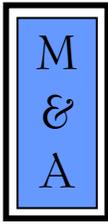


**Beaver Creek Metropolitan District
Eagle County, Colorado
December 31, 2005**

**Beaver Creek Metropolitan District
Financial Statements
December 31, 2005**

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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, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beaver Creek Metropolitan District as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

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

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as supplemental information in Section F is presented for purposes of additional analysis and is not a required part of the financial statements of the 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.
February 1, 2006**

Performing services for local governments throughout Colorado

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Beaver Creek Metropolitan District

Management's Discussion and Analysis December 31, 2005

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, 2005.

Overview of the Financial Statements

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

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

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

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

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.

Overview of the Financial Statements (continued)

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

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 in Section D of this report.

Government-wide Financial Analysis

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

Beaver Creek Metropolitan District's Net Assets

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2005	2004
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other assets	\$ 13,049,205	15,426,218	293,731	354,420	13,342,936	15,780,638
Capital assets	22,697,205	20,928,012	238,500	238,500	22,935,705	21,166,512
Total Assets	35,746,410	36,354,230	532,231	592,920	36,278,641	36,947,150
Liabilities:						
Long-term liabilities outstanding	11,303,268	14,084,709	-	-	11,303,268	14,084,709
Other liabilities	8,557,206	9,522,771	-	-	8,557,206	9,522,771
Total Liabilities	19,860,474	23,607,480	-	-	19,860,474	23,607,480
Net Assets:						
Invested in capital assets, net of related debt	11,393,937	9,825,792	238,500	238,500	11,632,437	10,064,292
Restricted for emergencies	191,997	185,159	-	-	191,997	185,159
Restricted for debt service	161,952	96,350	-	-	161,952	96,350
Unrestricted	4,138,050	2,639,449	293,731	354,420	4,431,781	2,993,869
Total Net Assets	\$ 15,885,936	12,746,750	532,231	592,920	16,418,167	13,339,670

Government-wide Financial Analysis (continued)

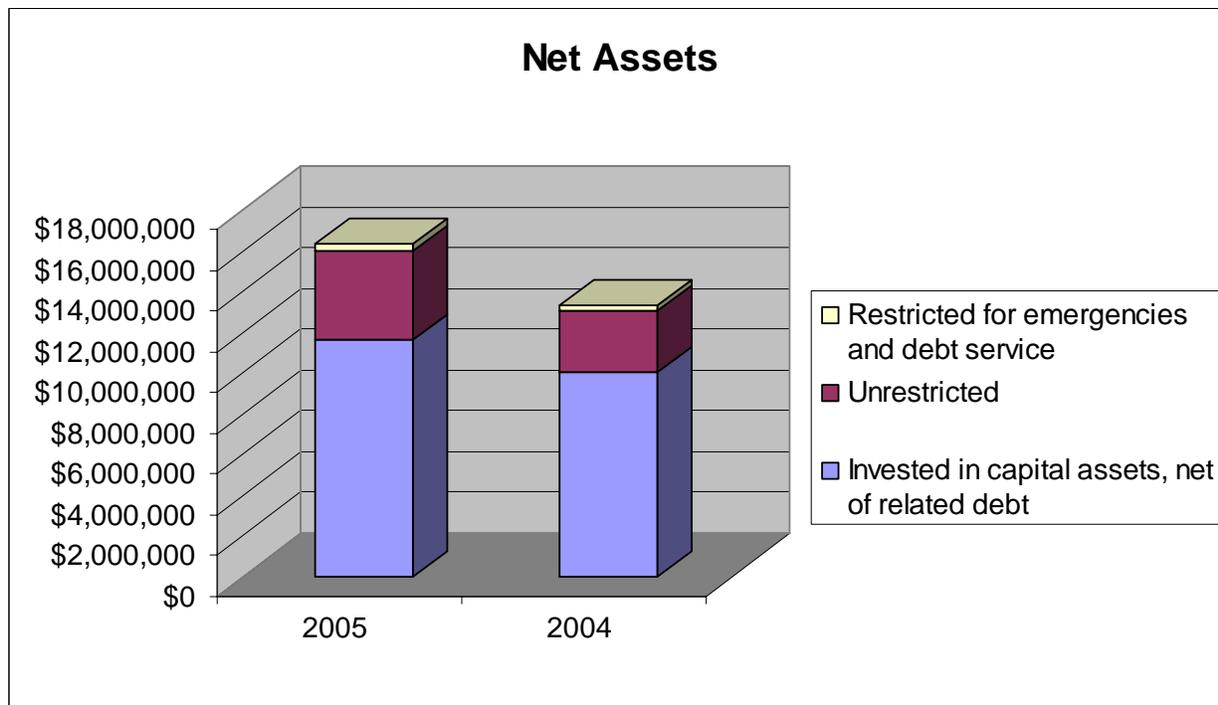
Beaver Creek Metropolitan District's Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 69,113	78,778	112,787	108,268	181,900	187,046
Operating grants and contributions	944,007	641,536	-	-	944,007	641,536
Capital grants and contributions	-	-	94,102	156,618	94,102	156,618
General revenues:						
Property taxes	8,657,974	8,661,413	-	-	8,657,974	8,661,413
Other taxes	557,316	540,871	-	-	557,316	540,871
Unrestricted grants and contributions	347,711	249,691	-	-	347,711	249,691
Interest and other revenue	283,742	149,119	57,422	45,119	341,164	194,238
Total Revenues	10,859,863	10,321,408	264,311	310,005	11,124,174	10,631,413
Expenses:						
General government	579,141	804,816	-	-	579,141	804,816
Public safety	1,263,226	1,336,819	-	-	1,263,226	1,336,819
Public works	1,796,129	1,868,654	-	-	1,796,129	1,868,654
Transportation	3,789,819	3,633,415	-	-	3,789,819	3,633,415
Interest on long-term debt	603,654	643,755	-	-	603,654	643,755
Impairment of capital assets	-	1,778,886	-	-	-	1,778,886
Loss on sale of assets	13,708	299,740	-	-	13,708	299,740
Total Expenses	8,045,677	10,366,085	-	-	8,045,677	10,366,085
Change in Net Assets						
Before Transfers	2,814,186	(44,677)	264,311	310,005	3,078,497	265,328
Transfers	325,000	300,000	(325,000)	(300,000)	-	-
Change in Net Assets	3,139,186	255,323	(60,689)	10,005	3,078,497	265,328
Net Assets - Beginning	12,746,750	12,491,427	592,920	582,915	13,339,670	13,074,342
Net Assets - Ending	\$ 15,885,936	12,746,750	532,231	592,920	16,418,167	13,339,670

The District's overall financial position, as measured by net assets, increased from \$13,339,670 at the end of 2004 to \$16,418,167 at the end of 2005. Both the governmental and business-type activities contributed to this increase. The increase in net assets is primarily the result of the collection of property taxes which have been used to pay down the District's debt principal. The District's unrestricted net assets also increased from \$2,993,869 at the end of 2004 to \$4,431,781 at the end of 2005. 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 2005 compared to 2004.

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Government-wide Financial Analysis (continued)



Financial Analysis of the District's Funds

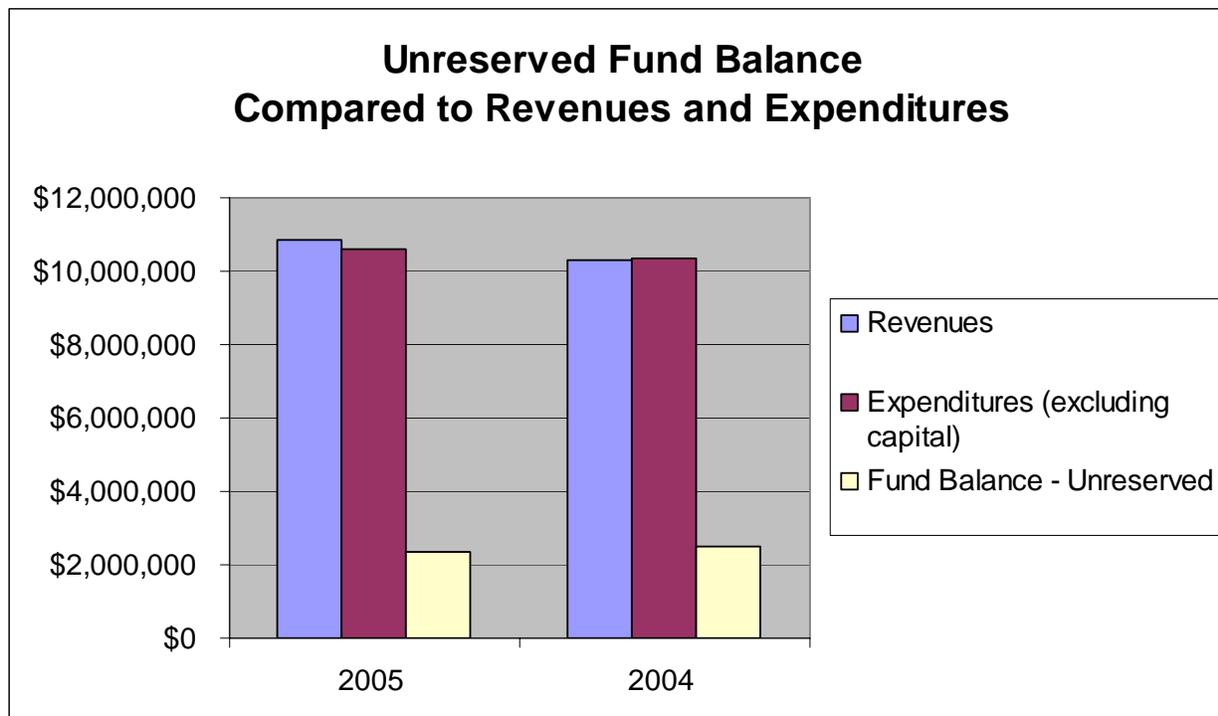
As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

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 \$4,394,530, a decrease of \$1,373,280 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, \$191,997 is **reserved**, meaning it is not available for spending because it has been committed for emergencies under Taxpayers' Bill Of Rights (TABOR). Also, \$1,674,051 is restricted bond proceeds to be used only for the purposes for which the bonds were issued, which is for road and street related public works projects and \$161,952 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 2005 was \$2,366,530 compared to \$2,503,812 at the end of 2004. The graph on the following page shows the Unreserved Fund Balance for 2005 and 2004 relative to revenues and expenditures (excluding capital expenditures). This graph shows that at the end of 2005 and 2004 the District was holding approximately 25% of one year's expenditures in unreserved fund balances.

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Government-wide Financial Analysis (continued)



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 \$300,075 at the end of 2004 as compared to \$293,731 at the end of 2005. These unrestricted assets are available for spending at the District's discretion.

Budget Variances. The District amended its 2005 budget, primarily to budget (in the Capital Projects fund) for the construction of the maintenance and administrative facility for the District and (in the Transportation Fund) to allow for additional expenses related to the parking lot bus service. The General Fund's actual revenues exceeded budgeted revenues and expenses were approximately 83% of budgeted expenses. The District's other funds generally showed favorable variances compared to budget. 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 2005 consisted of the District's invested of \$3,368,059 in capital asset additions. This investment includes construction in process for 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 \$20,928,012 to \$22,697,205 during 2005. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on page D10 of this report.

Long-term Debt. The District reduced its outstanding long-term debt balance from \$14,084,709 to \$11,303,268 at the end of 2005. The District paid off \$4,197,147 in long-term debt during 2005 but it also entered into lease/purchase agreements for an additional \$1,267,735 for the purchase of replacement transportation vehicles and interest accreted in the amount of \$147,971 on the District's 2001 Capital Appreciation Bonds. Additional information can be found in the Notes to the Financial Statement on pages D12 through D13 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, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	4,680,206	164,934	4,845,140
Receivables, net:			
Property tax	7,641,535	-	7,641,535
Trade	529,912	128,797	658,709
County Treasurer	40,050	-	40,050
Bond issuance costs, net	157,502	-	157,502
Capital assets, net	<u>22,697,205</u>	<u>238,500</u>	<u>22,935,705</u>
Total Assets	<u>35,746,410</u>	<u>532,231</u>	<u>36,278,641</u>
Liabilities:			
Accounts payable	756,706	-	756,706
Construction retainage payable	98,931	-	98,931
Accrued interest payable	60,034	-	60,034
Deferred revenue	7,641,535	-	7,641,535
Due within one year:			
Leases payable	463,976	-	463,976
Bonds payable	1,150,970	-	1,150,970
Due within more than one year:			
Leases payable	1,854,049	-	1,854,049
Bonds payable	<u>7,834,273</u>	<u>-</u>	<u>7,834,273</u>
Total Liabilities	<u>19,860,474</u>	<u>-</u>	<u>19,860,474</u>
Net Assets:			
Invested in capital assets, net of related debt	11,393,937	238,500	11,632,437
Restricted for emergencies	191,997	-	191,997
Restricted for debt service	161,952	-	161,952
Unrestricted	<u>4,138,050</u>	<u>293,731</u>	<u>4,431,781</u>
Total Net Assets	<u>15,885,936</u>	<u>532,231</u>	<u>16,418,167</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, 2005

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:						
Governmental activities:						
General government	579,141	1,417	-	(577,724)		(577,724)
Public safety	1,263,226	-	-	(1,263,226)		(1,263,226)
Public works	1,796,129	-	-	(1,796,129)		(1,796,129)
Transportation	3,789,819	942,590	-	(2,778,116)		(2,778,116)
Interest on long-term debt	603,654	-	-	(603,654)		(603,654)
Total governmental activities	8,031,969	944,007	-	(7,018,849)		(7,018,849)
Business-type activities:						
Water	-	112,787	94,102		206,889	206,889
Total business-type activities	-	112,787	94,102		206,889	206,889
Total primary government	8,031,969	181,900	94,102	(7,018,849)	206,889	(6,811,960)
General revenues:						
Taxes:						
Property tax, levied for debt service				3,960,201	-	3,960,201
Property tax, levied for transportation services				2,558,958	-	2,558,958
Property tax, levied for general purposes				2,138,815	-	2,138,815
Specific ownership tax				557,316	-	557,316
Unrestricted grants and contributions				347,711	-	347,711
Investment earnings				278,681	11,994	290,675
Access fees				-	45,428	45,428
Miscellaneous income				5,061	-	5,061
Transfers				325,000	(325,000)	-
Special items:						
Gain/(loss) on sale of assets				(13,708)	-	(13,708)
Total general revenues, special items, and transfers				10,158,035	(267,578)	9,890,457
Change in net assets				3,139,186	(60,689)	3,078,497
Net Assets - Beginning				12,746,750	592,920	13,339,670
Net Assets - Ending				15,885,936	532,231	16,418,167

The accompanying notes are an integral part of these financial statements.
C2

FUND FINANCIAL STATEMENTS

**Beaver Creek Metropolitan District
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and equivalents	2,717,238	143,633	1,775,033	-	4,635,904
Due from County Treasurer	9,894	18,319	-	11,837	40,050
Accounts receivable	21,642	-	-	484,295	505,937
Due from other funds	234,127	-	-	-	234,127
Property taxes assessed, but not collectible until subsequent year	3,421,592	1,509,171	-	2,710,772	7,641,535
Total Assets	<u>6,404,493</u>	<u>1,671,123</u>	<u>1,775,033</u>	<u>3,206,904</u>	<u>13,057,553</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	726,424	-	-	15,501	741,925
Construction retainage payable	931	-	98,000	-	98,931
Due to other funds	-	-	-	180,632	180,632
Property taxes assessed, but not collectible until subsequent year	3,421,592	1,509,171	-	2,710,772	7,641,535
Total Liabilities	<u>4,148,947</u>	<u>1,509,171</u>	<u>98,000</u>	<u>2,906,905</u>	<u>8,663,023</u>
Fund Balances:					
Reserved for emergency	75,871	-	2,982	113,144	191,997
Reserved for capital projects	-	-	1,674,051	-	1,674,051
Reserved for debt service	-	161,952	-	-	161,952
Unreserved	2,179,675	-	-	186,855	2,366,530
Total Fund Balances	<u>2,255,546</u>	<u>161,952</u>	<u>1,677,033</u>	<u>299,999</u>	<u>4,394,530</u>
Total Liabilities and Fund Balances	<u>6,404,493</u>	<u>1,671,123</u>	<u>1,775,033</u>	<u>3,206,904</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.					22,697,205
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					157,502
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(11,363,302)</u>
Net Assets of Governmental Activities					<u>15,885,935</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, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	2,276,492	4,215,118	-	2,723,680	9,215,290
Interest	66,100	78,495	97,998	36,088	278,681
BCRC contractual reimbursement	-	-	-	942,590	942,590
Bachelor Gulch Exclusion Fees	-	347,711	-	-	347,711
Other	3,315	1,746	1,415	69,113	75,589
Total Revenues	<u>2,345,907</u>	<u>4,643,070</u>	<u>99,413</u>	<u>3,771,471</u>	<u>10,859,861</u>
Expenditures:					
General government	431,317	120,590	-	-	551,907
Public safety	1,132,914	-	-	-	1,132,914
Public works	964,800	-	-	-	964,800
Transportation	-	-	-	3,309,706	3,309,706
Debt service	-	4,242,370	-	381,874	4,624,244
Capital outlay	-	-	2,031,319	1,293,860	3,325,179
Total Expenditures	<u>2,529,031</u>	<u>4,362,960</u>	<u>2,031,319</u>	<u>4,985,440</u>	<u>13,908,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(183,124)</u>	<u>280,110</u>	<u>(1,931,906)</u>	<u>(1,213,969)</u>	<u>(3,048,889)</u>
Other Financing Sources (Uses):					
Lease proceeds	-	-	-	1,267,735	1,267,735
Sale of capital assets	26,368	-	-	56,506	82,874
Operating transfers in (out)	663,019	(214,508)	-	(123,511)	325,000
Total Other Financing Sources (Uses)	<u>689,387</u>	<u>(214,508)</u>	<u>-</u>	<u>1,200,730</u>	<u>1,675,609</u>
Net Change in Fund Balance	506,263	65,602	(1,931,906)	(13,239)	(1,373,280)
Fund Balances - Beginning	<u>1,749,283</u>	<u>96,350</u>	<u>3,608,939</u>	<u>313,238</u>	<u>5,767,810</u>
Fund Balances - Ending	<u><u>2,255,546</u></u>	<u><u>161,952</u></u>	<u><u>1,677,033</u></u>	<u><u>299,999</u></u>	<u><u>4,394,530</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, 2005

Net Change in Fund Balances of Governmental Funds (1,373,280)

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. 1,865,775

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. 2,743,273

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and asset impairment) is to decrease net assets. (96,582)

Change in Net Assets of Governmental Activities 3,139,186

Beaver Creek Metropolitan District
Statement of Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	<u>Water Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and equivalents	164,934	44,302
Accounts receivable, net	74,452	23,975
Current portion of tap fees receivable	54,345	-
Total current assets	<u>293,731</u>	<u>68,277</u>
Non-current assets:		
Water rights	238,500	-
Total non-current assets	<u>238,500</u>	<u>-</u>
Total Assets	<u>532,231</u>	<u>68,277</u>
Liabilities:		
Current liabilities:		
Accounts payable	-	14,782
Interfund payable	-	53,495
Total current liabilities	<u>-</u>	<u>68,277</u>
Total Liabilities	<u>-</u>	<u>68,277</u>
Net Assets:		
Invested in capital assets, net of related debt	238,500	-
Unrestricted	<u>293,731</u>	<u>-</u>
Total Net Assets	<u>532,231</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, 2005

	Water Fund	Internal Service Fund
Operating Revenues:		
Charges for services	112,787	113,876
Total Operating Revenues	<u>112,787</u>	<u>113,876</u>
Operating Expenses:		
Materials and supplies	-	81,981
Outside services	-	31,895
Total Operating Expenses	<u>-</u>	<u>113,876</u>
Operating Income	<u>112,787</u>	<u>-</u>
Non-Operating Revenue:		
Interest income	11,994	-
Tap Fees	94,102	-
Access fee	45,428	-
Total Non-Operating Revenue	<u>151,524</u>	<u>-</u>
Income Before Transfers	264,311	-
Transfers Out	<u>(325,000)</u>	<u>-</u>
Change in Net Assets	(60,689)	-
Total Net Assets - Beginning	<u>592,920</u>	<u>-</u>
Total Net Assets - Ending	<u><u>532,231</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, 2005

	<u>Water Fund</u>	<u>Internal Service Fund</u>
Cash Flows From Operating Activities:		
Cash received from customers and others	112,744	123,070
Cash paid for goods and services	-	(112,183)
Net Cash Provided by Operating Activities	<u>112,744</u>	<u>10,887</u>
Cash Flows From Non-Capital Financing Activities:		
Cash received from tap fees	120,010	-
Cash received from access fees	44,193	-
Net operating transfers (out)	(325,000)	-
Net Cash (Used) by Non-Capital Financing Activities	<u>(160,797)</u>	<u>-</u>
Cash Flows From Investing Activities		
Interest received	11,994	-
Net Cash Provided by Investing Activities	<u>11,994</u>	<u>-</u>
Net Increase (Decrease) in Cash	(36,059)	10,887
Cash and Cash Equivalents - Beginning of Year	<u>200,993</u>	<u>33,415</u>
Cash and Cash Equivalents - End of Year	<u><u>164,934</u></u>	<u><u>44,302</u></u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating income	112,787	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(43)	12,886
Change in interfund receivable and payable	-	(3,692)
Increase (decrease) in accounts payable	-	1,693
Total Adjustments	<u>(43)</u>	<u>10,887</u>
Net Cash Provided by Operating Activities	<u><u>112,744</u></u>	<u><u>10,887</u></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, 2005**

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, 2005
(Continued)**

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

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

The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources 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, 2005
(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, 2005
(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:

<u>Assets</u>	<u>Years</u>
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 \$191,997 for emergencies as required under TABOR (see Note III. B.).

The Debt Service Fund balance of \$161,952 is reserved for debt service.

The Capital Projects Fund has a reserved fund balance of \$1,674,051 for capital projects.

**Beaver Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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 \$11,363,302 difference are as follows:

Bonds payable	\$	8,985,243
Leases payable		2,318,025
Accrued interest		60,034
Total		\$ 11,363,302

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 \$1,865,775 difference are capital outlay of \$3,368,059 less depreciation expense of \$1,502,284 .

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 \$2,743,273 difference are as follows:

Proceeds from capital lease	\$	(1,267,735)
Repayment of principal on capital leases		332,147
Repayment of principal on bonds		3,865,000
Amortization of debt related deferrals, net		(9,582)
Adjustment to current year interest		(176,557)
Total		\$ 2,743,273

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

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

- (1) For the 2005 budget year, prior to August 25, 2004, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2004 the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2004, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board not later than 45 days prior to the close of the fiscal year.
- (4) For the 2005 budget, prior to December 15, 2004, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2005 budget, the final budget and appropriating resolution was adopted prior to December 31, 2004.
- (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 2004 were collected in 2005 and taxes certified in 2005 will be collected in 2006. 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, 2005
(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, 2005, year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$191,997 .

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, 2005
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

1. Deposits (continued)

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

	Carrying Balance	Bank Balance
Deposits	\$ 160,048	191,114
	\$ 160,048	191,114

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, 2005:

	Carrying Balance	Fair Value
Local government investment pool	\$ 4,685,092	4,685,092
	\$ 4,685,092	4,685,092

The District had invested \$4,685,092 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, 2005
(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.

3. Summary of Cash and Investments

A summary of the District's cash and investment book balances at December 31, 2005 is shown below.

Cash and cash equivalents	<u>\$ 4,845,140</u>
	<u>\$ 4,845,140</u>
Deposits	\$ 160,048
Local government investment pool	<u>4,685,092</u>
Total cash and cash equivalents	<u>\$ 4,845,140</u>

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

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,512,916	-	-	1,512,916
Construction in progress	58,638	1,827,951	-	1,886,589
Total capital assets not being depreciated	<u>1,571,554</u>	<u>1,827,951</u>	<u>-</u>	<u>3,399,505</u>
Capital assets being depreciated:				
Infrastructure	24,219,343	38,270	-	24,257,613
Buildings	851,540	-	-	851,540
Vehicles and equipment	7,452,046	1,501,838	(733,779)	8,220,105
Total capital assets being depreciated	<u>32,522,929</u>	<u>1,540,108</u>	<u>(733,779)</u>	<u>33,329,258</u>
Less accumulated depreciation for:				
Infrastructure	(7,506,603)	(802,891)	-	(8,309,494)
Buildings	(272,606)	(31,287)	-	(303,893)
Vehicles and equipment	(5,387,262)	(668,106)	637,197	(5,418,171)
Total accumulated depreciation	<u>(13,166,471)</u>	<u>(1,502,284)</u>	<u>637,197</u>	<u>(14,031,558)</u>
Total capital assets being depreciated, net	<u>19,356,458</u>	<u>37,824</u>	<u>(96,582)</u>	<u>19,297,700</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,928,012</u>	<u>1,865,775</u>	<u>(96,582)</u>	<u>22,697,205</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>

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

IV. Detailed Notes on All Funds (continued)

B. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$	17,650
Public safety		130,312
Public works		874,209
Transportation		480,113
Total Depreciation Expense	\$	1,502,284

C. Interfund Receivables, Payables, and Transfers

Receivable Fund	Payable Fund	Amount
General	Internal Service	\$ 53,495
General	Transportation	180,632

Transferred to:	Transferred from:	Amount	Purpose
General	Water	\$ 325,000	General operations
General	Debt Service	214,508	General operations
General	Transportation	123,511	General operations

D. Capital Leases

The District has entered into capital leases for the acquisition of vehicles with a net book value of \$2,318,025. 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
2006	\$ 463,975	84,797	548,772
2007	389,187	68,739	457,926
2008	403,540	54,385	457,925
2009	418,424	39,501	457,925
2010	281,244	24,068	305,312
2011 - 2012	361,655	19,135	380,790
Total	\$ 2,318,025	290,625	2,608,650

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

IV. Detailed Notes on All Funds (continued)

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.

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.

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

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

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>
2006	\$ 1,150,970	452,390	1,603,360
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 to 2015	2,355,000	615,325	2,970,325
2016 to 2017	1,105,000	81,830	1,186,830
Total	<u><u>\$ 8,343,820</u></u>	<u><u>2,818,040</u></u>	<u><u>11,161,860</u></u>

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

Principal payments due	\$ 8,343,820
Capitalized interest on 2001 Capital Appreciation Bonds	641,423
Bonds payable, Statement of Net Assets	<u><u>\$ 8,985,243</u></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	\$ 9,210,000	-	(3,865,000)	5,345,000	345,000
G.O. Capital Appreciation Bonds Payable	3,492,272	147,971	-	3,640,243	970,600
Capital Leases	1,382,437	1,267,735	(332,147)	2,318,025	463,975
Total	<u><u>\$14,084,709</u></u>	<u><u>1,415,706</u></u>	<u><u>(4,197,147)</u></u>	<u><u>11,303,268</u></u>	<u><u>1,779,575</u></u>

**Beaver Creek Metropolitan District
Notes to the Financial Statements
December 31, 2005
(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 for the provision of these personnel. Costs incurred by the District in 2005 for fire protection services were:

Contract fees paid to ERFPD	\$	839,000
Public safety contract with BCRC		265,896
Equipment and operating expense		<u>16,018</u>
Total	\$	<u><u>1,120,914</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, 2004, 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, 2005
(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, 2005
(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, 2004 (the latest audited information available) is as follows:

Upper Eagle Regional Water Authority	
Assets:	
Current	\$ 7,366,350
Other	3,649,788
Property and equipment	91,660,380
Total Assets	<u>\$ 102,676,518</u>
Liabilities and Net Assets:	
Current	\$ 1,678,304
Long-term debt	22,228,272
Net assets	78,769,942
Total Liabilities and Net Assets	<u>\$ 102,676,518</u>
Operations:	
Operating revenue	\$ 6,855,125
Operating expense	6,766,787
Operating income	<u>88,338</u>
Other income	109,088
Other expense	<u>(2,211,665)</u>
Net (loss)	<u>(2,014,239)</u>
Capital contributions	45,020,546
Net Assets - Beginning	35,763,635
Net Assets - Ending	<u>\$ 78,769,942</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 \$347,711 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, 2005
(Continued)**

V. Other Information (continued)

A. Intergovernmental Agreements (continued)

4. Town of Avon Service Agreement

The District entered into a service agreement ("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, 2005, the District paid \$128,760 to Avon in accordance with the Agreement.

B. 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, 2005, amounted to \$61,453, \$327,504 and \$1,867,919, respectively. The District received \$48,941 from VAI during the year for usage of the District's Dial-A-Ride vehicles. The District owed VAI \$87,990 at December 31, 2005.

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

C. 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 consisting of air space and transportation access ("District Unit") in Market Square. The District disputes, in various respects, the obligations under this agreement and has stopped paying certain costs associated with the maintenance and operation of the Association. The Association has initiated legal action against the District and the District is currently in negotiations with the Association to amend or terminate any obligation.

D. TCI Access/Operational Agreement

On February 7, 1996, the District sold its cable television system to Cablevision VI, Inc. dba TCI Cablevision of the Rockies, Inc. ("TCI") for \$1.9 million. Concurrent with the sale of the cable system, the District entered into an Access/Operational Agreement with TCI pursuant to which TCI agreed to operate the system in the District, to upgrade the system to a 78 channel system in the future and to pay the District an ongoing fee of four percent (4%) of TCI's gross revenues from operation of the system. The 4% fee amounted to \$45,428 for the year ended December 31, 2005.

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

V. Other Information (continued)

E. 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.

The District approved a petition from The Vail Corporation to exclude the RiverEdge property from its assessed valuation. The RiverEdge property is excluded from assessed value with the exception of bond indebtedness from the 1989, 1993, and 1995 bond issues. The District has a separate levy on the RiverEdge property, which amounted to \$9,108 in taxes received in 2005 to repay the above indicated bond issues. These bond issues matured and were repaid in full in 2005. As a result, this separate mill levy will be discontinued after 2005.

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 is to make annual payments of \$54,345 over 10 years commencing September 1, 1997 with the final payment on September 1, 2006. As of December 31, 2005, \$54,345 remained outstanding under this agreement.

F. 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.

BCRC also assigned to the District:

- its rights and obligations under certain agreements with the Town of Avon
- a transportation system service agreement with the Vail Corporation d/b/a Vail Associates, Inc. for the operation of the "Dial-A-Ride" transit system,
- miscellaneous other contracts and easements.

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

V. Other Information (continued)

F. Transportation System Service Agreement (continued)

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.

G. Risk Management

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

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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

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

H. 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, 2005.

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, 2005
(With Comparative Actual Amounts for 2004)

	<u>2005</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2004</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Property taxes	2,152,521	2,138,815	(13,706)	2,140,735
Specific ownership taxes	129,151	137,677	8,526	133,681
Interest	25,186	66,100	40,914	24,140
Other	-	3,315	3,315	5,519
Total Revenues	<u>2,306,858</u>	<u>2,345,907</u>	<u>39,049</u>	<u>2,304,075</u>
Expenditures:				
General government	872,504	431,317	441,187	477,678
Public safety	1,176,622	1,132,914	43,708	1,201,282
Public works	1,011,735	964,800	46,935	988,080
Total Expenditures	<u>3,060,861</u>	<u>2,529,031</u>	<u>531,830</u>	<u>2,667,040</u>
(Deficiency) of Revenues Over Expenditures	<u>(754,003)</u>	<u>(183,124)</u>	<u>570,879</u>	<u>(362,965)</u>
Other Financing Sources (Uses):				
Transfer from other fund	572,075	663,019	90,944	560,788
Sale of capital assets	32,805	26,368	(6,437)	37,260
Total Other Financing Sources (Uses)	<u>604,880</u>	<u>689,387</u>	<u>84,507</u>	<u>598,048</u>
Net Change in Fund Balance	(149,123)	506,263	655,386	235,083
Fund Balances - Beginning	<u>1,679,079</u>	<u>1,749,283</u>	<u>70,204</u>	<u>1,514,200</u>
Fund Balances - Ending	<u><u>1,529,956</u></u>	<u><u>2,255,546</u></u>	<u><u>725,590</u></u>	<u><u>1,749,283</u></u>

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

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, 2005
(With Comparative Actual Amounts for 2004)

	<u>2005</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2004</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Property tax	2,574,963	2,558,958	(16,005)	2,560,768
Specific ownership tax	154,498	164,722	10,224	159,911
BCRC contractual reimbursement	1,073,738	942,590	(131,148)	614,140
Interest	450	36,088	35,638	13,659
Other:				
Dial-A-Ride usage fees	30,000	48,941	18,941	43,084
Advertising fees	15,000	20,172	5,172	16,339
Total Revenues	<u>3,848,649</u>	<u>3,771,471</u>	<u>(77,178)</u>	<u>3,407,901</u>
Expenditures:				
Transportation expenses:				
Dial-A-Ride transit system	1,887,615	1,873,020	14,595	1,865,424
Parking lot transit system	1,273,915	1,180,504	93,411	931,997
Other transportation expenses	204,387	256,182	(51,795)	240,060
Debt Service:				
Lease principal	367,992	332,147	35,845	276,509
Lease interest	14,363	49,727	(35,364)	14,363
Capital outlay	1,299,600	1,293,860	5,740	1,117,763
Total Expenditures	<u>5,047,872</u>	<u>4,985,440</u>	<u>62,432</u>	<u>4,446,116</u>
(Deficiency) of Revenues Over Expenditures	<u>(1,199,223)</u>	<u>(1,213,969)</u>	<u>(14,746)</u>	<u>(1,038,215)</u>
Other Financing Sources (Uses):				
Lease proceeds	1,267,735	1,267,735	-	1,147,965
Sale of assets	-	56,506	56,506	-
Transfer (to) General Fund	(81,749)	(123,511)	(41,762)	(96,512)
Total Other Financing Sources (Uses)	<u>1,185,986</u>	<u>1,200,730</u>	<u>14,744</u>	<u>1,051,453</u>
Net Change in Fund Balance	(13,237)	(13,239)	(2)	13,238
Fund Balances - Beginning	<u>313,237</u>	<u>313,238</u>	<u>1</u>	<u>300,000</u>
Fund Balances - Ending	<u>300,000</u>	<u>299,999</u>	<u>(1)</u>	<u>313,238</u>

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

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, 2005
(With Comparative Actual Amounts for 2004)

	2005		Final Budget Variance Positive (Negative)	2004
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	3,985,015	3,960,201	(24,814)	3,959,910
Specific ownership taxes	239,101	254,917	15,816	247,279
Interest	59,775	78,495	18,720	36,158
Bachelor Gulch Exclusion Fees	347,711	347,711	-	249,691
Other	-	1,746	1,746	-
Total Revenues	4,631,602	4,643,070	11,468	4,493,038
Expenditures:				
General government	133,550	120,590	12,960	122,711
Debt service:				
Bond principal	3,865,000	3,865,000	-	3,720,000
Bond interest	377,370	377,370	-	505,920
Total Expenditures	4,375,920	4,362,960	12,960	4,348,631
Excess of Revenues Over Expenditures	255,682	280,110	24,428	144,407
Other Financing Sources (Uses):				
Operating transfers (to) General Fund	(165,325)	(214,508)	(49,183)	(164,276)
Total Other Financing Sources (Uses)	(165,325)	(214,508)	(49,183)	(164,276)
Net Change in Fund Balance	90,357	65,602	(24,755)	(19,869)
Fund Balances - Beginning	132,290	96,350	(35,940)	116,219
Fund Balances - Ending	222,647	161,952	(60,695)	96,350

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

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, 2005
(With Comparative Actual Amounts for 2004)

	<u>2005</u>			<u>Final Budget</u>	<u>2004</u>
	<u>Original</u>	<u>Final</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Amended</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Revenues:					
Interest	46,008	90,000	97,998	7,998	69,643
Other income	-	1,250	1,415	165	27,396
Total Revenues	<u>46,008</u>	<u>91,250</u>	<u>99,413</u>	<u>8,163</u>	<u>97,039</u>
Expenditures:					
Capital outlay	1,982,750	2,227,500	2,031,319	196,181	2,383,762
Total Expenditures	<u>1,982,750</u>	<u>2,227,500</u>	<u>2,031,319</u>	<u>196,181</u>	<u>2,383,762</u>
(Deficiency) of Revenues Over Expenditures	(1,936,742)	(2,136,250)	(1,931,906)	204,344	(2,286,723)
Fund Balances - Beginning	<u>3,067,211</u>	<u>3,608,938</u>	<u>3,608,939</u>	<u>1</u>	<u>5,895,662</u>
Fund Balances - Ending	<u>1,130,469</u>	<u>1,472,688</u>	<u>1,677,033</u>	<u>204,345</u>	<u>3,608,939</u>

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

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, 2005
(With Comparative Actual Amounts for 2004)

	2005			2004	
	Original Budget	Final Amended Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Water usage fees	90,000	94,500	112,787	18,287	108,268
Total Operating Revenues	90,000	94,500	112,787	18,287	108,268
Operating Income	90,000	94,500	112,787	18,287	108,268
Non-operating Revenues (Expenses):					
Tap fees	86,000	86,000	94,102	8,102	156,618
RiverEdge deferred tap fees	54,345	54,345	54,345	-	54,345
Access fee	35,360	44,000	45,428	1,428	40,172
Interest	2,701	9,000	11,994	2,994	4,947
Total Non-operating Revenues (Expenses)	178,406	193,345	205,869	12,524	256,082
Income Before Transfers	268,406	287,845	318,656	30,811	364,350
Operating transfers to General Fund	(325,000)	(325,000)	(325,000)	-	(300,000)
Change in Net Assets	(56,594)	(37,155)	(6,344)	30,811	64,350
Reconciliation to GAAP Basis:					
RiverEdge deferred tap fees			(54,345)		(54,345)
Net Income (Loss) - GAAP Basis			(60,689)		10,005

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

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

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
2006	204,030	805,970	248,360	345,000	452,390	1,150,970
2007	241,592	768,408	233,525	360,000	475,117	1,128,408
2008	278,023	731,977	217,865	375,000	495,888	1,106,977
2009	312,535	692,465	201,365	395,000	513,900	1,087,465
2010	-	-	183,590	410,000	183,590	410,000
2011	-	-	164,935	430,000	164,935	430,000
2012	-	-	145,155	450,000	145,155	450,000
2013	-	-	124,230	470,000	124,230	470,000
2014	-	-	102,140	490,000	102,140	490,000
2015	-	-	78,865	515,000	78,865	515,000
2016	-	-	54,145	540,000	54,145	540,000
2017	-	-	27,685	565,000	27,685	565,000
Totals	<u>1,036,180</u>	<u>2,998,820</u>	<u>1,781,860</u>	<u>5,345,000</u>	<u>2,818,040</u>	<u>8,343,820</u>
			Accreted interest through December 31, 2005			
						<u>641,423</u>
						<u>8,985,243</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		

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.