

**CITY OF CHERRY HILLS VILLAGE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**



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**CITY OF CHERRY HILLS VILLAGE
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cherry Hills Village (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the accompanying schedule of findings and questioned costs.

The City’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado

August 8, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL
OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated August 8, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
August 8, 2025

**CITY OF CHERRY HILLS VILLAGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	None Provided	\$ -	\$ 1,336,578
Total Department of Treasury			-	1,336,578
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,336,578</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF CHERRY HILLS VILLAGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Cherry Hills Village (the City) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF CHERRY HILLS VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes x no

**CITY OF CHERRY HILLS VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

2024 – 001 Inadequate Segregation of Duties

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The City lacks segregation of duties with respect to its journal entries and P-Card purchases.

Criteria or specific requirement: The internal control structure should provide for proper segregation of duties.

Effect: Lack of segregation of duties could lead to material misstatements in the financial statements.

Cause: Lack of established procedures to review and approve journal entries and P-Card purchases.

Repeat Finding: No

Recommendation: The City's small size limits the extent of segregation of duties, however, the City should remain aware that no one individual should have overlapping custodial, authorization, and recordkeeping responsibilities. The City should consider identifying compensating controls to reduce the dependence on one individual and this could include involvement by committee or board members. To improve segregation of duties, we recommend documenting review of journal entries and P-Card purchases.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The City will create and enforce a journal entry and P-Card approval process where all journal entries and P-Card purchases are reviewed and approved by a separate individual than the person making the purchase or entering the journal entry.

2024 – 002 – Revenue Recognition Restatement

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The City received federal funds through Coronavirus State and Local Fiscal Recovery program in 2021 and 2022. Funds were recorded when received in 2021 and 2022. Revenue should have been recognized when earned and not when received. The City restated the beginning fund balance in the ARPA Fund as of January 1, 2024 to accurately represent the fund balance if revenue recognition was accurately recorded in previous years. The remaining funds were spent in 2024 and were adjusted to show revenue and expense in 2024.

**CITY OF CHERRY HILLS VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings (Continued)

Criteria or specific requirement: Under revenue recognition guidance, revenues should be recognized when earned. For funds received in advance but not yet earned, an unearned revenue liability should be reflected on the financial statements.

Effect: Beginning fund balance in the ARPA Fund as of January 1, 2024 was overstated by \$1,336,578. A restatement was posted to correct the beginning fund balance, which should have been \$0. In addition, revenues of \$1,336,578 were recorded to match expenditures during 2024.

Cause: Lack of established procedures to review treatment of federal funding received in advance.

Repeat Finding: No

Recommendation: We recommend performing a full review of revenues and unearned revenues at year-end to determine the proper classification of balances at year-end.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The City will create and enact a special funding procedure that outlines how to handle funding such as ARPA to ensure that these funds are recognized correctly in the future.

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 003 – ARPA Reporting

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Award Period: January 1, 2021 – December 31, 2026

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Uniform Guidance in 2 CFR Section 200.303, Internal Controls, requires that non-Federal recipients and subrecipients must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance the award is in compliance with the Federal Statutes, regulations, and the terms and conditions of the Federal award.

Condition: The City's Annual Reports were prepared and submitted by the same individual. There was no additional level of review before submitting.

**CITY OF CHERRY HILLS VILLAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs: No

Context: The Annual Report is prepared and submitted by the same individual with no approver.

Cause: The City did not have a control in place surrounding review of the Annual Report prior to submission.

Effect: Lack of approval could result in misstatement of federal funds being submitted.

Repeat Finding: No

Recommendation: We recommend that the Annual Report be approved by someone other than preparer prior to submission.

Views of responsible officials: There is no disagreement with the audit finding.

**CITY OF CHERRY HILLS VILLAGE
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2024**

The City of Cherry Hills Village respectfully submits the following corrective action plan for the year ended December 31, 2024.

Audit period: January 1, 2024 – December 31, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2024-001 Inadequate Segregation of Duties

Recommendation: The City’s small size limits the extent of segregation of duties, however, the City should remain aware that no one individual should have overlapping custodial, authorization, and recordkeeping responsibilities. The City should consider identifying compensating controls to reduce the dependence on one individual and this could include involvement by committee or board members. To improve segregation of duties, we recommend documenting review of journal entries and P-Card purchases.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: The City will create and enforce a journal entry and P-Card approval process where all journal entries and P-Card purchases are reviewed and approved by a separate individual than the person making the purchase or entering the journal entry.

Name of the contact person responsible for corrective action: Kelly Newman, Director of Finance and Administration

Planned completion date for corrective action plan: December 31, 2025

MATERIAL WEAKNESS

2024-002 Revenue Recognition Restatement

Recommendation: We recommend performing a full review of revenues and unearned revenues at year-end to determine the proper classification of balances at year-end.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The City will continue to monitor all revenues and will complete a year end review of revenues and unearned revenues to determine proper classifications of balances at year end.

Name of the contact person responsible for corrective action: Kelly Newman, Director of Finance and Administration

Planned completion date for corrective action plan: December 31, 2025

**CITY OF CHERRY HILLS VILLAGE
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2024**

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. DEPARTMENT OF TREASURY

2024-003 Federal Program Name: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF Program) – Assistance Listing No. 21.027

Recommendation: We recommend that the Annual Report be approved by someone other than preparer prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The City will create and enact financial reporting procedures that outlines how to handle reporting for funding such as ARPA to ensure that these reports are being reviewed and approved before submission in the future.

Name of the contact person responsible for corrective action: Kelly Newman, Director of Finance and Administration

Planned completion date for corrective action plan: December 31, 2025

**CITY OF CHERRY HILLS VILLAGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024**

The City of Cherry Hills Village respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2024.

Audit period: January 1, 2024 – December 31, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.



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