

**NOTICE OF MEETING
OF THE BOARD OF DIRECTORS OF THE
CHERRY HILLS NORTH METROPOLITAN DISTRICT**

September 7, 2016

Please take notice the meeting of the Board of Directors of the Cherry Hills North Metropolitan District will be held at Duffey's Patio Café, located at 4994 E Hampden Avenue, Denver, Colorado on Thursday, September 15, 2016 at 7:30 a.m. Business to be conducted at the meeting will include:

	<u>Page</u>
1. Public Comment	
2. Approval of the Minutes – July 21, 2016	1
3. Financial Reports August 31, 2016	3
4. Accounts Payable- September 15, 2016	7
5. 2015 Audit	8
6. 2015 Audit Rep Letter	23
7. 2017 Proposed Budget	27
8. Appoint Budget Officer	
9. Set Budget Hearing	32
10. Sign Update	
11. Engineers Report	33
12. Meeting with Mansfield regarding 2015 flooding event	38
13. Record Retention Policy	
14. Old Business	
15. New Business	
16. Adjournment	

Next tentatively scheduled meetings:

**October 13, 2016
November 10, 2016**

RECORD OF PROCEEDINGS
THE BOARD OF DIRECTORS
CHERRY HILLS NORTH METROPOLITAN DISTRICT

A meeting of the Board of Directors of Cherry Hills North Metropolitan District was held at Duffey's Bakery Patio Cafe, 4994 E. Hampden Avenue, Denver, Colorado 80110 at the hour of 7:30 a.m. on the 21st day of July 2016.

Present were: Harold Roberts, President
 Dan Conway, Vice President
 Marcus McAskin, Secretary
 Keith Bierman, Director
 Darcy Beard, CPA

Director Roberts noted that a quorum of the Board was present and therefore called the meeting of the Board of Directors of the Cherry Hills North Metropolitan District to order.

APPROVAL OF MINUTES

The minutes of the meeting held May 12, 2016 were reviewed. Director Conway made a motion to approve the minutes. The motion was seconded by Director Roberts upon vote, the minutes were approved.

FINANCIAL REPORT

Ms. Beard distributed the compilation report for the six months ending June 30, 2016. Director McAskin made a motion to accept the compilation reports. The motion was seconded by Director Bierman, upon vote, unanimously passed.

CASH DISBURSEMENTS

Ms. Beard presented the Schedule of Cash Disbursements totaling \$4,613.63. After review, Director Conway made a motion to approve the cash disbursements. The motion was seconded by Director Roberts and upon vote unanimously approved.

2015 AUDIT EXTENSION

Ms. Beard presented the Request for Extension of the 2015 Audit which will extend the Audit filing deadline to September 30, 2016. After review, Director Conway made a motion to approve the Request for Extension of the 2015 Audit. The motion was seconded by Director McAskin and upon vote, unanimously approved.

SIGN UPDATE

No update.

ENGINEER 'S REPORT

Ms. Beard reported the jet cleaning/videoing will be completed in August and a report will be presented at the September meeting.

OTHER BUSINESS

Director McAskin reported receiving an email from Sue Blair stating the Mansfield Board would like to meet with the Cherry Hills North Board to discuss the 2015 flooding event. The Board directed Ms. Beard to contact the Special District Property and Liability Pool to determine if any action has been taken on the claims and report back to the Board at the next meeting.

AUGUST MEETING

The Board cancelled the August meeting. The next meeting will be held on September 15, 2016.

ADJOURNMENT

There being no further business to come before the Board, and upon motion duly made, second and unanimously carried, the meeting was adjourned at 8:15 a.m.

MINUTES APPROVED:

Harold Roberts

Daniel Conway

Geoff Landry

Marcus McAskin

Keith Bierman

**DARCY BEARD
CERTIFIED PUBLIC ACCOUNTANT
20363 E. TOP-T RANCH PLACE
PARKER, COLORADO 80134
Mobile 303-594-5488**

Accountant's Compilation Report

Board of Directors
Cherry Hills North Metropolitan District

I have compiled the accompanying Treasurer's Report of Cherry Hills North Metropolitan District and the related Statement of Net Assets and Statement of Revenues and Expenditures for the eight months ending August 31, 2016. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with the Statements for Accounting and Review Services issued by the American Institute for Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Cherry Hills North Metropolitan District.

Darcy Beard
Certified Public Accountant
September 14, 2016

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
TREASURER'S REPORT**

January 1, 2016 through August 31, 2016

<u>REVENUES</u>	ACTUAL <u>2016</u>	BUDGET <u>2016</u>	BUDGET <u>REMAINING</u>
Property Taxes	\$ 89,326.06	\$ 89,326	\$ (0.06)
Ownership Taxes	4,638.92	6,000	1,361.08
Investment Income	738.18	725	(13.18)
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 94,703.16</u>	<u>\$ 96,051</u>	<u>\$ 1,347.84</u>
<u>EXPENDITURES</u>			
Audit Expense	\$ -	\$ 2,500	\$ 2,500.00
Accounting/Management Expense	7,425.00	10,500	3,075.00
County Fees	1,340.41	1,340	(0.41)
Dues	327.90	350	22.10
Election Expense	107.32	3,000	2,892.68
Insurance & Directors Bonds	2,087.86	2,000	(87.86)
Legal Fees	-	3,500	3,500.00
Engineering Expense	3,798.08	8,195	4,396.92
Miscellaneous	112.74	650	537.26
Utilities	1,002.93	1,785	782.07
Jet Flush, Video, Root Sawing	6,156.30	7,154	997.70
Repairs & Maintenance	-	5,000	5,000.00
Entrance Maintenance	-	10,000	10,000.00
Sewer Service Charge	8,158.50	10,878	2,719.50
Capital Outlay	5,495.40	25,000	19,504.60
Outfall Line Expense	<u>8,876.71</u>	<u>12,410</u>	<u>3,533.29</u>
TOTAL EXPENDITURES	<u>\$ 44,889.15</u>	<u>\$ 104,262</u>	<u>\$ 59,372.85</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2016**

ASSETS

First Bank Checking	\$ 2,366.05
First Bank Savings	137,348.33
ColoTrust	232,099.88
Outfall Line Reserve	975.00
Accrued Interest Receivable	-
Property Tax Receivable	449.94
Prepaid Insurance	-
Cash with County Treasurer	-
TOTAL ASSETS	<u><u>\$ 373,239.20</u></u>

LIABILITIES & NET ASSETS

Accounts Payable	\$ 9,429.72
Deferred Property Tax	449.94
Total Current Liabilites	<u>\$ 9,879.66</u>

NET ASSETS

Net Assets - Unrestricted	313,545.53
Change in Net Assets	<u>49,814.01</u>
Total Net Assets	<u><u>363,359.54</u></u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 373,239.20</u></u>
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**CHERRY HILLS NORTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES & EXPENDITURES
FOR THE EIGHT MONTHS ENDING AUGUST 31, 2016**

REVENUES

Property Taxes	\$ 89,326.06
Ownership Taxes	4,638.92
Investment Income	738.18
Miscellaneous Income	-
TOTAL REVENUES	<u>\$ 94,703.16</u>

EXPENDITURES

Audit Expense	\$ -
Accounting/Management Expense	7,425.00
Business Meetings	-
County Fees	1,340.41
Dues	327.90
Insurance & Directors Bonds	2,087.86
Legal Fees	-
Election Expense	107.32
Engineering	3,798.08
Miscellaneous	112.74
Utilities	1,002.93
Jet Flush	6,156.30
Repairs & Maintenance	-
Sewer Service Charge	8,158.50
Capital Improvements	14,372.11
Outfall Committee	-
TOTAL EXPENDITURES	<u>\$ 44,889.15</u>
Change in Net Assets	<u>\$ 49,814.01</u>
Net Assets - Beginning of Year	<u>\$ 313,545.53</u>
Net Assets - End of Month	<u><u>\$ 363,359.54</u></u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
CASH DISBURSEMENTS
SEPTEMBER 15, 2016**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
Dale's Environmental Services	Jet Clean/Video	2444	\$ 6,156.30
Darcy Beard CPA	Acctg/Mgmt	2445	2,007.50
	Office Supplies		21.96
Hillcrest Water & Sanitation	Sewer Treatment	2446	2,719.50
L. Paul Goedecke PC	2015 Audit	2447	2,400.00
Purrington Civil	Engineering	2448	3,000.58
Xcel Energy	Utilities	2449	272.84
			-
TOTAL CASH DISBURSEMENTS			\$ 16,578.68

CHERRY HILLS NORTH METROPOLITAN DISTRICT
Arapahoe County, Colorado
—
FINANCIAL STATEMENTS
December 31, 2015

draft 9/7/16

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT I

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements
Governmental Fund Balance Sheet/Statement of Net Position 1

Governmental Funds - Statement of Revenues, Expenditures, and Changes
in Fund Balances/Statement of Activities 2

General Fund - Statement of Revenues, Expenditures,
And Changes in Fund Balance – Budget and Actual 3

Notes to Financial Statements..... 4-11

Draft 9/17/16

L. PAUL GOEDECKE P.C.

CERTIFIED PUBLIC ACCOUNTANTS

950 WADSWORTH BLVD.
SUITE 204
LAKEWOOD, COLORADO 80214
TELEPHONE (303) 232 2866
FAX (303) 232-9452
lpgcpa@qwestoffice.net

Independent Auditor's Report

Board of Directors

Cherry Hills North Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Cherry Hills North Metropolitan District as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District'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 an opinion 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cherry Hills North Metropolitan District as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that 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 opinions on the basic financial statements are not affected by this missing information.

L. Paul Goedecke, P.C.
Date

draft 9/7/16

CHERRY HILLS NORTH METROPOLITAN DISTRICT

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash and investments	\$ 309,607	\$ -	\$ 309,607
Cash and investments - restricted	3,000	-	3,000
Receivable – County Treasurer	339	-	339
Property taxes receivable	89,326	-	89,326
Outfall line reserve account	975	-	975
Capital Assets	-	23,750	23,750
Total assets	<u>403,247</u>	<u>23,750</u>	<u>426,997</u>
LIABILITIES:			
Accounts payable	376	-	376
Total liabilities	<u>376</u>	<u>-</u>	<u>376</u>
DEFERRED INFLOWAS OF RESOURCES:			
Deferred property taxes	89,326	-	89,326
Total Deferred Inflows of Resources	<u>89,326</u>	<u>-</u>	<u>89,326</u>
FUND BALANCE/NET POSITION:			
Restricted:			
Emergencies	3,000	(3,000)	-
Unassigned	309,570	(309,570)	-
Total fund balances	<u>313,545</u>	<u>(313,545)</u>	<u>-</u>
Total liabilities, Deferred Inflows of Resources fund balance and net position	<u>\$ 403,247</u>		
Net Position			
Net investment in capital assets		23,750	23,750
Restricted for:		-	-
Emergencies		3,000	3,000
Unrestricted		310,545	310,545
Total net position		<u>\$ 337,295</u>	<u>\$ 337,295</u>

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

CHERRY HILLS NORTH METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Accounting and audit	\$ 8,352	\$ -	\$ 8,352
Engineering	7,804	-	7,804
Insurance	1,648	-	1,648
Utilities	1,615	-	1,615
Miscellaneous expenses	544	-	544
Treasurer's fees	1,229	-	1,229
Outfall line expenses	3,025	-	3,025
Jet flush	5,761	-	5,761
Sewer service charge	22,060	-	22,060
Capital improvements	25,000	(25,000)	-
Depreciation		1,250	1,250
Total expenditures/expenses	<u>77,038</u>	<u>(23,750)</u>	<u>53,288</u>
GENERAL REVENUES			
Property tax	81,836	-	81,836
Specific ownership taxes	6,174	-	6,174
Interest income	672	-	672
Miscellaneous income	5,504	-	5,504
Total general revenues	<u>94,186</u>	<u>-</u>	<u>94,186</u>
NET CHANGES IN FUND BALANCE	17,148	(17,148)	
CHANGE IN NET POSITION		40,898	40,898
FUND BALANCE/NET POSITION:			
BEGINNING OF YEAR	296,397	-	296,397
END OF YEAR	<u>\$ 313,545</u>	<u>\$ 23,750</u>	<u>\$ 337,295</u>

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

CHERRY HILLS NORTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

	Amended Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 81,835	\$ 81,836	\$ 1
Specific ownership taxes	3,000	6,174	3,174
Interest income	400	672	272
Miscellaneous income	-	5,504	5,504
Total revenues	85,235	94,186	8,951
EXPENDITURES			
Accounting and audit	10,950	8,352	2,598
Engineering	10,000	7,804	2,196
Insurance	1,799	1,648	151
Legal	2,500	-	2,500
Utilities	2,520	1,615	905
Miscellaneous expenses	824	544	280
Repairs and Maintenance	5,000	-	5,000
Outfall line expenses	1,228	1,229	(1)
Jet flush	3,500	3,025	475
Sewer service charges	6,582	5,761	821
Capital improvements	22,060	22,060	-
	25,000	25,000	-
Total expenditures	91,963	77,038	14,925
NET CHANGE IN FUND BALANCE	(6,728)	17,148	23,876
FUND BALANCE:			
BEGINNING OF YEAR	294,224	296,397	2,173
END OF YEAR	\$ 287,496	\$ 313,545	\$ 26,049

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

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

Cherry Hills North Metropolitan District (The District), a quasi-municipal corporation, is governed by an elected Board of Directors pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide sewer and storm drainage facilities and service.

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

The District follows the Governmental Accounting Standards Boards (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 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 more significant accounting policies of the District are described as follows:

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

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*. Revenues are recorded when earned and expenses are recorded when a 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are recognized as soon as they are measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Fund Balances

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of 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.

Cash

The District follows the practice of pooling cash 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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Capital Assets

Capital assets are stated at cost except for those assets contributed which are stated at estimated fair market value at the date of contribution or at the Developer's cost. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Depreciation has been provided over the estimated useful lives of 20-30 years using the straight line method. All fixed assets have been fully depreciated; therefore no depreciation expense is reflected as well as any capital assets.

Property Taxes

Property taxes are levied by the District 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 assess the property tax obligation of 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 at the taxpayers election, in equal installments in February and June.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally 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.

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 3,000 of the General Fund balance has been restricted in compliance with this requirement.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2015 are classified in the accompanying financial statement as follows:

Statement of net assets:	
Cash and investments - unrestricted	\$ 309,607
Cash and investments - restricted	3,000
	<hr/>
	\$ 312,607

Cash and investments as of December 31, 2015 consist of the following:

Deposits with financial institutions	\$ 174,209
COLOTRUST	138,398
	<hr/>
	\$ 312,607

Cash Deposits

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 102% of the aggregate uninsured deposits.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2015, none of the District's balances were exposed to custodial credit risk.

Investments

Credit Risk

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

Colorado State 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
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

The local government investment pools include the Colorado Local Government Liquid Assets Trust (COLOTRUST) rated AAA by Standard & Poor's.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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 or sinking fund requirements.

As of December 31, 2015 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Liquid Asset Trust	Less than one year	\$ 138,398

COLOTRUST

As of December 31, 2015 the District had 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 Commission 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. As of December 31, 2015, the District has \$ 138,398 invested in COLOTRUST PRIME.

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to 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, 2015. 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.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 – RISK MANAGEMENT (CONTINUED)

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 5 – CAPITAL ASSETS

An analysis of changes in capital assets for the year ended December 31, 2015 follows:

	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/15</u>
<u>Capital assets being depreciated:</u>				
Property and equipment	\$ 144,318	\$ 25,000	\$ -	\$ 169,318
Total capital assets being depreciated	\$ 144,318	\$ 25,000	\$ -	\$ 169,318
<u>Accumulated Depreciation:</u>				
Property and equipment	144,318	1,250	-	145,568
Total accumulated depreciation	144,318	1,250	-	145,568
Net capital assets being depreciated	-	23,750	-	23,750
Government type assets, net	\$ -	\$ 23,750	\$ -	\$ 23,750

NOTE 6 - 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.

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.

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.

CHERRY HILLS NORTH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 6 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 will require judicial interpretation.

NOTE 7 – SERVICE AGREEMENT

The District has entered into an agreement with Hillcrest Water and Sanitation District (Hillcrest), Mansfield Heights Water and Sanitation District and Devonshire Heights Water and Sanitation District to transmit wastewater through an outfall sewer line which connects with the sewer lines of Metro Wastewater Reclamation District (Metro). Metro provides the treatment of sewage collected under an agreement with Hillcrest. The standard service agreement with Metro provides for annual charges to be assessed by formula on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees for connections to the system. The fee is billed initially to Hillcrest and is then shared among the four districts based upon their respective number of activated taps. The other three districts reimburse Hillcrest for their proportionate share. The District's share was 19.3% for 2015, which resulted in a fee of \$ 22,060.

NOTE 8 – OUTFALL LINE

On January 14, 1994, the District entered into an intergovernmental agreement with Hillcrest Water and Sanitation District and Mansfield Heights Water and Sanitation District. The first amendment to the agreement was implemented June 11, 1999. The agreement established the Hillcrest Outfall Operating Committee to oversee the operation, maintenance, repairs and replacements as necessary to maintain the sanitary sewer outfall line known as the Hillcrest Outfall Line into which each party's sewer collection facilities is connected. Each party to the agreement is required to contribute to the committee based on proportionate share of single family equivalent taps. During 2015, the District made no payments on this agreement.

In 2009 the Agreement was amended to restate certain pre-existing agreements and to identify the Outfall Line maintenance to be undertaken and performed by Hillcrest, identify the maintenance costs to be jointly funded by the Districts and establish the initial allocation of costs between the Districts and the process by which such costs are to be funded by the Districts. As of the date of the amended agreement, based on the number of single-family or equivalent sanitary sewer taps and the percentage of the total being served through the Outfall Line are as follows:

Hillcrest	275 confirmed	37.4%
Mansfield	163 confirmed	22.2%
Devonshire	52 confirmed	7.1%
Cherry Hills North	142 confirmed	19.3%
Cherry Hills Sanitation	103 confirmed	14.0%
Total	<u>735 confirmed</u>	<u>100.0%</u>

CHERRY HILLS NORTH METROPOLITAN DISTRICT

L. Paul Goedecke, P.C.
950 Wadsworth Blvd., Suite 204
Lakewood, CO 80214

In connection with your audit of the financial statements of Cherry Hills North Metropolitan District as of December 31, 2015, which audit, we understand, is being made in accordance with generally accepted auditing standards, and accordingly includes such tests of the accounting records and such other auditing procedures as you consider necessary in the circumstances to enable you to express an opinion as to whether such financial statements present fairly the financial position and results of operations in conformity with generally accepted accounting principles – we represent that to the best of our knowledge and belief:

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) The effects of uncorrected misstatements (if any) are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements if applicable include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables, where applicable, have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____ Signature: _____

Title: _____ Title: _____

Date: _____ Date: _____

Signature: _____ Signature: _____

Title: _____ Title: _____

Date: _____ Date: _____

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
2017 PROPOSED BUDGET**

	2015 <u>ACTUAL</u>	2016 <u>ADOPTED BUDGET</u>	2016 <u>FORECAST OPERATION</u>	2017 <u>PROPOSED BUDGET</u>
<u>RECEIPTS</u>				
TAXES - PROPERTY	\$ 81,836	\$ 89,326	\$ 89,326	\$ 89,334
TAXES - OWNERSHIP	6,174	6,000	6,950	7,000
MISCELLANEOUS INCOME	5,504			
INVESTMENT INCOME	672	725	1,290	1,340
TOTAL RECEIPTS	<u>\$ 94,186</u>	<u>\$ 96,051</u>	<u>\$ 97,566</u>	<u>\$ 97,674</u>
BALANCE JANUARY 1	296,397	294,033	313,545	344,815
TOTAL RECEIPTS & BEG BALANCE	<u>\$ 390,583</u>	<u>\$ 390,084</u>	<u>\$ 411,111</u>	<u>\$ 442,489</u>
<u>EXPENDITURES</u>				
AUDIT EXPENSE	\$ 500	\$ 2,500	\$ 2,400	\$ 750
ACCOUNTING	7,852	10,500	11,000	11,000
COUNTY FEES	1,229	1,340	1,340	1,340
DUES	316	350	328	350
ELECTION EXPENSE	-	3,000	107	-
INSURANCE & BONDING	1,648	2,000	2,088	2,255
LEGAL EXPENSE	-	3,500	-	1,000
ENGINEERING EXPENSE	7,804	8,195	8,195	10,000
MISCELLANEOUS	228	650	350	400
UTILITIES	1,615	1,785	1,700	1,785
JET FLUSH	5,761	7,154	5,861	6,310
REPAIRS & MAINTENANCE	-	5,000	-	5,000
ENTRANCE MAINTENANCE	-	10,000	5,495	5,000
SEWER SERVICE CHARGE	22,060	10,878	10,878	13,140
CAPITAL OUTLAY	25,000	25,000	-	55,000
OUTFALL LINE EXPENSES	3,025	12,410	16,554	18,552
TOTAL EXPENDITURES	<u>\$ 77,038</u>	<u>\$ 104,262</u>	<u>\$ 66,296</u>	<u>\$ 131,882</u>
ENDING BALANCE	313,545	285,322	344,815	310,607
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$ 390,583</u>	<u>\$ 390,084</u>	<u>\$ 411,111</u>	<u>\$ 442,489</u>

I, **Darcy Beard** certify the attached is a true and accurate copy of the adopted 2017 budget of the Cherry Hills North Metropolitan District.

By: _____
Budget Officer

CHERRY HILLS NORTH METROPOLITAN DISTRICT
BUDGET DETAIL

	<u>PROJECTED</u> <u>2016</u>	<u>PROPOSED</u> <u>2017</u>
<u>TAXES - OPERATION</u>		
2016 - 10,786,859 @ A.V. 8.281 MILLS	\$ 89,326	
2017 - 10,787,789 @ 8.281 MILLS		\$ 89,334
<u>TAXES - OWNERSHIP</u>	\$ 6,950	\$ 7,000
<u>INVESTMENT INCOME</u>		
FIRST BANK	\$ 200	\$ 200
COLOTRUST (.20%)	1,050	1,100
ARAPAHOE COUNTY	40	40
TOTAL INVESTMENT INCOME	\$ 1,290	\$ 1,340
<u>AUDIT EXPENSE</u>		
LAST AUDIT 2015	\$ 2,400	\$ 750
<u>ACCOUNTING</u>	\$ 11,000	\$ 11,000
<u>COUNTY FEES</u>	\$ 1,340	\$ 1,340
<u>ELECTION EXPENSE</u>	\$ 107	\$ -
<u>DUES</u>		
SDA DUES	\$ 328	\$ 350
<u>INSURANCE & BONDING</u>	\$ 2,088	\$ 2,255
<u>LEGAL/ PROFESSIONAL FEES</u>		
ENGINEERING	\$ 8,195	\$ 10,000
LEGAL	-	1,000
TOTAL PROFESSIONAL FEES	\$ 8,195	\$ 11,000
<u>MISCELLANEOUS</u>		
OFFICE SUPPLIES	\$ 180	\$ 200
BANK CHARGES	70	100
WEBSITE EXPENSES	-	-
LEGAL PUBLICATIONS	100	100
TOTAL MISC	\$ 350	\$ 400
<u>UTILITIES</u>		
XCEL ENERGY	\$ 1,700	\$ 1,785
	-	
<u>VIDEO, JET CLEAN & ROOT SAW</u>		
VIDEO	\$ 3,393	\$ 2,720
JET CLEAN & ROOT SAW	2,468	2,080
ROOT CUTTING	-	1,510
TOTAL VIDEO & JET CLEAN	\$ 5,861	\$ 6,310

CHERRY HILLS NORTH METROPOLITAN DISTRICT
BUDGET DETAIL

	PROJECTED <u>2016</u>	PROPOSED <u>2017</u>
<u>REPAIRS & MAINTENANCE</u>		
OTHER REPAIR & MAINT	-	5,000
TOTAL REPAIRS & MAINTENANCE	\$ -	\$ 5,000
 <u>SIGN/ENTRANCE MAINTENANCE</u>		
SIGN MAINTENANCE	\$ -	\$ 2,500
ENTRANCE MAINTENANCE	-	2,500
ENTRANCE LIGHTING	5,495	-
TOTAL SIGN/ENTRANCE MAINTENANCE	\$ 5,495	\$ 5,000
 <u>SEWER SERVICE CHARGE</u>		
HILLCREST CHARGE	\$ 10,878	\$ 13,140
 <u>CAPITAL OUTLAY</u>		
CURED IN PLACE LINING	\$ -	\$ 55,000
CONTINGENCY (15%)	-	8,250
	\$ -	\$ 63,250
 <u>OUTFALL LINE EXPENSE</u>		
OUTFALL LINE MAINTENANCE	\$ 7,594	\$ 10,000
OUTFALL LINE LOAN (TOTAL OF 40 PMTS)	7,960	6,552
OUTFALL LINE CONTINGENCY	1,000	2,000
OUTFALL LINE EXPENSE	\$ 16,554	\$ 18,552



Corbin Sakdol

Assessor

August 25, 2016

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4600
TDD: 303-795-4645
Fax: 303-797-1295
www.arapahoe.gov/assessor
Assessor@arapahoe.gov

AUTH 4172 CHERRY HILLS NO METRO
DARCY BEARD
PO BOX 3110
PARKER CO 80134

Code # 4172

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2016 of:

\$10,787,789

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

Corbin Sakdol
Arapahoe County Assessor

enc

NOTICE OF BUDGET
CHERRY HILLS NORTH METROPOLITAN DISTRICT
(Pursuant to 29-1-106, C.R.S.)

NOTICE is hereby given that a proposed budget has been submitted to the CHERRY HILLS NORTH METROPOLITAN DISTRICT for the ensuing year of 2017; a copy of such proposed budget has been filed in the office of Darcy Beard, CPA, 20363 E Top T Ranch Pl, Parker, CO 80134, where the same is open for public inspection; such proposed budget will be considered at a meeting of the CHERRY HILLS NORTH METROPOLITAN DISTRICT scheduled for 7:30 a.m. on **Thursday, November 10, 2017**, at Duffey's Bakery Patio Café, 4994 E. Hampden Avenue, Denver, Colorado 80110. Any interested elector of CHERRY HILLS NORTH METROPOLITAN DISTRICT may inspect the proposed budget and file or register any objections thereto at any time prior to the final adoption of the budget.

Dated: September 15, 2016

CHERRY HILLS NORTH METROPOLITAN DISTRICT

By: /s/ Darcy Beard

District Manager

DRAFT

MEMORANDUM

Date: August 31, 2016

To: Board of Directors, Cherry Hills North Metropolitan District
Darcy Beard, Manager

From: Chris Purrington, P.E.

Re: 2016 Sanitary Sewer Maintenance Review

2016 SANITARY SEWER MAINTENANCE

The District's Sanitary Sewer Maintenance Program consists of a two (2) year jet cleaning and video cycle. The District is divided into two (2) basins, the East Basin (6,792 linear feet (lf)) and the West Basin (5,198 lf). East Basin is jet cleaned and the West Basin is videoed during even numbered years and the West Basin is jet cleaned and the East Basin is videoed during odd numbered years.

The 2016 Sanitary Sewer Maintenance Program was completed by Dale's Environmental Services (DES). The following is a summary of the 2016 Program.

1. Jet Cleaning Program

East Basin – 6,792 lf. DES completed the jet cleaning on July 21, 2016.

2. Video Program

West Basin – 5,198 lf. DES completed the video inspection on August 15, 2016.

- Structural defects with corresponding severity are presented on the attached Pipe Defects Map.
- Roots found with corresponding severity are presented on the attached Roots Map.

3. Root Removal

DES was directed to root cut all sewer lines where roots were found from the video inspection. 1,519 lf of sewer line over six (6) pipe segments were cut and re-videoed on August 16, 2016. A summary of the root removal is as follows:

Upstream MH	Downstream MH	Pipe Length (lf)
MH 14	MH 13	401
MH 11	MH 10	345
MH 8.1	MH 8	202
MH 8	MH 7	150
MH 7	MH 6	95
MH 2.1	MH 2.0	326
	Total lf	1,519

DES charges \$0.90 /lf, therefore the cost for the root removal was \$1,367.10.

FUTURE CAPITAL IMPROVEMENT PROJECT – CURED-IN-PLACE PIPE

None of the structural defects nor the roots found are severe enough to warrant an immediate repair. However, we have identified eight (8) pipe segments (1,719 lf) that we recommend a cured-in-place pipe rehabilitation in the near future. The estimated cost based on recent projects with similar scope is \$32 / lf or about \$55,000. To avoid the high per foot cost we experienced with our 2015 CIPP project (\$40 / lf), we recommend doing all of the work as a single project to achieve an economy of scale benefit (in 2015, we only rehabilitated 626 lf over three (3) pipe segments). Please refer the attached Future CIPP Lining Exhibit.

We will discuss this further at the September Board Meeting.

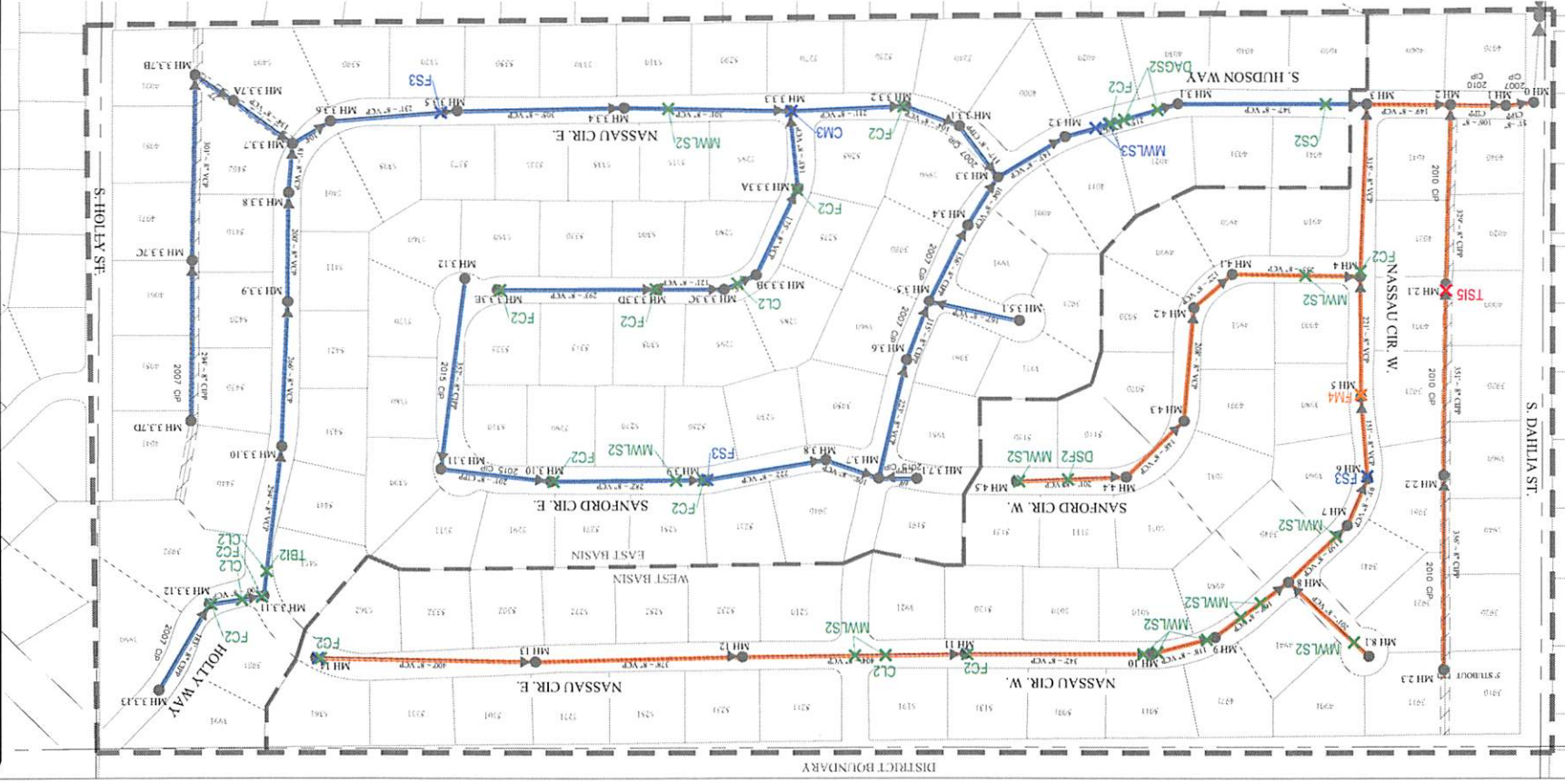
CHERRY HILLS NORTH METROPOLITAN DISTRICT

MAINTENANCE LEGEND

—	6.792 LF	2015	WEST BASIN
—	5.198 LF	2016	EAST BASIN
—			JET CLEANING
			WDEO

PIPE DEFECTS LEGEND

CODE	STRUCTURAL GRADE
XFC3	STRUCTURAL GRADE
FC	FRACTURE CIRCUMFERENTIAL
FL	FRACTURE LONGITUDINAL
FM	FRACTURE MULTIPLE
FS	FRACTURE SPIRAL
CS	CRACK MULTIPLE
CM	CRACK MULTIPLE
CL	CRACK LONGITUDINAL
CC	CRACK CIRCUMFERENTIAL
CH(=)	CRACK HINGE (# OF CRACKS)
DAE	DEPOSITS ATTACHED ENCUSTATION
DAGS	DEPOSITS ATTACHED GREASE
DSF	DEPOSITS SETTLED FINE
E	ENCUSTATION
ISSR	INTRUDING SEALING RING
TBI	TAP BREAK-IN INTRUDING
TS1	TAP SADDLE INTRUDING
MMS	MISC WATER LEVEL SAG
LFW	LINING FEATURES WRINKLED
JOL	JOINT OFFSET LARGE
FS	FRACTURE SPIRAL
CS	CRACK SPIRAL
DH	DEFORMED HORIZONTALLY
DAE	DEPOSITS ATTACHED ENCUSTATION
DAGS	DEPOSITS ATTACHED GREASE
DSF	DEPOSITS SETTLED FINE
E	ENCUSTATION
ISSR	INTRUDING SEALING RING



PIPE DEFECTS MAP

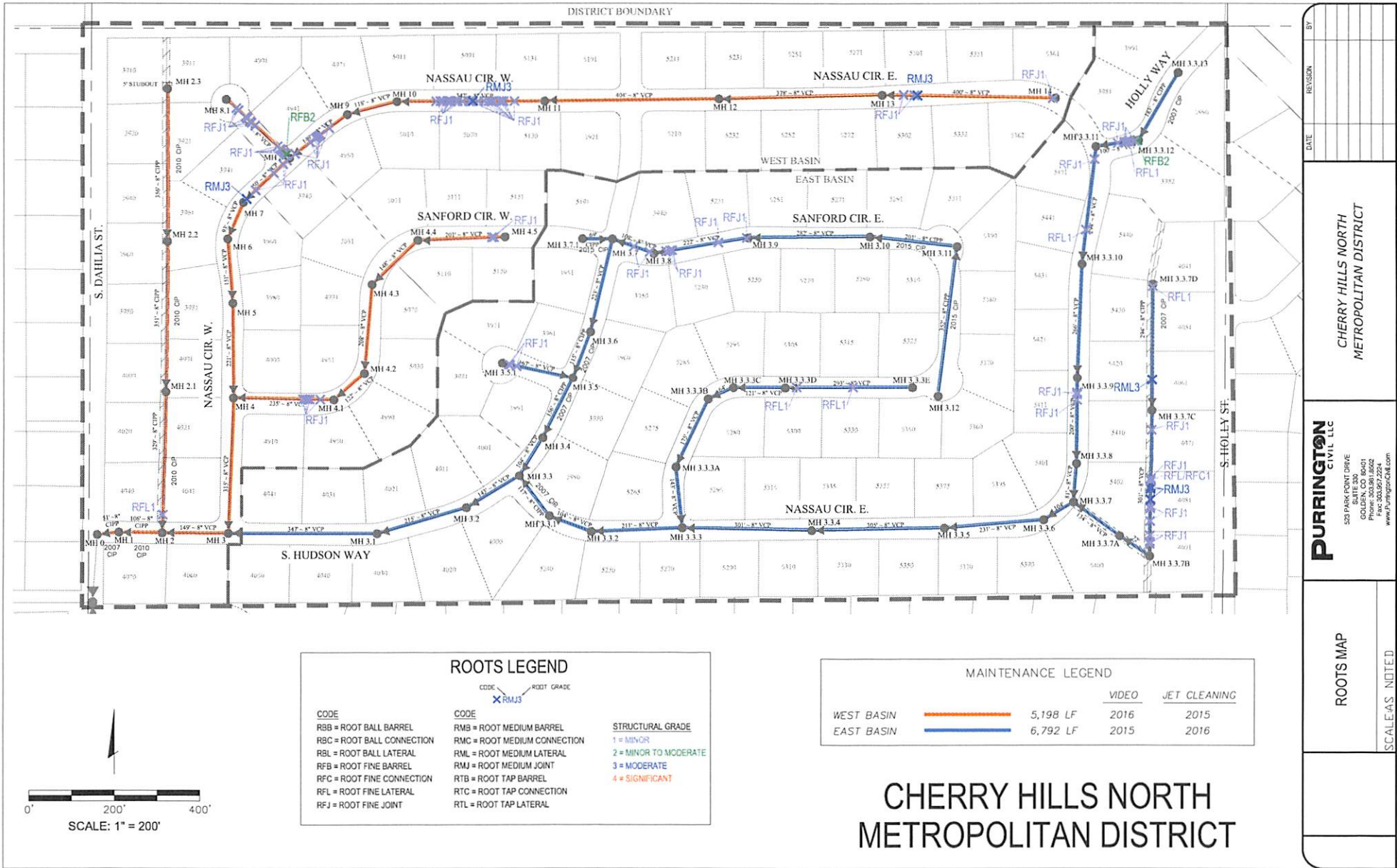
PURRINGTON
CIVIL, LLC

323 PARK HOURS DRIVE
SUITE 300
GOLDEN, CO 80401
Phone: 303.581.0800
Fax: 303.587.2224
www.purringtoncivil.com

CHERRY HILLS NORTH
METROPOLITAN DISTRICT

DATE	REVISION	BY

SCALE(S) NOTED



REVISION	
DATE	

CHERRY HILLS NORTH
METROPOLITAN DISTRICT

PURRINGTON
CIVIL LLC
520 PARK POINT DRIVE
GOLDEN, CO 80401
Phone: 303.657.2294
www.purrintoncivil.com

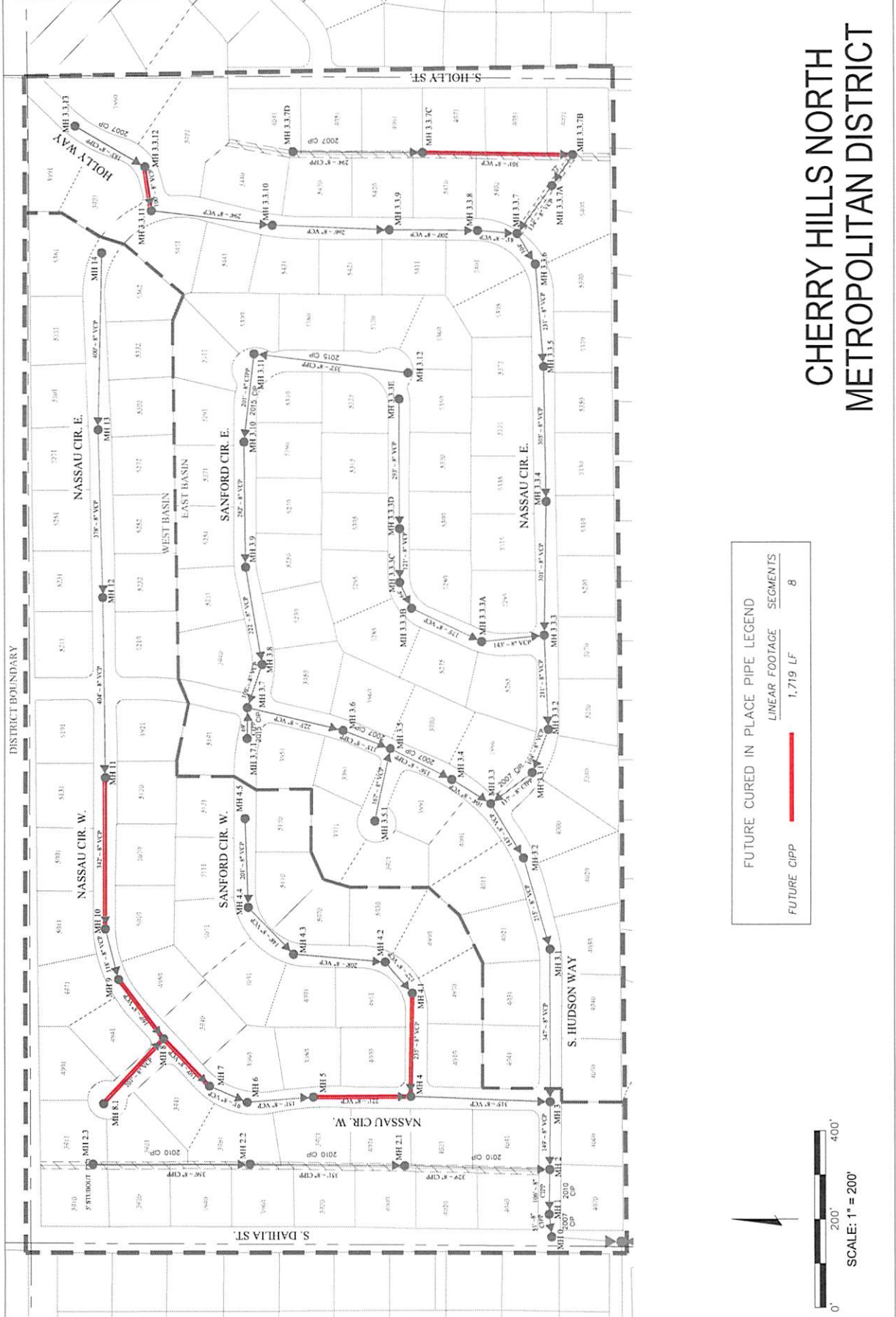
ROOTS MAP

SCALE: AS NOTED

ROOTS LEGEND		
CODE	CODE	STRUCTURAL GRADE
RBB = ROOT BALL BARREL	RMB = ROOT MEDIUM BARREL	1 = MINOR
RBC = ROOT BALL CONNECTION	RMC = ROOT MEDIUM CONNECTION	2 = MINOR TO MODERATE
RBL = ROOT BALL LATERAL	RML = ROOT MEDIUM LATERAL	3 = MODERATE
RFB = ROOT FINE BARREL	RMJ = ROOT MEDIUM JOINT	4 = SIGNIFICANT
RFC = ROOT FINE CONNECTION	RTB = ROOT TAP BARREL	
RFL = ROOT FINE LATERAL	RTC = ROOT TAP CONNECTION	
RFJ = ROOT FINE JOINT	RTL = ROOT TAP LATERAL	

MAINTENANCE LEGEND			
		VIDEO	JET CLEANING
WEST BASIN		5,198 LF	2016
EAST BASIN		6,792 LF	2015

CHERRY HILLS NORTH METROPOLITAN DISTRICT



CHERRY HILLS NORTH METROPOLITAN DISTRICT

FUTURE CURED IN PLACE PIPE LEGEND
 LINEAR FOOTAGE SEGMENTS
 FUTURE CIPP 1,719 LF 8

0' 200' 400'
 SCALE: 1" = 200'

Darcy Beard CPA

From: Steve Beard <s.beard@cba-construction.com>
Sent: 09/13/2016 2:23 PM
To: Richard Fullerton
Cc: 'CBA Darcy Beard'
Subject: RE: Darcy

Hi Dick,

I copied Darcy above so the two of you can be in touch on this issue.

Good hearing from you. We are crazy busy this year- almost too much but I'm sure as with everything we will slow down sometime but for now, a good year. Hope you and Deb are doing great. Maybe another breakfast sometime to catch up.

Steve Beard
CBA Construction
s.beard@cba-construction.com
Office phone 303-805-1229
Cell phone 303-598-4182

From: Richard Fullerton [mailto:rbfullerton@gmail.com]
Sent: Tuesday, September 13, 2016 2:14 PM
To: Steve Beard <s.beard@cba-construction.com>
Subject: Darcy

Steve - Can I ask you to pass on a note to Darcy for me? I don't have her email but would like to talk to her about her connection with the Cherry Hills North Sanitation District.

My interest stems from a sewage backup in June 2015 into the basements of 6 homes in our district, Mansfield Heights. We have taken the extraordinary steps of inspecting all 162 homes for 1) illegal sumps and 2) service line problems. We would like to meet with the boards of the other 4 districts who share the Hillcrest Outfall line with us - Hillcrest, Cherry Hills North, Cherry Hills San, and Devonshire. To date, we have met with Hillcrest and Cherry Hills San, and both seem willing to inspect for illegal sumps, which we encourage. We would like to meet with the board of Cherry Hills North to explain our efforts and ask their similar cooperation. I am hoping Darcy can help arrange a few minutes with their board at their next meeting.

If you can pass along this note, she can contact me via email or phone at 303-229-8668. Thanks for your intermediary role, and hope all is going well with your work.

Dick Fullerton