

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**Arapahoe County, Colorado**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 and 2011**

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**SCHILLING & COMPANY, INC.**

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## **Independent Auditor's Report**

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

We have audited the accompanying basic financial statements of Cherry Creek Village Water District (District) as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents, and the related notes to the financial statements.

### **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 of 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 financial position of Cherry Creek Village Water District, as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
July 9, 2013

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**STATEMENTS OF NET POSITION**  
**December 31, 2012 and 2011**

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and investments - unrestricted	\$ 1,261,307	\$ 1,088,765
Cash and investments - restricted	2,000	2,000
Prepaid insurance	3,164	973
Receivable - County treasurer	306	231
Accounts receivable	42,790	46,507
Other receivable	-	7,786
Interest receivable	837	1,616
Property tax receivable	54,255	54,393
Total current assets	<u>1,364,659</u>	<u>1,202,271</u>
<b>CAPITAL ASSETS, NET</b>		
Total assets	<u>455,045</u>	<u>476,604</u>
	<u>1,819,704</u>	<u>1,678,875</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	54,658	30,966
Total current liabilities	<u>54,658</u>	<u>30,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property tax revenue	54,255	54,393
Total deferred inflows of resources	<u>54,255</u>	<u>54,393</u>
<b>NET POSITION</b>		
Net investment in capital assets	455,045	476,604
Restricted for emergencies	2,000	2,000
Unrestricted	1,253,746	1,114,912
Total net position	<u>\$ 1,710,791</u>	<u>\$ 1,593,516</u>

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 POSITION**  
**Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>WATER OPERATIONS</b>		
Water service fees	\$ 875,433	\$ 718,285
Miscellaneous	10,582	7,786
Direct water expenses	(749,767)	(575,694)
Depreciation	(21,559)	(21,559)
Gross income from water operations	<u>114,689</u>	<u>128,818</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>62,681</u>	<u>94,941</u>
<b>OPERATING INCOME</b>	<u>52,008</u>	<u>33,877</u>
<b>NONOPERATING REVENUES</b>		
Property taxes	54,272	60,427
Specific ownership taxes	3,520	3,615
Net investment income	8,290	8,205
Total nonoperating revenues	<u>66,082</u>	<u>72,247</u>
<b>NONOPERATING EXPENSES</b>		
County treasurer's fees	815	907
Total nonoperating expenses	<u>815</u>	<u>907</u>
<b>CHANGE IN NET POSITION</b>	117,275	105,217
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>1,593,516</u>	<u>1,488,299</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,710,791</u>	<u>\$ 1,593,516</u>

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, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 897,518	\$ 716,301
Payments to suppliers	<u>(790,947)</u>	<u>(688,056)</u>
Net cash provided by operating activities	<u>106,571</u>	<u>28,245</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
Property tax collections for operations	54,200	62,398
Specific ownership taxes	3,530	3,384
County treasurer's fees	<u>(815)</u>	<u>(907)</u>
Net cash provided by noncapital financing activities	<u>56,915</u>	<u>64,875</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments (purchased) matured	(8,724)	(106,435)
Net investment income	<u>9,069</u>	<u>7,710</u>
Net cash provided (required) by investing activities	<u>345</u>	<u>(98,725)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	163,831	(5,605)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>275,082</u>	<u>280,687</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 438,913</u></u>	<u><u>\$ 275,082</u></u>
 <b>Reconciliation of operating income from operations to net cash provided by operating activities</b>		
Operating income	\$ 52,008	\$ 33,877
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	21,559	21,559
(Increase) decrease in:		
Accounts receivable	3,717	(1,984)
Other receivable	7,786	(7,786)
Prepaid expenses	(2,191)	2,502
Increase (decrease) in:		
Accounts payable and other liabilities	23,692	(19,923)
Net cash provided by operating activities	<u><u>\$ 106,571</u></u>	<u><u>\$ 28,245</u></u>

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

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Cherry Creek Village Water District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Arapahoe County, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). 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.

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.

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

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 capital assets 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 is received.

**Operating Revenues and Expenses**

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenue, 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.

**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.

Investments are carried at fair value.

**Cash Equivalents**

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

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 30 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 and reported as a deferred inflow of resources 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 reported by the District include collection systems and machinery and equipment. 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 market value at the date of donation.

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

Water system	35 years
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**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2012 and 2011 are classified in the accompanying financial statements as follows:

	<u>2012</u>	<u>2011</u>
Balance sheet:		
Cash and investments - unrestricted	\$ 1,261,307	\$ 1,088,765
Cash and investments - restricted	2,000	2,000
Total cash and investments	<u>\$ 1,263,307</u>	<u>\$ 1,090,765</u>
Statement of cash flows:		
Cash and cash equivalents	\$ 438,913	\$ 275,082
Investments	824,394	815,683
Total cash and investments	<u>\$ 1,263,307</u>	<u>\$ 1,090,765</u>

Cash and investments as of December 31, 2012 and 2011 consist of the following:

Deposits with financial institutions	\$ 1,117,855	\$ 1,002,552
Investments	145,452	88,213
	<u>\$ 1,263,307</u>	<u>\$ 1,090,765</u>

**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 at least equal to 102% of the aggregate uninsured deposits.

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, 2012 and 2011, the District's cash deposits had bank balances of \$1,117,855 and \$1,002,652 and carrying balances of \$1,117,855 and \$1,002,552 respectively.

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 3 - CASH AND INVESTMENTS (continued)**

**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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 3 - CASH AND INVESTMENTS (continued)**

At December 31, 2012 and 2011, the District had the following investments:

Investment	Maturity	Fair Value	
		2012	2011
Colorado Liquid Asset Trust (ColoTrust)	Less than 1 year	<u>\$ 145,452</u>	<u>\$ 88,213</u>

**Colostrust**

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 portfolio's 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. Colostrust is rated AAAM by Standard & Poor's.

**Cash and Investments – Restricted and Designated**

For the years ended December 2012 and 2011, the District had the following restricted and designated cash and investments:

	2012	2011
Restricted for emergencies	\$ 2,000	\$ 2,000
Designated for future repairs and line replacements	<u>875,804</u>	<u>741,751</u>
Total Cash and Investments Restricted and Designated	<u>\$ 877,804</u>	<u>\$ 743,751</u>

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2012 and 2011 follows:

	<u>Balance at December 31, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2012</u>
Capital assets, being depreciated:				
Water system	\$ 1,042,109	\$ -	\$ -	\$ 1,042,109
Total capital assets being depreciated	<u>1,042,109</u>	<u>-</u>	<u>-</u>	<u>1,042,109</u>
Less accumulated depreciation for:				
Water system	(565,505)	(21,559)	-	(587,064)
Total accumulated depreciation	<u>(565,505)</u>	<u>(21,559)</u>	<u>-</u>	<u>(587,064)</u>
Capital assets, net	<u>\$ 476,604</u>	<u>\$ (21,559)</u>	<u>\$ -</u>	<u>\$ 455,045</u>

	<u>Balance at December 31, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2011</u>
Capital assets, being depreciated:				
Water system	\$ 1,042,109	\$ -	\$ -	\$ 1,042,109
Total capital assets being depreciated	<u>1,042,109</u>	<u>-</u>	<u>-</u>	<u>1,042,109</u>
Less accumulated depreciation for:				
Water system	(543,945)	(21,559)	-	(565,505)
Total accumulated depreciation	<u>(543,945)</u>	<u>(21,559)</u>	<u>-</u>	<u>(565,505)</u>
Capital assets, net	<u>\$ 498,164</u>	<u>\$ (21,559)</u>	<u>\$ -</u>	<u>\$ 476,604</u>

Depreciation expense for the years ended December 31, 2012 and 2011 were charged to water operations in the amount of \$21,559 respectively.

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**NOTE 5 – WATER LEASE**

On January 25, 1995, the District entered into a Water Lease with the City of Greenwood Village, Colorado (City) whereby the District leased to the City certain adjudicated District water rights in the Denver and Laramie Fox Hills aquifers for a dollar a year for a base term of 99 years.

**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, 2012. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability and boiler and machinery 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 and public officials' liability 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 that 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.

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012 and 2011**

**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.

**NOTE 8 – NEW GASB STANDARDS**

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* – GASBS No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Although this Statement is effective for periods beginning after December 15, 2012, the District elected to early implement it in fiscal year 2012 in conjunction with the implementation of GASB No. 63.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**CHERRY CREEK VILLAGE WATER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2012**

	<u>Budget Amounts</u> <u>Original &amp; Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Water service fees	\$ 754,665	\$ 875,433	\$ 120,768
Property taxes	54,393	54,272	(121)
Specific ownership taxes	3,000	3,520	520
Net investment income	8,300	8,290	(10)
Reimbursements	8,500	9,783	1,283
Miscellaneous	70,000	799	(69,201)
Total revenue	<u>898,858</u>	<u>952,097</u>	<u>53,239</u>
<b>EXPENDITURES</b>			
Meter reading and billing	38,300	39,404	(1,104)
Maintenance and engineering	114,000	88,086	25,914
Miscellaneous	4,200	3,521	679
Water purchases	538,720	619,553	(80,833)
Accounting and District management fees	13,200	14,683	(1,483)
Advertising	250	-	250
Audit	4,000	4,000	-
Conferences/training	2,500	1,267	1,233
Directors' fees	6,000	6,000	-
Dues and membership	1,900	803	1,097
Election	6,000	465	5,535
Insurance	5,100	4,238	862
Legal	23,000	30,428	(7,428)
Treasurers fees	900	815	85
Contingency	90,000	-	90,000
Total expenditures	<u>848,070</u>	<u>813,263</u>	<u>34,807</u>
<b>NET CHANGE IN FUND BALANCE</b>	50,788	138,834	88,046
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<u>1,078,222</u>	<u>1,116,912</u>	<u>38,690</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 1,129,010</u>	<u>\$ 1,255,746</u>	<u>\$ 126,736</u>

**CHERRY CREEK VILLAGE WATER DISTRICT  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT  
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended December 31, 2012**

	<u>Actual</u>
<b>Funds available are defined as follows:</b>	
Current assets	\$ 1,364,659
Less current liabilities	(54,658)
Less deferred inflows of resources	(54,255)
Funds available	<u>\$ 1,255,746</u>
Reconciliation of budgetary basis (actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (budgetary basis)	\$ 952,097
Total revenues per Statement of Revenues, Expenses and Change in Net Position	952,097
Expenditures (budgetary basis)	813,263
Depreciation	21,559
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	834,822
Change in net position	<u>\$ 117,275</u>

**CHERRY CREEK VILLAGE WATER DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>DIRECT WATER EXPENSES</b>		
Meter reading and billing	\$ 39,404	\$ 22,329
Maintenance and engineering	88,086	49,728
Miscellaneous expense	2,724	3,370
Water purchase	619,553	500,267
Total direct water expenses	\$ 749,767	\$ 575,694
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting and District management fees	\$ 14,683	\$ 44,365
Audit	4,000	6,000
Conferences/training	1,267	-
Director's fees	6,000	5,900
Dues and memberships	803	-
Election expense	465	-
Insurance	4,238	4,284
Legal	30,428	31,171
Miscellaneous	797	3,221
Total general and administrative expenses	\$ 62,681	\$ 94,941

## **OTHER INFORMATION**

**CHERRY CREEK VILLAGE WATER DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
Year Ended December 31, 2012**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2007	\$ 19,232,410	2.736	\$ 52,620	\$ 52,609	100.0%
2008	\$ 21,563,460	2.592	\$ 55,893	\$ 55,703	99.7%
2009	\$ 22,077,220	2.613	\$ 57,688	\$ 57,653	99.9%
2010	\$ 21,636,810	2.755	\$ 59,609	\$ 55,485	93.1%
2011	\$ 21,672,920	2.800	\$ 60,684	\$ 60,427	99.6%
2012	\$ 19,426,020	2.800	\$ 54,393	\$ 54,272	99.8%
Estimated for year ending December 31, 2013	\$ 19,376,620	2.800	\$ 54,255		

**NOTE:** Property taxes collected in any one year may 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.