

Berry Creek Metropolitan District

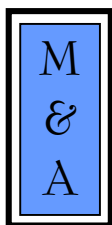
Financial Statements

December 31, 2024

**Berry Creek Metropolitan District
Financial Statements
December 31, 2024**

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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Berry Creek Metropolitan District
Edwards, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Berry Creek Metropolitan District (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2024 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Berry Creek Metropolitan District

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Berry Creek Metropolitan District

Supplementary Information

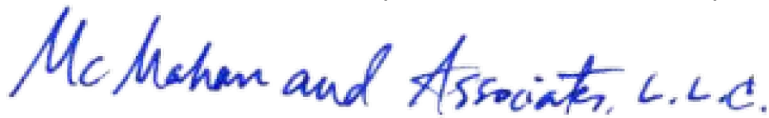
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison found in Section F, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary information found in Section F is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C." in a cursive, flowing script.

McMahan and Associates, L.L.C.
Avon, Colorado
July 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Berry Creek Metropolitan District

Management's Discussion and Analysis December 31, 2024

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, 2024.

Overview of the Financial Statements

This discussion and analysis are 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 Position presents information on all the District's assets, deferred inflows, liabilities, and deferred outflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.)

The governmental activities of the District include general government, operation of the community center and maintenance of parks and trails. There are no business-type activities within the District.

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. The District currently has two governmental funds, the General Fund, and the Debt Service Fund.

The fund financial statements and related reconciliation of the government-wide financial statements to the fund financial statements can be found on pages C3 through C6 of this report.

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.

Overview of the Financial Statements (continued)

Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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 through D15 of this report.

Government-wide Financial Analysis.

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the fiscal years 2024 and 2023.

| | Governmental Activities | |
|--|-------------------------|---------------------|
| | 2024 | 2023 |
| Assets : | | |
| Current Assets | \$ 2,755,809 | \$ 2,417,171 |
| Capital and Other Non-current Assets | 3,433,769 | 3,554,953 |
| Total Assets | 6,189,578 | 5,972,124 |
| Liabilities: | | |
| Current Liabilities | 28,164 | 34,604 |
| Bonds Payable | 945,000 | 1,280,000 |
| Total Liabilities | 973,164 | 1,314,604 |
| Deferred Inflow of Resources: | | |
| Deferred Property Tax Revenue | 1,304,973 | 1,180,500 |
| Net Position: | | |
| Net Investment in Capital Assets | 2,488,769 | 2,274,953 |
| Restricted for Emergencies | 31,860 | 31,180 |
| Restricted for Debt Service | 49,440 | 58,662 |
| Restricted for Conservation Trust Fund | 9,000 | - |
| Unrestricted | 1,332,372 | 1,184,225 |
| Total Net Position | \$ 3,911,441 | \$ 3,549,020 |

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Overview of the Financial Statements (continued)

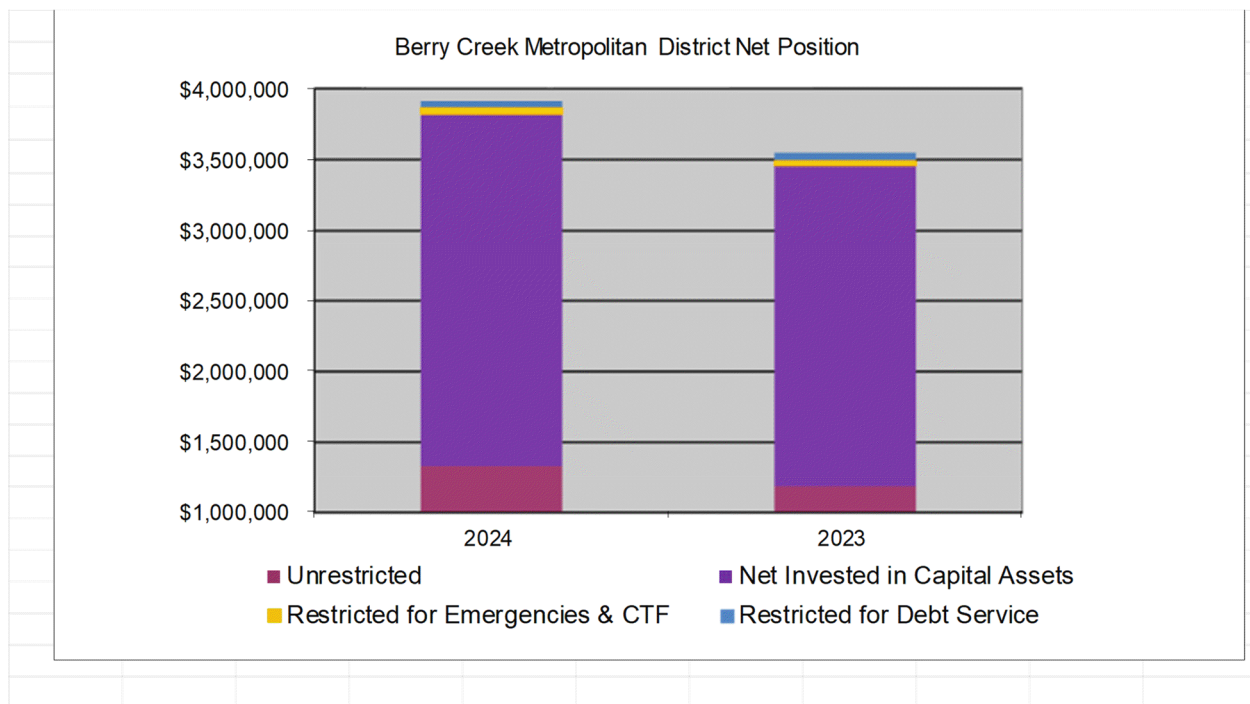
Statement of Activities

The perspective of the Statement of Activities is of the District as a whole. The Statement of Activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting the cost of the services. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2024 and 2023.

| | Governmental Activities | |
|------------------------------------|-------------------------|---------------------|
| | 2024 | 2023 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 60,630 | \$ 56,938 |
| Operating grants and contributions | 96,186 | 88,919 |
| General revenues: | | |
| Property taxes | 1,146,593 | 1,063,476 |
| Other taxes | 54,154 | 60,979 |
| Interest and other revenue (loss) | 91,159 | 74,792 |
| Total Revenues | 1,448,722 | 1,345,104 |
| Expenses: | | |
| General government | 408,492 | 383,673 |
| Culture and recreation | 639,495 | 622,425 |
| Interest on long-term debt | 38,314 | 48,284 |
| Total Expenses | 1,086,301 | 1,054,382 |
| Change in Net Position | 362,421 | 290,722 |
| Net Position - Beginning | 3,549,020 | 3,258,298 |
| Net Position - Ending | \$ 3,911,441 | \$ 3,549,020 |

The District's overall financial position, as measured by net position, increased from \$3,549,020 at the end of 2023 to \$3,911,441 at the end of 2024. As the District collects property taxes and pays its debt down, the net position increases. The following graph shows the District's total net position by category for 2024 compared to 2023.

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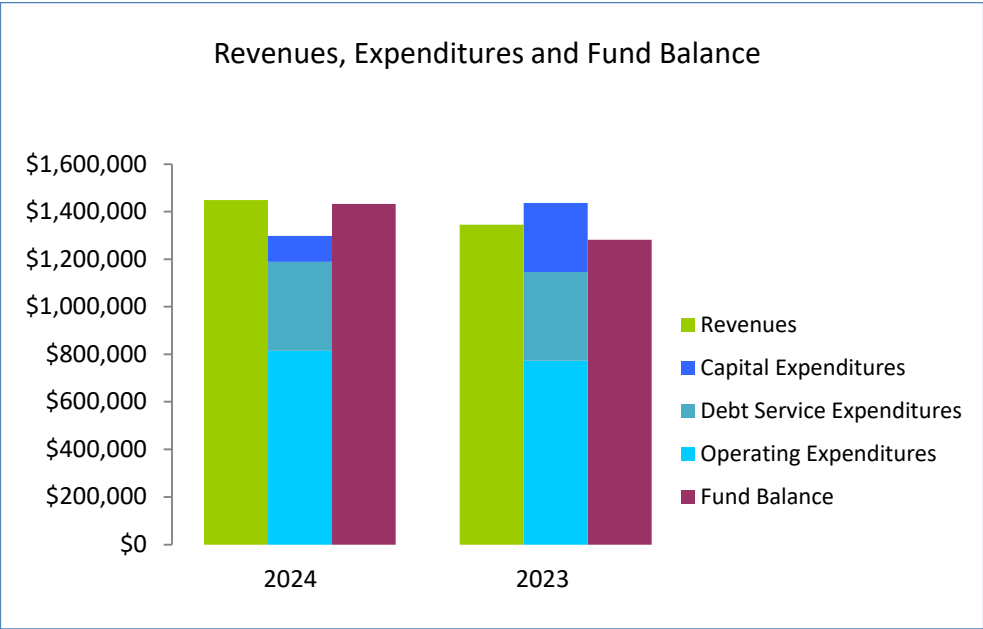
Financial Analysis of the District's Funds

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.

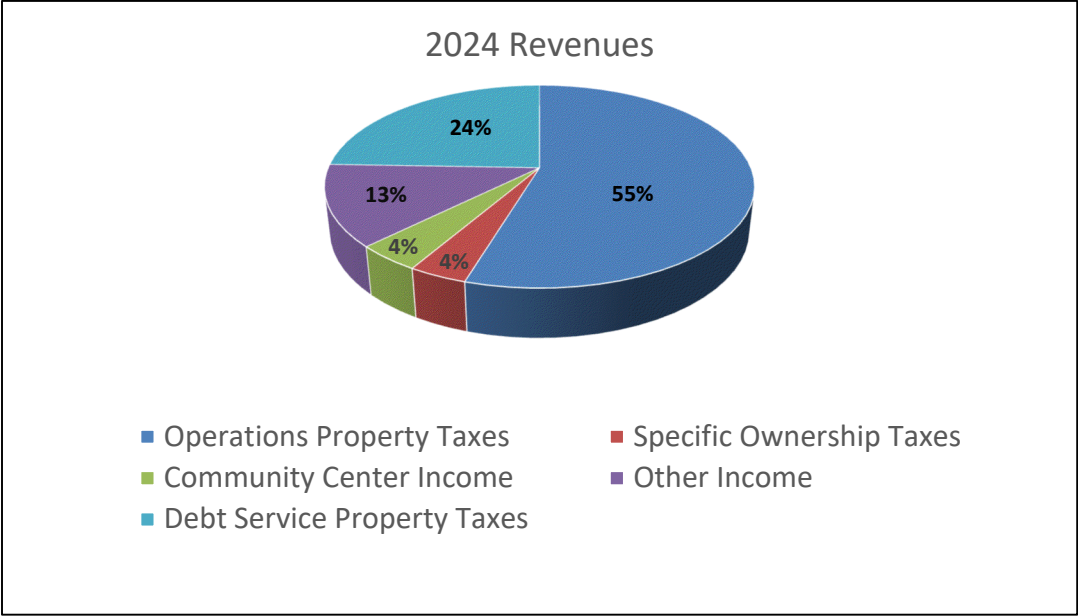
Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful 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 \$1,433,078, an increase of \$150,783 from the prior year. Of the District's governmental-type fund balances, \$24,643 is non-spendable since it represents funds already expended for next year's operations, \$31,860 is restricted for emergencies under the Taxpayers' Bill of Rights (TABOR), \$49,440 is restricted for future debt service, \$9,000 is reserved for Conservation Trust Fund expenditures, \$100,000 is assigned for replacements, \$284,147 is assigned for future capital projects, \$842,009 is assigned for operating reserves and the remaining balance of \$91,979 is unassigned but is held primarily for the purpose of an operating and working capital reserve. The following graph shows the combined fund balances for 2024 and 2023 relative to revenues and expenditures.

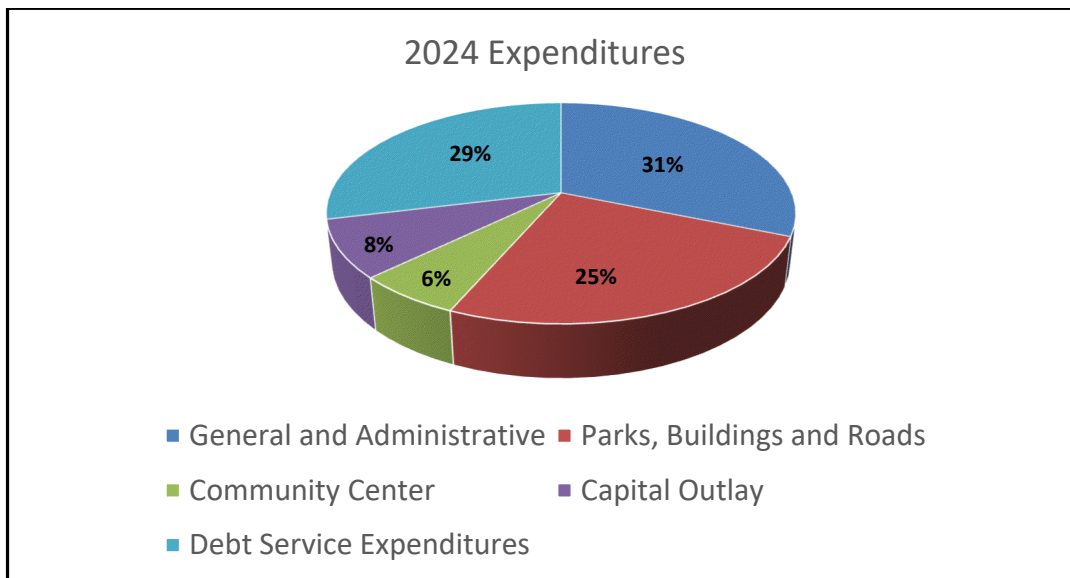
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Approximately 79% of the District’s revenues are generated from property taxes from the operating and debt service mill levies. The following graph shows the relative size of the District’s revenue sources. For more information, please refer to the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, which is located on page C5 of the report.



The following graph illustrates the relative sizes of the District’s expenditures for 2024. Debt Service and General and Administrative expenditures during 2024 make up the largest categories and accounted for 29% and 31% respectively of total expenditures. For more information, please refer to the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, which is located on C5 of the report.



Budget Variances. A budget comparison for the General Fund is presented on page E1 and a budget comparison for the Debt Service Fund is presented on page F1. The primary favorable variances in the General Fund were interest income and favorable variances related to parks and recreation expenses which were less than budgeted because funds were budgeted for signage and wayfinding enhancement which were not expended and were carried forward to 2025. The budgeted contingency was also not needed. Overall, the General Fund had a net favorable budget variance for 2024 of \$164,605.

Capital Assets. The District invested an additional \$109,169 in capital asset additions. The primary capital additions were enhancements to the community center and landscape improvements. Depreciation expense of \$230,353 was recognized in 2024. Additional information regarding capital assets can be found in the Notes to the Financial Statements on page D10 of this report.

Long-term Debt. The District's only outstanding debt is the Series 2018 bonds. The District repaid \$335,000 of those bonds in 2024 leaving an outstanding debt balance of \$945,000 at the end of the year. Additional information can be found in the Notes to the Financial Statements on page D11 of this report.

2024 and 2025 Budgets. During 2021 and 2022 home values in the District increased substantially, which resulted in an increase of almost 60% in the District's aggregate assessed value for budget years 2024 and 2025. In response to this assessed value increase the District's Board of Directors implemented a temporary mill levy credit crediting almost \$360,000 to the District's taxpayers for 2024 and \$173,000 for 2025. The District's Board during each year's budgeting process will reevaluate this temporary mill levy credit to determine the tax needs of the District and plans to continue to provide a credit to taxpayers to the extent surplus taxes are generated which are not considered necessary by the Board. Even with the temporary mill levy credit implemented for 2024's and 2025's budget the budgeted revenues substantially cover the District's expenditures resulting in retention of accumulated reserves in accordance with the District's reserve policies.

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 Marchetti & Weaver, LLC, 28 Second Street, Unit 213, Edwards, CO 81632, or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Berry Creek Metropolitan District
Statement of Net Position
December 31, 2024

Assets:

| | |
|-------------------------------|------------------|
| Cash and investments | 1,418,135 |
| Amounts due from Eagle County | 5,043 |
| Property taxes receivable | 1,304,973 |
| Other receivables | 3,015 |
| Prepaid expenses | 24,643 |
| Capital assets, net | 3,433,769 |
| Total Assets | 6,189,578 |

Liabilities:

| | |
|--|----------------|
| Current liabilities due in less than one year: | |
| Accounts payable | 11,558 |
| Unearned revenue | 6,200 |
| Accrued interest | 2,410 |
| Accrued compensated absences | 7,996 |
| Bonds payable | 350,000 |
| Non-current liabilities due in excess of one year: | |
| Bonds payable | 595,000 |
| Total Liabilities | 973,164 |

Deferred Inflows of Resources:

| | |
|--|------------------|
| Property tax revenue | 1,304,973 |
| Total Deferred Inflows of Resources | 1,304,973 |

Net Position:

| | |
|--|------------------|
| Net investment in capital assets | 2,488,769 |
| Restricted for debt service | 49,440 |
| Restricted for emergencies | 31,860 |
| Restricted for conservation trust fund | 9,000 |
| Unrestricted | 1,332,372 |
| Total Net Position | 3,911,441 |

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

Berry Creek Metropolitan District
Statement of Activities
For the Year Ended December 31, 2024

| | | Program Revenues | | | |
|----------------------------|-----------|----------------------|------------------------------------|----------------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |
| Functions/Programs: | | | | | |
| Governmental activities: | | | | | |
| General government | 408,492 | - | 85,356 | - | (323,136) |
| Culture and recreation | 639,495 | 60,630 | 10,830 | - | (568,035) |
| Interest on long-term debt | 38,314 | - | - | - | (38,314) |
| Total primary government | 1,086,301 | 60,630 | 96,186 | - | (929,485) |
| | | | | | |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property tax | | | | | 1,146,593 |
| Specific ownership tax | | | | | 54,154 |
| Net investment income | | | | | 91,159 |
| Total General Revenues | | | | | 1,291,906 |
| | | | | | |
| Change in Net Position | | | | | 362,421 |
| Net Position - Beginning | | | | | 3,549,020 |
| Net Position - Ending | | | | | 3,911,441 |

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

FUND FINANCIAL STATEMENTS

**Berry Creek Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2024**

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-----------------------|---|
| Assets: | | | |
| Equity in pooled cash and investments | 1,370,306 | 47,829 | 1,418,135 |
| Amounts due from Eagle County | 3,432 | 1,611 | 5,043 |
| Property taxes receivable | 1,113,927 | 191,046 | 1,304,973 |
| Accrued interest receivable | 3,015 | - | 3,015 |
| Prepaid expenses | 24,643 | - | 24,643 |
| Total Assets | <u>2,515,323</u> | <u>240,486</u> | <u>2,755,809</u> |
| Liabilities, Deferred Inflows of Resources, | | | |
| Liabilities: | | | |
| Accounts payable | 11,558 | - | 11,558 |
| Unearned revenue | 6,200 | - | 6,200 |
| Total Liabilities | <u>17,758</u> | <u>-</u> | <u>17,758</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable property tax revenue | 1,113,927 | 191,046 | 1,304,973 |
| Total Deferred Inflows of Resources | <u>1,113,927</u> | <u>191,046</u> | <u>1,304,973</u> |
| Fund Balances: | | | |
| Nonspendable | 24,643 | - | 24,643 |
| Restricted for debt service | - | 49,440 | 49,440 |
| Restricted for emergencies | 31,860 | - | 31,860 |
| Restricted for conservation trust fund | 9,000 | - | 9,000 |
| Assigned for: | | | |
| Replacement reserve | 100,000 | - | 100,000 |
| Capital projects reserve | 284,147 | - | 284,147 |
| Operating reserves | 842,009 | - | 842,009 |
| Unassigned | 91,979 | - | 91,979 |
| Total Fund Balances | <u>1,383,638</u> | <u>49,440</u> | <u>1,433,078</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u><u>2,515,323</u></u> | <u><u>240,486</u></u> | <u><u>2,755,809</u></u> |

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

Berry Creek Metropolitan District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

| | |
|--|-----------|
| Governmental Funds Total Fund Balance | 1,433,078 |
|--|-----------|

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds.
Details of these amounts are as follows:

| | | |
|--------------------------|--------------------|-----------|
| Capital assets | 8,413,310 | |
| Accumulated depreciation | <u>(4,979,541)</u> | |
| | | 3,433,769 |

Long-term liabilities, including bonds payable and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:

| | | |
|--------------------------|----------------|-----------|
| Bonds payable | (945,000) | |
| Accrued interest payable | <u>(2,410)</u> | |
| | | (947,410) |

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. This is the compensated absences liability as of year end.

(7,996)

| | |
|--|-------------------------|
| Net Position of Governmental Activities | <u><u>3,911,441</u></u> |
|--|-------------------------|

**Berry Creek Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024**

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|----------------------|---|
| Revenues: | | | |
| Property taxes | 792,409 | 354,184 | 1,146,593 |
| Specific ownership taxes | 36,851 | 17,303 | 54,154 |
| Net investment income | 86,699 | 4,460 | 91,159 |
| Lottery proceeds | 10,830 | - | 10,830 |
| Community center | 60,630 | - | 60,630 |
| Singletree Property Owners Association contributions | 85,356 | - | 85,356 |
| Total Revenues | <u>1,072,775</u> | <u>375,947</u> | <u>1,448,722</u> |
| Expenditures: | | | |
| General government | 394,459 | 11,001 | 405,460 |
| Parks and recreation | 328,077 | - | 328,077 |
| Community center | 81,065 | - | 81,065 |
| Debt service | | | |
| Principal | - | 335,000 | 335,000 |
| Interest | - | 39,168 | 39,168 |
| Capital outlay | 109,169 | - | 109,169 |
| Total Expenditures | <u>912,770</u> | <u>385,169</u> | <u>1,297,939</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>160,005</u> | <u>(9,222)</u> | <u>150,783</u> |
| Net Change in Fund Balances | 160,005 | (9,222) | 150,783 |
| Fund Balances - Beginning | <u>1,223,633</u> | <u>58,662</u> | <u>1,282,295</u> |
| Fund Balances - Ending | <u><u>1,383,638</u></u> | <u><u>49,440</u></u> | <u><u>1,433,078</u></u> |

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

Berry Creek Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2024

| | |
|---|----------------|
| Net change in fund balances for total governmental funds | 150,783 |
|---|----------------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:

| | | |
|----------------------|-----------|-----------|
| Capital additions | 109,169 | |
| Depreciation expense | (230,353) | (121,184) |

The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|--------------------------------------|---------|---------|
| Principal repayments - Bonds payable | 335,000 | 335,000 |
|--------------------------------------|---------|---------|

| | |
|---|---------|
| The change in accrued compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. | (3,032) |
|---|---------|

| | |
|---|-----|
| The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. | 854 |
|---|-----|

| | |
|--|----------------|
| Change in Net Position of Governmental Activities | 362,421 |
|--|----------------|

NOTES TO THE FINANCIAL STATEMENTS

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024**

I. Summary of Significant Accounting Policies

Berry Creek Metro District (the "District") is a quasi-municipal corporation and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Eagle County, Colorado. The District was established to be able to provide recreational facilities, fire protection services, water services, television services, and to construct and finance roadways and storm drainage facilities. Fire protection services are provided by the Eagle River Fire Protection District. Water services are provided by the Upper Eagle Regional Water Authority. The District has one employee and some 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). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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 governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances 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 government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(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 the governmental funds.

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 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 (60 days) 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.

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Investments

Cash and 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.

Investments are stated at net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2024.

3. Property Taxes

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

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the governmental activity columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

| Assets | Years |
|---------------|--------------|
| Buildings | 7-30 |
| Improvements | 15-30 |
| Equipment | 7-15 |

5. Long-term Debt

In the government-wide financial statements, long-term debt is reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Long-term Debt (continued)

In the fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the fund financial statements.

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

7. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Fund Balance (continued)

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has adopted a policy to ensure adequate amounts are maintained for operating, replacement, capital projects and TABOR reserves. The District has set the following ranges:

| | |
|---|--------------|
| Operations (percentage of annual expenses) | 75% to 125% |
| Capital improvements (percentage of scheduled): | |
| Within one year | 100% to 150% |
| Between one and two years | 75% to 100% |
| Between two and four years | 25% to 50% |
| Beyond four years | 10% to 20% |
| Unscheduled (percentage of anticipated) | 50% to 75% |
| TABOR (percentage of fiscal year spending) | 3% |

The balance sheet on page C3 shows the amounts assigned and restricted under this policy; general fund unassigned as of December 31, 2024 may be used for any lawful purpose.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. 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 Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2024:

- (1) For the 2024 budget year, prior to August 25, 2023, 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, 2023, the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2023, 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 2024 budget, prior to December 15, 2023, 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 2024 budget, the final budget and appropriating resolution was adopted prior to December 31, 2023.

Changes enacted by the Colorado Legislature delayed the Certification of County tax rolls. In November 2023, a short term property tax solution was passed during a special session, allowing Counties an extension to December 29, 2023 to provide final assessed valuations. The deadlines for the mill levy certifications was extended from December 15, 2023 to January 5, 2024. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2023 were collected in 2024 and taxes certified in 2024 will be collected in 2025. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) 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 known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that 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. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

II. 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 an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$31,860, which is the approximate required reserve, at December 31, 2024.

On November 6, 2007, the District's voters authorized the issuance of \$3,600,000 of general obligation bonds for street and related improvements, including the Winslow Road underpass.

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 the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

C. Authorized But Unissued Debt

In November 2007, the District's voters authorized the issuance of up to \$3,600,000 of debt for the construction of street improvements including expansion of the Winslow Road underpass at an interest rate not to exceed 7% per annum. During 2008, the District issued bonds in the amount of \$3,500,000 pursuant to this authorization and has \$100,000 in remaining authorized but unissued indebtedness as of December 31, 2024. Pursuant to Colorado statutes, this voter authorization expires on November 6, 2027.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$60,986 at year end.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At year end, the District had the following deposits and investments with the following maturities:

| | Standard & Poors Rating | Carrying Amounts | Term to Maturity | |
|-------------------------|--|-----------------------------|-------------------------------|-------------------------------|
| | | | Less than one year | More than one year |
| <i>Deposits:</i> | | | | |
| Checking and savings | Not rated | 60,986 | 60,986 | - |
| <i>Investments:</i> | | | | |
| Certificates of deposit | Not rated | 908,328 | 240,080 | 668,248 |
| Investment pool | AAAm | 448,821 | 448,821 | - |
| | | <u>1,418,135</u> | <u>749,887</u> | <u>668,248</u> |

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2024, the District had the following recurring fair value measurements.

| Investments Measured at Fair Value | Total | Fair Value Measurements Using | | |
|---|--------------|--------------------------------------|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | 908,328 | - | 908,328 | - |
| Total | 908,328 | - | 908,328 | - |

| Investments Measured at Net Asset Value | Total |
|--|--------------|
| Colotrust | 448,821 |
| | 448,821 |

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The net asset value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2024, the District's investments in COLOTRUST were 33% of the District's investment portfolio and certificates of deposit were 67% of the investment portfolio.

The District had invested \$448,821 in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust 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 the Trust. The Trust operates similarly to a money market fund, measured at net asset value, 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.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

During the year the District invested in negotiable certificates of deposit (CDs) with various financial institutions. Negotiable CDs can be bought and sold on the secondary market prior to their maturity date. These investments were recorded at cost, which is the amount paid to acquire them, and are reported at fair value in the Statement of Net Position. Fair value is determined based on quoted market prices.

The negotiable CDs have maturities ranging from 1 to 4 years and carry interest rates ranging from 0.65% to 4.90%. The District may be subject to liquidity risk if it needs to sell these investments prior to maturity, as the market value of negotiable CDs can fluctuate based on changes in interest rates and credit ratings of the issuer. However, the District does not anticipate the need to sell these investments prior to their maturity dates.

As of December 31, 2024, the cost of negotiable CDs held by the District was \$930,000 and the fair value was \$908,328. The interest income on investments for the year ended December 31, 2024 is \$55,771.

B. Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024, follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 325,929 | - | - | 325,929 |
| Water rights* | 33,214 | - | - | 33,214 |
| Capital assets, being depreciated: | | | | |
| Improvements | 4,563,972 | 32,597 | - | 4,596,569 |
| Buildings | 2,802,470 | 65,952 | - | 2,868,422 |
| Equipment | 578,556 | 10,620 | - | 589,176 |
| Total capital assets | <u>8,304,141</u> | <u>109,169</u> | <u>-</u> | <u>8,413,310</u> |
| Less accumulated depreciation for: | | | | |
| Improvements | 2,912,128 | 124,110 | - | 3,036,238 |
| Buildings | 1,273,621 | 103,205 | - | 1,376,826 |
| Equipment | 563,439 | 3,038 | - | 566,477 |
| Total accumulated depreciation | <u>4,749,188</u> | <u>230,353</u> | <u>-</u> | <u>4,979,541</u> |
| Net Capital Assets | <u>3,554,953</u> | <u>(121,184)</u> | <u>-</u> | <u>3,433,769</u> |

*Historical cost is shown for water rights in accordance with US GAAP. Fair market value for the water rights held by the District is estimated to be \$5,004,792 as of April, 2023 (latest unaudited information available).

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on all Funds (continued)

B. Capital Assets (continued)

Depreciation and amortization expense and capital outlay expenditures are classified by function as follows:

| | Capital Outlay | Depreciation Expense |
|------------------------|---------------------------|---------------------------------|
| Culture and recreation | 109,169 | 230,353 |

C. Long-term Debt

The District had the following long-term debt outstanding during the fiscal year:

1. General Obligation Refunding Bonds, Series 2018

The District issued \$2,785,000 of General Obligation Refunding Bonds dated December 3, 2018 and bearing an interest rate of 3.06% payable on June 1 and December 1 of each year. This advance refunding was made to refund the Series 2008 GO Bonds. Principal payments are due on December 1 annually through 2027. The bonds are general obligations of the District. All of the taxable property within the District is subject to the levy of the general ad valorem property taxes to pay principal and interest of the bonds.

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

| | Principal | Interest | Total |
|-------|------------------|-----------------|--------------|
| 2025 | 350,000 | 28,917 | 378,917 |
| 2026 | 360,000 | 18,207 | 378,207 |
| 2027 | 235,000 | 7,191 | 242,191 |
| Total | 945,000 | 54,315 | 999,315 |

The District had the following changes in long-term obligations for the year ended December 31, 2024:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Bonds payable: | | | | | |
| G.O. Bonds, Series 2018 | 1,280,000 | - | (335,000) | 945,000 | 350,000 |
| Total bonds payable: | 1,280,000 | - | (335,000) | 945,000 | 350,000 |
| | 1,280,000 | - | (335,000) | 945,000 | 350,000 |

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

IV. Other Information

A. Risk Management

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 became a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2014. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. The Pool provides coverage for property claims and liability coverage claims and workers' compensation. Settled claims have not exceeded this coverage in the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' 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 member 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, 2023 (the latest audited information available) is as follows:

| | |
|---------------------|-------------------|
| Assets | <u>81,143,798</u> |
| Liabilities | 58,670,068 |
| Capital and surplus | <u>22,473,730</u> |
| Total | <u>81,143,798</u> |
| Revenues | 29,593,851 |
| Investment income | <u>1,695,393</u> |
| Total revenue | 31,289,244 |
| Expenses | <u>31,416,477</u> |
| Net income (loss) | <u>(127,233)</u> |

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2024.

Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

V. Intergovernmental Agreements

A. 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 entities located in Eagle County, Colorado (the "Contracting Parties"):

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

The purposes of the Authority are to supply water for domestic and other public and private purposes; to provide all necessary water diversion works, reservoirs, treatment works and facilities, equipment and appurtenances incident thereto; to effect the development of water resources, systems or facilities, in whole or in part, for the use and benefit of the Contracting Parties, their inhabitants, and others; and to provide efficient, effective, and reliable water service.

The Authority is to remain in effect until it has no bonds, notes or other obligations outstanding and the Contracting Parties unanimously consent to its dissolution. The initial term of this Authority Agreement shall be ten (10) years ending on December 31, 2023, but such term shall be subject to automatic renewal and extension for successive ten (10) year terms thereafter unless all of the Contracting Parties unanimously approve changes to this Authority Agreement during any extended term, to be effective on the first day of the extended term, including provision for payment of all bonds, notes and other obligations outstanding in accordance with their terms. At December 31, 2023, the Authority had debt with maturities through the year 2050.

Dissolution of the Authority requires the unanimous consent of the Contracting Parties and provision for a successor entity that will continue to provide service to the water service customers. Any provision for dissolution shall provide either that all the Authority's financial obligations be paid in full or that funds sufficient for the payment of the Authority's obligations be placed in escrow. Upon dissolution without conveyance of all water rights and assets to a successor entity, the interest in the net position of the Authority including interests in unallocated water rights shall be distributed to each contracting party in proportion to the average annual amount of treated water sold within the boundaries of each Contracting Party.

The Contracting Parties, including the District, and other parties served by contract have previously conveyed to the Authority their individual water systems, except for certain golf course water systems, raw water storage and raw water irrigation systems, subject to existing agreements between the Authority and any Contracting Party. The customers of the Contracting Parties thereby became water service customers of the Authority. The Authority shall make Rules and Regulations concerning the operation of the Authority's Water System. These water systems were accepted by the Authority in "as is" condition and (subject to any contract obligations) all future maintenance, repair and upgrade expenses became the obligations of the Authority, and not the obligations of the Contracting Parties or the third party served by contract. In connection therewith, on February 25, 2015 the District adopted a resolution terminating collection of future water tap fees by the District .

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

V. Intergovernmental Agreements (continued)

A. Upper Eagle Regional Water Authority (continued)

The Contracting Parties have leased and/or conveyed to the Authority all of the Contracting Parties' right, title and interests in and to the Contracting Parties' water rights, including the right to use all diversion ditches, pipelines, headgates and structures, reservoirs or other storage structures, pumps, casings, and other improvements and easements associated or used in connection with the water rights, for the Authority's use in carrying out its functions and providing water service.

A summary of audited financial information for the Authority as of and for the year ended December 31, 2023 (the latest audited information available) is as follows:

| Upper Eagle Regional Water Authority | |
|---|---------------------------|
| Assets: | |
| Current | 16,650,295 |
| Other | 10,453,664 |
| Property and equipment | 96,703,581 |
| Total Assets | <u>123,807,540</u> |
| Deferred Outflow of Resources | <u>372,536</u> |
| Total Assets and Deferred Outflow of Resources | <u><u>124,180,076</u></u> |
| Liabilities and Net Position: | |
| Current | 4,814,537 |
| Long-term debt | 57,076,832 |
| Net position | 62,288,707 |
| Total Liabilities and Net Position | <u><u>124,180,076</u></u> |
| Operations: | |
| Operating revenue | 17,833,778 |
| Operating expense | 18,789,268 |
| Operating income | <u>(955,490)</u> |
| Other income | 642,754 |
| Other expense | <u>(1,875,413)</u> |
| Net (loss) | <u>(2,188,149)</u> |
| Capital contributions | 3,533,843 |
| Net Position - Beginning | <u>60,943,013</u> |
| Net Position - Ending | <u><u>62,288,707</u></u> |

B. Eagle River Fire Protection District

In 2024, the District entered into an agreement with Eagle River Fire Protection District, through Eagle Valley Wildland, to support wildfire mitigation in the Singletree area. This includes mitigation projects, employee salaries, and project management through Eagle Valley Wildland. The agreement spans one calendar year and in 2024, the District contributed \$100,000 to Eagle River Fire Protection District.

**Berry Creek Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

VI. Other Agreements – Singletree Property Owners Association

On January 1, 2018 the District entered into a services agreement with Singletree Property Owners Association (“SPOA”), a Colorado Common Interest Owners Association that covers the Singletree subdivision. The agreement automatically renews annually until terminated by the parties. The agreement provides that the District will provide association management services to SPOA in exchange for payment of a fee by SPOA. The fee paid in 2024 was \$85,356.

REQUIRED SUPPLEMENTARY INFORMATION

Berry Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended 2023)

| | 2024 | | | 2023 |
|---------------------------------------|--|------------------|--|------------------|
| | Original & Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Property taxes | 793,302 | 792,409 | (893) | 699,335 |
| Specific ownership taxes | 37,716 | 36,851 | (865) | 40,099 |
| Net investment income | 44,765 | 86,699 | 41,934 | 71,445 |
| Lottery proceeds | 11,814 | 10,830 | (984) | 12,092 |
| Community center | 66,202 | 60,630 | (5,572) | 56,938 |
| SPOA contributions | 85,358 | 85,356 | (2) | 76,827 |
| Other income | 2,333 | - | (2,333) | - |
| Total Revenues | 1,041,490 | 1,072,775 | 31,285 | 956,736 |
| Expenditures: | | | | |
| General government: | | | | |
| Accounting, audit, and administration | 222,785 | 229,877 | (7,092) | 210,598 |
| Elections | - | 237 | (237) | 1,201 |
| Insurance | 19,400 | 19,115 | 285 | 18,682 |
| Legal | 10,900 | 4,501 | 6,399 | 1,895 |
| Fire mitigation | 100,000 | 100,000 | - | 100,750 |
| Repairs and maintenance | - | - | - | 1,697 |
| Contributions | 12,400 | 13,800 | (1,400) | 12,200 |
| Treasurer's fees | 22,600 | 23,429 | (829) | 21,002 |
| Climate action collaborative | 3,500 | 3,500 | - | 2,500 |
| Contingency | 19,309 | - | 19,309 | - |
| Parks and recreation | 450,480 | 328,077 | 122,403 | 315,043 |
| Community center | 91,800 | 81,065 | 10,735 | 75,919 |
| Capital expenditures | 100,000 | 109,169 | (9,169) | 289,998 |
| Total Expenditures | 1,053,174 | 912,770 | 140,404 | 1,051,485 |
| Other Financing Sources: | | | | |
| Transfers in | 7,084 | - | (7,084) | - |
| Total Other Financing Sources | 7,084 | - | (7,084) | - |
| Net Change in Fund Balance | (4,600) | 160,005 | 164,605 | (94,749) |
| Fund Balance - Beginning | 1,119,112 | 1,223,633 | 104,521 | 1,318,382 |
| Fund Balance - Ending | 1,114,512 | 1,383,638 | 269,126 | 1,223,633 |

SUPPLEMENTARY INFORMATION

Berry Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended 2023)

| | 2024 | | | 2023 |
|--|--|----------------------|--|----------------------|
| | Original & Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Property taxes | 354,175 | 354,184 | 9 | 364,141 |
| Specific ownership taxes | 17,709 | 17,303 | (406) | 20,880 |
| Net investment income | 8,362 | 4,460 | (3,902) | 3,347 |
| Total Revenues | <u>380,246</u> | <u>375,947</u> | <u>(4,299)</u> | <u>388,368</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Treasurer fees | 10,625 | 11,001 | (376) | 10,936 |
| Contingency | 1,000 | - | 1,000 | - |
| Debt service: | | | | |
| Principal | 335,000 | 335,000 | - | 325,000 |
| Interest | 39,168 | 39,168 | - | 49,113 |
| Total Expenditures | <u>385,793</u> | <u>385,169</u> | <u>624</u> | <u>385,049</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers (out) | <u>(7,084)</u> | <u>-</u> | <u>7,084</u> | <u>-</u> |
| Total Other Financing (Uses) | <u>(7,084)</u> | <u>-</u> | <u>7,084</u> | <u>-</u> |
| Net Change in Fund Balance | (12,631) | (9,222) | 3,409 | 3,319 |
| Fund Balance - Beginning | <u>52,959</u> | <u>58,662</u> | <u>5,703</u> | <u>55,343</u> |
| Fund Balance - Ending | <u><u>40,328</u></u> | <u><u>49,440</u></u> | <u><u>9,112</u></u> | <u><u>58,662</u></u> |

**Berry Creek Metropolitan District
History of Assessed Valuation, Mill Levy
and Property Taxes Collected
December 31, 2024**

| 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 | 820,083 | 820,053 | 100.0% |
| 2006 | 55,494,030 | 15.746 | 873,809 | 873,339 | 99.9% |
| 2007 | 56,000,030 | 15.746 | 881,776 | 881,333 | 99.9% |
| 2008 | 78,761,590 | 14.496 | 1,141,728 | 1,139,089 | 99.8% |
| 2009 | 79,165,380 | 14.496 | 1,147,581 | 1,146,805 | 99.9% |
| 2010 | 87,349,900 | 13.177 | 1,151,010 | 1,145,905 | 99.6% |
| 2011 | 86,734,410 | 13.177 | 1,142,899 | 1,116,518 | 97.7% |
| 2012 | 68,851,920 | 17.139 | 1,174,269 | 1,171,440 | 99.8% |
| 2013 | 68,728,790 | 16.482 | 1,142,754 | 1,140,349 | 99.8% |
| 2014 | 58,507,620 | 18.279 | 1,063,200 | 1,060,875 | 99.8% |
| 2015 | 58,548,350 | 18.332 | 1,073,308 | 1,072,257 | 99.9% |
| 2016 | 68,670,380 | 14.068 | 966,055 | 965,712 | 100.0% |
| 2017 | 68,486,820 | 14.095 | 965,322 | 964,468 | 99.9% |
| 2018 | 68,497,340 | 14.101 | 965,881 | 965,859 | 100.0% |
| 2019 | 68,697,050 | 14.062 | 966,018 | 965,874 | 100.0% |
| 2020 | 77,732,080 | 13.463 | 1,046,507 | 1,028,566 | 98.3% |
| 2021 | 77,992,570 | 13.462 | 1,049,936 | 1,034,234 | 98.5% |
| 2022 | 81,688,360 | 13.136 | 1,073,058 | 1,071,619 | 99.9% |
| 2023 | 79,957,790 | 13.300 | 1,063,439 | 1,063,476 | 100.0% |
| 2024 | 127,355,250 | 8.704 | 1,108,500 | 1,146,593 | 103.4% |
| 2025 | 127,364,190 | 10.246 | 1,304,973 | | |

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.