773
2,336,723	-	2,336,723	1,856,467
567,599	-	567,599	524,883
23,742	842	24,584	37,157
58,435	-	58,435	44,049
1,400,000	-	1,400,000	-
8,632,519	842	8,633,361	6,698,991
3,321,188	59,787	3,380,975	1,971,394
27,729,195	871,056	28,600,251	26,628,857
\$ 31,050,383	\$ 930,843	\$ 31,981,226	\$ 28,600,251

CITY OF CHERRY HILLS VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2013	2012
ASSETS					
Cash and Investments	\$ 10,913,469	\$ 2,599,513	\$ 1,664,657	\$ 15,177,639	\$ 15,020,981
Property Taxes Receivable	2,409,426	1,472,944	-	3,882,370	4,017,445
Accounts Receivable	8,725	-	-	8,725	5,390
Other Receivables	407,470	366	-	407,836	288,600
Interfund Receivable	1,542,491	-	-	1,542,491	1,542,491
TOTAL ASSETS	\$ 15,281,581	\$ 4,072,823	\$ 1,664,657	\$ 21,019,061	\$ 20,874,907
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 175,031	\$ 124,031	\$ 21,015	\$ 320,077	\$ 844,975
Accrued Expenses	-	2,286	-	2,286	32,480
Escrow Deposits	201,677	1,825	-	203,502	94,864
Interfund Payable	-	1,542,491	-	1,542,491	1,542,491
TOTAL LIABILITIES	376,708	1,670,633	21,015	2,068,356	2,514,810
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	2,409,426	1,472,944	-	3,882,370	4,017,445
FUND EQUITY					
Nonspendable	-	-	-	-	-
Restricted	270,000	-	1,643,642	1,913,642	1,762,439
Committed	6,025,488	929,246	-	6,954,734	6,692,534
Unassigned	6,199,959	-	-	6,199,959	5,887,679
TOTAL FUND EQUITY	12,495,447	929,246	1,643,642	15,068,335	14,342,652
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 15,281,581	\$ 4,072,823	\$ 1,664,657		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 20,676,320 18,809,962

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 (\$4,446,510), and Accrued Compensated Absences (\$247,762). (4,694,272) (5,423,419)

Net position of governmental activities \$ 31,050,383 \$ 27,729,195

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, 2013

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2013	2012
REVENUES					
Property Taxes	\$ 2,469,764	\$ 1,517,820	\$ -	\$ 3,987,584	\$ 3,977,662
Specific Ownership Taxes	258,436	-	-	258,436	258,773
Sales and Use Taxes	2,307,871	-	-	2,307,871	1,827,269
Franchise Fees	567,599	-	-	567,599	524,883
Licenses and Permits	855,912	-	-	855,912	845,580
Intergovernmental	391,743	-	190,737	582,480	561,426
Charges for Services	426,900	-	-	426,900	430,892
Miscellaneous	47,789	-	27,274	75,063	61,015
Interest	12,301	8,781	2,660	23,742	35,485
TOTAL REVENUES	<u>7,338,315</u>	<u>1,526,601</u>	<u>220,671</u>	<u>9,085,587</u>	<u>8,522,985</u>
EXPENDITURES					
Current					
General Government	1,245,602	-	-	1,245,602	1,131,330
Judicial	99,729	-	-	99,729	97,826
Community Development	452,668	-	-	452,668	421,340
Village Crier	16,364	-	-	16,364	17,009
Public Safety	2,805,063	-	-	2,805,063	2,684,624
Public Works	869,287	-	-	869,287	801,936
Parks and Recreation	-	841,706	84,468	926,174	941,418
Debt Service					
Principal	-	734,784	-	734,784	733,054
Interest	-	12,642	-	12,642	14,313
Capital Outlay	1,190,898	6,693	-	1,197,591	3,495,738
TOTAL EXPENDITURES	<u>6,679,611</u>	<u>1,595,825</u>	<u>84,468</u>	<u>8,359,904</u>	<u>10,338,588</u>
NET CHANGE IN FUND BALANCES	658,704	(69,224)	136,203	725,683	(1,815,603)
FUND BALANCES, Beginning	<u>11,836,743</u>	<u>998,470</u>	<u>1,507,439</u>	<u>14,342,652</u>	<u>16,158,255</u>
FUND BALANCES, Ending	<u>\$ 12,495,447</u>	<u>\$ 929,246</u>	<u>\$ 1,643,642</u>	<u>\$ 15,068,335</u>	<u>\$ 14,342,652</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 725,683
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 \$2,185,415, exceeded depreciation (277,239) and loss on disposal of assets (\$41,818) in the current period.	1,866,358
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 \$734,784 and change in accrued compensated absences of (\$5,637).	<u>729,147</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,321,188</u></u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2013

ASSETS	2013	2012
Current Assets		
Cash and Investments	\$ 797,449	\$ 630,621
Accounts Receivable	972	371
	<u>798,421</u>	<u>630,992</u>
Total Current Assets		
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	248,261	271,873
	<u>248,261</u>	<u>271,873</u>
TOTAL ASSETS	<u>1,046,682</u>	<u>902,865</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	1,638	1,943
Escrow Deposits	111,501	29,866
	<u>113,139</u>	<u>31,809</u>
TOTAL LIABILITIES	<u>113,139</u>	<u>31,809</u>
NET POSITION		
Investment in Capital Assets	248,261	271,873
Unrestricted	682,582	599,183
	<u>930,843</u>	<u>871,056</u>
TOTAL NET POSITION	<u>\$ 930,843</u>	<u>\$ 871,056</u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Charges for Services	\$ 46,207	\$ 87,646
TOTAL OPERATING REVENUES	<u>46,207</u>	<u>87,646</u>
OPERATING EXPENSES		
Operations	8,228	15,082
General and Administrative	12,122	3,697
Depreciation	23,612	23,612
TOTAL OPERATING EXPENSES	<u>43,962</u>	<u>42,391</u>
OPERATING INCOME	<u>2,245</u>	<u>45,255</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	842	1,672
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>842</u>	<u>1,672</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>3,087</u>	<u>46,927</u>
Capital Contributions- Tap Fees	56,700	18,600
CHANGE IN NET POSITION	59,787	65,527
NET POSITION Beginning	<u>871,056</u>	<u>805,529</u>
NET POSITION, Ending	<u>\$ 930,843</u>	<u>\$ 871,056</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, 2013

Increase (Decrease) in Cash and Cash Equivalents

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 45,606	\$ 87,484
Cash Paid to Suppliers	(20,655)	(19,511)
Net Cash Provided (Used) by Operating Activities	<u>24,951</u>	<u>67,973</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	56,700	18,600
Escrow Deposits Received	84,335	735
Net Cash Provided by Capital and Related Financing Activities	<u>141,035</u>	<u>19,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>842</u>	<u>1,672</u>
Net Increase in Cash and Cash Equivalents	166,828	88,980
CASH AND CASH EQUIVALENTS, Beginning	<u>630,621</u>	<u>541,641</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 797,449</u>	<u>\$ 630,621</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 2,245</u>	<u>\$ 45,255</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	23,612	23,612
Changes in Assets and Liabilities		
Accounts Receivable	(601)	(162)
Accounts Payable	(305)	(732)
Total Adjustments	<u>22,706</u>	<u>22,718</u>
Net Cash Provided by Operating Activities	<u>\$ 24,951</u>	<u>\$ 67,973</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, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 21,497</u>
LIABILITIES	
Due to Property Owners	<u>21,497</u>
TOTAL LIABILITIES	<u><u>\$ 21,497</u></u>

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

Cash and Investments

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Compensated Absences

The City's employees are allowed to accumulate 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.

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Property Taxes

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

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2013, the City did not report any items as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the following amounts as restricted:
 1. Emergency Reserves are restricted because their use is restricted by State Statute for declared emergencies.
 2. Land Donation Fund: The fund balance in this fund is restricted because their use is restricted by donors.
 3. Open Space Fund: The fund balance in this fund is restricted because their use is restricted by vote.
 4. Conservation Trust Fund: The fund balance in this fund is restricted because their use is restricted by State statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2013, the City committed \$6,025,488 of its General Fund, fund balance to be used for capital projects. In addition, the City has committed \$929,246 of the fund balance in the Park and Recreation Fund to be used for parks and open space projects and maintenance
- Assigned – This classification includes amounts that are constrained by the City Council intent to be used for specific purposes, but are neither restricted nor committed. As of December 31, 2013, the City does not have any assigned fund balances.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources.

Comparative Data

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2013 follows:

Petty Cash	\$ 350
Cash Deposits	6,553,385
Investments	<u>9,442,850</u>
Total	<u>\$ 15,996,585</u>

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

Governmental Activities	\$ 15,177,639
Business-type Activities	797,449
Fiduciary Funds	<u>21,497</u>
Total	<u>\$ 15,996,585</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, 2013, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

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

At December 31, 2013, the City had deposits with financial institutions with a carrying amount of \$6,553,385. The bank balances with the financial institutions were \$6,405,085. Of these balances, \$750,000 was covered by federal depository insurance and \$5,655,085 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

Credit Risk

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

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

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

The City had invested \$9,442,850 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, 2013 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, 2013

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 is summarized below:

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/13</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 13,888,438	\$ 1,504,962	\$ -	\$ 15,393,400
Construction in Process	<u>3,803,817</u>	<u>-</u>	<u>3,803,817</u>	<u>-</u>
Total Capital Assets, not depreciated	<u>17,692,255</u>	<u>1,504,962</u>	<u>3,803,817</u>	<u>15,393,400</u>
Capital Assets, depreciated				
Buildings	730,532	4,256,327	-	4,986,859
Software	104,367	-	-	104,367
Machinery and Equipment	<u>2,442,578</u>	<u>227,943</u>	<u>290,133</u>	<u>2,380,388</u>
Total Capital Assets, depreciated	<u>3,277,477</u>	<u>4,484,270</u>	<u>290,133</u>	<u>7,471,614</u>
Less Accumulated Depreciation				
Buildings	452,314	98,197	-	550,511
Software	13,411	10,437	-	23,848
Machinery and Equipment	<u>1,694,045</u>	<u>168,605</u>	<u>248,315</u>	<u>1,614,335</u>
Total Accumulated Depreciation	<u>2,159,770</u>	<u>277,239</u>	<u>248,315</u>	<u>2,188,694</u>
Total Capital Assets, depreciated, Net	<u>1,117,707</u>	<u>4,207,031</u>	<u>41,818</u>	<u>5,282,920</u>
Governmental Activities, Capital Assets, Net	<u>\$ 18,809,962</u>	<u>\$ 5,711,993</u>	<u>\$ 3,845,635</u>	<u>\$ 20,676,320</u>
Business-Type Activities				
Capital Assets, depreciated				
Sewer Lines	\$ 708,364	\$ -	\$ -	\$ 708,364
Total Capital Assets, depreciated	<u>708,364</u>	<u>-</u>	<u>-</u>	<u>708,364</u>
Less: Accumulated Depreciation				
Sewer Lines	<u>436,491</u>	<u>23,612</u>	<u>-</u>	<u>460,103</u>
Total Accumulated Depreciation	<u>436,491</u>	<u>23,612</u>	<u>-</u>	<u>460,103</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 271,873</u>	<u>\$ (23,612)</u>	<u>\$ -</u>	<u>\$ 248,261</u>

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

Governmental Activities

General Government	\$ 117,510
Public Safety	70,753
Public Works	82,912
Parks and Recreation	<u>6,064</u>
Total	<u>\$ 277,239</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013.

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/13</u>	<u>Due In</u> <u>One Year</u>
South Suburban Obligation	\$ 5,181,294	\$ -	\$ 734,784	\$ 4,446,510	\$ 741,085
Accrued Compensated Absences	<u>242,125</u>	<u>5,637</u>	<u>-</u>	<u>247,762</u>	<u>9,404</u>
Total	<u>\$ 5,423,419</u>	<u>\$ 5,637</u>	<u>\$ 734,784</u>	<u>\$ 4,694,272</u>	<u>\$ 750,489</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, 2013 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>
2014	\$ 741,085	\$ 133,233	\$ 874,318
2015	741,085	111,028	852,113
2016	741,085	88,822	829,907
2017	741,085	66,617	807,702
2018	741,085	44,573	785,658
2019	<u>741,085</u>	<u>22,044</u>	<u>763,129</u>
Total Debt Service Requirements	<u>\$ 4,446,510</u>	<u>\$ 466,317</u>	<u>\$ 4,912,827</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 25% of the City contributions after one year of employment and an additional 25% each year thereafter. Employees fully vest after four years of participation in the Plan. During the year ending December 31, 2013 the City contributed \$134,463 to the Plan, equal to the required contributions. All Plan assets are managed by the International City/County Management Association Retirement Corporation.

Non-Sworn Managers Pension Plan

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

During the year ended December 31, 2013, the City contributed \$29,804 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, 2013, were \$183,196. The Plan is administered by the International City/County Management Association Retirement Corporation.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

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.

City of Cherry Hills Village Sanitation District

On September 8, 2011 the City entered into an Agreement with the City of Cherry Hills Village Sanitation District (the “District”) to provide certain administrative, operation and maintenance services with respect to the Wastewater Collection System for the purpose of operating, maintaining and bringing the Wastewater Collection System to standard pending the transfer and conveyance of the Wastewater Collection System to the District and the inclusion of the Service Area into the District’s territorial boundaries.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Special Improvement District No. 7

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

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

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, 2013 totaled \$510,000.

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, 2013 totaled \$1,590,837.

South Metro Fire Rescue Authority

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

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

South Metro Fire Rescue Authority (Continued)

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

Under the terms of the operations agreement, South Metro Fire Rescue Authority is responsible for paying 50 percent of the buildings utility costs and 20 percent of the building telephone and internet services. During the year ended December 31, 2013, the South Metro Fire Rescue Authority paid \$25,797 to the City for reimbursement of these operating costs under the terms of the agreement.

Tabor Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2013, the emergency reserve of \$270,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHERRY HILLS VILLAGE, COLORADO

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Property Taxes	\$ 2,458,273	\$ 2,458,273	\$ 2,469,764	\$ 11,491	\$ 2,466,604
Specific Ownership Taxes	176,412	176,412	258,436	82,024	258,773
Sales and Use Taxes	1,650,000	1,650,000	2,307,871	657,871	1,827,269
Franchise Fees	390,000	390,000	567,599	177,599	524,883
Licenses and Permits	763,581	763,581	855,912	92,331	845,580
Intergovernmental	387,151	387,151	391,743	4,592	391,202
Charges for Services	382,000	382,000	426,900	44,900	430,892
Miscellaneous	32,800	128,582	47,789	(80,793)	48,139
Interest	10,000	10,000	12,301	2,301	9,345
TOTAL REVENUES	<u>6,250,217</u>	<u>6,345,999</u>	<u>7,338,315</u>	<u>992,316</u>	<u>6,802,687</u>
EXPENDITURES					
Current					
General Government	1,814,281	1,814,281	1,245,602	568,679	1,131,330
Judicial	86,571	86,571	99,729	(13,158)	97,826
Community Development	429,403	429,403	452,668	(23,265)	421,340
Village Crier	19,200	19,200	16,364	2,836	17,009
Public Safety	2,694,444	2,694,444	2,805,063	(110,619)	2,684,624
Public Works	903,306	903,306	869,287	34,019	801,936
Capital Outlay	991,925	1,087,707	1,190,898	(103,191)	3,487,182
TOTAL EXPENDITURES	<u>6,939,130</u>	<u>7,034,912</u>	<u>6,679,611</u>	<u>355,301</u>	<u>8,641,247</u>
NET CHANGE IN FUND BALANCE	(688,913)	(688,913)	658,704	1,347,617	(1,838,560)
FUND BALANCE, Beginning	<u>9,977,955</u>	<u>9,977,955</u>	<u>11,836,743</u>	<u>1,858,788</u>	<u>13,675,303</u>
FUND BALANCE, Ending	<u>\$ 9,289,042</u>	<u>\$ 9,289,042</u>	<u>\$ 12,495,447</u>	<u>\$ 3,206,405</u>	<u>\$ 11,836,743</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

PARKS AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 1,511,071	\$ 1,517,820	\$ 6,749	\$ 1,511,058
Specific Ownership Taxes	97,588	-	(97,588)	-
Miscellaneous	7,200	-	(7,200)	-
Interest	14,000	8,781	(5,219)	21,870
	<u>1,629,859</u>	<u>1,526,601</u>	<u>(103,258)</u>	<u>1,532,928</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Personal Services	421,222	404,131	17,091	424,539
Supplies and Materials	26,200	23,237	2,963	23,847
Utilities	33,200	23,847	9,353	27,593
Contractual Services	74,111	41,547	32,564	41,785
Maintenance	55,500	78,265	(22,765)	83,138
Other	272,200	270,679	1,521	260,162
Debt Service				
Principal	734,784	734,784	-	733,054
Interest	12,642	12,642	-	14,313
Capital Outlay	-	6,693	(6,693)	8,556
	<u>1,629,859</u>	<u>1,595,825</u>	<u>34,034</u>	<u>1,616,987</u>
TOTAL EXPENDITURES				
NET CHANGE IN FUND BALANCE	-	(69,224)	(69,224)	(84,059)
FUND BALANCE, Beginning	1,102,044	998,470	(103,574)	1,082,529
FUND BALANCE, Ending	<u>\$ 1,102,044</u>	<u>\$ 929,246</u>	<u>\$ (172,798)</u>	<u>\$ 998,470</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, 2013

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2013	2012
	FUND	OPEN SPACE	FUND		
		FUND			
ASSETS					
Cash and Investments	\$ 403,839	\$ 596,026	\$ 664,792	\$ 1,664,657	\$ 1,532,351
TOTAL ASSETS	<u>\$ 403,839</u>	<u>\$ 596,026</u>	<u>\$ 664,792</u>	<u>\$ 1,664,657</u>	<u>\$ 1,532,351</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 21,015	\$ -	\$ 21,015	\$ 24,912
TOTAL LIABILITIES	<u>-</u>	<u>21,015</u>	<u>-</u>	<u>21,015</u>	<u>24,912</u>
FUND BALANCES					
Restricted	403,839	575,011	664,792	1,643,642	1,507,439
TOTAL FUND BALANCES	<u>403,839</u>	<u>575,011</u>	<u>664,792</u>	<u>1,643,642</u>	<u>1,507,439</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 403,839</u>	<u>\$ 596,026</u>	<u>\$ 664,792</u>	<u>\$ 1,664,657</u>	<u>\$ 1,532,351</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2013

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2013	2012
	FUND	OPEN SPACE	FUND		
		FUND			
REVENUES					
Intergovernmental	\$ -	\$ 124,886	\$ 65,851	\$ 190,737	\$ 170,224
Other	7,537	19,737	-	27,274	12,876
Interest	1,057	1,386	217	2,660	4,270
TOTAL REVENUES	8,594	146,009	66,068	220,671	187,370
EXPENDITURES					
Parks and Recreation	-	83,227	1,241	84,468	80,354
TOTAL EXPENDITURES	-	83,227	1,241	84,468	80,354
CHANGE IN FUND BALANCES	8,594	62,782	64,827	136,203	107,016
FUND BALANCES, Beginning	395,245	512,229	599,965	1,507,439	1,400,423
FUND BALANCES, Ending	\$ 403,839	\$ 575,011	\$ 664,792	\$ 1,643,642	\$ 1,507,439

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

LAND DONATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Interest	\$ 1,000	\$ 1,057	\$ 57	\$ 1,851
Other	1,000	7,537	6,537	3,511
TOTAL REVENUES	2,000	8,594	6,594	5,362
EXPENDITURES				
General and Administrative	620	-	620	-
TOTAL EXPENDITURES	620	-	620	-
NET CHANGE IN FUND BALANCE	1,380	8,594	7,214	5,362
FUND BALANCE, Beginning	392,495	395,245	2,750	389,883
FUND BALANCE, Ending	<u>\$ 393,875</u>	<u>\$ 403,839</u>	<u>\$ 9,964</u>	<u>\$ 395,245</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

ARAPAHOE COUNTY OPEN SPACE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Open Space Shareback	\$ 110,000	\$ 124,886	\$ 14,886	\$ 109,987
Other	1,500	19,737	18,237	9,365
Interest	1,200	1,386	186	2,038
TOTAL REVENUES	<u>112,700</u>	<u>146,009</u>	<u>33,309</u>	<u>121,390</u>
EXPENDITURES				
Parks and Recreation	<u>139,000</u>	<u>83,227</u>	<u>55,773</u>	<u>80,073</u>
TOTAL EXPENDITURES	<u>139,000</u>	<u>83,227</u>	<u>55,773</u>	<u>80,073</u>
NET CHANGE IN FUND BALANCE	(26,300)	62,782	89,082	41,317
FUND BALANCE, Beginning	<u>446,911</u>	<u>512,229</u>	<u>65,318</u>	<u>470,912</u>
FUND BALANCE, Ending	<u>\$ 420,611</u>	<u>\$ 575,011</u>	<u>\$ 154,400</u>	<u>\$ 512,229</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 50,000	\$ 65,851	\$ 15,851	\$ 60,237
Interest	250	217	(33)	381
TOTAL REVENUES	<u>50,250</u>	<u>66,068</u>	<u>15,818</u>	<u>60,618</u>
EXPENDITURES				
Parks and Recreation	<u>35,000</u>	<u>1,241</u>	<u>33,759</u>	<u>281</u>
NET CHANGE IN FUND BALANCE	15,250	64,827	49,577	60,337
FUND BALANCE, Beginning	<u>590,078</u>	<u>599,965</u>	<u>9,887</u>	<u>539,628</u>
FUND BALANCE, Ending	<u>\$ 605,328</u>	<u>\$ 664,792</u>	<u>\$ 59,464</u>	<u>\$ 599,965</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

WATER AND SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Tap Fees	\$ -	\$ 56,700	\$ 56,700	\$ 18,600
Sewer Administration Fees	1,812	31,104	29,292	31,104
Sewer Repairs and Maintenance Fees	22,650	4,103	(18,547)	56,542
Miscellaneous	-	11,000	11,000	-
Interest	800	842	42	1,672
TOTAL REVENUES	<u>25,262</u>	<u>103,749</u>	<u>78,487</u>	<u>107,918</u>
EXPENDITURES				
Legal Fees	15,000	3,452	11,548	334
Contractual Services	10,000	-	10,000	1,928
Repairs and Maintenance	100,000	8,228	91,772	15,082
Other	2,017	8,670	(6,653)	1,435
Depreciation Expense	26,750	23,612	3,138	23,612
TOTAL EXPENDITURES	<u>153,767</u>	<u>43,962</u>	<u>109,805</u>	<u>42,391</u>
NET INCOME	<u>\$ (128,505)</u>	59,787	<u>\$ 188,292</u>	65,527
NET ASSETS, Beginning		<u>871,056</u>		<u>805,529</u>
NET ASSETS, Ending		<u>\$ 930,843</u>		<u>\$ 871,056</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Assessment Revenue	\$ 55,136	\$ 55,136	\$ 71,105	\$ 15,969	\$ 70,832
Interest on Assessments	39,616	39,616	40,253	637	46,058
Interest Income	1,100	1,100	35	(1,065)	1,910
TOTAL REVENUES	95,852	95,852	111,393	15,541	118,800
EXPENDITURES					
Treasurer's Fees	948	948	1,114	(166)	1,169
Debt Service					
Principal	67,000	75,000	75,000	-	243,000
Interest Expense	15,421	15,421	14,762	659	22,722
TOTAL EXPENDITURES	83,369	91,369	90,876	493	266,891
NET CHANGE IN FUND BALANCE	12,483	4,483	20,517	16,034	(148,091)
FUND BALANCE, Beginning	155,995	155,995	980	(155,015)	149,071
FUND BALANCE, Ending	\$ 168,478	\$ 160,478	\$ 21,497	\$ (138,981)	\$ 980

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, 2013

	BALANCE DECEMBER 31, 2012	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2013
ASSETS				
Cash and Investments	<u>\$ 980</u>	<u>\$ 111,393</u>	<u>\$ 90,876</u>	<u>\$ 21,497</u>
LIABILITIES				
Due Property Owners	<u>980</u>	<u>111,393</u>	<u>90,876</u>	<u>21,497</u>
TOTAL LIABILITIES	<u>\$ 980</u>	<u>\$ 111,393</u>	<u>\$ 90,876</u>	<u>\$ 21,497</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 2013
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)	324,073
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	660,549
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,199
2. General fund appropriations	877,295	b. Snow and ice removal	29,237
3. Other local imposts (from page 2)	396,451	c. Other	5,637
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	39,073
5. Transfers from toll facilities		4. General administration & miscellaneous	205,977
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)	1,522,083
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)	1,273,746	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	248,337	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,522,083	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)	1,522,083

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
		1,522,083	1,522,083		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2013	
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	396,451	g. Other Misc. Receipts	
6. Total (1. through 5.)	396,451	h. Other	
c. Total (a. + b.)	396,451	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	223,054	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	25,283	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,283	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	248,337	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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		1,080	1,080
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		322,993	322,993
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		322,993	322,993
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		324,073	324,073
			(Carry forward to page 1)
Notes and Comments:			