

CITY OF CHERRY HILLS VILLAGE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2015

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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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

John Luttrell & Associates, LLC

April 7, 2016

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, 2015. 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 2015 by \$35.0 million (net position). Of this amount, \$14.3 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2015, the City of Cherry Hills Village governmental funds reported combined ending fund balances of \$16.8 million, an increase of \$211,486 in comparison with the prior year. Approximately 30% or \$5.2 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year 2015, fund balance for the general fund was \$13.6 million, of which \$6.3 million was committed to capital expenditures.
- General fund actual revenues exceeded budgeted revenue by \$666,748 for the fiscal year 2015 and actual expenditures were \$976,296 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 basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City of Cherry Hills Village net position changed during fiscal year 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement

for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

Financial Analysis of the City As A Whole

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cherry Hills Village, assets exceeded liabilities by \$35,259,231 at the close of the 2015 fiscal year.

A portion of the City of Cherry Hills Village's net assets (51%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Cherry Hills Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of Cherry Hills Village net position (8%) represents resources that are subject to external restrictions for how they may be used. The remaining balance of unrestricted net assets (41% or \$14,332,500) 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 Position

	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014
Current and other assets	\$21,912,316	\$20,974,021	\$746,611	\$700,188
Capital assets	\$20,794,914	\$20,649,207	\$201,037	\$224,649
Total assets	\$42,707,230	\$41,623,228	\$947,648	\$924,837
Long-term liabilities outstanding	\$2,538,052	\$3,227,782	\$0	\$0
Other liabilities	\$5,833,045	\$5,115,712	\$24,550	\$30,067
Total liabilities	\$8,371,097	\$8,343,494	\$24,550	\$30,067
Net assets:				
Invested in capital assets, net of related debt	\$17,818,759	\$16,919,488	\$201,037	\$224,649
Restricted	\$2,906,935	\$1,247,490	\$0	\$0
Unrestricted	\$13,610,439	\$15,112,756	\$722,061	\$670,121
Total net assets	\$34,336,133	\$33,279,734	\$923,098	\$894,770

Changes in Net Position

Governmental activities

- Governmental-type activities increased the City's total net position by \$1,056,399 from 2014.
- The increase in total net position is due to the purchase of equipment for police, public works, and parks, in addition to a decrease in liabilities resulting from the South Suburban asset payment for 2015.

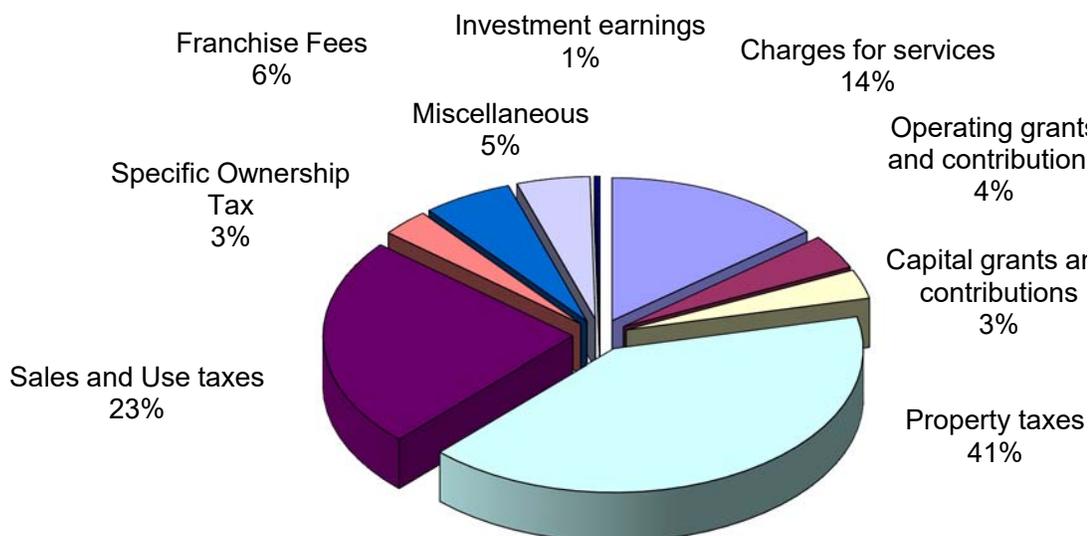
Business Type Activities

- Business-type activities increased the City's total net position by \$28,328 from 2014.
- The increase is primarily due to an increase in tap fee revenues.

City of Cherry Hills Village Changes in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business- type Activities 2015	Business- type Activities 2014
Revenues				
Program Revenues				
Charges for services	\$1,355,186	\$1,600,135	\$105,805	\$33,793
Operating grants and contributions	\$368,785	\$359,873	\$0	\$0
Capital grants and contributions	\$311,795	\$325,031	\$53,700	\$29,000
General Revenues				
Property taxes	\$3,876,261	\$3,866,545	\$0	\$0
Sales and Use taxes	\$2,257,257	\$2,551,799	\$0	\$0
Specific Ownership taxes	\$294,629	\$279,490	\$0	\$0
Franchise taxes	\$551,716	\$597,610	\$0	\$0
Miscellaneous	\$451,926	\$296,081	\$0	\$0
Investment earnings	\$32,664	\$20,803	\$1,294	\$844
Special Item, Donation of Land	\$0	\$0	\$0	\$0
Total revenues	\$9,500,219	\$9,897,367	\$160,799	\$63,637
Expenses				
General Government	\$1,533,465	\$1,516,513	\$0	\$0
Judicial	\$81,424	\$106,703	\$0	\$0
Public Safety	\$3,124,542	\$3,032,430	\$0	\$0
Public Works	\$947,196	\$1,097,309	\$0	\$0
Community Development	\$549,527	\$456,045	\$0	\$0
Parks, Recreation, and Open Space	\$2,167,380	\$1,426,267	\$0	\$0
Village Crier	\$21,361	\$19,854	\$0	\$0
Other	\$18,925	\$12,895	\$132,471	\$99,710
Total expenses	\$8,443,820	\$7,668,016	\$132,471	\$99,710
Increases in net position	\$1,056,399	\$2,229,351	\$28,328	-\$36,073
Net position, beginning	\$33,279,734	\$31,050,383	\$894,770	\$930,843
Net position, ending	\$34,336,133	\$33,279,734	\$923,098	\$894,770

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 it to classify fund balance based mainly on the extent to which the City is bound to honor constraints on how the funds are allowed to be spent.

Governmental Funds

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

As of the end of fiscal year 2015, the City of Cherry Hills Village governmental funds reported combined ending fund balances of \$16.8 million, an increase of \$211,486 in comparison with the prior year. Approximately 30% of this total amount (\$5.2 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, restricted or is nonspendable.

The General Fund is the chief operating fund of the City of Cherry Hills Village (and is combined with the Capital Fund for audit purposes). At the end of fiscal year 2015, unassigned fund balance of the General Fund, combined with the Capital Fund, was \$5.2 million; while total fund balance reached \$12.3 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 69% of total General Fund/Capital Fund expenditures, while total fund balance represents 237% of that same amount.

The Parks and Recreation Fund began receiving revenues in 2006. This fund had a positive balance of \$2,275,956 at the end of 2015 and as a result of the exclusion, Cherry Hills Village is entitled to receive property tax revenues as ordered by the court.

South Suburban Exclusion

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

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

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

Proprietary Fund

The Water and Sewer Fund accounts for all revenue and expenses associated with the consolidation and operations of water and sewer utilities under the auspices of the City. In 2015, sewer repairs and maintenance fees of \$396 per year were charged to residents under the Englewood total service agreement. Expenditures exceeded revenues in this fund by \$28,328 in 2015.

General Fund Budgetary Highlights

The original 2015 General Fund budget was modified to add a supplemental appropriation in the amount of \$24,000 for executive search firm expenses. An additional supplemental appropriation was approved in the amount of \$10,000 to Arapahoe County for the support of the High Line Canal Conservancy efforts.

The General Fund expenditures in 2015 were \$976,296 under budget and revenues were \$666,748 over budget. The General Fund balance decreased by \$1,269,261 and had an ending fund balance of \$12,331,423.

Capital Asset and Debt Administration

Capital assets. The City of Cherry Hills Village investment in capital assets as of December 31, 2015 amounts to \$21 million. This investment in capital assets includes land, buildings, vehicles, equipment, and sewer lines.

Capital asset events during the 2015 fiscal year included the following:

- New police equipment and vehicles in the amount of \$206,647
- New public works equipment and vehicles in the amount of \$216,429
- New parks equipment and vehicles in the amount of \$125,484

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

	2015	2014
Land	\$15,393,400	\$15,393,400
CIP	\$33,958	\$0
Buildings and Improvements	\$4,239,954	\$4,338,151
Software	\$59,645	\$70,082
Equipment	\$1,067,957	\$847,574
Sewer Lines	\$201,037	\$224,649
Total Capital Assets	\$20,995,951	\$20,873,856

Long-term debt. At the end of the 2015 fiscal year, the City of Cherry Hills Village had total long-term debt outstanding of \$3,272,638. This total debt represents the South Suburban obligation (\$2,976,155) and accrued compensated absences (\$296,483).

Economic Factors, Next Year's Budget and Rates

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

In preparing the 2016 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 (\$337,217) of property tax revenue from the Parks Fund was moved to the Capital Fund for 2016. The 2016 budget was adopted on the assumption that property tax revenues would increase by (15%) from 2015 and other revenues would remain constant or increase slightly.

During the 2015 fiscal year, fund balance in the General Fund (to include the Capital Fund) decreased to \$12.3 million (from \$13.6 million). The General Fund (to include the Capital Fund) balance is projected to end 2016 at approximately \$11.5 million.

The adopted 2016 fiscal year total budget appropriations are \$14.9 million, an increase of \$2,648,755 from 2015. This increase is due to additional capital expenditures, salary increases and sewer repairs/maintenance.

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, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2015	2014
ASSETS				
Cash and Investments	\$ 16,816,611	\$ 746,611	\$ 17,563,222	\$ 17,312,404
Receivables				
Property Taxes	4,571,649	-	4,571,649	3,905,065
Sales and Other	350,671	-	350,671	385,752
Accounts Receivable	3,529	-	3,529	12,758
Prepaid Items	169,856	-	169,856	58,230
Capital Assets, Not Depreciated	15,427,358	-	15,427,358	15,393,400
Capital Assets, Depreciated Net of Accumulated Depreciation	5,367,556	201,037	5,568,593	5,480,456
TOTAL ASSETS	42,707,230	947,648	43,654,878	42,548,065
LIABILITIES				
Accounts Payable	278,675	23,600	302,275	231,315
Accrued Expenses	37,450	-	37,450	37,000
Unearned Revenue	44,967	-	44,967	29,130
Escrow Deposits	165,718	950	166,668	199,207
Noncurrent Liabilities				
Due within One Year	734,586	-	734,586	744,062
Due in More Than One Year	2,538,052	-	2,538,052	3,227,782
TOTAL LIABILITIES	3,799,448	24,550	3,823,998	4,468,496
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	4,571,649	-	4,571,649	3,905,065
NET POSITION				
Investment in Capital Assets	17,818,759	201,037	18,019,796	17,144,137
Restricted for Parks and Recreation	2,275,956	-	2,275,956	957,490
Restricted for Emergencies	281,000	-	281,000	290,000
Restricted for Public Art	349,979	-	349,979	-
Unrestricted	13,610,439	722,061	14,332,500	15,782,877
TOTAL NET POSITION	\$ 34,336,133	\$ 923,098	\$ 35,259,231	\$ 34,174,504

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

<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	\$ 1,533,465	\$ -	\$ -	\$ -
Judicial	81,424	248,726	-	-
Community Development	549,527	1,016,561	-	-
Village Crier	21,361	17,431	-	-
Public Safety	3,124,542	72,468	-	-
Public Works	947,196	-	368,785	-
Parks and Recreation	2,167,380	-	-	311,795
Interest on Long Term Debt	18,925	-	-	-
Total Governmental Activities	8,443,820	1,355,186	368,785	311,795
Business-Type Activities				
Water and Sewer	132,471	105,805	-	53,700
Total Business-Type Activities	132,471	105,805	-	53,700
Total Primary Government	\$ 8,576,291	\$ 1,460,991	\$ 368,785	\$ 365,495

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION Beginning

NET POSITION Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2015	2014
\$ (1,533,465)	\$ -	\$ (1,533,465)	\$ (1,516,513)
167,302	-	167,302	228,434
467,034	-	467,034	755,515
(3,930)	-	(3,930)	(2,592)
(3,052,074)	-	(3,052,074)	(2,996,254)
(578,411)	-	(578,411)	(737,436)
(1,855,585)	-	(1,855,585)	(1,101,236)
(18,925)	-	(18,925)	(12,895)
(6,408,054)	-	(6,408,054)	(5,382,977)
-	27,034	27,034	(36,917)
-	27,034	27,034	(36,917)
(6,408,054)	27,034	(6,381,020)	(5,419,894)
3,876,261	-	3,876,261	3,866,545
294,629	-	294,629	279,490
2,257,257	-	2,257,257	2,551,799
551,716	-	551,716	597,610
32,664	1,294	33,958	21,647
451,926	-	451,926	296,081
7,464,453	1,294	7,465,747	7,613,172
1,056,399	28,328	1,084,727	2,193,278
33,279,734	894,770	34,174,504	31,981,226
<u>\$ 34,336,133</u>	<u>\$ 923,098</u>	<u>\$ 35,259,231</u>	<u>\$ 34,174,504</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2015	2014
ASSETS					
Cash and Investments	\$ 12,117,624	\$ 2,418,672	\$ 2,280,315	\$ 16,816,611	\$ 16,612,216
Property Taxes Receivable	2,798,900	1,772,749	-	4,571,649	3,905,065
Accounts Receivable	760	2,769	-	3,529	12,758
Other Receivables	350,671	-	-	350,671	385,752
Prepaid Items	169,856	-	-	169,856	58,230
Interfund Receivable	-	-	-	-	1,542,491
TOTAL ASSETS	\$ 15,437,811	\$ 4,194,190	\$ 2,280,315	\$ 21,912,316	\$ 22,516,512
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 110,833	\$ 138,972	\$ 28,870	\$ 278,675	\$ 231,315
Accrued Expenses	32,806	4,644	-	37,450	37,000
Unearned Revenue	-	-	44,967	44,967	29,130
Escrow Deposits	163,849	1,869	-	165,718	169,140
Interfund Payable	-	-	-	-	1,542,491
TOTAL LIABILITIES	307,488	145,485	73,837	526,810	2,009,076
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	2,798,900	1,772,749	-	4,571,649	3,905,065
FUND EQUITY					
Nonspendable	169,856	-	-	169,856	58,230
Restricted	630,979	-	2,206,478	2,837,457	2,334,197
Committed	6,342,155	2,275,956	-	8,618,111	7,757,377
Unassigned	5,188,433	-	-	5,188,433	6,452,567
TOTAL FUND EQUITY	12,331,423	2,275,956	2,206,478	16,813,857	16,602,371
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 15,437,811	\$ 4,194,190	\$ 2,280,315		

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.	20,794,914	20,649,207
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include long term obligation of (\$2,976,155), and Accrued Compensated Absences (\$296,483).	(3,272,638)	(3,971,844)
Net position of governmental activities	\$ 34,336,133	\$ 33,279,734

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, 2015

	General Fund	Parks and Recreation Fund	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS	
				2015	2014
REVENUES					
Property Taxes	\$ 2,404,979	\$ 1,471,282	\$ -	\$ 3,876,261	\$ 3,866,545
Specific Ownership Taxes	294,629	-	-	294,629	279,490
Sales and Use Taxes	2,228,129	-	-	2,228,129	2,521,988
Franchise Fees	551,716	-	-	551,716	597,610
Licenses and Permits	1,016,561	-	-	1,016,561	1,211,560
Intergovernmental	397,913	-	311,795	709,708	714,715
Charges for Services	321,194	-	-	321,194	371,313
Miscellaneous	457,640	-	11,717	469,357	313,343
Interest	21,857	6,251	4,556	32,664	20,803
TOTAL REVENUES	7,694,618	1,477,533	328,068	9,500,219	9,897,367
EXPENDITURES					
Current					
General Government	1,490,002	-	619	1,490,621	1,451,128
Judicial	81,424	-	-	81,424	106,703
Community Development	549,527	-	-	549,527	456,045
Village Crier	21,361	-	-	21,361	19,854
Public Safety	3,094,845	-	-	3,094,845	2,857,783
Public Works	1,156,758	-	-	1,156,758	1,011,125
Parks and Recreation	-	948,008	165,168	1,113,176	1,046,589
Debt Service					
Principal	-	734,625	-	734,625	735,730
Interest	-	18,925	-	18,925	12,895
Capital Outlay	1,027,471	-	-	1,027,471	665,479
TOTAL EXPENDITURES	7,421,388	1,701,558	165,787	9,288,733	8,363,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	273,230	(224,025)	162,281	211,486	1,534,036
OTHER FINANCING SOURCES (USES)					
Transfers In	-	1,542,491	-	1,542,491	-
Transfers Out	(1,542,491)	-	-	(1,542,491)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,542,491)	1,542,491	-	-	-
NET CHANGE IN FUND BALANCES	(1,269,261)	1,318,466	162,281	211,486	1,534,036
FUND BALANCES, Beginning	13,600,684	957,490	2,044,197	16,602,371	15,068,335
FUND BALANCES, Ending	<u>\$ 12,331,423</u>	<u>\$ 2,275,956</u>	<u>\$ 2,206,478</u>	<u>\$ 16,813,857</u>	<u>\$ 16,602,371</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, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 211,486
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 \$559,778 exceeded depreciation (\$327,280) and loss on disposal of assets (\$86,791) in the current period.	145,707
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include debt payments of \$734,625 and change in accrued compensated absences of (\$35,419).	<u>699,206</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,056,399</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, 2015

ASSETS	2015	2014
Current Assets		
Cash and Investments	\$ 746,611	\$ 700,188
Total Current Assets	<u>746,611</u>	<u>700,188</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>201,037</u>	<u>224,649</u>
TOTAL ASSETS	<u>947,648</u>	<u>924,837</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	23,600	-
Escrow Deposits	<u>950</u>	<u>30,067</u>
TOTAL LIABILITIES	<u>24,550</u>	<u>30,067</u>
NET POSITION		
Investment in Capital Assets	201,037	224,649
Unrestricted	<u>722,061</u>	<u>670,121</u>
TOTAL NET POSITION	<u>\$ 923,098</u>	<u>\$ 894,770</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, 2015

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Charges for Services	\$ 105,805	\$ 33,793
TOTAL OPERATING REVENUES	<u>105,805</u>	<u>33,793</u>
OPERATING EXPENSES		
Operations	106,239	70,207
General and Administrative	2,620	5,891
Depreciation	<u>23,612</u>	<u>23,612</u>
TOTAL OPERATING EXPENSES	<u>132,471</u>	<u>99,710</u>
OPERATING INCOME	<u>(26,666)</u>	<u>(65,917)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	<u>1,294</u>	<u>844</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,294</u>	<u>844</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(25,372)</u>	<u>(65,073)</u>
Capital Contributions- Tap Fees	<u>53,700</u>	<u>29,000</u>
CHANGE IN NET POSITION	28,328	(36,073)
NET POSITION Beginning	<u>894,770</u>	<u>930,843</u>
NET POSITION, Ending	<u>\$ 923,098</u>	<u>\$ 894,770</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, 2015

Increase (Decrease) in Cash and Cash Equivalents

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 105,805	\$ 34,765
Cash Paid to Suppliers	(114,376)	(161,870)
Net Cash Provided (Used) by Operating Activities	<u>(8,571)</u>	<u>(127,105)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	<u>53,700</u>	<u>29,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>1,294</u>	<u>844</u>
Net Increase in Cash and Cash Equivalents	46,423	(97,261)
CASH AND CASH EQUIVALENTS, Beginning	<u>700,188</u>	<u>797,449</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 746,611</u>	<u>\$ 700,188</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ (26,666)</u>	<u>\$ (65,917)</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	-	972
Accounts Payable	23,600	(85,772)
Escrow Deposits	(29,117)	-
Total Adjustments	<u>18,095</u>	<u>(61,188)</u>
Net Cash Provided by Operating Activities	<u>\$ (8,571)</u>	<u>\$ (127,105)</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, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 16,545</u>
LIABILITIES	
Due to Property Owners	<u> 16,545</u>
TOTAL LIABILITIES	<u><u>\$ 16,545</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, 2015

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, 2015

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, 2015

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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Compensated Absences

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

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

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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, 2015, the City's nonspendable fund balance are prepaid expenses.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the following amounts as restricted:
 1. General Fund: Emergency Reserves of \$281,000 are restricted because their use is restricted by State Statute for declared emergencies. In addition donations in the amount of \$349,979 are restricted for art purchases.
 2. Land Donation Fund: The fund balance in this fund is restricted because their use is restricted by donors.
 3. Open Space Fund: The fund balance in this fund is restricted because their use is restricted by vote.
 4. Conservation Trust Fund: The fund balance in this fund is restricted because their use is restricted by State statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2015, the City committed \$6,342,155 of its General Fund fund balance to be used for capital projects. In addition, the City has committed the fund balance in the Park and Recreation Fund to be used for parks and open space projects and maintenance.
- Assigned – This classification includes amounts that are constrained by the City Council intent to be used for specific purposes, but are neither restricted nor committed. As of December 31, 2015, the City does not have any assigned fund balances.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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, 2015 follows:

Petty Cash	\$ 350
Cash Deposits	1,942,482
Investments	<u>15,636,935</u>
Total	<u>\$ 17,579,767</u>

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

Governmental Activities	\$ 16,816,611
Business-type Activities	746,611
Fiduciary Funds	<u>16,545</u>
Total	<u>\$ 17,579,767</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, 2015, 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, 2015

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, 2015, the City had deposits with financial institutions with a carrying amount of \$1,942,482. The bank balances with the financial institutions were \$2,089,148. Of these balances, \$750,000 was covered by federal depository insurance and \$1,339,148 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, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

The City had invested \$15,636,835 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 AMOUNTS

The General Fund transferred \$1,542,491 to the Parks and Recreation Fund to remove the liability to repay the loan from the Balance Sheet.

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 is summarized below:

	<u>Balances</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/15</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,393,400	\$ -	\$ -	\$ 15,393,400
Construction in Progress	<u>-</u>	<u>33,958</u>	<u>-</u>	<u>33,958</u>
Total Capital Assets, not depreciated	<u>15,393,400</u>	<u>33,958</u>	<u>-</u>	<u>15,427,358</u>
Capital Assets, depreciated				
Buildings	4,986,859	-	-	4,986,859
Software	104,367	-	-	104,367
Machinery and Equipment	<u>2,531,102</u>	<u>525,820</u>	<u>328,711</u>	<u>2,728,211</u>
Total Capital Assets, depreciated	<u>7,622,328</u>	<u>525,820</u>	<u>328,711</u>	<u>7,819,437</u>
Less Accumulated Depreciation				
Buildings	648,708	98,197	-	746,905
Software	34,285	10,437	-	44,722
Machinery and Equipment	<u>1,683,528</u>	<u>218,646</u>	<u>241,920</u>	<u>1,660,254</u>
Total Accumulated Depreciation	<u>2,366,521</u>	<u>327,280</u>	<u>241,920</u>	<u>2,451,881</u>
Total Capital Assets, depreciated, Net	<u>5,255,807</u>	<u>198,540</u>	<u>86,791</u>	<u>5,367,556</u>
Governmental Activities, Capital Assets, Net	<u>\$ 20,649,207</u>	<u>\$ 232,498</u>	<u>\$ 86,791</u>	<u>\$ 20,794,914</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>483,715</u>	<u>23,612</u>	<u>-</u>	<u>507,327</u>
Total Accumulated Depreciation	<u>483,715</u>	<u>23,612</u>	<u>-</u>	<u>507,327</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 224,649</u>	<u>\$ (23,612)</u>	<u>\$ -</u>	<u>\$ 201,037</u>

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

Governmental Activities

General Government	\$ 51,102
Public Safety	143,811
Public Works	105,634
Parks and Recreation	<u>26,733</u>
Total	<u>\$ 327,280</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015.

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/15</u>	<u>Due In</u> <u>One Year</u>
South Suburban Obligation	\$ 3,710,780	\$ -	\$ 734,625	\$ 2,976,155	\$ 734,586
Accrued Compensated Absences	<u>261,064</u>	<u>35,419</u>	<u>-</u>	<u>296,483</u>	<u>-</u>
Total	<u>\$ 3,971,844</u>	<u>\$ 35,419</u>	<u>\$ 734,625</u>	<u>\$ 3,272,638</u>	<u>\$ 734,586</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, 2015 are estimated at a .51% interest rate and are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 734,586	\$ 25,387	\$ 759,973
2017	740,185	19,053	759,238
2018	757,962	1,276	759,238
2019	<u>743,422</u>	<u>632</u>	<u>744,054</u>
Total Debt Service Requirements	<u>\$ 2,976,155</u>	<u>\$ 46,348</u>	<u>\$ 3,022,503</u>

CITY OF CHERRY HILLS VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015 the City contributed \$138,936 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, 2015, the City contributed \$34,779 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, 2015, were \$198,517. 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, 2015

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, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 9: COMMITMENTS AND CONTINGENCIES

Special Improvement District No. 7

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

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

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, 2015 totaled \$370,000.

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, 2015 totaled \$1,452,884.

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, 2015

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, 2015, the South Metro Fire Rescue Authority paid \$29,289 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, 2015, the emergency reserve of \$281,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHERRY HILLS VILLAGE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015			VARIANCE	2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Property Taxes	\$ 2,416,950	\$ 2,416,950	\$ 2,404,979	\$ (11,971)	\$ 2,399,568
Specific Ownership Taxes	274,000	274,000	294,629	20,629	101,740
Sales and Use Taxes	2,107,952	2,107,952	2,228,129	120,177	2,521,988
Franchise Fees	489,700	489,700	551,716	62,016	597,610
Licenses and Permits	887,476	887,476	1,016,561	129,085	1,211,560
Intergovernmental	383,532	383,532	397,913	14,381	389,684
Charges for Services	408,000	408,000	321,194	(86,806)	371,313
Miscellaneous	50,260	50,260	457,640	407,380	65,835
Interest	10,000	10,000	21,857	11,857	13,437
TOTAL REVENUES	<u>7,027,870</u>	<u>7,027,870</u>	<u>7,694,618</u>	<u>666,748</u>	<u>7,672,735</u>
EXPENDITURES					
Current					
General Government	1,940,536	1,974,536	1,490,002	484,534	1,450,509
Judicial	72,740	72,740	81,424	(8,684)	106,703
Community Development	603,776	603,776	549,527	54,249	456,045
Village Crier	18,100	18,100	21,361	(3,261)	19,854
Public Safety	3,040,861	3,040,861	3,094,845	(53,984)	2,857,783
Public Works	1,059,562	1,059,562	1,156,758	(97,196)	1,011,125
Capital Outlay	3,170,600	3,170,600	1,027,471	2,143,129	665,479
TOTAL EXPENDITURES	<u>9,906,175</u>	<u>9,940,175</u>	<u>7,421,388</u>	<u>2,518,787</u>	<u>6,567,498</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,878,305)</u>	<u>(2,912,305)</u>	<u>273,230</u>	<u>3,185,535</u>	<u>1,105,237</u>
OTHER FINANCING (USES)					
Transfers Out	-	-	(1,542,491)	(1,542,491)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,542,491)</u>	<u>(1,542,491)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,878,305)	(2,912,305)	(1,269,261)	1,643,044	1,105,237
FUND BALANCE, Beginning	<u>5,958,797</u>	<u>5,958,797</u>	<u>13,600,684</u>	<u>7,641,887</u>	<u>12,495,447</u>
FUND BALANCE, Ending	<u>\$ 3,080,492</u>	<u>\$ 3,046,492</u>	<u>\$ 12,331,423</u>	<u>\$ 9,284,931</u>	<u>\$ 13,600,684</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

PARKS AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 1,479,014	\$ 1,471,282	\$ (7,732)	\$ 1,466,977
Specific Ownership Taxes	-	-	-	177,750
Interest	5,000	6,251	1,251	4,761
TOTAL REVENUES	1,484,014	1,477,533	(6,481)	1,649,488
EXPENDITURES				
Current				
Personal Services	459,760	456,230	3,530	416,432
Supplies and Materials	24,500	22,236	2,264	24,910
Utilities	33,200	19,601	13,599	19,713
Contractual Services	85,340	82,157	3,183	64,040
Maintenance	55,500	57,094	(1,594)	47,530
Other	291,500	310,690	(19,190)	299,994
Debt Service				
Principal	734,625	734,625	-	735,730
Interest	18,925	18,925	-	12,895
TOTAL EXPENDITURES	1,703,350	1,701,558	1,792	1,621,244
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(219,336)	(224,025)	(4,689)	28,244
OTHER FINANCING SOURCES				
Transfers In	1,542,491	1,542,491	-	-
NET CHANGE IN FUND BALANCE	1,323,155	1,318,466	(4,689)	28,244
FUND BALANCE, Beginning	970,185	957,490	(12,695)	929,246
FUND BALANCE, Ending	<u>\$ 2,293,340</u>	<u>\$ 2,275,956</u>	<u>\$ (17,384)</u>	<u>\$ 957,490</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, 2015

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2015	2014
	FUND	OPEN SPACE	FUND		
		FUND			
ASSETS					
Cash and Investments	\$ 657,792	\$ 845,393	\$ 777,130	\$ 2,280,315	\$ 2,100,739
TOTAL ASSETS	<u>\$ 657,792</u>	<u>\$ 845,393</u>	<u>\$ 777,130</u>	<u>\$ 2,280,315</u>	<u>\$ 2,100,739</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 28,870	\$ -	\$ 28,870	\$ 27,412
Unearned Revenue	-	44,967	-	44,967	29,130
TOTAL LIABILITIES	<u>-</u>	<u>73,837</u>	<u>-</u>	<u>73,837</u>	<u>56,542</u>
FUND BALANCES					
Restricted	<u>657,792</u>	<u>771,556</u>	<u>777,130</u>	<u>2,206,478</u>	<u>2,044,197</u>
TOTAL FUND BALANCES	<u>657,792</u>	<u>771,556</u>	<u>777,130</u>	<u>2,206,478</u>	<u>2,044,197</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 657,792</u>	<u>\$ 845,393</u>	<u>\$ 777,130</u>	<u>\$ 2,280,315</u>	<u>\$ 2,100,739</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, 2015

	LAND	ARAPAHOE	CONSERVATION	TOTALS	
	DONATION	COUNTY	TRUST	2015	2014
	FUND	OPEN SPACE	FUND		
		FUND			
REVENUES					
Intergovernmental	\$ -	\$ 251,447	\$ 60,348	\$ 311,795	\$ 325,031
Other	8,379	3,338	-	11,717	247,508
Interest	1,433	2,828	295	4,556	2,605
TOTAL REVENUES	9,812	257,613	60,643	328,068	575,144
EXPENDITURES					
General Government	619	-	-	619	619
Parks and Recreation	-	157,397	7,771	165,168	173,970
TOTAL EXPENDITURES	619	157,397	7,771	165,787	174,589
CHANGE IN FUND BALANCES	9,193	100,216	52,872	162,281	400,555
FUND BALANCES, Beginning	648,599	671,340	724,258	2,044,197	1,643,642
FUND BALANCES, Ending	\$ 657,792	\$ 771,556	\$ 777,130	\$ 2,206,478	\$ 2,044,197

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

LAND DONATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Interest	\$ 1,000	\$ 1,433	\$ 433	\$ 935
Other	5,000	8,379	3,379	244,444
TOTAL REVENUES	6,000	9,812	3,812	245,379
EXPENDITURES				
General and Administrative	5,620	619	5,001	619
TOTAL EXPENDITURES	5,620	619	5,001	619
NET CHANGE IN FUND BALANCE	380	9,193	8,813	244,760
FUND BALANCE, Beginning	642,436	648,599	6,163	403,839
FUND BALANCE, Ending	\$ 642,816	\$ 657,792	\$ 14,976	\$ 648,599

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

ARAPAHOE COUNTY OPEN SPACE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015			VARIANCE	2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Open Space Shareback	\$ 125,000	\$ 125,000	\$ 142,285	\$ 17,285	\$ 129,570
Intergovernmental	-	-	109,162	109,162	135,870
Other	2,000	2,000	3,338	1,338	3,064
Interest	1,200	1,200	2,828	1,628	1,477
TOTAL REVENUES	128,200	128,200	257,613	129,413	269,981
EXPENDITURES					
Parks and Recreation	130,000	159,130	157,397	1,733	173,652
TOTAL EXPENDITURES	130,000	159,130	157,397	1,733	173,652
NET CHANGE IN FUND BALANCE	(1,800)	(30,930)	100,216	131,146	96,329
FUND BALANCE, Beginning	501,857	501,857	671,340	169,483	575,011
FUND BALANCE, Ending	\$ 500,057	\$ 470,927	\$ 771,556	\$ 300,629	\$ 671,340

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 50,000	\$ 60,348	\$ 10,348	\$ 59,591
Interest	200	295	95	193
TOTAL REVENUES	<u>50,200</u>	<u>60,643</u>	<u>10,443</u>	<u>59,784</u>
EXPENDITURES				
Parks and Recreation	<u>35,000</u>	<u>7,771</u>	<u>27,229</u>	<u>318</u>
NET CHANGE IN FUND BALANCE	15,200	52,872	37,672	59,466
FUND BALANCE, Beginning	<u>685,125</u>	<u>724,258</u>	<u>39,133</u>	<u>664,792</u>
FUND BALANCE, Ending	<u>\$ 700,325</u>	<u>\$ 777,130</u>	<u>\$ 76,805</u>	<u>\$ 724,258</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

WATER AND SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Tap Fees	\$ -	\$ 53,700	\$ 53,700	\$ 29,000
Sewer Administration Fees	2,328	11,634	9,306	2,328
Sewer Repairs and Maintenance Fees	56,700	63,655	6,955	31,440
Miscellaneous	-	30,516	30,516	25
Interest	800	1,294	494	844
TOTAL REVENUES	<u>59,828</u>	<u>160,799</u>	<u>100,971</u>	<u>63,637</u>
EXPENDITURES				
Legal Fees	1,000	1,571	(571)	1,287
Contractual Services	25,000	195	24,805	-
Repairs and Maintenance	300,000	106,239	193,761	70,207
Other	1,000	854	146	4,604
Depreciation Expense	26,750	23,612	3,138	23,612
TOTAL EXPENDITURES	<u>353,750</u>	<u>132,471</u>	<u>221,279</u>	<u>99,710</u>
NET INCOME	<u>\$ (293,922)</u>	28,328	<u>\$ 322,250</u>	(36,073)
NET POSITION, Beginning		<u>894,770</u>		<u>930,843</u>
NET POSITION, Ending		<u>\$ 923,098</u>		<u>\$ 894,770</u>

See the accompanying independent auditors' report.

CITY OF CHERRY HILLS VILLAGE, COLORADO

AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Assessment Revenue	\$ 66,371	\$ 59,192	\$ (7,179)	\$ 71,278
Interest on Assessments	13,330	13,198	(132)	15,773
Interest Income	50	48	(2)	43
Other	-	-	-	-
TOTAL REVENUES	<u>79,751</u>	<u>72,438</u>	<u>(7,313)</u>	<u>87,094</u>
EXPENDITURES				
Treasurer's Fees	798	724	74	870
Debt Service				
Principal	80,000	70,000	10,000	70,000
Interest Expense	11,151	10,530	621	12,360
TOTAL EXPENDITURES	<u>91,949</u>	<u>81,254</u>	<u>10,695</u>	<u>83,230</u>
NET CHANGE IN FUND BALANCE	(12,198)	(8,816)	3,382	3,864
FUND BALANCE, Beginning	<u>36,433</u>	<u>25,361</u>	<u>(11,072)</u>	<u>21,497</u>
FUND BALANCE, Ending	<u>\$ 24,235</u>	<u>\$ 16,545</u>	<u>\$ (7,690)</u>	<u>\$ 25,361</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, 2015

	BALANCE DECEMBER 31, 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2015
ASSETS				
Cash and Investments	<u>\$ 25,361</u>	<u>\$ 72,438</u>	<u>\$ 81,254</u>	<u>\$ 16,545</u>
LIABILITIES				
Due Property Owners	<u>25,361</u>	<u>72,438</u>	<u>81,254</u>	<u>16,545</u>
TOTAL LIABILITIES	<u>\$ 25,361</u>	<u>\$ 72,438</u>	<u>\$ 81,254</u>	<u>\$ 16,545</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 2015
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)	405,569
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	617,313
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	8,918
2. General fund appropriations	946,271	b. Snow and ice removal	41,190
3. Other local imposts (from page 2)	408,624	c. Other	2,810
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	52,918
5. Transfers from toll facilities		4. General administration & miscellaneous	240,353
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)	1,608,565
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)	1,354,895	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	253,670	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,608,565	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)	1,608,565

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
		1,608,565	1,608,565		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2015	
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	408,624	g. Other Misc. Receipts	
6. Total (1. through 5.)	408,624	h. Other	
c. Total (a. + b.)	408,624	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	227,877	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	25,793	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,793	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	253,670	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		11,337	11,337
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		394,233	394,233
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	394,233	394,233
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	405,569	405,569
			(Carry forward to page 1)
Notes and Comments:			