CHERRY CREEK VILLAGE WATER DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2009 and 2008

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SIMMONS & WHEELER, P.C. Certified Public Accountants
8005 South Chester Street, Suite 150, Centennial, CO 80112-3419 (303) 689-0833, Fax (303) 689-0834

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cherry Creek Village Water District
Arapahoe County, Colorado

We have audited the accompanying financial statements of the business-type activities of Cherry Creek Village Water District as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Cherry Creek Village Water District as of and for the years ended December 31, 2009 and 2008, and the respective changes in the financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Cherry Creek Village Water District has elected to not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cherry Creek Village Water District's basic financial statements. The accompanying supplementary information on pages 14 through 17 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Simmons & Wheeler P.C.

September 7, 2010

BASIC FINANCIAL STATEMENTS

CHERRY CREEK VILLAGE WATER DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and investments	$ 952,276	$ 915,609
Cash and investments - Restricted	1,900	1,800
Prepaid insurance	-	170
Receivable - County Treasurer	251	97
Accounts receivable	40,028	38,635
Other receivable	7,665	-
Interest receivable	2,014	1,440
Property tax receivable	59,609	57,688
Total current assets	1,063,743	1,015,439
CAPITAL ASSETS, NET	519,723	518,668
Total assets	1,583,466	1,534,107
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	62,701	36,392
Deferred property tax revenue	59,609	57,688
Total current liabilities	122,310	94,080
NET ASSETS		
Invested in capital assets	519,723	518,668
Restricted	1,900	1,800
Unrestricted	939,533	919,559
TOTAL NET ASSETS	$ 1,461,156	$ 1,440,027

These financial statements should be read only in connection with the accompanying notes to financial statements.

CHERRY CREEK VILLAGE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
WATER OPERATIONS		
Water service fees	$ 521,833	$ 600,152
Miscellaneous	8,030	2,690
Direct water expenses	(471,311)	(534,376)
Depreciation	(21,160)	(20,925)
Gross income (loss) from water operations	37,392	47,541
GENERAL AND ADMINISTRATIVE EXPENSES	88,369	89,942
OPERATING INCOME (LOSS)	(50,977)	(42,401)
NONOPERATING REVENUES		
Property taxes	57,653	55,703
Specific ownership taxes	3,959	4,196
Net investment income	11,359	27,351
Total nonoperating revenues	72,971	87,250
NONOPERATING EXPENSES		
County treasurer's fees	865	836
Total nonoperating expenses	865	836
CHANGE IN NET ASSETS	21,129	44,013
TOTAL NET ASSETS - BEGINNING OF YEAR	1,440,027	1,396,014
TOTAL NET ASSETS - END OF YEAR	$ 1,461,156	$ 1,440,027

These financial statements should be read only in connection with the accompanying notes to financial statements.

CHERRY CREEK VILLAGE WATER DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 520,440	$ 601,341
Payments to suppliers	(533,201)	(674,699)
Other receipts	365	2,690
Net cash provided (required) by operating activities	(12,396)	(70,668)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property tax collections for operations	57,649	55,703
Specific ownership taxes	3,812	4,493
County treasurer's fees	(865)	(836)
Net cash provided (required) by noncapital financing activities	60,596	59,360
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property, plant and equipment	(22,215)	-
Net cash provided (required) by capital and related financing activities	(22,215)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments (purchased) matured	(302,164)	200,687
Interest received	10,782	30,232
Net cash provided (required) by investing activities	(291,382)	230,919
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(265,397)	219,611
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	716,443	496,832
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 451,046	$ 716,443
Reconciliation of operating income (loss) to net cash provided (required) by operating activities		
Operating income (loss)	$ (50,977)	$ (42,401)
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities		
Depreciation	21,160	20,925
(Increase) decrease in:		
Accounts receivable	(9,058)	1,189
Prepaid insurance	170	(170)
Increase (decrease) in:		
Accounts payable and accrued expenses	26,309	(50,211)
Net cash provided (required) by operating activities	$ (12,396)	$ (70,668)

These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTE 1 - DEFINITION OF REPORTING ENTITY

Cherry Creek Village Water District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado. The District's service area is located entirely in Arapahoe County, Colorado. The District was established to provide water services. The District purchases water from the Denver Water Board under a master meter contract and bills its users.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The more significant accounting policies of the District are described as follows:

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities. Tap fees and contributions of water lines are recorded as revenue when received.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Assets. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments are carried at fair value.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits, certificates of deposit and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include collection systems and machinery and equipment, are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Water system	35 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District's financial position and operations.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2009 and 2008 are classified in the accompanying financial statements as follows:

	2009	2008
Balance sheet:		
Cash and investments	$ 952,276	$ 915,609
Cash and investments - Restricted	1,900	1,800
Total cash and investments	$ 954,176	$ 917,409
Statement of cash flows:		
Cash and cash equivalents	$ 451,046	$ 716,443
Investments	503,130	200,966
Total cash and investments	$ 954,176	$ 917,409

Cash and investments as of December 31, 2009 and 2008 consist of the following:

Deposits with financial institutions	$ 601,032	$ 315,472
Investments	353,144	601,937
Total cash and investments	$ 954,176	$ 917,409

Deposits with Financial Institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2009 and 2008, the District's cash deposits had a bank balance of $601,258 and $315,972, respectively, and a carrying balance of $601,032 and $315,472, respectively.

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

. Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2009, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (Colotrust)	Less than one year	$ 353,144

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAm by Standard & Poor's.

Cash and Investments - Restricted and Designated

Cash and investments of $1,900 are restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 7).

The Board has designated $691,940 of the cash and investments for future repairs and replacement of District lines.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2009 and 2008 follows:

	2009			
	Balance at January 1, 2009	Additions	Deletions	Balance at December 31, 2009
Capital assets, being depreciated:				
Water system	$ 1,019,894	$ 22,215	$ -	$ 1,042,109
Total capital assets, being depreciated	1,019,894	22,215	-	1,042,109
Less accumulated depreciation for:				
Water system	(501,226)	(21,160)	-	(522,386)
Capital assets, net	$ 518,668	$ 1,055	$ -	$ 519,723

	2008			
	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
Capital assets, being depreciated:				
Water system	$ 1,019,894	$ -	$ -	$ 1,019,894
Total capital assets, being depreciated	1,019,894	-	-	1,019,894
Less accumulated depreciation for:				
Water system	(480,301)	(20,925)	-	(501,226)
Capital assets, net	$ 539,593	$ (20,925)	$ -	$ 518,668

Depreciation expense for the years ended December 31, 2009 and 2008 were charged to water operations in the amount of $21,160 and $20,925, respectively.

NOTE 5 - WATER LEASE

On January 25, 1995, the District entered into an agreement to lease certain water rights to the City of Greenwood Village (City) for use on a proposed golf course for a dollar a year for ninety-nine years. The City has notified the District that it does not intend to use the water rights on a golf course. Other recreational uses for the water rights are under consideration.

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2009. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 7 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

NOTE 7 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation. Internally, the District maintains its records in three funds - the General Fund, the Enterprise Fund and the Capital Replacement Fund.

SUPPLEMENTAL INFORMATION

CHERRY CREEK VILLAGE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2009

	Budget Original and Final	Actual	Variance-Positive (Negative)
WATER OPERATING INCOME			
Water service fees	$ 658,000	$ 521,833	$ (136,167)
Total water operating income	658,000	521,833	(136,167)
WATER OPERATING EXPENSES			
Direct water expenses	640,100	471,311	168,789
Total water operating expenses	640,100	471,311	168,789
Gross profit (loss) from water operations	17,900	50,522	32,622
GENERAL AND ADMINISTRATIVE EXPENSES	88,450	88,369	81
OPERATING INCOME (LOSS)	(70,550)	(37,847)	32,703
NONOPERATING REVENUES			
Property taxes	57,688	57,653	(35)
Specific ownership taxes	4,615	3,959	(656)
Net investment income	25,000	11,359	(13,641)
Reimbursed expenditures	11,500	8,030	(3,470)
Total nonoperating revenues	98,803	81,001	(17,802)
NONOPERATING EXPENSES			
Treasurer's fees	865	865	-
Contingency	20,000	-	20,000
Total nonoperating expenses	20,865	865	20,000
CAPITAL OUTLAY			
Capital outlay	-	22,215	(22,215)
EXCESS REVENUES OVER (UNDER) EXPENDITURES	7,388	20,074	12,686
FUNDS AVAILABLE - BEGINNING OF YEAR	925,204	921,359	(3,845)
FUNDS AVAILABLE - END OF YEAR	$ 932,592	$ 941,433	$ 8,841

CHERRY CREEK VILLAGE WATER DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)
TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2009

	Actual
Funds available are defined as follows:	
Current assets	$ 1,063,743
Less current liabilities	(122,310)
Funds available	$ 941,433
Reconciliation of budgetary basis (actual) to Statement of Revenues, Expenses and Changes in Net Assets:	
Revenues (budgetary basis)	$ 602,834
Total revenues per Statement of Revenues, Expenses and Changes in Net Assets	602,834
Expenditures (budgetary basis)	582,760
Depreciation	21,160
Capital outlay	(22,215)
Total expenses per Statement of Revenues, Expenses and Changes in Net Assets	581,705
Change in net assets per Statement of Revenues, Expenses and Changes in Net Assets	$ 21,129

CHERRY CREEK VILLAGE WATER DISTRICT
SCHEDULE OF OPERATING EXPENSES
Years Ended December 31, 2009 and 2008

	2009	2008
DIRECT WATER EXPENSES		
Meter reading and billing	$ 28,271	$ 26,660
Maintenance and engineering	77,189	80,590
Water purchase	365,851	427,126
Total direct water expenses	$ 471,311	$ 534,376
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting	$ 16,459	$ 14,338
Audit	4,000	4,000
Directors' fees	6,200	5,500
Election expense	-	7,867
District management fees	25,720	24,645
Insurance	3,800	4,307
Legal	28,992	22,440
Miscellaneous	3,198	6,845
Total general and administrative expenses	$ 88,369	$ 89,942

CHERRY CREEK VILLAGE WATER DISTRICT
FIVE YEAR SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2009

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2005	$ 16,813,450	2.800	$ 47,078	$ 47,047	99.9%
2006	$ 19,143,940	2.596	$ 49,698	$ 45,442	91.4%
2007	$ 19,232,410	2.736	$ 52,620	$ 52,609	99.9%
2008	$ 21,563,460	2.592	$ 55,893	$ 55,703	99.7%
2009	$ 22,077,220	2.613	$ 57,688	$ 57,653	99.9%
Estimated for the year ending December 31, 2010	$ 21,636,810	2.755	$ 59,609		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.