

Berry Creek Metropolitan District

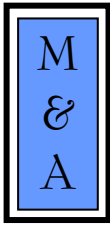
Financial Report

December 31, 2005

**Berry Creek Metropolitan District
Financial Report
December 31, 2005**

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McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2005, 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, 2005, 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.
January 27, 2006

Performing services for local governments throughout Colorado

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

MANAGEMENT'S DISCUSSION AND ANALYSIS

Berry Creek Metropolitan District

Management's Discussion and Analysis December 31, 2005

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, 2005.

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.

Overview of the Financial Statements (continued)

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Proprietary Fund. The District maintains a proprietary fund; the Water Fund. The District uses the Water Fund to account for its water system.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages C5 – C7 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in section D of this report.

Government-wide Financial Analysis.

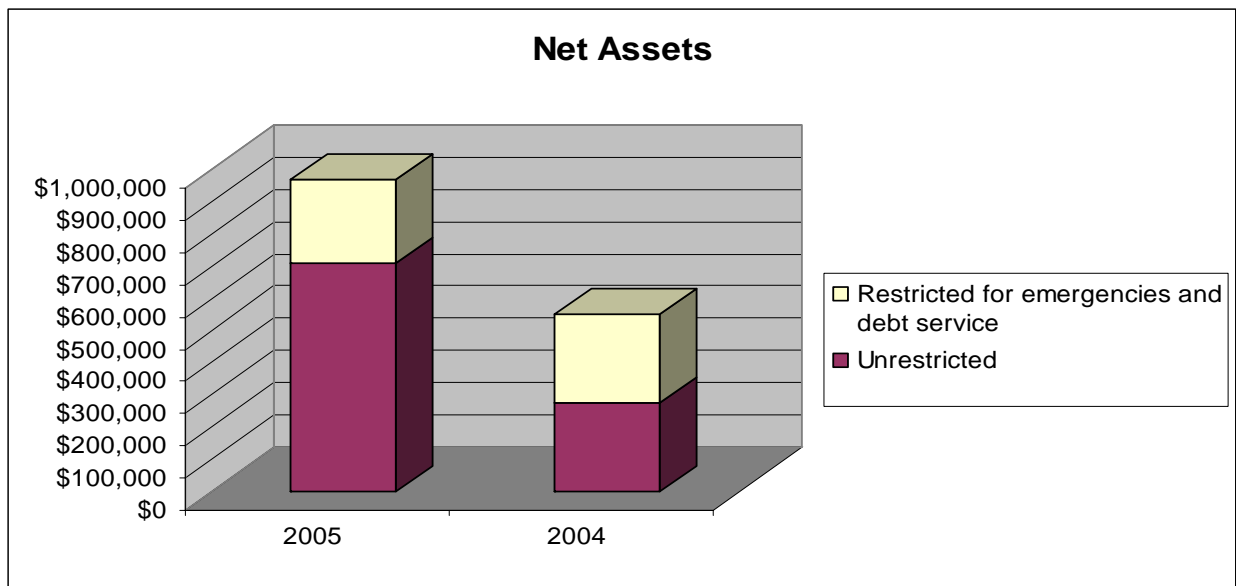
The following tables show condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

	Activities		Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other assets	\$ 2,324,210	\$ 2,112,190	255,227	169,386	2,579,437	2,281,576
Capital assets	2,615,945	2,713,778	-	-	2,615,945	2,713,778
Total Assets	4,940,155	4,825,968	255,227	169,386	5,195,382	4,995,354
Liabilities:						
Long-term liabilities outstanding:						
Due within one year	275,000	270,000	-	-	275,000	270,000
Due in more than one year	3,040,000	3,315,000	-	-	3,040,000	3,315,000
Other liabilities	911,454	859,458	-	-	911,454	859,458
Total Liabilities	4,226,454	4,444,458	-	-	4,226,454	4,444,458
Net Assets:						
Restricted for emergencies	13,299	15,404	-	-	13,299	15,404
Restricted for debt service	244,985	258,465	-	-	244,985	258,465
Unrestricted	455,417	107,641	255,227	169,386	710,644	277,027
Total Net Assets	\$ 713,701	\$ 381,510	255,227	169,386	968,928	550,896

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	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 11,365	\$ 20,058	-	-	11,365	20,058
Operating grants and contributions	6,034	15,012	-	-	6,034	15,012
Capital grants and contributions	-	25,000	178,264	121,441	178,264	146,441
General revenues:						
Property taxes	820,053	816,107	-	-	820,053	816,107
Other taxes	52,441	50,725	-	-	52,441	50,725
Loss On Disposal of assets	(4,573)	-	-	-	(4,573)	-
Interest and other revenue	48,716	16,986	7,577	3,688	56,293	20,674
Total Revenues	934,036	943,888	185,841	125,129	1,119,877	1,069,017
Expenses:						
General government	78,196	74,101	-	-	78,196	74,101
Culture and recreation	471,149	518,791	-	-	471,149	518,791
Interest on long-term debt	152,500	152,025	-	-	152,500	152,025
Total Expenses	701,845	744,917	-	-	701,845	744,917
Change in Net Assets						
Before Transfers	232,191	198,971	185,841	125,129	418,032	324,100
Transfers	100,000	189,000	(100,000)	(189,000)	-	-
Change in Net Assets	332,191	387,971	85,841	(63,871)	418,032	324,100
Net Assets - Beginning	381,510	(6,461)	169,386	233,257	550,896	226,796
Net Assets - Ending	\$ 713,701	\$ 381,510	255,227	169,386	968,928	550,896

The District's overall financial position, as measured by net assets, increased from \$550,896 at the end of 2004 to \$968,928 at the end of 2005. 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. The following graph shows the District's total net assets by category (invested in capital assets, net of related debt, unrestricted net assets and net assets restricted for emergencies and debt service) for 2005 compared to 2004.

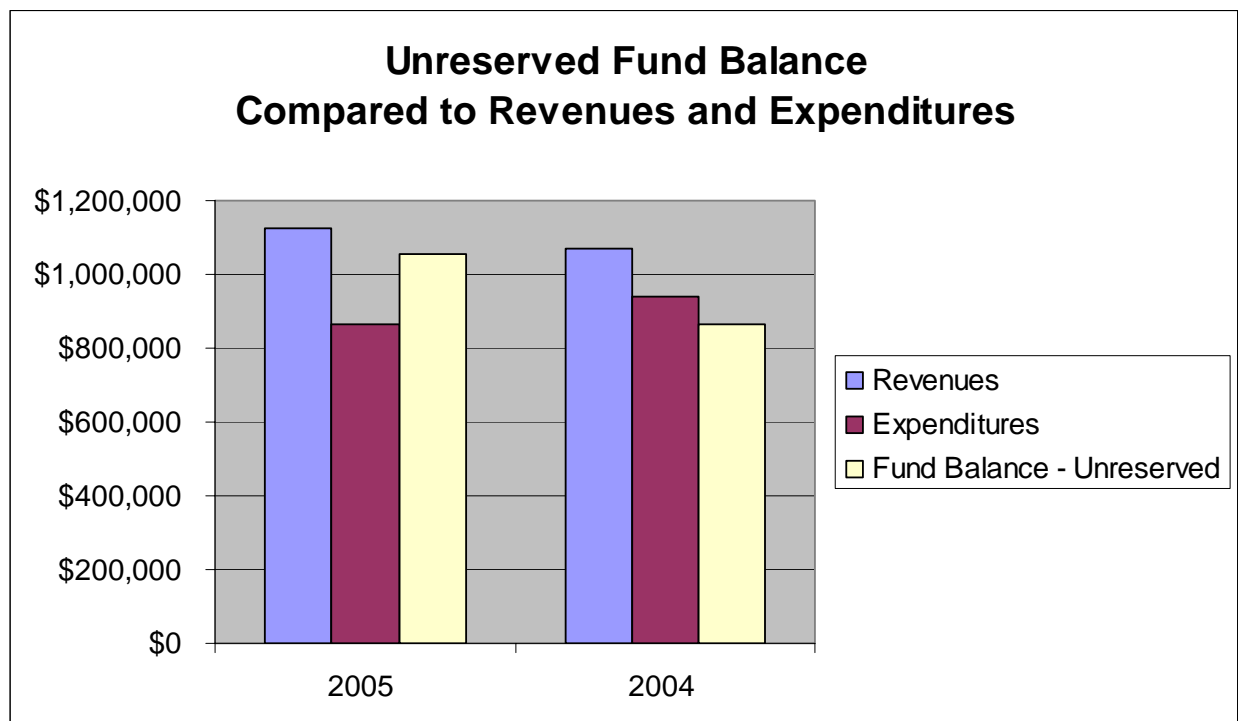


Financial Analysis of the District's Funds

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 \$1,311,436, an increase of \$172,372 over the prior year. This increase is primarily the result of collection of property taxes and a transfer of \$100,000 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, \$13,299 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, \$244,985 is reserved for debt service payments. The remainder of the combined fund balance is unreserved and dedicated for future years' expenditures. The District's unreserved fund balance at the end of 2005 was \$1,053,152 compared to \$865,195 at the end of 2004. The following graph shows the Unreserved Fund Balance for 2005 and 2004 relative to revenues and expenditures. This graph shows that at the end of 2005 and 2004 the District was holding approximately one year's expenditures in unreserved fund balances.



Proprietary Fund. The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets for the water fund totaled \$225,227 at the end of 2005 as compared to \$169,386 at the end of 2004. The increase in the unrestricted net assets in the proprietary fund during 2005 of \$85,841 is the result of tap fees received in excess of the transfer of funds to the General Fund. These unrestricted net assets are available for spending at the District's discretion.

Budget Variances. The District was not required to amend the 2005 budget. A budget comparison for the General Fund is presented on page E1 and budget comparisons for the Debt Service and Utility Funds are presented on pages F1 and F2. The main General Fund variance is related to the District's lower than anticipated capital outlay during 2005.

Capital Assets. The District invested \$45,783 in capital asset additions during 2005. These additions related to landscaping and park improvements within the District. Depreciation expense of \$139,043 was recognized in 2005. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page D8 of this report.

Long-term Debt. The District reduced its outstanding long-term debt balance by \$270,000, bringing the 2005 year end balance to \$3,315,000. Additional information can be found in the Notes to the Financial Statements on pages D9 and D10 of this report.

Contacting the District's Financial Management

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Berry Creek Metropolitan District, c/o Robertson & Marchetti, PC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Berry Creek Metropolitan District
Statement of Net Assets
December 31, 2005**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and equivalents	1,327,112	221,945	1,549,057
Receivables, net:			
Property tax	873,809	-	873,809
Accounts	-	33,282	33,282
Due from County Treasurer	3,770	-	3,770
Deposits	7,000	-	7,000
Bond issuance costs, net	112,519	-	112,519
Capital assets, net	2,615,945	-	2,615,945
Total Assets	<u>4,940,155</u>	<u>255,227</u>	<u>5,195,382</u>
Liabilities:			
Accounts payable	14,546	-	14,546
Accrued interest payable	11,199	-	11,199
Deposits held	11,900	-	11,900
Deferred property tax revenue	873,809	-	873,809
Bonds payable:			
Due within one year	275,000	-	275,000
Due in more than one year	3,040,000	-	3,040,000
Total Liabilities	<u>4,226,454</u>	<u>-</u>	<u>4,226,454</u>
Net Assets:			
Restricted for emergencies	13,299	-	13,299
Restricted for debt service	244,985	-	244,985
Unrestricted	455,417	255,227	710,644
Total Net Assets	<u>713,701</u>	<u>255,227</u>	<u>968,928</u>

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

**Berry Creek Metropolitan District
Statement of Activities
For the Year Ended December 31, 2005**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	84,690	-	-	-	(84,690)	-	(84,690)
Culture and recreation	481,010	11,365	6,034	-	(463,611)	-	(463,611)
Interest on long-term debt	140,718	-	-	-	(140,718)	-	(140,718)
Total Governmental Activities	<u>706,418</u>	<u>11,365</u>	<u>6,034</u>	<u>-</u>	<u>(689,019)</u>	<u>-</u>	<u>(689,019)</u>
Business-type Activities:							
Water	-	-	-	178,264	-	178,264	178,264
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,264</u>	<u>-</u>	<u>178,264</u>	<u>178,264</u>
Total	<u>706,418</u>	<u>11,365</u>	<u>6,034</u>	<u>178,264</u>	<u>(689,019)</u>	<u>178,264</u>	<u>(510,755)</u>
General revenues:							
Taxes:							
Property tax, levied for general purposes					436,291	-	436,291
Property tax, levied for debt service					383,762	-	383,762
Specific ownership tax					52,441	-	52,441
Investment earnings					47,941	7,577	55,518
Miscellaneous income					775	-	775
Transfers					100,000	(100,000)	-
Total General Revenues and Transfers					<u>1,021,210</u>	<u>(92,423)</u>	<u>928,787</u>
Change in Net Assets					332,191	85,841	418,032
Net Assets - Beginning					<u>381,510</u>	<u>169,386</u>	<u>550,896</u>
Net Assets - Ending					<u>713,701</u>	<u>255,227</u>	<u>968,928</u>

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

FUND FINANCIAL STATEMENTS

**Berry Creek Metropolitan District
Balance Sheets
Governmental Funds
December 31, 2005**

	General	Debt Service	Total Governmental Funds
Assets:			
Equity in pooled cash	1,083,891	243,221	1,327,112
Due from county treasurer	2,006	1,764	3,770
Property tax receivable	485,351	388,458	873,809
Deposits	7,000	-	7,000
Total Assets	1,578,248	633,443	2,211,691
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	14,546	-	14,546
Deposits held	11,900	-	11,900
Deferred property tax	485,351	388,458	873,809
Total Liabilities	511,797	388,458	900,255
Fund Balance:			
Reserved for emergencies	13,299	-	13,299
Reserved for debt service	-	244,985	244,985
Unreserved	1,053,152	-	1,053,152
Total Fund Balances	1,066,451	244,985	1,311,436
Total Liabilities and Fund Balances	1,578,248	633,443	
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.			2,615,945
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the funds.			112,519
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(3,326,199)
Net Assets of Governmental Activities			713,701

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

Berry Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Debt Service	Total Governmental Funds
Revenues:			
Taxes	464,191	408,303	872,494
Lottery proceeds	6,034	-	6,034
Net investment earnings	33,688	14,253	47,941
Community center	11,365	-	11,365
Other	775	-	775
Total Revenues	516,053	422,556	938,609
Expenditures:			
Current operating:			
General government	60,125	-	60,125
Parks and recreation	154,789	-	154,789
Community center	51,142	-	51,142
Capital outlay	177,246	-	177,246
Debt service	-	422,935	422,935
Total Expenditures	443,302	422,935	866,237
Excess (Deficiency) of Revenues Over Expenditures	72,751	(379)	72,372
Other Financial Sources (Uses):			
Transfers in	113,101	-	113,101
Transfers out	-	(13,101)	(13,101)
Total Other Financing Sources (Uses)	113,101	(13,101)	100,000
Net Change in Fund Balances	185,852	(13,480)	172,372
Fund Balances - Beginning	880,599	258,465	1,139,064
Fund Balances - Ending	1,066,451	244,985	1,311,436
Net Change in Fund Balances			172,372
Amounts reported in the Statement of Activities are different because:			
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the funds.			
			(12,348)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
			270,000
Governmental funds report capital outlays as expenditures. However, in the useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.			
			(97,833)
Change in Net Assets of Governmental Activities			332,191

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

**Berry Creek Metropolitan District
Proprietary Fund - Utility Fund
Statement of Net Assets
December 31, 2005**

Assets:	
Current assets:	
Equity in pooled cash	221,945
Accounts receivable, net	<u>33,282</u>
Total Assets	<u><u>255,227</u></u>
 Net Assets	
Unrestricted	<u>255,227</u>
Total Net Assets	<u><u>255,227</u></u>

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

Berry Creek Metropolitan District
Proprietary Fund - Utility Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2005

Non-operating Revenues:	
Tap fees	178,264
Net investment earnings	<u>7,577</u>
Income Before Transfers	<u>185,841</u>
Transfers Out	<u>(100,000)</u>
Change in Net Assets	85,841
Total Net Assets - Beginning	<u>169,386</u>
Total Net Assets - Ending	<u><u>255,227</u></u>

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

**Berry Creek Metropolitan District
Proprietary Fund - Utility Fund
Statement of Cash Flows
For the Year Ended December 31, 2005**

Cash Flows From Non-Capital Financing Activities:	
Interfund transfers	<u>(100,000)</u>
Net Cash (Used) by Non-Capital Financing Activities	<u>(100,000)</u>
Cash Flows From Capital Financing Activities:	
Cash from tap fees	<u>151,089</u>
Net Cash Flows From Capital Financing Activities	<u>151,089</u>
Cash Flows from Investing Activities:	
Interest received	<u>7,577</u>
Net Cash Provided by Investing Activities	<u>7,577</u>
Net Change in Cash	58,666
Cash and Cash Equivalents - Beginning	<u>163,279</u>
Cash and Cash Equivalents - Ending	<u><u>221,945</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, 2005**

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, 2005
(Continued)**

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds

The District reports the following proprietary fund:

The *Utilities Fund* is used to account for the operations of the water system.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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, 2005 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	15 - 40
Equipment	5 - 15

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Reserved Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note III). \$ 13,299 of the General Fund fund balance has been reserved in compliance with this requirement.

The Debt Service Fund balance of \$244,985 is reserved for debt service.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Assets

The governmental funds Balance Sheet includes reconciliation between *fund balance – governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$3,326,199 difference are bonds payable of \$3,315,000 and accrued interest payable of \$11,199.

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$270,000 difference are principal payments on general obligation bonds of \$270,000 .

Another element of that reconciliation states that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation during the year.” The details of this \$97,833 difference are capital additions of \$ 45,783 less the value of the loss on disposal of capital assets of \$4,573 and depreciation expense of \$139,043 .

Another element of that reconciliation states that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$12,348 difference are the decrease in accrued interest of \$435 and amortization of bond issuance costs of \$12,783.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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 2005 budget year, prior to August 25, 2004, 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, 2004 the County Assessor sent the final recertified assessed valuation to the District
- (2) On or before October 15, 2004, 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 2005 budget, prior to December 15, 2004, 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 2005 budget, the final budget and appropriating resolution was adopted prior to December 31, 2004.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2004 were collected in 2005 and taxes certified in 2005 will be collected in 2006. 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 15th.

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 know 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, 2005
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2005 year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$ 13,299 , which is the approximate required reserve at December 31, 2005.

On May 5, 1998, the District's voters authorized the District to collect, retain, and spend all revenue collected from any source, without regard to fiscal year spending limits otherwise imposed by TABOR.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions including how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

IV. Detailed Notes on All Funds

A. 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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

At December 31, 2005, the District's cash deposits had a carrying balance and a bank balance as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Deposits	\$ 14,189	\$ 37,550
	<u>\$ 14,189</u>	<u>\$ 37,550</u>

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(Continued)**

IV. Detailed Notes on All Funds (continued)

B. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, 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
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

The District owned the following investments as of December 31, 2005:

	Carrying Balance	Fair Value
Local government investment pool	\$ 1,534,869	\$ 1,534,869
	\$ 1,534,869	\$ 1,534,869

The District had invested \$1,534,869 in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments 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 in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

COLOTRUST directly holds all repurchase agreements. The custodian's internal records identify the investments owned by COLOTRUST. The District does not categorize its participation in COLOTRUST because the investment is not evidenced by securities specifically identifiable to the District.

The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in local government investment pools. These investments are 98% of the District's total investments.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(Continued)

C. Summary of Cash Deposits and Investments

Cash deposits and investments are reflected on the December 31, 2005 Balance Sheets as follows:

	2005
Cash and cash equivalents	<u>\$ 1,549,058</u>
	<u>\$ 1,549,058</u>
Deposits	\$ 14,189
Local government investment pool	<u>1,534,869</u>
Total cash and cash equivalents	<u>\$ 1,549,058</u>

C. Interfund Receivables, Payables, and Transfers

<u>Transferred to:</u>	<u>Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
General	Debt Service	\$ 13,101	General operations
General	Utilities	100,000	General operations

D. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
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	2,477,442	45,783	(4,651)	2,518,574
Buildings	769,935	-	-	769,935
Equipment	508,695	-	-	508,695
Total capital assets being depreciated	<u>3,756,072</u>	<u>45,783</u>	<u>(4,651)</u>	<u>3,797,204</u>
Less accumulated depreciation for:				
Improvements	(814,899)	(101,888)	78	(916,709)
Buildings	(220,954)	(25,665)	-	(246,619)
Equipment	<u>(365,584)</u>	<u>(11,490)</u>	<u>-</u>	<u>(377,074)</u>
Total accumulated depreciation	<u>(1,401,437)</u>	<u>(139,043)</u>	<u>78</u>	<u>(1,540,402)</u>
Total capital assets being depreciated, net	<u>2,354,635</u>	<u>(93,260)</u>	<u>(4,573)</u>	<u>2,256,802</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,713,778</u>	<u>(93,260)</u>	<u>(4,573)</u>	<u>2,615,945</u>

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(Continued)**

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Culture and recreation	\$ 139,043

V. Other Information

A. Long-term Debt

1. General Obligation Refunding Bonds, Series 1998

The District issued \$1,210,000 of general obligation refunding bonds dated September 15, 1998 with interest rates ranging from 3.85% to 4.9%, payable on June 1 and December 1. Principal on the bonds is payable on December 1 and matures in various increments through 2011. Bonds maturing on or after December 1, 2007 are callable at the option of the District upon payment of par plus accrued interest thereon, without redemption premium.

2. General Obligation Refunding Bonds, Series 2002

The District issued \$2,925,000 of general obligation refunding bonds dated September 1, 2002 and bearing interest rates ranging from 2.5% to 4.15%, payable on June 1 and December 1. Principal on the bonds is payable on December 1 and matures in various increments through 2011. Bonds maturing on or after December 1, 2013 are subject to redemption prior to their respective maturity dates at the option of the District at anytime on or after December 1, 2012 at par plus accrued interest thereon, without redemption premium. The principal and interest of these bonds are insured as to repayment by Financial Security Assurance, Inc.

3. Annual Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	275,000	134,034	409,034
2007	285,000	125,434	410,434
2008	295,000	115,942	410,942
2009	310,000	103,256	413,256
2010	320,000	89,564	409,564
2011 to 2015	1,830,000	228,077	2,058,077
Total	\$ 3,315,000	796,307	4,111,307

Additionally, during 1987, the District authorized a general obligation pledge to the extent of their service agreement with Upper Eagle Regional Water Authority (see Note VI.).

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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	\$ 1,120,000	(20,000)	1,100,000	25,000
2002 GO Refunding Bonds	2,465,000	(250,000)	2,215,000	250,000
	<u>\$ 3,585,000</u>	<u>(270,000)</u>	<u>3,315,000</u>	<u>275,000</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 exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's 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.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2004 (the latest audited information available) is as follows:

Assets	<u>\$ 11,487,396</u>
Liabilities	\$ 5,476,513
Capital and surplus	6,010,883
Total	<u>\$ 11,487,396</u>
Revenue	\$ 6,305,838
Underwriting expenses	4,710,139
Underwriting gain	1,595,699
Other income	187,018
Net Income	<u>\$ 1,782,717</u>

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(Continued)**

VI. Intergovernmental Agreement

Upper Eagle Regional Authority

The District is a participant in the Upper Eagle Regional Water Authority (the "Authority"). The Authority was formed pursuant to an establishing contract on September 18, 1984, by the following quasi-municipal corporations ("districts and Town") located in Eagle County, Colorado:

Arrowhead Metropolitan District
Town of Avon
Beaver Creek Metropolitan District
Berry Creek Metropolitan District
Eagle-Vail Metropolitan District
Edwards Metropolitan District

The Authority was formed to make the best practicable use of the districts' and Town's joint resources to supply water to the districts and to further develop water resources and facilities in a portion of Eagle County, Colorado.

The Authority may not be terminated so long as bonds, notes or other obligations are outstanding, unless provision for full payment of such obligations has been made. At December 31, 2005, the Authority had debt with maturities through the year 2028.

In the event of the dissolution of the Authority, all of the assets of the Authority shall immediately vest in the participating districts and Town, subject to any outstanding liens, mortgages or other pledges of such assets.

Except for the water systems conveyed to the Authority on January 1, 1998 pursuant to the Amended and Restated Master Service Agreement (see below), interest in the assets of the Authority conveyed to each district and Town shall be that proportion which the average annual amount of treated water sold within each district and Town bears to the average annual total amount of all treated water sold by the Authority. For water systems conveyed on January 1, 1998, each of the districts and Town will vest in their individual water systems upon dissolution of the Authority.

The District has a service contract with the Authority. Under the terms of the agreement, the Authority provides and bills residents of the District with water at a rate which is expected to cover its costs in providing water services and other functions. Such costs specifically include debt service requirements, depreciation and replacements, and operations and maintenance, including maintenance of the District's water distribution system. As part of the agreement, the District has leased all of its water rights, associated easements and improvements to the Authority at no cost. In consideration, the Authority has agreed to maintain the associated improvements and to administer and protect the District's plan for augmentation and water decrees at no cost to the District.

The participating districts and Town have given the Authority a general obligation pledge to their service contract obligations. Essentially, the districts and Town will levy taxes sufficient to meet said service contract obligations if other revenue sources are not available.

Effective January 1, 1998, the districts and Town entered into an Amended and Restated Master Service Contract with the Upper Eagle Regional Water Authority whereby the districts and Town conveyed their individual water systems to the Authority. The Authority will continue to provide water service, maintain the water systems and bill residents of the district and Town. The districts and Town will continue to set and receive tap fees for connection to their former individual water systems, which will be collected by the Authority and remitted to the districts and Town.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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, 2004 (the latest audited information available) is as follows:

Upper Eagle Regional Water Authority	
Assets:	
Current	\$ 7,366,350
Other	3,649,788
Property and equipment	91,660,380
Total Assets	<u>\$ 102,676,518</u>
Liabilities and Net Assets:	
Current	\$ 1,678,304
Long-term debt	22,228,272
Net assets	78,769,942
Total Liabilities and Net Assets	<u>\$ 102,676,518</u>
Operations:	
Operating revenue	\$ 6,855,125
Operating expense	6,766,787
Operating income	88,338
Other income	109,088
Other expense	<u>(2,211,665)</u>
Net (loss)	(2,014,239)
Capital contributions	45,020,546
Net Assets - Beginning	<u>35,763,635</u>
Net Assets - Ending	<u>\$ 78,769,942</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, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)**

	2005			2004
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Property tax	436,291	436,291	-	432,586
Specific ownership tax	26,177	27,900	1,723	26,887
Lottery proceeds	6,180	6,034	(146)	6,068
Net investment earnings	8,723	33,688	24,965	10,017
Community center	18,740	11,365	(7,375)	20,058
Contributions from SPOA	-	-	-	8,944
Contribution for open space	-	-	-	25,000
Other	500	775	275	784
Total Revenues	496,611	516,053	19,442	530,344
Expenditures:				
General government:				
Accounting, audit and administration	48,050	37,845	(10,205)	45,829
Insurance	7,500	6,685	(815)	6,825
Legal	7,210	665	(6,545)	3,764
Treasurer's fees	13,089	13,110	21	12,999
Miscellaneous	2,030	1,820	(210)	4,686
Parks and recreation	197,650	154,789	(42,861)	300,436
Community center	67,780	51,142	(16,638)	70,082
Capital outlay	304,000	177,246	(126,754)	68,862
Total Expenditures	647,309	443,302	(204,007)	513,483
Excess (Deficiency) of Revenues Over Expenditures	(150,698)	72,751	(184,565)	16,861
Other Financial Sources:				
Transfers in	113,101	113,101	-	207,498
Total Other Financing Sources	113,101	113,101	-	207,498
Net Change in Fund Balances	(37,597)	185,852	(184,565)	224,359
Fund Balances - Beginning	792,998	880,599	87,601	656,239
Fund Balances - Ending	755,401	1,066,451	(96,964)	880,598

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

SUPPLEMENTARY INFORMATION

Berry Creek Metropolitan District
Governmental Funds - Debt Service Fund
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005			2004
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Property tax	383,762	383,762	-	383,521
Specific ownership tax	23,026	24,541	1,515	23,838
Net investment earnings	2,588	14,253	11,665	6,185
Total Revenues	409,376	422,556	13,180	413,544
Expenditures:				
Debt service:				
Bond principal	270,000	270,000	-	265,000
Bond interest	141,153	141,153	-	148,128
Treasurer fees	11,513	11,532	(19)	11,525
Paying agent fees	1,000	250	750	250
Contingency	3,600	-	3,600	-
Total Expenditures	427,266	422,935	4,331	424,903
Excess (Deficiency) of Revenues Over Expenditures	(17,890)	(379)	17,511	(11,359)
Other Financial (Uses):				
Transfers out	(13,101)	(13,101)	-	(18,498)
Total Other Financial (Uses)	(13,101)	(13,101)	-	(18,498)
Net Change in Fund Balances	(30,991)	(13,480)	17,511	(29,857)
Fund Balances - Beginning	245,748	258,465	(12,717)	288,322
Fund Balances - Ending	214,757	244,985	4,794	258,465

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

Berry Creek Metropolitan District
Proprietary Fund - Utility Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Assets
Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005		2004	
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Non-operating Revenues:				
Tap fees	80,000	178,264	178,264	121,441
Net investment earnings	1,155	7,577	6,422	3,688
Non-operating Revenues	81,155	185,841	184,686	125,129
Income Before Transfers	81,155	185,841	184,686	125,129
Transfers Out	(100,000)	(100,000)	-	(189,000)
Change in Net Assets	(18,845)	85,841	184,686	(63,871)
Total Net Assets - Beginning	130,007	169,386	39,379	233,257
Total Net Assets - Ending	111,162	255,227	224,065	169,386

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

**Berry Creek Metropolitan District
Schedule of Bonds Payable to Maturity
December 31, 2005**

Bonds and Interest Maturing in the Calendar Year Ending December 31	\$1,210,000 General Obligation Refunding Series 1998 Dated September 15, 1998 Interest Rate 3.85% - 4.90%		\$2,925,000 General Obligation Refunding Series 2002 Dated September 1, 2003 Interest Rate 2.50% - 4.15%		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
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
Totals	<u>\$ 227,158</u>	<u>1,100,000</u>	<u>569,149</u>	<u>2,215,000</u>	<u>796,307</u>	<u>3,315,000</u>	<u>4,111,307</u>

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

**Berry Creek Metropolitan District
History of Assessed Valuation, Mill Levy and Property Taxes Collected**

Calendar Year Ended December 31	Prior Year Assessed Valuation For Current Year Property Tax Levy	All Funds Mills Levied	Property Taxes Total All Funds		Percent Collected to Levied
			Levied	Collected	
1998	\$ 34,722,300	25.922	\$ 900,071	\$ 893,214	99.2%
1999	35,309,010	25.598	903,840	898,545	99.4%
2000	43,227,520	23.598	1,020,083	1,008,006	98.8%
2001	44,218,480	21.098	932,921	922,040	98.8%
2002	54,440,920	19.098	1,039,713	1,037,961	99.8%
2003	55,397,800	16.500	914,064	912,934	99.9%
2004	49,518,510	16.500	817,055	816,107	99.9%
2005	49,884,610	16.439	820,053	820,053	100.0%
Estimated for Year Ended December 31, 2006	55,494,030	15.746	873,809		

NOTE:

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