

**BERRY CREEK METROPOLITAN DISTRICT**

**FINANCIAL REPORT**

**DECEMBER 31, 2004**

**Berry Creek Metropolitan District  
Financial Report  
December 31, 2004**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Berry Creek Metropolitan District**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each fund of the Berry Creek Metropolitan District (the "District"), as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berry Creek Metropolitan District as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary schedule of revenues and expenditures in Section E is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as supplemental information in Section F is presented for purposes of additional analysis and is not a required part of the financial statements of the Berry Creek Metropolitan District. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McMahan and Associates, LLC.*

**McMahan and Associates, L.L.C.  
February 1, 2005**

*Performing services for local governments throughout Colorado*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Berry Creek Metropolitan District

## Management's Discussion and Analysis December 31, 2004

As management of the Berry Creek Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2004.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, maintenance of parks and certain roadway maintenance. The business-type activity of the District is water services.

The government-wide financial statements can be found on pages C1 and C2 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## Government-wide Financial Analysis (continued)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 20,058	12,016	-	-	20,058	12,016
Operating grants and contributions	15,012	6,369	-	-	15,012	6,369
Capital grants and contributions	25,000	-	121,441	271,503	146,441	271,503
General revenues:						
Property taxes	816,107	911,844	-	-	816,107	911,844
Other taxes	50,725	53,087	-	-	50,725	53,087
Sale of assets	-	25,000	-	150,000	-	175,000
Interest and other revenue	16,986	14,509	3,688	3,655	20,674	18,164
<b>Total Revenues</b>	<b>943,888</b>	<b>1,022,825</b>	<b>125,129</b>	<b>425,158</b>	<b>1,069,017</b>	<b>1,447,983</b>
<b>Expenses:</b>						
General government	74,101	86,310	-	-	74,101	86,310
Culture and recreation	518,791	373,999	-	-	518,791	373,999
Interest on long-term debt	152,025	149,257	-	-	152,025	149,257
<b>Total Expenses</b>	<b>744,917</b>	<b>609,566</b>	<b>-</b>	<b>-</b>	<b>744,917</b>	<b>609,566</b>
<b>Change in Net Assets</b>						
<b>Before Transfers</b>	198,971	413,259	125,129	425,158	324,100	838,417
Transfers	189,000	350,000	(189,000)	(350,000)	-	-
<b>Change in Net Assets</b>	387,971	763,259	(63,871)	75,158	324,100	838,417
<b>Net Assets - Beginning of Year</b>	(6,461)	(769,720)	233,257	158,099	226,796	(611,621)
<b>Net Assets - End of Year</b>	<b>\$ 381,510</b>	<b>(6,461)</b>	<b>169,386</b>	<b>233,257</b>	<b>550,896</b>	<b>226,796</b>

The District's overall financial position, as measured by net assets, increased from \$226,796 at the end of 2003 to \$550,896 at the end of 2004. Both the governmental and business-type activities contributed to this increase. The increase in net assets is primarily the result of the collection of property taxes that generate an operating surplus that is used to pay the principal portion of the District's indebtedness. Additionally, water tap fees contributed to this increase in net assets.

### Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,139,064, an increase of \$194,504 over the prior year. This increase is primarily the result of collection of property taxes and a transfer of \$189,000 from the Water Fund, a proprietary-type fund, in excess of operating expenses and expenditures for capital projects. Of the District's governmental-type fund balances, \$15,404 is reserved, meaning it is not available for new spending because it has already been committed for emergencies under the Taxpayers' Bill Of Rights (TABOR). Also, \$258,465 is reserved for debt service payments. The remainder of the combined fund balance is designated for future years' expenditures.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Berry Creek Metropolitan District**  
**Statement of Net Assets**  
**December 31, 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and equivalents	1,158,195	163,279	1,321,474
Receivables, net:			
Property tax	820,053	-	820,053
Accounts	-	6,107	6,107
Due from County Treasurer	3,540	-	3,540
Deposits	5,100	-	5,100
Bond issuance costs, net	125,302	-	125,302
Capital assets, net	2,713,778	-	2,713,778
<b>Total Assets</b>	<u>4,825,968</u>	<u>169,386</u>	<u>4,995,354</u>
<b>Liabilities:</b>			
Accounts payable	16,671	-	16,671
Accrued interest payable	11,634	-	11,634
Deposits held	11,100	-	11,100
Deferred property tax revenue	820,053	-	820,053
Bonds payable:			
Due within one year	270,000	-	270,000
Due in more than one year	3,315,000	-	3,315,000
<b>Total Liabilities</b>	<u>4,444,458</u>	<u>-</u>	<u>4,444,458</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	(745,920)	-	(745,920)
Restricted for emergencies	15,404	-	15,404
Restricted for debt service	258,465	-	258,465
Unrestricted	853,561	169,386	1,022,947
<b>Total Net Assets</b>	<u>381,510</u>	<u>169,386</u>	<u>550,896</u>

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



FUND FINANCIAL STATEMENTS

**Berry Creek Metropolitan District  
Balance Sheet  
Governmental Funds  
December 31, 2004**

	General	Debt Service	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash	901,394	256,801	1,158,195
Due from County Treasurer	1,876	1,664	3,540
Property tax receivable	436,291	383,762	820,053
Deposits	5,100	-	5,100
<b>Total Assets</b>	<b>1,344,661</b>	<b>642,227</b>	<b>1,986,888</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts payable	16,671	-	16,671
Deposits held	11,100	-	11,100
Deferred property tax	436,291	383,762	820,053
<b>Total Liabilities</b>	<b>464,062</b>	<b>383,762</b>	<b>847,824</b>
<b>Fund Balance:</b>			
Reserved for emergencies	15,404	-	15,404
Reserved for debt service	-	258,465	258,465
Unreserved	865,195	-	865,195
<b>Total Fund Balances</b>	<b>880,599</b>	<b>258,465</b>	<b>1,139,064</b>
<b>Total Liabilities and Fund Balances</b>	<b>1,344,661</b>	<b>642,227</b>	

**Amounts reported in the Statement of Net Assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,713,778
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the funds.	125,302
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,596,634)</u>
<b>Net Assets of Governmental Activities</b>	<b>381,510</b>

**Berry Creek Metropolitan District  
Proprietary Fund - Utility Fund  
Statement of Net Assets  
December 31, 2004**

**Assets:**

Current assets:

Equity in pooled cash	163,279
Accounts receivable, net	<u>6,107</u>

<b>Total Assets</b>	<u><u>169,386</u></u>
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**Net Assets**

Unrestricted	<u>169,386</u>
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<b>Total Net Assets</b>	<u><u>169,386</u></u>
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The accompanying notes are an integral part of these financial statements.

**Berry Creek Metropolitan District  
Proprietary Fund - Utilities Fund  
Statement of Cash Flows  
For the Year Ended December 31, 2004**

<b>Cash Flows From Non-Capital and Related Financing Activities:</b>	
Interfund transfers	<u>(189,000)</u>
<b>Net Cash (Used) by Non-Capital and Related Financing Activities</b>	<u>(189,000)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Cash from tap fees	<u>176,906</u>
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>176,906</u>
<b>Cash Flows from Investing Activities:</b>	
Interest received	<u>3,688</u>
<b>Net Cash Provided by Investing Activities</b>	<u>3,688</u>
<b>Net (Decrease) in Cash</b>	<u>(8,406)</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>171,685</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>163,279</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Berry Creek Metropolitan District  
Notes to the Financial Statements  
December 31, 2004**

**I. Summary of Significant Accounting Policies**

Berry Creek Metropolitan District (the "District") is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Eagle County, Colorado. The District was formed to provide recreational facilities, fire protection services, water services, cable TV services, and to construct and finance roadways and storm drainage facilities. The District has no employees and all operations and administrative functions are contracted.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Assets, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported as unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**Berry Creek Metropolitan District  
Notes to the Financial Statements  
December 31, 2004  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**2. Pooled Cash**

Each fund's portion of cash is pooled and invested in total to maximize earnings to investments. Invested earnings are allocated based upon each fund's portion of the cash and investments.

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. At December 31, 2004 all accounts were considered collectible.

**4. Payables and Accrued Liabilities**

Payables and accrued liabilities are defined as obligations arising out of the current period that are anticipated to be liquidated with currently available financial resources.

**5. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**6. Capital Assets**

Capital assets, which include land, buildings, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure, buildings, and improvements	30 - 40
Equipment	5 - 15

**Berry Creek Metropolitan District  
Notes to the Financial Statements  
December 31, 2004  
(Continued)**

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budget for the proprietary funds is adopted on a Non-GAAP budgetary basis and is reconciled to GAAP basis if necessary.

As required by Colorado statutes, the District followed the following time table in approving and enacting a budget for the ensuing year:

- (1) For the 2004 budget year, prior to August 25, 2003, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2003 the County Assessor sent the final recertified assessed valuation to the District
- (2) On or before October 15, 2003, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
- (4) For the 2004 budget, prior to December 15, 2003, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2004 budget, the final budget and appropriating resolution was adopted prior to December 31, 2003.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2003 were collected in 2004 and taxes certified in 2004 will be collected in 2005. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.



**Berry Creek Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2004**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Investment Pool**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The District had \$1,287,177 invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST") at December 31, 2004, an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments in COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities.

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. The securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. The repurchase agreements are held by COLOTRUST.

Investments in local government pools are not categorized as required by GASB #3 because they are not evidenced by securities that exist in physical or book entry form.

**C. Interfund Receivables, Payables, and Transfers**

<u>Transferred to:</u>	<u>Transferred from:</u>	<u>Amount</u>	<u>Purpose</u>
General	Debt Service	\$ 18,498	General operations
General	Utilities	189,000	General operations

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Water rights	\$ 33,214	-	-	33,214
Land	325,929	-	-	325,929
Total capital assets not being depreciated	<u>359,143</u>	<u>-</u>	<u>-</u>	<u>359,143</u>
Capital assets being depreciated:				
Improvements	2,430,268	47,174	-	2,477,442
Buildings	743,887	26,048	-	769,935
Equipment	499,564	9,131	-	508,695
Total capital assets being depreciated	<u>3,673,719</u>	<u>82,353</u>	<u>-</u>	<u>3,756,072</u>
Less accumulated depreciation for:				
Improvements	(714,075)	(100,824)	-	(814,899)
Buildings	(195,724)	(25,230)	-	(220,954)
Equipment	(354,434)	(11,150)	-	(365,584)
Total accumulated depreciation	<u>(1,264,233)</u>	<u>(137,204)</u>	<u>-</u>	<u>(1,401,437)</u>
Total capital assets being depreciated, net	<u>2,409,486</u>	<u>(54,851)</u>	<u>-</u>	<u>2,354,635</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 2,768,629</u>	<u>(54,851)</u>	<u>-</u>	<u>2,713,778</u>

**Berry Creek Metropolitan District  
Notes to the Financial Statements  
December 31, 2004  
(Continued)**

**V. Other Information (continued)**

**A. Long-term Debt (continued)**

**4. Changes in Long-term Debt**

	<u>Beginning Balance</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:				
1998 GO Refunding Bonds	\$ 1,140,000	(20,000)	1,120,000	20,000
2002 GO Refunding Bonds	2,710,000	(245,000)	2,465,000	250,000
	<u>\$ 3,850,000</u>	<u>(265,000)</u>	<u>3,585,000</u>	<u>270,000</u>

**B. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability.

**Colorado Special Districts Property and Liability Pool**

The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the governmental immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2003 (the latest audited information available) is as follows:

<b>Assets</b>	<u>\$ 8,505,173</u>
Liabilities	\$ 4,270,246
Capital and surplus	4,234,927
<b>Total</b>	<u>\$ 8,505,173</u>
Revenue	\$ 5,005,714
Underwriting expenses	4,251,606
Underwriting gain	754,108
Other income	88,476
<b>Net Income</b>	<u>\$ 842,584</u>

**Berry Creek Metropolitan District  
Notes to the Financial Statements  
December 31, 2004  
(Continued)**

**VI. Intergovernmental Agreement (continued)**

**Upper Eagle Regional Authority (continued)**

Extensions of lines, construction of system additions, existing and future debt will continue to be the responsibility of the districts and Town. A district or Town may withdraw from the Authority as provided in the contract and immediately vest in their individual water system and rights. The responsibilities of the Authority to the withdrawing districts' or Town's customers would be immediately assumed by the withdrawing district or Town.

The term of the contract is the later of twenty-one years from the effective date, or until all obligations of the Authority have been paid, or until termination of the Authority.

A summary of audited financial information for the Authority as of and for the year ended December 31, 2003 (the latest audited information available) is as follows:

**Upper Eagle Regional Water Authority**

<b>Assets:</b>	
Current	\$ 4,378,429
Other	1,024,243
Property and equipment	55,505,035
<b>Total Assets</b>	<u><u>\$ 60,907,707</u></u>
<b>Liabilities and Net Assets:</b>	
Current	\$ 1,625,536
Long-term debt	23,518,536
Net assets	35,763,635
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 60,907,707</u></u>
<b>Operations:</b>	
Operating revenue	\$ 6,369,073
Operating expense	5,860,637
<b>Operating income</b>	508,436
<b>Other income</b>	92,578
<b>Other expense</b>	<u>(1,440,215)</u>
<b>Net (loss)</b>	(839,201)
<b>Capital contributions</b>	2,704,849
<b>Net Assets - Beginning</b>	<u>33,897,987</u>
<b>Net Assets - Ending</b>	<u><u>\$ 35,763,635</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**Berry Creek Metropolitan District**  
**Governmental Funds - General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2004**  
**(With Comparative Actual Amounts for 2003)**

	2004			2003
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Taxes:				
Property tax	433,089	432,586	(503)	483,333
Specific ownership tax	25,985	26,887	902	28,139
Lottery proceeds	6,000	6,068	68	6,369
Net investment earnings	6,505	10,017	3,512	7,346
Community center	13,300	20,058	6,758	12,016
Contribution from SPOA	-	8,944	8,944	-
Contribution for open space	-	25,000	25,000	-
Other	500	784	284	1,934
<b>Total Revenues</b>	<u>485,379</u>	<u>530,344</u>	<u>44,965</u>	<u>539,137</u>
<b>Expenditures:</b>				
General government:				
Accounting, audit and administration	48,699	45,827	2,872	43,831
Insurance	6,600	6,825	(225)	11,108
Legal	10,300	3,764	6,536	11,287
Contributions	3,000	-	3,000	2,091
Treasurer's fees	12,993	12,999	(6)	14,543
Miscellaneous	8,300	4,686	3,614	3,450
Parks and recreation:				
Repairs and maintenance	126,055	125,598	457	116,130
Utilities	20,200	17,546	2,654	17,271
Events and activities	14,000	2,609	11,391	-
Contributions	27,000	151,850	(124,850)	18,000
Other	5,000	2,832	2,168	-
Community center:				
Administration	6,800	5,120	1,680	4,520
Repairs and maintenance	18,195	27,696	(9,501)	18,198
Utilities	9,496	9,587	(91)	7,374
Snow removal	3,000	3,790	(790)	3,445
Capital outlay	-	23,891	(23,891)	-
Contingency	10,000	-	10,000	-
Capital outlay	442,800	68,862	373,938	582,771
<b>Total Expenditures</b>	<u>772,438</u>	<u>513,482</u>	<u>258,956</u>	<u>854,019</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(287,059)</u>	<u>16,862</u>	<u>303,921</u>	<u>(314,882)</u>
<b>Other Financial Sources:</b>				
Sale of assets	-	-	-	25,000
Transfers in	213,101	207,498	(5,603)	364,423
<b>Total Other Financing Sources</b>	<u>213,101</u>	<u>207,498</u>	<u>(5,603)</u>	<u>389,423</u>
<b>Net Change in Fund Balances</b>	<u>(73,958)</u>	<u>224,360</u>	<u>298,318</u>	<u>74,541</u>
<b>Fund Balances - Beginning</b>	<u>650,426</u>	<u>656,239</u>	<u>5,813</u>	<u>581,698</u>
<b>Fund Balances - Ending</b>	<u>576,468</u>	<u>880,599</u>	<u>304,131</u>	<u>656,239</u>

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

**SUPPLEMENTARY INFORMATION**

**Berry Creek Metropolitan District**  
**Governmental Funds - Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended December 31, 2004**  
**(With Comparative Actual Amounts for 2003)**

	2004		Variance Positive (Negative)	2003
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Taxes:				
Property tax	383,966	383,521	(445)	428,511
Specific ownership tax	23,038	23,838	800	24,948
Net investment earnings	2,755	6,185	3,430	5,229
<b>Total Revenues</b>	<u>409,759</u>	<u>413,544</u>	<u>3,785</u>	<u>458,688</u>
<b>Expenditures:</b>				
Bond principal	265,000	265,000	-	235,000
Bond interest	148,128	148,127	1	179,272
Treasurer fees	11,519	11,525	(6)	12,893
Paying agent fees	3,600	250	3,350	1,071
Contingency	1,000	-	1,000	-
<b>Total Expenditures</b>	<u>429,247</u>	<u>424,902</u>	<u>4,345</u>	<u>428,236</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(19,488)</u>	<u>(11,358)</u>	<u>8,130</u>	<u>30,452</u>
<b>Other Financial (Uses):</b>				
Transfers out	(24,101)	(18,498)	5,603	(14,423)
<b>Net Change in Fund Balances</b>	<u>(43,589)</u>	<u>(29,856)</u>	<u>13,733</u>	<u>16,029</u>
<b>Fund Balances - Beginning</b>	<u>286,576</u>	<u>288,321</u>	<u>1,745</u>	<u>272,292</u>
<b>Fund Balances - Ending</b>	<u>242,987</u>	<u>258,465</u>	<u>15,478</u>	<u>288,321</u>

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

**Berry Creek Metropolitan District  
Schedule of Bonds Payable to Maturity  
December 31, 2004**

Bonds and Interest Maturing in the Calendar Year Ending December 31	\$1,210,000 General Obligation Refunding Series 1998		\$2,925,000 General Obligation Refunding Series 2002		Totals		
	Interest Due June 1 and December 1	Principal Due December 1	Interest Due June 1 and December 1	Principal Due December 1	Interest	Principal	Grand Total
2005	\$ 52,898	20,000	88,256	250,000	141,154	270,000	411,154
2006	52,028	25,000	82,006	250,000	134,034	275,000	409,034
2007	50,928	65,000	74,506	220,000	125,434	285,000	410,434
2008	48,036	235,000	67,906	60,000	115,942	295,000	410,942
2009	37,226	245,000	66,030	65,000	103,256	310,000	413,256
2010	25,710	260,000	63,854	60,000	89,564	320,000	409,564
2011	13,230	270,000	61,724	65,000	74,954	335,000	409,954
2012	-	-	59,318	355,000	59,318	355,000	414,318
2013	-	-	45,828	365,000	45,828	365,000	410,828
2014	-	-	31,594	380,000	31,594	380,000	411,594
2015	-	-	16,383	395,000	16,383	395,000	411,383
<b>Totals</b>	<b>\$ 280,056</b>	<b>1,120,000</b>	<b>657,405</b>	<b>2,465,000</b>	<b>937,461</b>	<b>3,585,000</b>	<b>4,522,461</b>



