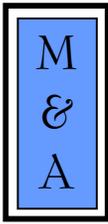


**Beaver Creek Metropolitan District
Eagle County, Colorado
December 31, 2006**

**Beaver Creek Metropolitan District
Financial Statements
December 31, 2006**

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MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Beaver Creek Metropolitan District
Eagle County, Colorado**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each fund of the Beaver 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 Beaver 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 Beaver 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.
March 20, 2007**

Performing services for local governments throughout Colorado

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Beaver Creek Metropolitan District

Management's Discussion and Analysis December 31, 2006

As management of the Beaver 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).

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, public safety, streets, and transportation. 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. The District's governmental fund financial statements are located on pages C3 and C4.

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 (located on page C5) 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 Funds. The District maintains two proprietary funds; the Water Fund and the Internal Service Fund. The District uses the Water Fund to account for water system charges and tap fees and the Internal Service Fund to account for the joint purchasing of parts, supplies and materials by the District and other entities providing services to the Beaver Creek community.

Proprietary funds 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 C6 through C8 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full 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 D19 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	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other assets	\$ 12,910,237	13,049,205	408,405	293,731	13,318,642	13,342,936
Capital assets	23,758,584	22,697,205	238,500	238,500	23,997,084	22,935,705
Total Assets	36,668,821	35,746,410	646,905	532,231	37,315,726	36,278,641
Liabilities:						
Long-term liabilities outstanding	10,661,660	11,303,268	-	-	10,661,660	11,303,268
Other liabilities	8,601,996	8,557,207	18,940	-	8,620,936	8,557,207
Total Liabilities	19,263,656	19,860,475	18,940	-	19,282,596	19,860,475
Net Assets:						
Invested in capital assets, net of related debt	13,023,860	11,393,937	238,500	238,500	13,262,360	11,632,437
Restricted for emergencies	225,504	191,997	-	-	225,504	191,997
Restricted for debt service	54,886	161,952	-	-	54,886	161,952
Unrestricted	4,100,915	4,138,049	389,465	293,731	4,490,380	4,431,780
Total Net Assets	\$ 17,405,165	15,885,935	627,965	532,231	18,033,130	16,418,166

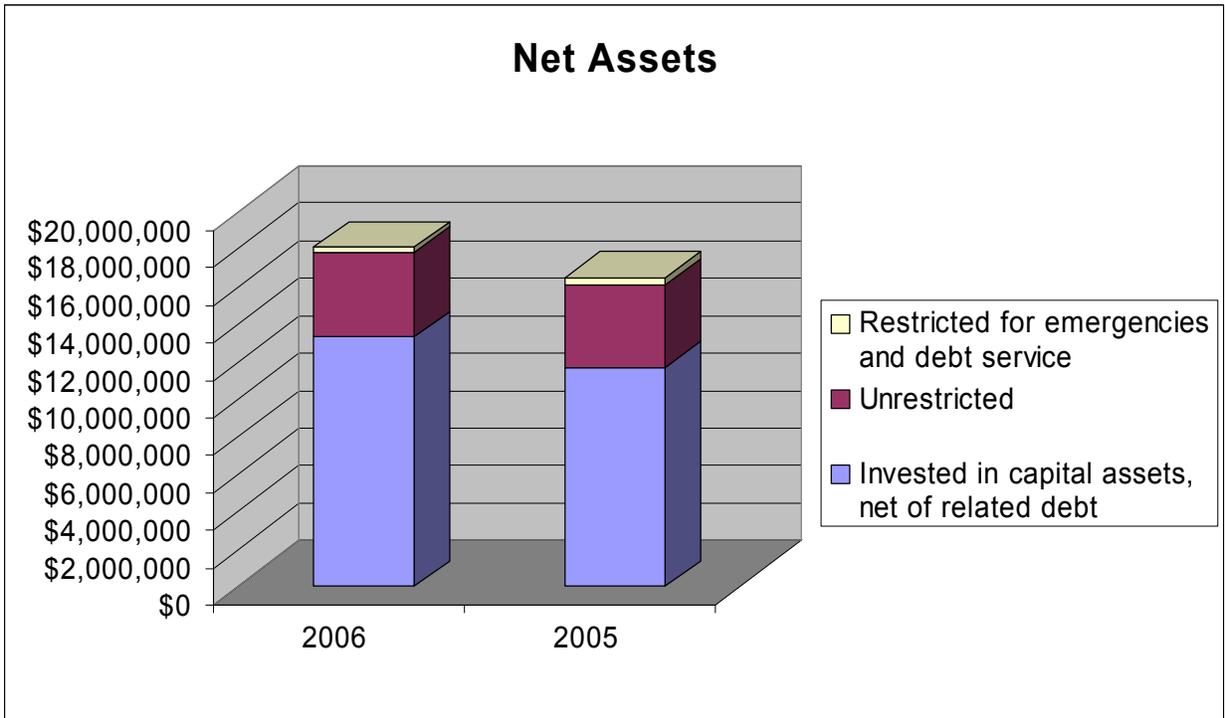
Overview of the Financial Statements (continued)

Beaver Creek Metropolitan District's Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 252,741	69,113	112,858	112,787	365,599	181,900
Operating grants and contributions	1,515,622	944,007	-	-	1,515,622	944,007
Capital grants and contributions	-	-	281,869	94,102	281,869	94,102
General revenues:						
Property taxes	7,583,549	8,657,974	-	-	7,583,549	8,657,974
Other taxes	508,871	557,316	-	-	508,871	557,316
Unrestricted grants and contributions	56,252	347,711	-	-	56,252	347,711
Interest and other revenue	246,924	283,742	51,007	57,422	297,931	341,164
Total Revenues	10,163,959	10,859,863	445,734	264,311	10,609,693	11,124,174
Expenses:						
General government	574,567	579,142	-	-	574,567	579,142
Public safety	1,243,739	1,263,226	-	-	1,243,739	1,263,226
Public works	2,135,908	1,796,129	-	-	2,135,908	1,796,129
Transportation	4,333,129	3,789,819	-	-	4,333,129	3,789,819
Interest on long-term debt	457,386	603,654	-	-	457,386	603,654
Culture and Recreation	250,000	-	-	-	250,000	-
Loss on sale of assets	-	13,708	-	-	-	13,708
Total Expenses	8,994,729	8,045,678	-	-	8,994,729	8,045,678
Change in Net Assets						
Before Transfers	1,169,230	2,814,185	445,734	264,311	1,614,964	3,078,496
Transfers	350,000	325,000	(350,000)	(325,000)	-	-
Change in Net Assets	1,519,230	3,139,185	95,734	(60,689)	1,614,964	3,078,496
Net Assets - Beginning	15,885,935	12,746,750	532,231	592,920	16,418,166	13,339,670
Net Assets - Ending	\$ 17,405,165	15,885,935	627,965	532,231	18,033,130	16,418,166

The District's overall financial position, as measured by net assets, increased from \$15,885,935 at the end of 2005 to \$17,405,165 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 which have been used to pay down the District's debt principal. The District's unrestricted net assets also increased from \$4,431,780 at the end of 2005 to \$4,490,380 at the end of 2006. The graph on the following page 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.

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Financial Analysis of the District's Funds

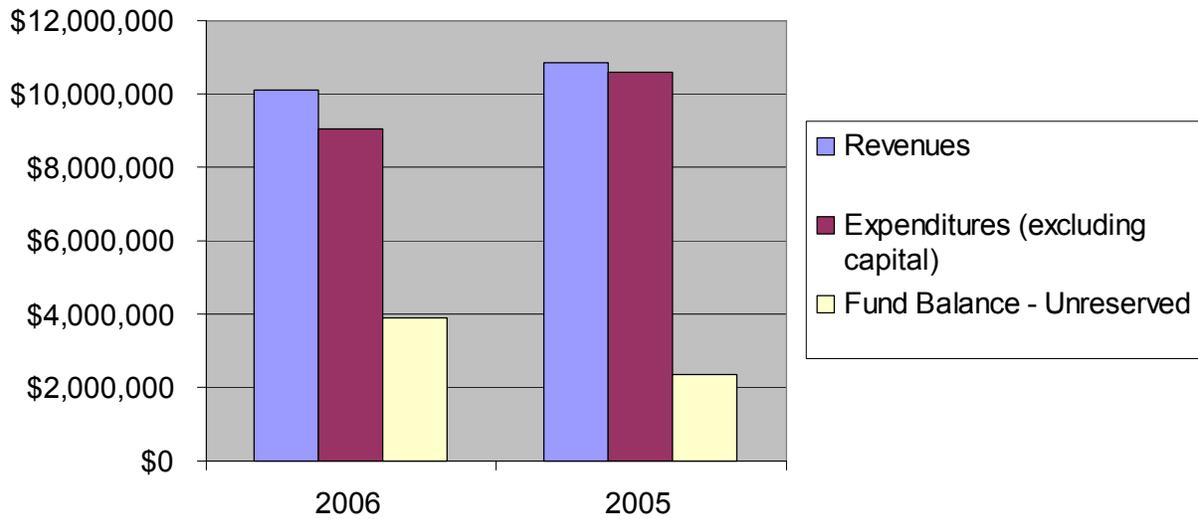
As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

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, 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 \$ 4,243,240 a decrease of \$151,290 from the prior year ending fund balances. This decrease is primarily the result of expenditures for capital projects. Of the District's ending fund balance, \$225,504 is **reserved**, meaning it is not available for spending because it has been committed for emergencies under Taxpayers' Bill Of Rights (TABOR). Also, \$54,886 is reserved for debt service payments. The remainder of the combined fund balance is an **unreserved fund balance**, which is available for spending at the District's discretion. The District's unreserved fund balance at the end of 2006 was \$3,902,524 compared to \$2,366,530 at the end of 2005. The graph on the following page shows the Unreserved Fund Balance for 2006 and 2005 relative to revenues and expenditures (excluding capital expenditures). This graph shows that at the end of 2006 the District was holding approximately 40% of one year's expenditures in unreserved fund balances.

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Unreserved Fund Balance Compared to Revenues and Expenditures



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

The combined unrestricted net assets for the proprietary funds totaled \$293,731 at the end of 2005 as compared to \$389,465 at the end of 2006. These unrestricted assets are available for spending at the District's discretion.

Budget Variances. The District amended its 2006 budget, primarily to budget (in the Capital Projects fund) for the unexpected expenditures associated with a roadside slope failure which occurred adjacent to Village Road near the main entrance into the District. The General Fund's actual revenues exceeded budgeted revenues and expenses were approximately 90% of the original budgeted expenses. The District's other funds generally showed favorable variances compared to budget except for the unexpected roadside slope failure. Details of actual revenues and expenditures compared to budget for each fund are shown on pages E1 through E2 and F1 through F3 of this report.

Capital Assets. Capital asset increases during 2006 consisted of the District's invested of \$4,609,107 in capital asset additions. This investment includes completion of the maintenance and operations facility and purchases of new vehicles, the majority of which are used for the transportation system. Overall, governmental activities capital assets, after depreciation, increased from \$22,697,205 to \$23,758,584 during 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 Statement on page D10 of this report.

Long-term Debt. The District reduced its outstanding long-term debt balance from \$11,303,268 to \$10,661,660 at the end of 2006. The District paid off \$1,818,976 in long term debt during 2006 but it also entered into lease/purchase agreements for an additional \$1,023,120 for the purchase of replacement transportation vehicles and interest accreted in the amount of \$154,248 on the District's 2001 Capital Appreciation Bonds. Additional information can be found in the Notes to the Financial Statement on page D12 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Beaver Creek Metropolitan District, c/o Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, CO 81632, telephone (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Beaver 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	3,356,813	386,933	3,743,746
Cash and equivalents - restricted	212,482	-	212,482
Receivables, net:			
Property tax	7,699,699	-	7,699,699
Trade	1,463,950	21,472	1,485,422
County Treasurer	37,413	-	37,413
Prepaid expenses	462	-	462
Bond issuance costs, net	139,418	-	139,418
Capital assets, net	23,758,584	238,500	23,997,084
Total Assets	<u>36,668,821</u>	<u>646,905</u>	<u>37,315,726</u>
Liabilities:			
Accounts payable	776,182	18,940	795,122
Construction retainage payable	51,698	-	51,698
Accrued interest payable	74,417	-	74,417
Deferred revenue	7,699,699	-	7,699,699
Due within one year:			
Leases payable	549,556	-	549,556
Bonds payable	1,128,408	-	1,128,408
Due within more than one year:			
Leases payable	2,327,613	-	2,327,613
Bonds payable	6,656,083	-	6,656,083
Total Liabilities	<u>19,263,656</u>	<u>18,940</u>	<u>19,282,596</u>
Net Assets:			
Invested in capital assets, net of related debt	13,023,860	238,500	13,262,360
Restricted for emergencies	225,504	-	225,504
Restricted for debt service	54,886	-	54,886
Unrestricted	4,100,915	389,465	4,490,380
Total Net Assets	<u>17,405,165</u>	<u>627,965</u>	<u>18,033,130</u>

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

**Beaver Creek Metropolitan District
Statement of Activities
For the Year Ended December 31, 2006**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental activities:							
General government	574,567	-	-	-	(574,567)		(574,567)
Public safety	1,243,739	784	-	-	(1,242,955)		(1,242,955)
Public works	2,135,908	186,034	-	-	(1,949,874)		(1,949,874)
Transportation	4,333,129	65,923	1,513,876	-	(2,753,330)		(2,753,330)
Culture and recreation	250,000	-	1,746	-	(248,254)		(248,254)
Interest on long-term debt	457,386	-	-	-	(457,386)		(457,386)
Total governmental activities	8,994,729	252,741	1,515,622	-	(7,226,366)		(7,226,366)
Business-type activities:							
Water	-	112,858	-	281,869		394,727	394,727
Total business-type activities	-	112,858	-	281,869		394,727	394,727
Total primary government	8,994,729	365,599	1,515,622	281,869	(7,226,366)	394,727	(6,831,639)
General revenues:							
Taxes:							
Property tax, levied for debt service					1,497,719	-	1,497,719
Property tax, levied for transportation services					2,690,202	-	2,690,202
Property tax, levied for Vilar Center funding					248,022	-	248,022
Property tax, levied for general purposes					3,147,606	-	3,147,606
Specific ownership tax					508,871	-	508,871
Investment earnings					246,924	21,106	268,030
Access fees					-	29,901	29,901
Miscellaneous income					-	-	-
Transfers					350,000	(350,000)	-
Special items:							
Gain/(loss) on sale of assets					56,252	-	56,252
Total general revenues, special items, and transfers					8,745,596	(298,993)	8,446,603
Change in net assets					1,519,230	95,734	1,614,964
Net Assets - Beginning					15,885,935	532,231	16,418,166
Net Assets - Ending					17,405,165	627,965	18,033,130

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

FUND FINANCIAL STATEMENTS

**Beaver Creek Metropolitan District
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and equivalents	3,272,772	47,497	-	-	3,320,269
Cash and equivalents - restricted	212,482	-	-	-	212,482
Due from County Treasurer	16,752	7,389	-	13,272	37,413
Accounts receivable	52,858	-	279,486	1,102,359	1,434,703
Prepaid expenses	462	-	-	-	462
Due from other funds	819,279	-	-	-	819,279
Property taxes assessed, but not collectible until subsequent year	3,422,290	1,568,474	-	2,708,935	7,699,699
Total Assets	<u>7,796,895</u>	<u>1,623,360</u>	<u>279,486</u>	<u>3,824,566</u>	<u>13,524,307</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	755,059	-	-	-	755,059
Construction retainage payable	4,000	-	47,698	-	51,698
Due to other funds	-	-	171,462	603,149	774,611
Property taxes assessed, but not collectible until subsequent year	3,422,290	1,568,474	-	2,708,935	7,699,699
Total Liabilities	<u>4,181,349</u>	<u>1,568,474</u>	<u>219,160</u>	<u>3,312,084</u>	<u>9,281,067</u>
Fund Balances:					
Reserved for emergency	91,090	-	-	134,414	225,504
Reserved for capital projects	-	-	60,326	212,483	272,809
Reserved for debt service	-	54,886	-	-	54,886
Unreserved	3,524,456	-	-	165,585	3,690,041
Total Fund Balances	<u>3,615,546</u>	<u>54,886</u>	<u>60,326</u>	<u>512,482</u>	<u>4,243,240</u>
Total Liabilities and Fund Balances	<u>7,796,895</u>	<u>1,623,360</u>	<u>279,486</u>	<u>3,824,566</u>	

Amounts reported for governmental activities 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.	23,758,584
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	139,418
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,736,077)</u>
Net Assets of Governmental Activities	<u>17,405,165</u>

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

Beaver Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	3,623,458	1,598,260	-	2,870,702	8,092,420
Interest	168,401	44,402	48,564	29,959	291,326
BCRC contractual reimbursement	-	-	-	1,513,876	1,513,876
Bachelor Gulch Exclusion Fees	-	-	-	-	-
Other	24,755	-	108,924	65,923	199,602
Total Revenues	<u>3,816,614</u>	<u>1,642,662</u>	<u>157,488</u>	<u>4,480,460</u>	<u>10,097,224</u>
Expenditures:					
General government	496,890	46,378	-	80,745	624,013
Public safety	1,180,488	-	-	-	1,180,488
Public works	1,108,939	-	-	-	1,108,939
Transportation	-	-	-	3,729,324	3,729,324
Culture and recreation	250,000	-	-	-	250,000
Debt service	-	1,603,360	-	548,773	2,152,133
Capital outlay	-	-	1,936,258	813,342	2,749,600
Total Expenditures	<u>3,036,317</u>	<u>1,649,738</u>	<u>1,936,258</u>	<u>5,172,184</u>	<u>11,794,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>780,297</u>	<u>(7,076)</u>	<u>(1,778,770)</u>	<u>(691,724)</u>	<u>(1,697,273)</u>
Other Financing Sources (Uses):					
Lease proceeds	-	-	-	1,023,120	1,023,120
Insurance recoveries	-	-	162,063	-	162,063
Sale of capital assets	-	-	-	10,800	10,800
Operating transfers in (out)	579,703	(99,990)	-	(129,713)	350,000
Total Other Financing Sources (Uses)	<u>579,703</u>	<u>(99,990)</u>	<u>162,063</u>	<u>904,207</u>	<u>1,545,983</u>
Net Change in Fund Balance	1,360,000	(107,066)	(1,616,707)	212,483	(151,290)
Fund Balances - Beginning	<u>2,255,546</u>	<u>161,952</u>	<u>1,677,033</u>	<u>299,999</u>	<u>4,394,530</u>
Fund Balances - Ending	<u><u>3,615,546</u></u>	<u><u>54,886</u></u>	<u><u>60,326</u></u>	<u><u>512,482</u></u>	<u><u>4,243,240</u></u>

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

**Beaver Creek Metropolitan District
 Reconciliation of Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2006**

Net Change in Fund Balances of Governmental Funds	(151,290)
 Amounts reported for governmental activities in the Statement of Activities are different because:	
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 depreciation exceeded capital outlay during the year.	1,101,592
The issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of issuance costs, 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.	609,141
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and asset impairment) is to decrease net assets.	(40,213)
Change in Net Assets of Governmental Activities	1,519,230

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

Beaver Creek Metropolitan District
Statement of Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	<u>Water Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and equivalents	386,933	36,544
Accounts receivable, net	21,472	29,247
Current portion of tap fees receivable	-	-
Total current assets	<u>408,405</u>	<u>65,791</u>
Non-current assets:		
Water rights	238,500	-
Total non-current assets	<u>238,500</u>	<u>-</u>
Total Assets	<u>646,905</u>	<u>65,791</u>
Liabilities:		
Current liabilities:		
Accounts payable	18,940	21,123
Interfund payable	-	44,668
Total current liabilities	<u>18,940</u>	<u>65,791</u>
Total Liabilities	<u>18,940</u>	<u>65,791</u>
Net Assets:		
Invested in capital assets, net of related debt	238,500	-
Unrestricted	389,465	-
Total Net Assets	<u>627,965</u>	<u>-</u>

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

Beaver Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	Water Fund	Internal Service Fund
Operating Revenues:		
Charges for services	112,858	104,599
Total Operating Revenues	<u>112,858</u>	<u>104,599</u>
Operating Expenses:		
Materials and supplies	-	77,353
Outside services	-	27,246
Total Operating Expenses	<u>-</u>	<u>104,599</u>
Operating Income	<u>112,858</u>	<u>-</u>
Non-Operating Revenue:		
Interest income	21,106	-
Tap Fees	281,869	-
Access fee	29,901	-
Total Non-Operating Revenue	<u>332,876</u>	<u>-</u>
Income Before Transfers	445,734	-
Transfers Out	<u>(350,000)</u>	<u>-</u>
Change in Net Assets	95,734	-
Total Net Assets - Beginning	<u>532,231</u>	<u>-</u>
Total Net Assets - Ending	<u><u>627,965</u></u>	<u><u>-</u></u>

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

Beaver Creek Metropolitan District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	<u>Water Fund</u>	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:		
Cash received from customers and others	122,234	90,500
Cash paid for goods and services	-	(98,258)
Net Cash Provided by Operating Activities	<u>122,234</u>	<u>(7,758)</u>
Cash Flows From Non-Capital Financing Activities:		
Cash received from tap fees	368,468	-
Cash received from access fees	60,191	-
Net operating transfers (out)	(350,000)	-
Net Cash (Used) by Non-Capital Financing Activities	<u>78,659</u>	<u>-</u>
Cash Flows From Investing Activities		
Interest received	21,106	-
Net Cash Provided by Investing Activities	<u>21,106</u>	<u>-</u>
Net Increase (Decrease) in Cash	221,999	(7,758)
Cash and Cash Equivalents - Beginning of Year	164,934	44,302
Cash and Cash Equivalents - End of Year	<u>386,933</u>	<u>36,544</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	112,858	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	9,376	(5,272)
Change in interfund receivable and payable	-	(8,827)
Increase (decrease) in accounts payable	-	6,341
Total Adjustments	<u>9,376</u>	<u>(7,758)</u>
Net Cash Provided by Operating Activities	<u>122,234</u>	<u>(7,758)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Beaver Creek Metropolitan District
Notes to the Financial Statements
December 31, 2006**

I. Summary of Significant Accounting Policies

Beaver Creek Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide services for fire protection, water distribution, cable television, transportation, and to construct and maintain roadway and drainage systems within its boundaries which are located in Eagle County, Colorado.

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 in two parts - invested in capital assets, net of related debt; and 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.

Beaver 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 not required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general obligation long-term debt principal, interest, and other related costs.

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities.

The Special Revenue Fund is used to account for the operation and maintenance of the transportation system.

The District reports the following proprietary funds:

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

The Internal Service Fund is used to account for goods and services provided to the District and other entities serving Beaver Creek on a cost-reimbursement basis.

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.

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.

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

I. Summary of Significant Accounting Policies (continued)

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

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.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Restricted Cash and Investments

Certain cash and investment balances represent proceeds from the issuance of bonds for the purpose of funding construction of a maintenance facility. In May 2004, the District's voters approved the utilization of these funds for other capital projects of the District.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. 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 generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Prepaid Expenses

Prepaid expenses are amounts paid in the current year for expenses related to next year.

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

7. Capital Assets

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

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

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

Assets	Years
Infrastructure, buildings, and improvements	30 - 40
Equipment and vehicles	5 - 10

8. Reserved Fund Balance

The governmental funds, excluding debt service, had a reserved fund balance of \$225,504 for emergencies as required under TABOR (see Note III. B.).

The Debt Service Fund balance of \$54,886 is reserved for debt service.

The Capital Projects Fund has a reserved fund balance of \$272,809 for capital projects.

The Transportation Fund has a reserved fund balance of \$212,483 for the purchase of transportation vehicles.

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund 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 \$10,736,077 difference are as follows:

Bonds payable	\$	7,784,491
Leases payable		2,877,169
Accrued interest		74,417
Total	\$	10,736,077

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, “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.” The details of this \$1,101,592 difference are capital outlay of \$2,722,518 less depreciation expense of \$1,620,926 .

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$609,141 difference are as follows:

Proceeds from capital lease	\$	(1,023,120)
Repayment of principal on capital leases		463,976
Repayment of principal on bonds		1,150,970
Amortization of debt related deferrals, net		(18,084)
Adjustment to current year interest		35,399
Total	\$	609,141

Beaver 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 years:

- (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 not 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.
- (6) 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) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

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 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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

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

III. Stewardship, Compliance, and Accountability (continued)

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.

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 \$225,504 .

Effective January 1, 1996 and thereafter, the voters authorized the District to collect, retain and spend all revenues and other funds collected from any source; provided that the District's General Operating Property Tax Levy shall not be increased without voter approval; and the revenues be spent for all District services and general operations as a voter-approved revenue change and an exception to the limits which could otherwise apply.

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.

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. 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.

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

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

1. Deposits (continued)

At December 31, 2006, the District's cash deposits had a carrying balance and a bank balance as follows:

	Carrying Balance	Bank Balance
Deposits	\$ 347,623	282,155
	\$ 347,623	282,155

2. 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:

	Standard & Poor's Investment Rating	Carrying Balance	Fair Value
Local government investment pool	<i>AAAm</i>	\$ 3,608,605	3,608,605
		\$ 3,608,605	3,608,605

The District had invested \$3,608,605 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.

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

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

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% of the District's investments are in local government investment pools. These investments are 100% of the District's total investments.

COLOTRUST is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. The pool has a Standard & Poors investment rating of AAAM.

3. Summary of Cash and Investments

A summary of the District's cash and investment book balances at December 31, 2006 is shown below.

Cash and equivalents	\$ 3,743,746
Cash and equivalents - restricted	<u>212,482</u>
	<u><u>\$ 3,956,228</u></u>
Deposits	\$ 347,623
Local government investment pool	<u>3,608,605</u>
Total cash and cash equivalents	<u><u>\$ 3,956,228</u></u>

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

IV. Detailed Notes on All Funds (continued)

B. 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:				
Land	\$ 1,512,916	-	-	1,512,916
Construction in progress	1,886,589	404,497	(2,291,086)	-
Total capital assets not being depreciated	<u>3,399,505</u>	<u>404,497</u>	<u>(2,291,086)</u>	<u>1,512,916</u>
Capital assets being depreciated:				
Infrastructure	24,257,613	1,027,791	-	25,285,404
Buildings	851,540	2,313,324	-	3,164,864
Vehicles and equipment	8,220,105	1,267,992	(1,544,520)	7,943,577
Total capital assets being depreciated	<u>33,329,258</u>	<u>4,609,107</u>	<u>(1,544,520)</u>	<u>36,393,845</u>
Less accumulated depreciation for:				
Infrastructure	(8,309,494)	(807,479)	-	(9,116,973)
Buildings	(303,893)	(70,583)	-	(374,476)
Vehicles and equipment	(5,418,171)	(742,864)	1,504,307	(4,656,728)
Total accumulated depreciation	<u>(14,031,558)</u>	<u>(1,620,926)</u>	<u>1,504,307</u>	<u>(14,148,177)</u>
Total capital assets being depreciated, net	<u>19,297,700</u>	<u>2,988,181</u>	<u>(40,213)</u>	<u>22,245,668</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,697,205</u>	<u>3,392,678</u>	<u>(2,331,299)</u>	<u>23,758,584</u>
Business-type activities:				
Capital assets not being depreciated:				
Water rights	\$ 238,500	-	-	238,500
Total capital assets not being depreciated	<u>238,500</u>	<u>-</u>	<u>-</u>	<u>238,500</u>
Business-type activities capital assets, net	<u>\$ 238,500</u>	<u>-</u>	<u>-</u>	<u>238,500</u>

C. Interfund Receivables, Payables, and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General	Capital Projects	\$ 171,462	
General	Transportation	603,149	
General	Internal Service	44,668	
<u>Transferred to:</u>	<u>Transferred from:</u>	<u>Amount</u>	<u>Purpose</u>
General	Water	\$ 350,000	General operations
General	Debt Service	99,990	Transfer of interest
General	Transportation	129,713	Transfer S.O. Tax and interest

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

IV. Detailed Notes on All Funds (continued)

D. Capital Leases

The District has entered into capital leases for the acquisition of vehicles with a net book value of \$2,586,713. All capital leases of the District are paid from the Transportation (special revenue) Fund. Future minimum lease payments under the leases are as follows:

	Principal	Interest	Total
2007	\$ 549,556	111,914	661,470
2008	570,654	90,814	661,468
2009	592,566	68,902	661,468
2010	462,712	46,145	508,857
2011	404,118	28,079	432,197
2012 - 2013	297,563	18,302	315,865
Total	\$ 2,877,169	364,156	3,241,325

E. Long-term Debt

1. General Obligation Bonds, Series 1998

The District issued \$7,400,000 of general obligation bonds dated August 1, 1998, with interest rates ranging from 4.1% to 4.9%, payable on June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2017. The bonds are insured by the Municipal Bond Investors Assurance Corporation. The principal and the interest on the bonds are payable on December 1 from 1998 to 2017. Bonds maturing through December 1, 2008 are not subject to optional redemption prior to their maturity date. Bonds maturing on and after December 1, 2009 are subject to redemption prior to their respective maturity dates at the option of the District in whole or in part.

In connection with Internal Revenue Service arbitrage regulations, the District has accrued a \$14,719 contingent arbitrage rebate liability related to this issue. This accrual is an estimate which is subject to change.

2. General Obligation Capital Appreciation Bonds, Series 2001

The District issued \$2,998,820 (original principal) of capital appreciation bonds dated March 21, 2001 at interest rates in the range of 4.03% to 4.35%. The bonds are insured by Financial Security Assurance Inc. Appreciated principal of \$1,010,000 is due annually December 1, 2006, 2007 and 2008, and \$1,005,000 due December 1, 2009.

The bonds are recorded in the financial statements at their appreciated amount. The total principal and interest to maturity has also been included in the schedule of debt service to maturity.

3. General Obligation Refunding Bonds, Series 2003

The District issued \$3,785,000 of general obligation bonds dated March 1, 2003, with an interest rate of 2.5%, payable June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2005. The principal and the interest on the bonds are payable on December 1 from 2003 to 2005. The bonds matured and were paid in full on December 1, 2005.

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

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

4. General Obligation Refunding Bonds, Series 2003B

The District issued \$2,130,000 of general obligation bonds dated November 15, 2003, with interest rates ranging from 3.5% to 4.0%, payable June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2005. The principal and the interest on the bonds are payable on December 1 from 2004 to 2005. The bonds matured and were paid in full on December 1, 2005.

5. Annual Debt Service Requirements

General obligation debt of the District is liquidated in the Debt Service Fund. 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	\$ 1,128,408	475,117	1,603,525
2008	1,106,977	495,888	1,602,865
2009	1,087,465	513,900	1,601,365
2010	410,000	183,590	593,590
2011	430,000	164,935	594,935
2012 to 2016	2,465,000	504,535	2,969,535
2017	565,000	27,685	592,685
Total	<u>\$ 7,192,850</u>	<u>2,365,650</u>	<u>9,558,500</u>

A reconciliation of principal payments due to the bonds payable caption in the Statement of Net Assets is as follows:

Principal payments due	\$ 7,192,850
Capitalized interest on 2001 Capital Appreciation Bonds	591,641
Bonds payable, Statement of Net Assets	<u>\$ 7,784,491</u>

6. Changes in Long-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
G.O. Bonds Payable	\$ 5,345,000	-	(345,000)	5,000,000	360,000
G.O. Capital Appreciation Bonds Payable	3,640,243	154,248	(1,010,000)	2,784,491	768,408
Capital Leases	2,318,025	1,023,120	(463,976)	2,877,169	549,556
Total	<u>\$11,303,268</u>	<u>1,177,368</u>	<u>(1,818,976)</u>	<u>10,661,660</u>	<u>1,677,964</u>

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

V. Other Information

A. Intergovernmental Agreements

1. Fire Protection Agreement

The District has an agreement with Eagle River Fire Protection District (“ERFPD”) to provide fire protection within the District’s boundaries. The initial term of the agreement was two years and was renewed for various terms through December 31, 2004. In May 2004, the District obtained voter approval to enter into a multiple fiscal year obligation for fire protection services. On January 1, 2005 the agreement was renewed for a ten year period. Under the agreement, the District is to pay fixed annual fees to ERFPD for services specified in the agreement. The District is also responsible for repairs and maintenance to the fire station facility. Additionally, the agreement requires the District to provide twenty-four hour coverage by two public safety officers. The District has contracted with Beaver Creek Resort Company (BCRC) for the provision of these personnel. Costs incurred by the District in 2006 for fire protection services were:

Contract fees paid to ERFPD	\$	855,780
Public safety contract with BCRC		304,044
Equipment and operating expense		8,664
Total		<u><u>\$ 1,168,488</u></u>

2. 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 the Town of Avon (“Town”) located in Eagle County, Colorado:

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

The Authority was formed to make the best practicable use of the districts’ and Town’s joint resources to supply water to the districts and to further develop water resources and facilities in a portion of Eagle County, Colorado. The Authority may not be terminated so long as bonds, notes or other obligations are outstanding, unless provision for full payment of such obligations has been made. At December 31, 2005, the Authority had debt with maturities through the year 2028.

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

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

V. Other Information (continued)

A. Intergovernmental Agreements (continued)

2. Upper Eagle Regional Water Authority (continued)

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 of the districts 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. 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, all obligations of the Authority have been paid, or until termination of the Authority.

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

V. Other Information (continued)

A. Intergovernmental Agreements (continued)

2. Upper Eagle Regional Water Authority (continued)

A summary of audited financial information for the Authority as of and for the year ended December 31, 2005 (the latest audited information available) is as follows:

Upper Eagle Regional Water Authority

Assets:

Current	\$ 8,263,406
Other	3,603,550
Property and equipment	91,532,576
Total Assets	<u>\$ 103,399,532</u>

Liabilities and Net Assets:

Current	\$ 1,710,199
Long-term debt	20,847,162
Net assets	80,842,171
Total Liabilities and Net Assets	<u>\$ 103,399,532</u>

Operations:

Operating revenue	\$ 7,416,495
Operating expense	<u>7,817,577</u>
Operating income	(401,082)
Other income	273,214
Other expense	<u>(1,263,651)</u>
Net (loss)	(1,391,519)
Capital contributions	3,463,748
Net Assets - Beginning	<u>78,769,942</u>
Net Assets - Ending	<u>\$ 80,842,171</u>

3. Bachelor Gulch Exclusion Agreement

The District entered into an agreement on January 1, 1994, to exclude a parcel of land from its assessed valuation. The exclusion was requested by Vail Associates, Inc., the owner/developer of the property. The excluded property has been included in the Bachelor Gulch Metropolitan District formed to provide metropolitan district services to the excluded area. The District may provide services to the excluded area through intergovernmental agreements.

During 2005, the District received compensation of \$349,457 from the Bachelor Gulch Metropolitan District. This represents the amount the District would have collected for debt service property taxes for the excluded properties pro rata share of the District's outstanding debt at the time the property was excluded. In 2005, the District's bonds for which Bachelor Gulch was responsible for repayment matured and were repaid in full. As such, the 2005 payment received by the District from Bachelor Gulch represents the final payment under this arrangement.

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

V. Other Information (continued)

A. Intergovernmental Agreements (continued)

4. Town of Avon Service Agreement

The District entered into a service agreement November 19, 2003 with the Town of Avon ("Avon") for routine maintenance and preventive maintenance of the District's vehicles and equipment and repair and replacement work as requested by the District. Under this agreement the District pays Avon the shop rate of \$85 per hour for services performed and cost plus 10% for materials and sublet work. The original agreement had a term of one year and during 2004 was extended through December 31, 2005. In December 2005, a new agreement was signed for a term of one year. For the year ended December 31, 2006, the District paid \$139,704 to Avon in accordance with the Agreement.

5. Town of Avon Transportation Services Agreement

The District entered into a transportation services agreement November 1, 2005 with the Town of Avon for provision of transportation services related to operation of the free parking lot service as well as various special event services utilizing vehicles owned by the District. Under the agreement, the District compensates Avon monthly in accordance with an annual expense budget prepared by Avon and approved by the District. The original term of the agreement was one year followed by optional renewals for subsequent one year terms. The District and Avon exercised the renewal option effective November 1, 2006.

B. Vilar Center Funding

In November 2005, the District's electorate approved a ballot issue imposing an ad valorem property tax mill levy of .85 mills, not to exceed \$250,000 annually, for the purpose of funding capital improvements at the Vilar Center. Subsequent to the voters approval of the ballot issue, the District entered into a memorandum of understanding with the Vilar Center Arts Foundation ("VCAF"), operator of the Vilar Center, under which the District agreed to transfer \$250,000 to VCAF, on or before August 1 of each year up to an aggregate of \$1,250,000, upon annual approval by the Board of Directors of the District. The memorandum of understanding restricts the use of these funds and any accumulated interest to expenditures for capital improvements, requires the funds to be placed by VCAF into a restricted bank account, and requires VCAF to provide an annual accounting of all funds transferred by the District under the agreement no later than the District's regular June board of directors meeting.

C. Related Party Transactions

The District has entered into various agreements with Vail Associates, Inc. ("VAI") and Vail Resort Development Company ("VRDC") to provide grounds maintenance, resort operations and transportation services. Payments made for each of these services for the year ended December 31, 2006, amounted to \$63,333, \$354,232 and \$2,174,969, respectively. The District received \$46,025 from VAI during the year for usage of the District's Dial-A-Ride vehicles. The District owed VAI \$53,665 at December 31, 2006.

Vail Associates, Inc. was the original developer of commercial and residential real property within the District.

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

V. Other Information (continued)

D. Market Square of Beaver Creek Association

On November 24, 1997, the District, Arts Center Lodge, LLC, Vail Associates, Inc., Beaver Creek Resort Company, and Beaver Creek Arts Foundation entered into a Master Facilities and Maintenance Agreement to share the costs of the maintenance and operation of Market Square of Beaver Creek Association ("Association") common elements. Under the agreement, the District owns a unit ("District Unit") in Market Square identified in the Market Square Map as the bus stop area.

The agreement requires the District to maintain in good condition and repair any mechanical, electrical, or plumbing systems or portions thereof, which exclusively serve the District Unit, as well as the escalators serving the District Unit, and all light fixtures, paved surfaces, ceiling surfaces, sidewalks, curbs, and gutters within the District Unit. In addition, the District is to pay the Association: a) a portion of all costs incurred by the Association for maintenance of the elevators and stairway which access the District Unit, b) a portion of all costs for maintenance of the roof and structural elements within Market Square. Additionally, the District is required to make a monthly payment to the Theatre of \$1,070 for electric consumption related to the operation of the District's escalators, which is metered collectively with the Theatre's consumption on the Theatre's electric meter. This charge is adjustable annually as of October 1 by written notice prior to such date by the Theatre to the District stating the actual, direct increases in the cost of electricity.

The District is currently in communication with the Association and Beaver Creek Resort Company to amend or terminate the District's obligation under the agreement.

E. Cable Television System Operating Agreement

The District entered into an Access/Operational Agreement with Comcast VI. LLC ("Comcast") pursuant to which Comcast agreed to operate the cable television system within the District and to pay the District an ongoing access fee of four percent (4%) of the provider's gross revenues from operation of the system. The 4% fee amounted to \$29,901 for the year ended December 31, 2006.

F. Employee Housing Agreement

The District contributed \$200,000 during 1997 to BC Housing, LLC (the "Company") for a 49% ownership interest in the Company. The Company was established to provide affordable housing for employees of various entities operating in and around Beaver Creek. The Company issued bonds to finance the construction of affordable housing, known as "RiverEdge". The bonds are expected to be repaid through the rental income of the Company. The Company is not expected to generate any material income or loss and the District is under no obligation to make further contributions to the Company. Under the agreement, the District acquired the right to designate 5% of the RiverEdge apartment units to be used solely by the District's employees during October through April and by employees of both the District and independent contractors to the District during May through September.

On August 7, 1997, the District entered into a tap purchase agreement with the Company. Through the agreement, the Company purchased water taps for 104 units for a total of \$543,450. The Company made annual payments of \$54,345 over 10 years commencing September 1, 1997 with the final payment on September 1, 2006. As of December 31, 2006, no tap fees remained outstanding.

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

V. Other Information (continued)

G. Transportation System Service Agreement

The District obtained the approval of its voters in 1998 to amend its service plan and to increase its operating mill levy by 12.2 mills (referred to hereinafter as the "transportation system property tax") to be used to provide transportation services to the constituents of the District. Simultaneously, Beaver Creek Resort Company (BCRC) agreed to reduce its "common assessments" by 12.2 mills to offset the District's mill levy increase. The tax generated by the 12.2 mill levy is subject to limits under Colorado law and the levy was reduced to 10.86 for taxes payable in 2000 and 2001, 9.325 mills for taxes payable in 2002 through 2005 and 8.981 mills for taxes payable in 2006. This mill levy is subject to possible future reductions as may be required by Colorado law.

Pursuant to this approval, the District and BCRC entered into an agreement effective January 1, 1999 to transfer the transportation function from BCRC to the District. Under this agreement, the District agreed to accept ownership of the transportation system, to assume the leases of the buses and transportation vehicles, and assume responsibility to operate and maintain the transportation system. BCRC agreed to fund the total costs of the transportation system in excess of the revenues produced by the transportation system property tax.

The Agreement provides that BCRC may terminate the Agreement upon written notice. Upon termination, the agreement requires the District to return the transportation system to BCRC.

H. 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; injuries to employees; and general liability.

Colorado Special Districts Property and Liability Pool

The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). Additionally, the District is afforded certain protection under the Colorado Governmental Immunity Act which limits the District's liability in certain situations to \$150,000 per person and \$600,000 per occurrence. 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.

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

V. Other Information (continued)

H. Risk Management (continued)

Colorado Special Districts Property and Liability Pool (continued)

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

I. 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 there are no material outstanding claims against the District at December 31, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

Beaver Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for 2005)

	<u>2006</u>			<u>Final Budget</u>	<u>2005</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Amended</u>		<u>Positive</u>	
		<u>Budget</u>		<u>(Negative)</u>	
Revenues:					
Taxes:					
Property taxes	3,421,592	3,421,592	3,395,628	(25,964)	2,138,815
Specific ownership taxes	205,296	205,296	227,830	22,534	137,677
Interest	62,078	140,000	168,401	28,401	66,100
Other	33,789	25,000	24,755	(245)	29,683
Total Revenues	<u>3,722,755</u>	<u>3,791,888</u>	<u>3,816,614</u>	<u>24,726</u>	<u>2,372,275</u>
Expenditures:					
General government	743,620	613,075	496,890	116,185	431,317
Public safety	1,306,170	1,183,000	1,180,488	2,512	1,132,914
Public works	1,120,383	1,206,943	1,108,939	98,004	964,800
Culture and recreation	253,000	250,000	250,000	-	964,800
Total Expenditures	<u>3,423,173</u>	<u>3,253,018</u>	<u>3,036,317</u>	<u>216,701</u>	<u>3,493,831</u>
(Deficiency) of Revenues					
Over Expenditures	<u>299,582</u>	<u>538,870</u>	<u>780,297</u>	<u>241,427</u>	<u>(1,121,556)</u>
Other Financing Sources (Uses):					
Transfer from other fund	349,761	219,740	579,703	359,963	663,019
Total Other Financing Sources (Uses)	<u>349,761</u>	<u>219,740</u>	<u>579,703</u>	<u>359,963</u>	<u>663,019</u>
Net Change in Fund Balance	649,343	758,610	1,360,000	601,390	(458,537)
Fund Balances - Beginning	<u>1,773,679</u>	<u>2,255,546</u>	<u>2,255,546</u>	<u>-</u>	<u>1,749,283</u>
Fund Balances - Ending	<u>2,423,022</u>	<u>3,014,156</u>	<u>3,615,546</u>	<u>601,390</u>	<u>1,290,746</u>

Beaver Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Transportation Fund
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for 2005)

	2006			2005	
	Original Budget	Final Amended Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax	2,710,772	2,710,772	2,690,202	(20,570)	2,558,958
Specific ownership tax	162,646	162,646	180,500	17,854	164,722
BCRC contractual reimbursement	1,244,736	1,409,342	1,513,876	104,534	942,590
Interest	10,500	28,000	29,959	1,959	36,088
Other:					
Dial-A-Ride usage fees	40,000	40,000	46,025	6,025	48,941
Advertising fees	20,000	20,000	19,898	(102)	20,172
Total Revenues	<u>4,188,654</u>	<u>4,370,760</u>	<u>4,480,460</u>	<u>109,700</u>	<u>3,771,471</u>
Expenditures:					
Transportation expenses:					
Dial-A-Ride transit system	2,179,988	2,179,988	2,174,969	5,019	1,873,020
Parking lot transit system	1,184,000	1,311,200	1,348,598	(37,398)	1,180,504
Other transportation expenses	231,382	268,788	286,502	(17,714)	256,182
Debt Service:					
Lease principal	464,461	464,461	463,976	485	367,511
Lease interest	85,000	85,000	84,797	203	14,363
Capital outlay	1,082,400	1,082,400	813,342	269,058	1,293,860
Total Expenditures	<u>5,227,231</u>	<u>5,391,837</u>	<u>5,172,184</u>	<u>219,653</u>	<u>4,985,440</u>
(Deficiency) of Revenues Over Expenditures	<u>(1,038,577)</u>	<u>(1,021,077)</u>	<u>(691,724)</u>	<u>329,353</u>	<u>(1,213,969)</u>
Other Financing Sources (Uses):					
Lease proceeds	1,082,400	1,082,400	1,023,120	(59,280)	1,267,735
Sale of assets	48,000	48,000	10,800	(37,200)	56,506
Transfer (to) General Fund	(91,823)	(109,323)	(129,713)	(20,390)	(123,511)
Total Other Financing Sources (Uses)	<u>1,038,577</u>	<u>1,021,077</u>	<u>904,207</u>	<u>(116,870)</u>	<u>1,200,730</u>
Net Change in Fund Balance	-	-	212,483	212,483	(13,239)
Fund Balances - Beginning	<u>300,000</u>	<u>300,000</u>	<u>299,999</u>	<u>(1)</u>	<u>313,238</u>
Fund Balances - Ending	<u>300,000</u>	<u>300,000</u>	<u>512,482</u>	<u>212,482</u>	<u>299,999</u>

SUPPLEMENTARY INFORMATION

Beaver Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for 2005)

	2006			Final Budget Variance Positive (Negative)	2005
	Original Budget	Final Amended Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	1,509,171	1,509,171	1,497,719	(11,452)	3,960,201
Specific ownership taxes	90,550	90,550	100,541	9,991	254,917
Interest	52,821	52,000	44,402	(7,598)	78,495
Bachelor Gulch Exclusion Fees	-	-	-	-	349,457
Other	10,000	-	-	-	-
Total Revenues	1,662,542	1,651,721	1,642,662	(9,059)	4,643,070
Expenditures:					
General government	57,275	47,275	46,378	897	120,590
Debt service:					
Bond principal	1,355,000	1,355,000	1,355,000	-	3,865,000
Bond interest	248,360	248,360	248,360	-	377,370
Total Expenditures	1,660,635	1,650,635	1,649,738	897	4,362,960
Excess of Revenues Over Expenditures	1,907	1,086	(7,076)	(8,162)	280,110
Other Financing Sources (Uses):					
Operating transfers (to) General Fund	-	(95,275)	(99,990)	(4,715)	(214,508)
Total Other Financing Sources (Uses)	-	(95,275)	(99,990)	(4,715)	(214,508)
Net Change in Fund Balance	1,907	(94,189)	(107,066)	(12,877)	65,602
Fund Balances - Beginning	198,456	161,952	161,952	-	96,350
Fund Balances - Ending	200,363	67,763	54,886	(12,877)	161,952

Beaver Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for 2005)

	<u>2006</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2005</u>
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Interest	30,000	48,000	48,564	564	97,998
Other income	1,000	126,600	108,924	(17,676)	1,417
Total Revenues	<u>31,000</u>	<u>174,600</u>	<u>157,488</u>	<u>(17,112)</u>	<u>99,415</u>
Expenditures:					
Capital outlay	1,580,500	2,346,491	1,936,258	410,233	2,031,320
Arbitrage costs	15,250	-	-	-	-
Total Expenditures	<u>1,595,750</u>	<u>2,346,491</u>	<u>1,936,258</u>	<u>410,233</u>	<u>2,031,320</u>
Other Financing Sources (Uses):					
Insurance recoveries	-	160,000	162,063	2,063	-
Operating transfers (to) General Fund	92,062	334,858	-	(334,858)	-
Total Expenditures	<u>92,062</u>	<u>494,858</u>	<u>162,063</u>	<u>(332,795)</u>	<u>-</u>
Net Change in Fund Balance	(1,472,688)	(1,677,033)	(1,616,707)	60,326	(1,931,905)
Fund Balances - Beginning	<u>1,472,688</u>	<u>1,677,033</u>	<u>1,677,033</u>	<u>-</u>	<u>3,608,939</u>
Fund Balances - Ending	<u>-</u>	<u>-</u>	<u>60,326</u>	<u>60,326</u>	<u>1,677,034</u>

Beaver Creek Metropolitan District
Schedule of Revenues, Expenditures and Changes in Net Assets
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Water Fund
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for 2005)

	<u>2006</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2005</u>
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenues:					
Water usage fees	97,335	110,000	112,858	2,858	112,787
Total Operating Revenues	<u>97,335</u>	<u>110,000</u>	<u>112,858</u>	<u>2,858</u>	<u>112,787</u>
Operating Income	97,335	110,000	112,858	2,858	112,787
Non-operating Revenues (Expenses):					
Tap fees	165,500	266,100	281,869	15,769	94,102
RiverEdge deferred tap fees	54,345	54,345	54,345	-	54,345
Access fee	40,000	45,000	29,901	(15,099)	45,428
Interest	7,300	20,000	21,106	1,106	11,994
Total Non-operating Revenues (Expenses)	<u>267,145</u>	<u>385,445</u>	<u>387,221</u>	<u>1,776</u>	<u>205,869</u>
Income Before Transfers	364,480	495,445	500,079	4,634	318,656
Operating transfers to General Fund	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>(325,000)</u>
Change in Net Assets	<u>14,480</u>	<u>145,445</u>	<u>150,079</u>	<u>4,634</u>	<u>(6,344)</u>
Reconciliation to GAAP Basis:					
RiverEdge deferred tap fees			<u>(54,345)</u>		<u>(54,345)</u>
Net Income (Loss) - GAAP Basis			<u>95,734</u>		<u>(60,689)</u>

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

Bonds and Interest Maturing in the Calendar Year Ending December 1	\$2,998,820 General Obligation Capital Appreciation Bonds Series 2001 Dated March 21, 2001 Interest Rate 4.03% - 4.35%		\$7,400,000 General Obligation Series 1998 Dated August 1, 1998 Interest rate 4.1% - 4.8%		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	\$ 241,592	768,408	233,525	360,000	475,117	1,128,408	1,603,525
2008	278,023	731,977	217,865	375,000	495,888	1,106,977	1,602,865
2009	312,535	692,465	201,365	395,000	513,900	1,087,465	1,601,365
2010	-	-	183,590	410,000	183,590	410,000	593,590
2011	-	-	164,935	430,000	164,935	430,000	594,935
2012	-	-	145,155	450,000	145,155	450,000	595,155
2013	-	-	124,230	470,000	124,230	470,000	594,230
2014	-	-	102,140	490,000	102,140	490,000	592,140
2015	-	-	78,865	515,000	78,865	515,000	593,865
2016	-	-	54,145	540,000	54,145	540,000	594,145
2017	-	-	27,685	565,000	27,685	565,000	592,685
Totals	<u>\$ 832,150</u>	<u>2,192,850</u>	<u>1,533,500</u>	<u>5,000,000</u>	<u>2,365,650</u>	7,192,850	<u>9,558,500</u>
						Accreted interest through December 31, 2006	
						<u>591,641</u>	
						<u>7,784,491</u>	

**Beaver 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	
1995	126,962,400	31.75	4,031,056	3,851,592	96.1%
1996	136,068,570	31.75	4,320,177	4,283,947	99.2%
1997	145,170,200	31.75	4,609,154	4,581,469	99.4%
1998	185,922,530	28.17	5,238,181	5,220,945	99.7%
1999	192,314,090	42.29	8,132,578	8,117,101	99.8%
2000	237,755,780	35.59	8,441,043	8,296,558	98.3%
2001	235,075,950	35.48	8,320,062	8,298,168	99.7%
2002	291,270,140	30.74	8,963,433	8,897,213	99.3%
2003	290,069,660	30.74	8,926,869	8,907,319	99.8%
2004	272,102,490	31.99	8,704,559	8,652,194	99.4%
2005	273,829,810	31.78	8,703,407	8,657,974	99.5%
2006	301,834,130	25.32	7,641,535	7,583,549	99.2%
2007	298,437,930	25.80	7,699,699		

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.