

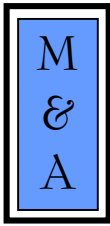
**Berry Creek Metropolitan District
Edwards, Colorado**

**Financial Statements
December 31, 2006**

**Berry Creek Metropolitan District
Financial Report
December 31, 2006**

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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, 2006, 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, 2006, 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 31, 2007

Performing services for local governments throughout Colorado

D. Jerry McMahan, C.P.A.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Berry Creek Metropolitan District

Management's Discussion and Analysis December 31, 2006

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, 2006.

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 maintained a proprietary fund; the Water Fund. The District used the Water Fund to account for its water tap fee collections but as of December 31, 2006 the district transferred all remaining fund balances to the general fund and eliminated the fund.

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 on pages D1 – D12 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.

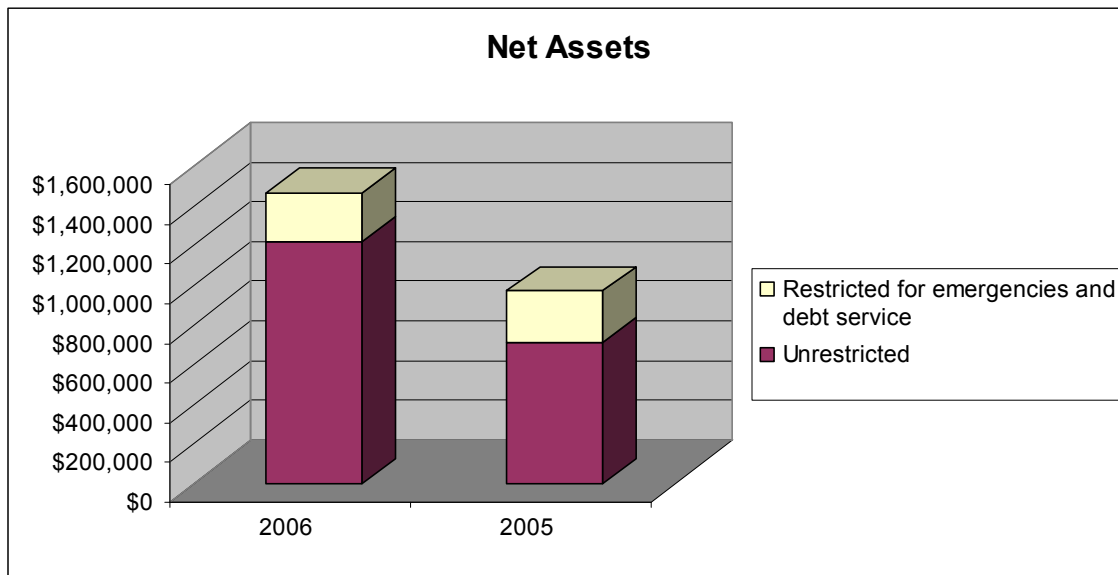
	Governmental		Business-type		Total	
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other assets	\$ 2,909,919	2,324,210	-	255,227	2,909,919	2,579,437
Capital assets	2,507,584	2,615,945	-	-	2,507,584	2,615,945
Total Assets	5,417,503	4,940,155	-	255,227	5,417,503	5,195,382
Liabilities:						
Long-term liabilities outstanding:						
Due within one year	285,000	275,000	-	-	285,000	275,000
Due in more than one year	2,755,000	3,040,000	-	-	2,755,000	3,040,000
Other liabilities	910,181	911,454	-	-	910,181	911,454
Total Liabilities	3,950,181	4,226,454	-	-	3,950,181	4,226,454
Net Assets:						
Restricted for emergencies	12,609	13,299	-	-	12,609	13,299
Restricted for debt service	231,918	244,985	-	-	231,918	244,985
Unrestricted	1,222,795	455,417	-	255,227	1,222,795	710,644
Total Net Assets	\$ 1,467,322	713,701	-	255,227	1,467,322	968,928

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Overview of the Financial Statements (continued)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 13,245	11,365	-	-	13,245	11,365
Operating grants and contributions	7,088	6,034	-	-	7,088	6,034
Capital grants and contributions	30	-	132,170	178,264	132,200	178,264
General revenues:						
Property taxes	873,339	820,053	-	-	873,339	820,053
Other taxes	57,196	52,441	-	-	57,196	52,441
Loss On Disposal of assets	-	(4,573)	-	-	-	(4,573)
Interest and other revenue	81,945	48,716	20,210	7,577	102,155	56,293
Total Revenues	1,032,843	934,036	152,380	185,841	1,185,223	1,119,877
Expenses:						
General government	82,721	78,196	138	-	82,859	78,196
Culture and recreation	470,654	471,149	-	-	470,654	471,149
Interest on long-term debt	133,316	152,500	-	-	133,316	152,500
Total Expenses	686,691	701,845	138	-	686,829	701,845
Change in Net Assets						
Before Transfers	346,152	232,191	152,242	185,841	498,394	418,032
Transfers	407,470	100,000	(407,470)	(100,000)	-	-
Change in Net Assets	753,622	332,191	(255,228)	85,841	498,394	418,032
Net Assets - Beginning	713,700	381,509	255,228	169,386	968,928	550,895
Net Assets - Ending	\$ 1,467,322	713,700	-	255,227	1,467,322	968,927

The District's overall financial position, as measured by net assets, increased from \$968,927 at the end of 2005 to \$1,467,322 at the end of 2006. 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 2006 compared to 2005.

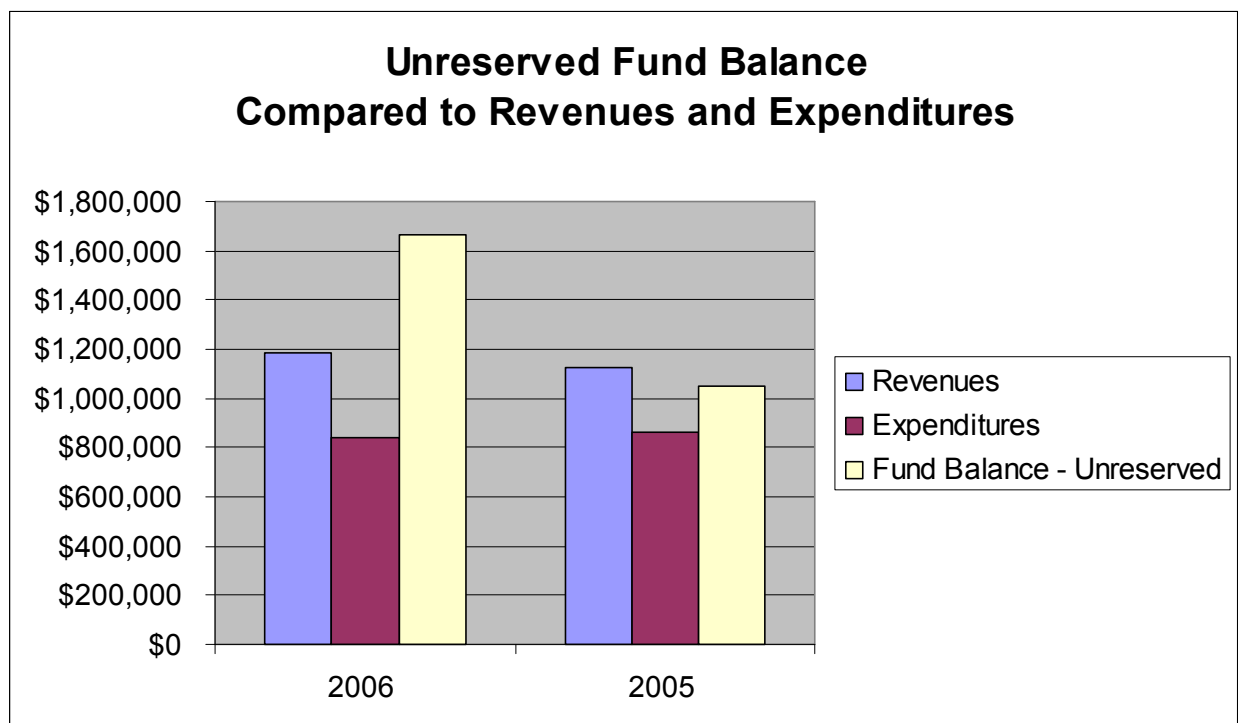


Financial Analysis of the District's Funds

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 \$1,910,485, an increase of \$599,049 over the prior year. This increase is primarily the result of collection of property taxes and a transfer of \$407,470 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, \$12,609 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, \$231,918 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 2006 was \$1,665,958 compared to \$1,053,152 at the end of 2005. The following graph shows the Unreserved Fund Balance for 2006 and 2005 relative to revenues and expenditures. This graph shows that at the end of 2006 and 2005 the District was holding approximately two 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 net assets of the water fund totaled \$0 at December 31, 2006 compared to \$255,227 at the end of 2005. All the net assets were transferred to the general fund after the end of 2006 so the water fund could be dissolved. In the future, tap fee receipts will be recorded in the general fund instead of the water fund.

Financial Analysis of the District's Funds (continued)

Budget Variances. The District was not required to amend the 2006 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 2006 and the transfer of remaining fund balances from the water fund.

Capital Assets. The District invested \$33,355 in capital asset additions during 2006. These additions related to the community center expansion and parking lot lighting improvements within the District. Depreciation expense of \$141,716 was recognized in 2006. 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 pages D8 and D9 of this report.

Long-term Debt. The District reduced its outstanding long-term debt balance by \$275,000, bringing the 2006 year end balance to \$3,040,000. 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, 2006**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and equivalents	1,917,130	-	1,917,130
Receivables, net:			
Property tax	881,776	-	881,776
Accounts	-	-	-
Due from County Treasurer	4,278	-	4,278
Deposits	7,000	-	7,000
Bond issuance costs, net	99,735	-	99,735
Capital assets, net	2,507,584	-	2,507,584
Total Assets	<u>5,417,503</u>	<u>-</u>	<u>5,417,503</u>
Liabilities:			
Accounts payable	15,123	-	15,123
Accrued interest payable	10,482	-	10,482
Deposits held	2,800	-	2,800
Deferred property tax revenue	881,776	-	881,776
Bonds payable:			
Due within one year	285,000	-	285,000
Due in more than one year	2,755,000	-	2,755,000
Total Liabilities	<u>3,950,181</u>	<u>-</u>	<u>3,950,181</u>
Net Assets:			
Restricted for emergencies	12,609	-	12,609
Restricted for debt service	231,918	-	231,918
Unrestricted	1,222,795	-	1,222,795
Total Net Assets	<u>1,467,322</u>	<u>-</u>	<u>1,467,322</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, 2006**

	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	82,721	-	-	-	(82,721)	-	(82,721)
Culture and recreation	470,654	13,245	7,088	30	(450,291)	-	(450,291)
Interest on long-term debt	133,316	-	-	-	(133,316)	-	(133,316)
Total Governmental Activities	<u>686,691</u>	<u>13,245</u>	<u>7,088</u>	<u>30</u>	<u>(666,328)</u>	<u>-</u>	<u>(666,328)</u>
Business-type Activities:							
Water	138	-	-	132,170	-	132,032	132,032
Total Business-type Activities	<u>138</u>	<u>-</u>	<u>-</u>	<u>132,170</u>	<u>-</u>	<u>132,032</u>	<u>132,032</u>
Total	<u><u>686,967</u></u>	<u><u>13,245</u></u>	<u><u>7,088</u></u>	<u><u>132,200</u></u>	<u><u>(666,328)</u></u>	<u><u>132,032</u></u>	<u><u>(534,296)</u></u>
General revenues:							
Taxes:							
Property tax, levied for general purposes					485,090	-	485,090
Property tax, levied for debt service					388,249	-	388,249
Specific ownership tax					57,196	-	57,196
Investment earnings					80,266	20,210	100,476
Miscellaneous income					1,679	-	1,679
Transfers					407,470	(407,470)	-
Total General Revenues					<u>1,419,950</u>	<u>(387,260)</u>	<u>1,032,690</u>
Change in Net Assets					753,622	(255,228)	498,394
Net Assets - Beginning					713,700	255,228	968,928
Net Assets - Ending					<u><u>1,467,322</u></u>	<u><u>-</u></u>	<u><u>1,467,322</u></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, 2006**

	General	Debt Service	Total Governmental Funds
Assets:			
Equity in pooled cash	1,687,114	230,016	1,917,130
Due from county treasurer	2,376	1,902	4,278
Property tax receivable	489,776	392,000	881,776
Deposits	7,000	-	7,000
Total Assets	2,186,266	623,918	2,810,184
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	15,123	-	15,123
Deposits held	2,800	-	2,800
Deferred property tax	489,776	392,000	881,776
Total Liabilities	507,699	392,000	899,699
Fund Balance:			
Reserved for emergencies	12,609	-	12,609
Reserved for debt service	-	231,918	231,918
Unreserved	1,665,958	-	1,665,958
Total Fund Balances	1,678,567	231,918	1,910,485
Total Liabilities and Fund Balances	2,186,266	623,918	
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.			2,507,584
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the funds.			99,735
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(3,050,482)
Net Assets of Governmental Activities			1,467,322

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, 2006

	General	Debt Service	Total Governmental Funds
Revenues:			
Taxes	516,859	413,676	930,535
Lottery proceeds	7,088	-	7,088
Net investment earnings	55,407	24,859	80,266
Community center	13,245	-	13,245
Other	1,709	-	1,709
Total Revenues	594,308	438,535	1,032,843
Expenditures:			
Current operating:			
General government	54,485	11,915	66,400
Parks and recreation	206,978	-	206,978
Community center	55,934	-	55,934
Capital outlay	102,919	-	102,919
Debt service	-	409,033	409,033
Total Expenditures	420,316	420,948	841,264
Excess (Deficiency) of Revenues Over Expenditures	173,992	17,587	191,579
Other Financial Sources (Uses):			
Transfers in	438,124	-	438,124
Transfers out	-	(30,654)	(30,654)
Total Other Financing Sources (Uses)	438,124	(30,654)	407,470
Net Change in Fund Balances	612,116	(13,067)	599,049
Fund Balances - Beginning	1,066,451	244,985	1,311,436
Fund Balances - Ending	1,678,567	231,918	1,910,485
Net Change in Fund Balances			599,049
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.			
			(12,067)
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.			
			275,000
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.			
			(108,360)
Change in Net Assets of Governmental Activities			753,622

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, 2006**

Assets:	
Current assets:	
Equity in pooled cash	-
	<hr/>
Total Assets	-
	<hr/>
Net Assets	
Unrestricted	-
	<hr/>
Total Net Assets	-
	<hr/> <hr/>

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, 2006**

Operating Expenditures:	
Legal fees	138
Total Operating expenses	138
 Non-operating Revenues:	
Tap fees	132,170
Net investment earnings	20,210
Total Non-operating revenues	152,380
Income Before Transfers	152,242
Transfers Out	(407,470)
Change in Net Assets	(255,228)
Total Net Assets - Beginning	255,228
Total Net Assets - Ending	-

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, 2006**

Cash Flows From Operating Activities:	
Cash paid for administration	(138)
Net Cash (Used) by Non-Capital Financing Activities	<u>(138)</u>
Cash Flows From Non-Capital Financing Activities:	
Interfund transfers	(407,470)
Net Cash (Used) by Non-Capital Financing Activities	<u>(407,470)</u>
Cash Flows From Capital Financing Activities:	
Cash from tap fees	165,453
Net Cash Flows From Capital Financing Activities	<u>165,453</u>
Cash Flows from Investing Activities:	
Interest received	20,210
Net Cash Provided by Investing Activities	<u>20,210</u>
Net Change in Cash	(221,945)
Cash and Cash Equivalents - Beginning	<u>221,945</u>
Cash and Cash Equivalents - Ending	<u><u>-</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, 2006**

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, 2006
(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. As of December 31, 2006, the Utilities Fund was closed to the General Fund.

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, 2006
(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, 2006 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, 2006
(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). \$12,609 of the General Fund balance has been reserved in compliance with this requirement.

The Debt Service Fund balance of \$231,918 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 \$3,050,482 difference are bonds payable of \$3,040,000 and accrued interest payable of \$10,482.

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 difference are principal payments on general obligation bonds of \$275,000.

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 \$108,360 difference are capital additions of \$33,355 less the depreciation expense of \$141,715.

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 \$12,067 difference are the decrease in accrued interest of \$717 and amortization of bond issuance costs of \$12,784.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2006
(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 2006 budget year, prior to August 25, 2005, 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, 2005 the County Assessor sent the final recertified assessed valuation to the District
- (2) On or before October 15, 2005, 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 2006 budget, prior to December 15, 2005, 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 2006 budget, the final budget and appropriating resolution was adopted prior to December 31, 2005.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2005 were collected in 2006 and taxes certified in 2006 will be collected in 2007. 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, 2006
(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, 2006 year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$12,609, the approximate required reserve at December 31, 2006.

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, 2006, the District's cash deposits had a carrying balance and a bank balance as follows:

	Carrying Balance	Bank Balance
Deposits	\$ 125,944	108,986
	\$ 125,944	108,986

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2006
(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, 2006:

	<u>Rating</u>	<u>Carrying Balance</u>	<u>Fair Value</u>
Local government investment pool	AAA	\$ 1,791,186	1,791,186
		<u>\$ 1,791,186</u>	<u>1,791,186</u>

The District had invested \$1,791,186 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, 2006
(Continued)**

C. Summary of Cash Deposits and Investments

Cash deposits and investments are reflected on the December 31, 2006 Balance Sheets as follows:

	2006
Cash and cash equivalents	<u>\$ 1,917,130</u>
	<u>\$ 1,917,130</u>
Deposits	\$ 125,944
Local government investment pool	<u>1,791,186</u>
Total cash and cash equivalents	<u>\$ 1,917,130</u>

C. Interfund Receivables, Payables, and Transfers

<u>Transferred to:</u>	<u>Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
General	Debt Service	\$ 30,654	General operations
General	Utilities	407,470	Close Utility Fund

D. Capital Assets

Capital asset activity for the year ended December 31, 2006 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	2,518,574	-	-	2,518,574
Buildings	769,935	26,202	-	796,137
Equipment	508,695	7,153	-	515,848
Total capital assets being depreciated	<u>3,797,204</u>	<u>33,355</u>	<u>-</u>	<u>3,830,559</u>
Less accumulated depreciation for:				
Improvements	(916,709)	(103,885)	-	(1,020,594)
Buildings	(246,619)	(26,101)	-	(272,720)
Equipment	(377,074)	(11,730)	-	(388,804)
Total accumulated depreciation	<u>(1,540,402)</u>	<u>(141,716)</u>	<u>-</u>	<u>(1,682,118)</u>
Total capital assets being depreciated, net	<u>2,256,802</u>	<u>(108,361)</u>	<u>-</u>	<u>2,148,441</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,615,945</u>	<u>(108,361)</u>	<u>-</u>	<u>2,507,584</u>

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2006
(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	\$ 141,716

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>
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	335,000	74,954	409,954
2012 to 2015	1,495,000	153,123	1,648,123
Total	\$ 3,040,000	662,273	3,702,273

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, 2006
(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	\$ 1,100,000	(25,000)	1,075,000	65,000
2002 GO Refunding Bonds	<u>2,215,000</u>	<u>(250,000)</u>	<u>1,965,000</u>	<u>220,000</u>
	<u>\$ 3,315,000</u>	<u>(275,000)</u>	<u>3,040,000</u>	<u>285,000</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, 2005 (the latest audited information available) is as follows:

Assets	<u>\$ 14,979,891</u>
Liabilities	\$ 5,985,999
Capital and surplus	<u>8,993,892</u>
Total	<u>\$ 14,979,891</u>
Revenue	\$ 8,378,526
Underwriting expenses	<u>5,787,447</u>
Underwriting gain	2,591,079
Other income	391,930
Net Income	<u>\$ 2,983,009</u>

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2006
(Continued)**

VI. Intergovernmental Agreement

Upper Eagle Regional Water 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, 2006, 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, 2006
(Continued)**

VI. Intergovernmental Agreement (continued)

Upper Eagle Regional Water 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, 2006 (the latest audited information available) is as follows:

Upper Eagle Regional Water Authority	
Assets:	
Current	\$ 9,633,922
Other	3,588,783
Property and equipment	89,462,936
Total Assets	<u><u>\$ 102,685,641</u></u>
Liabilities and Net Assets:	
Current	\$ 2,082,069
Long-term debt	19,718,617
Net assets	80,884,955
Total Liabilities and Net Assets	<u><u>\$ 102,685,641</u></u>
 Operations:	
Operating revenue	\$ 7,199,166
Operating expense	8,659,235
Operating income	<u>(1,460,069)</u>
Other income	439,401
Other expense	<u>(1,197,992)</u>
Net (loss)	<u>(2,218,660)</u>
Capital contributions	2,261,444
Net Assets - Beginning	<u>80,842,171</u>
Net Assets - Ending	<u><u>\$ 80,884,955</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, 2006
(With Comparative Actual Amounts For the Year Ended December 31, 2005)

	2006			2005
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Property tax	485,351	485,090	(261)	436,291
Specific ownership tax	29,121	31,769	2,648	27,900
Lottery proceeds	6,180	7,088	908	6,034
Net investment earnings	31,885	55,407	23,522	33,688
Community center	12,150	13,245	1,095	11,365
Contribution for open space	-	30	30	-
Other	350	1,679	1,329	775
Total Revenues	565,037	594,308	29,271	516,053
Expenditures:				
General government:				
Accounting, audit and administration	43,000	38,101	4,899	37,845
Insurance	7,500	-	7,500	6,685
Legal	5,000	889	4,111	665
Treasurer's fees	14,561	14,574	(13)	13,110
Miscellaneous	9,300	921	8,379	1,820
Parks and recreation	187,550	206,978	(19,428)	154,789
Community center	71,030	55,934	15,096	51,142
Capital outlay	313,000	102,919	210,081	177,246
Total Expenditures	650,941	420,316	230,625	443,302
Excess (Deficiency) of Revenues Over Expenditures	(85,904)	173,992	259,896	72,751
Other Financial Sources:				
Transfers in	18,654	438,124	419,470	113,101
Total Other Financing Sources	18,654	438,124	419,470	113,101
Net Change in Fund Balances	(67,250)	612,116	679,366	185,852
Fund Balances - Beginning	1,062,841	1,066,451	3,610	880,599
Fund Balances - Ending	995,591	1,678,567	682,976	1,066,451

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, 2006
(With Comparative Actual Amounts For the Year Ended December 31, 2005)

	<u>2006</u>		<u>Variance Positive (Negative)</u>	<u>2005</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Property tax	388,458	388,249	(209)	383,762
Specific ownership tax	23,308	25,427	2,119	24,541
Net investment earnings	8,000	24,859	16,859	14,253
Total Revenues	<u>419,766</u>	<u>438,535</u>	<u>18,769</u>	<u>422,556</u>
Expenditures:				
Debt service:				
Bond principal	275,000	275,000	-	270,000
Bond interest	134,033	134,033	-	141,153
Treasurer fees	11,654	11,665	(11)	11,532
Paying agent fees	1,000	250	750	250
Contingency	3,600	-	3,600	-
Total Expenditures	<u>425,287</u>	<u>420,948</u>	<u>4,339</u>	<u>422,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,521)</u>	<u>17,587</u>	<u>23,108</u>	<u>(379)</u>
Other Financial (Uses):				
Transfers out	(18,654)	(30,654)	(12,000)	(13,101)
Total Other Financial (Uses)	<u>(18,654)</u>	<u>(30,654)</u>	<u>(12,000)</u>	<u>(13,101)</u>
Net Change in Fund Balances	(24,175)	(13,067)	11,108	(13,480)
Fund Balances - Beginning	<u>227,474</u>	<u>244,985</u>	<u>(17,511)</u>	<u>258,465</u>
Fund Balances - Ending	<u><u>203,299</u></u>	<u><u>231,918</u></u>	<u><u>(6,403)</u></u>	<u><u>244,985</u></u>

**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, 2006
(With Comparative Actual Amounts For the Year Ended December 31, 2005)**

	<u>2006</u>		<u>2005</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Non-operating Revenues:				
Tap fees	50,000	132,170	82,170	178,265
Net investment earnings	4,000	20,210	16,210	7,577
Non-operating Revenues	<u>54,000</u>	<u>152,380</u>	<u>98,380</u>	<u>185,842</u>
Operating Expenditures:				
Legal expense	-	138	(138)	-
Income Before Transfers	<u>54,000</u>	<u>152,242</u>	<u>98,518</u>	<u>185,842</u>
Transfers Out	<u>-</u>	<u>(407,470)</u>	<u>(407,470)</u>	<u>(100,000)</u>
Change in Net Assets	<u>54,000</u>	<u>(255,228)</u>	<u>(308,952)</u>	<u>85,842</u>
Total Net Assets - Beginning	<u>174,886</u>	<u>255,228</u>	<u>80,342</u>	<u>169,386</u>
Total Net Assets - Ending	<u><u>228,886</u></u>	<u><u>-</u></u>	<u><u>(228,610)</u></u>	<u><u>255,228</u></u>

**Berry Creek Metropolitan District
Schedule of Bonds Payable to Maturity
December 31, 2006**

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
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	\$ 175,130	1,075,000	487,143	1,965,000	662,273	3,040,000	3,702,273

**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%
2006	55,494,030	15.746	873,809	873,339	99.9%
2007	56,000,030	15.746	881,776		

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.