



GVR METROPOLITAN DISTRICT
Denver County, Colorado

FINANCIAL STATEMENTS
December 31, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the GVR Metropolitan 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, 2004. This is the first year the District has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34). Since this is the initial fiscal year reporting on a government-wide basis, there is no audited previous year comparable data available. In future years when prior-year information is available for all District activities, a comparative analysis of government-wide data will be included in this report.

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$2,439,477. This is an on-going state due to the transfer of capital assets to another local government after construction while the District retains the debt used for construction.
- The deficit in the government's total net assets decreased by \$3,574,573. This decrease can be attributed to the elimination of the Agency Fund, which resulted in funds that had previously been held in the Agency Fund to be recognized as revenues in the General Fund. As well, the decrease can be attributed to tax collections and interest earnings exceeding scheduled debt service payments and operational costs.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$4,689,080, an increase of \$1,477,611 in comparison with the prior year. Of this total amount, \$4,651,041 is available for spending at the government's discretion.

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 are comprised of two components: 1) financial statements; and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Statements

The 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 District's Auditor's Opinion can be found on page 1 of this report. The District's financial statements can be found on pages 5 through 11 of this report.

The Balance Sheet/Statement of Net Assets presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Assets column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. 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 Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net assets changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

**Condensed Statement of Net Assets
For the Year Ending December 31, 2004**

Current and other assets	\$	10,424,937
Capital Assets		1,748,540
Total Assets		<u>12,173,477</u>
Long-term liabilities outstanding		10,425,000
Other liabilities		<u>4,187,954</u>
Total liabilities		<u>14,612,954</u>
Net Assets:		
Restricted		2,085,942
Unrestricted		<u>(4,525,419)</u>
Total Net Assets	\$	<u><u>(2,439,477)</u></u>

The restricted portion of the net assets represents cash and cash equivalents reserved for emergencies in the General Fund, for the repayment of debt in the Debt Service Fund and for Conservation Trust Funds. The deficit in the unrestricted portion is attributable to long term debt issued to construct capital assets belonging to another local government. The long term debt is to be repaid through the levying of property tax during the life of the bonds. Notes to the financial statements provide additional information on the transfer of capital assets and long term debt.

**Condensed Statements of Activities
And Changes in Net Assets
For the Year Ended December 31, 2004**

Revenues:		
General Revenues		
Taxes & System Development Fees	\$	4,514,307
Interest Earnings & Other Income		<u>802,152</u>
Total Revenues		<u>5,376,459</u>
Expenses:		
General Government & Programs		1,189,453
Debt Service		<u>612,393</u>
Total Expenses		<u>1,801,886</u>
Change in Net Assets		3,574,573
Net Assets – Beginning of Year		<u>(6,014,050)</u>
Net Assets – End of Year	\$	<u><u>(2,439,477)</u></u>

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities and Changes in Net Assets provides answers concerning the nature and source of these changes. As can be seen by the table above, the deficit in net assets decreased by \$3,574,573 to \$(2,439,477) in 2004.

Notes to the Financial Statements: Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 through 25 of this report.

General Fund Budgetary Highlights

Expenditures and revenues were as budgeted during 2004. The only significant variances were higher System Development Fees with the deposit of Agency Funds into the General Fund; investment income rates higher than anticipated; and lower specific ownership taxes received. The budgeted emergency and contingency funds were not required to be used. This resulted in an excess of revenues over expenditures of \$2,193,231 before the transfer out of \$638,000 to the Debt Service Fund and \$77,618 to the Recreation Program Fund. After the transfer out, the General Fund had an excess of revenues over expenditures and other uses of funds of \$1,477,613.

Capital Assets and Debt Administration

Capital assets: The District's investment in capital assets as of December 31, 2004 amounts to \$1,748,540 (net of accumulated depreciation). The major assets owned by the District are common areas. The District owns one building, the Administration Building, which is located within the District. All other capital assets were transferred to another local government after completion. Additional information on the District's capital assets can be found in Note 4.

Long-term debt: At the end of the current fiscal year, the District had total debt outstanding of \$10,925,000. All of this debt is backed by the full faith and credit of the District. The District issued General Obligation Refunding Bonds dated December 15, 1999, which includes serial and term bonds. Additional information on the District's long-term debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

Economic trends in the region compare favorably to national indices. The assessed valuation of the District has remained stable, with increases resulting from continued residential development. Property tax remains the primary source of revenue for the District. There was no change in the General Fund mill levy or the Debt Service mill levy between the 2004 and 2005 budgets. The 2005 Budget was adopted December 8, 2004. There was no change in service levels in the 2005 Budget as adopted.

Requests 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 District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, GVR Metropolitan District, 18650 East 45th Avenue, Denver, Colorado 80249.

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DICK MASON
RAY RUSSELL, JR.

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTING SERVICES

Report of Independent Certified Public Accountants

To the Board of Directors
GVR Metropolitan District

We have audited the general-purpose financial statements of GVR Metropolitan District as of December 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with the Colorado Local Government Audit Law. 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 financial position of GVR Metropolitan District as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages i-iii 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 inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

As described in Note 1 to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments as of January 1, 2004. This results in a change in the format and content of the basic financial statements of the District.

We were not engaged to examine the secondary market financial information included on pages thirty-nine through forty-one and, accordingly, we do not express an opinion thereon.

Mason Russell West, LLC

Littleton, Colorado
July 13, 2005



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GENERAL PURPOSE FINANCIAL STATEMENTS

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GVR METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
December 31, 2004

	Governmental Activities
ASSETS	
Current Assets:	
Cash Deposits and Investments (Note 3)	\$ 8,256,688
Receivable From County Treasurer	14,057
Accounts Receivable	18,489
Property Taxes Receivable	2,126,390
Prepaid Expense	9,313
Total Current Assets	10,424,937
CAPITAL ASSETS	
Depreciable Capital Assets, Net (Note 4)	1,748,540
Total Assets	12,173,477
LIABILITIES	
Current Liabilities:	
Accounts Payable	61,564
Amount Available for Approval	1,400,000
Deferred Property Tax Revenue	2,126,390
Other Deferred Revenue	100,000
Bonds Payable, Current (Note 5)	500,000
Total Current Liabilities	4,187,954
LONG TERM LIABILITIES	
Bonds Payable (Note 5)	10,425,000
Total Liabilities	14,612,954
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	
Restricted for:	
Debt Service	1,959,605
Conservation Trust Fund	88,298
Emergency Reserve	38,039
Unrestricted	(4,525,419)
Total Net Assets	\$ (2,439,477)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GVR METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004**

		Program Revenue		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Primary Government				
General Government	\$ 1,057,885	\$ 2,318,947	\$	\$ 546,343
Recreation Programs	131,609	103,649		
Interest	612,393			
Total Governmental Activities	\$ 1,801,887	\$ 2,422,596	\$	\$ 546,343
General Revenues				
Property Taxes				
Specific Ownership Taxes				
Litigation Settlement				
Investment Incomes				
Others				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year – Restated				
Net Assets End of Year				

GVR METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2004

Net (Expense) Revenues and Changes in Net Assets	Governmental Activities
\$	1,807,405
	(27,960)
	(612,393)
\$	1,167,052
	2,016,657
	178,703
	100,000
	111,380
	780
	2,407,520
	3,574,572
	(6,014,049)
\$	(2,439,477)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GVR METROPOLITAN DISTRICT
COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2004**

	<u>Governmental Fund Types</u>			<u>2004</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
ASSETS				
Cash and Investments	\$ 6,224,133	\$ 1,959,296	\$ 73,259	\$ 8,256,688
Receivable from County Treasurer	13,748	309		14,057
Property taxes receivable	658,084	1,468,306		2,126,390
Accounts Receivable (net)	500		17,989	18,489
Prepaid Expense	9,313			9,313
TOTAL ASSETS	<u>6,905,778</u>	<u>3,427,911</u>	<u>91,248</u>	<u>10,424,937</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable	58,614		2,950	61,564
Amount Available for Approval	1,400,000			1,400,000
Deferred Property Tax Revenue	658,084	1,468,306		2,126,390
Other Deferred Revenue	100,000			100,000
Total Liabilities	<u>2,216,698</u>	<u>1,468,306</u>	<u>2,950</u>	<u>3,687,954</u>
EQUITY				
Reserved for Debt Service		1,959,605		1,959,605
Reserved for Conservation Trust Fund			88,298	88,298
Emergency Reserve	38,039			38,039
Unreserved – Undesignated	4,651,041			4,651,041
Total Equity	<u>4,689,080</u>	<u>1,959,605</u>	<u>88,298</u>	<u>6,736,983</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 6,905,778</u>	<u>\$ 3,427,911</u>	<u>\$ 91,248</u>	<u>\$ 10,424,937</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GVR METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2004**

Total Governmental Fund Balances	\$	6,736,983
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense:</p>		
Cost of capital assets	\$	1,809,636
Less accumulated depreciation	\$	<u>(61,096)</u>
		1,748,540
<p>Liabilities, including amounts for retirement of assets are not due in the current period and therefore are not reported in the governmental fund:</p>		
Bonds Payable		<u>(10,925,000)</u>
Net Assets of Governmental Activities	\$	<u><u>(2,439,477)</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

GVR METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENT FUND TYPES
December 31, 2004

	<u>Governmental Fund Types</u>			<u>2004</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
REVENUES				
System Development Fees	\$ 2,318,947	\$	\$	\$ 2,318,947
Property Taxes	624,123	1,392,534		2,016,657
Specific Ownership Taxes	178,703			178,703
Net Investment Income	107,048	3,506	826	111,380
Litigation Settlement	100,000			100,000
Other Income	778		2	780
Youth Program Fees			45,742	45,742
Lottery Proceeds			57,907	57,907
Total Revenues	<u>3,329,599</u>	<u>1,396,040</u>	<u>104,477</u>	<u>4,830,116</u>
EXPENDITURES				
Current				
Personal Services	236,991		93,900	330,891
Professional Services	154,976			154,976
County Treasurer's Fees & Election Costs	9,260	13,960		23,220
Community Center Operations	122,411		1,719	124,130
Landscape Contract Services	124,900			124,900
Landscape Maintenance & Improvement	60,812		6,523	67,335
Landscape Utility Service	20,095			20,095
Recreation Program	80		29,467	29,547
Debt Service	588	1,092,393		1,092,981
Capital Outlay	119,072			119,072
Distribution to the City	287,185			287,185
Total Expenditures	<u>1,136,370</u>	<u>1,106,353</u>	<u>131,609</u>	<u>2,374,332</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,193,229</u>	<u>289,687</u>	<u>(27,132)</u>	<u>2,455,784</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>(715,618)</u>	<u>638,000</u>	<u>77,618</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(715,618)</u>	<u>638,000</u>	<u>77,618</u>	<u>0</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	1,477,611	927,687	50,486	2,455,784
FUND BALANCE – BEGINNING OF YEAR	<u>3,211,469</u>	<u>1,031,918</u>	<u>37,812</u>	<u>4,281,199</u>
FUND BALANCE – END OF YEAR	<u>\$ 4,689,080</u>	<u>\$ 1,959,605</u>	<u>\$ 88,298</u>	<u>\$ 6,736,983</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

GVR METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
December 31, 2004

Net Changes in Fund Balances – Total Governmental Funds	\$	2,455,784
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 Capital outlays is capitalized and the assets allocated over Their useful lives as depreciation expense. This is the Difference between depreciation expense and capital outlay In the current period:		
Capital outlay	\$ 665,415	
Depreciation expense	<u>(26,627)</u>	638,788
Elimination of transfers between governmental funds:		
Transfers In	\$ 715,618	
Transfers Out	<u>(715,618)</u>	0
Repayment of long-term bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
		<u>480,000</u>
Change in Net Assets of Governmental Activities	\$	<u>3,574,572</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in the northeastern portion of the City and County of Denver, Colorado (Denver). The District was established to provide financing for construction of streets, water, sanitation, traffic and safety control and parks and recreational improvements. Upon completion of construction, the projects are conveyed to Denver or the Denver Water Department. The District maintains landscape improvements consisting primarily of common areas (open public spaces comprised of both natural vegetation and landscaped areas). The District owns a community/administration building and operates a Youth Recreation Program.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including the City and County of Denver.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities.

The government-wide financial statements report information for the District as a whole. Individual funds are not displayed at this financial reporting level.

The statement of net assets presents the financial position of the governmental activities of the District.

The statement of activities presents a comparison between direct expenses and/or each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. The determining factor for identifying the related revenue for *charges for services* is which function *generates* the revenue, and for *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements are designed to present financial information of the District at a more detailed level. Fund financial statements are provided for the District's governmental funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District has only governmental fund types.

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. Fund types and account groups used by the District are described below.

Governmental Fund Types

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to Account for all financial resources except those required to be accounted for in other funds.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District has two Special Revenue funds – Youth Program Fund and Conservation Trust Fund.

Fiduciary Fund Type

Agency Fund – The Agency Fund was eliminated by the Board of Directors effective for 2004. Deposits received were recorded as System Development revenues in the General Fund.

The following is a summary of the changes in assets and liabilities of the Agency Fund for the year ended December 31, 2004:

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
ASSETS				
Cash and investments	\$ 3,046,847		\$ 3,046,847	\$ 0
Accounts receivable	0		0	0
	<u>\$ 3,046,847</u>	<u>\$ 0</u>	<u>\$ 3,046,847</u>	<u>\$ 0</u>
LIABILITIES AND EQUITY				
Amount available For Approval	\$ 3,046,847	\$ 0	\$ 3,046,847	\$ 0

Account Groups

General Fixed Assets Account Group – This group of accounts is established to account for recorded fixed assets of the District.

General Long-Term Obligation Account Group – This group of accounts is established to account for all long-term obligations of the District.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities reports revenues and expenses.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Property

Property is stated at cost except for those assets contributed which are stated at estimated fair value at the date of contribution or at the developer's cost. Depreciation is computed using the straight-line method over the useful life of the asset. Interest incurred during construction is not capitalized on capital assets.

Historically the District did not record infrastructure (i.e. roads, bridges, medians, etc.). Effective January 1, 2004, the District will proactively record additions to infrastructure at cost and depreciate the asset over its estimated useful life. The District's capitalization threshold is \$5,000 and a useful life of more than one year.

Interfund Activity

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity (Continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers were made to finance capital expenditures. Transfers between funds reported in the governmental activities column are eliminated.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirement. The budget includes each fund on its basis of accounting unless otherwise indicated.

During the year ended December 31, 2004, there were no supplementary appropriations approved by the District.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

Pooled Cash

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Net investment income is allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, net of estimated uncollectible taxes, are levied in December for the next calendar year's operations, and recorded as taxes receivable and deferred revenue. The deferred property tax revenue is recorded as revenue in the year they are available or collected.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Generally, fund balance represents the difference between the current assets and current liabilities. The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of the fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services. Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The reserved for debt service represents amounts accumulated by the District for payment of general obligation bond principal, interest and related costs.

The reserved for Conservation Trust Fund represents unspent proceeds from the State lottery restricted for recreation capital and maintenance purposes.

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$33,814 of the General Fund fund balance has been reserved in compliance with this requirement.

Changes in Accounting Principal and Restatement of Equity Balances

For 2004, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments: Omnibus ", and GASB Statement No. 38, "Certain Financial Statement Note Disclosures."

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principal and Restatement of Equity Balances (Continued)

GASB Statement No. 34 creates new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in a single column.

The beginning net asset amount for District reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

The following restatements, as a result of implementing GASB Statement No. 34, had the following effects on the December 31, 2003 equity, as restated above, of the major and non-major funds of the District as they were previously reported:

All Governmental Funds

Adjusted Fund Balance, December 31, 2003		\$ 4,281,199
GASB Statement No. 34 Adjustments:		
Capital Assets, net of accumulated depreciation		1,109,750
Bonds Payable		<u>(11,405,000)</u>
Governmental Activities Net Assets, December 31, 2003		<u>\$ (6,014,049)</u>

NOTE 3 – CASH AND INVESTMENTS

Cash 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. 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 report of the uninsured deposits and assets maintained in the collateral pools.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (Continued)

At December 31, 2004, the District’s cash deposits had a bank balance and a carrying balance as follows:

	Bank Balance	Carrying Balance
Insured Deposits	\$ 128,377	\$ 116,571

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments 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 funds
- . Guaranteed investment contracts
- . Local government investment pools

Investments are recorded at fair value. Investments in local government investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form.

COLOTRUST

As of December 31, 2004, the District had invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust officers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian’s internal records segregate investments owned by the Trust. As of December 31, 2004, the District had \$18,717 invested in COLOTRUST PRIME and \$8,120,901 invested in COLOTRUST PLUS+.

Total cash and investment amounted to \$8,256,688 as of December 31, 2004.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in property and equipment for the year ended December 31, 2004 follows:

<u>By Classification</u>	<u>Balance December 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Non-Depreciable				
Land	\$ 18,713	\$	\$	\$ 18,713
Construction in Progress		32,043		32,043
Medians and ponds - Landscaping	776,674	547,692		1,324,366
Total Non-Depreciable	<u>795,387</u>	<u>579,735</u>		<u>1,375,122</u>
Depreciable				
Community Center	255,675			255,675
Equipment	11,848	12,630		24,478
Vehicles	81,312	73,049		154,361
Total Depreciable	<u>348,835</u>	<u>85,679</u>		<u>434,514</u>
Less Accumulated Depreciation				
General Fund	(34,469)	(26,627)		(61,096)
Net Depreciable	<u>314,366</u>	<u>59,052</u>		<u>373,418</u>
Net	<u>\$ 1,109,753</u>	<u>\$ 638,787</u>	<u>\$</u>	<u>\$ 1,748,540</u>

Landscaping improvements received from the Master Homeowners Association and Developer have been valued at estimated replacement costs at the time of the sale or transfer of property.

All other improvements constructed by the District or for benefit of the District have been conveyed to Denver or to Homeowner Sub-Associations.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in general long-term obligations for the year ended December 31, 2004:

	<u>Balance December 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>	<u>Amount Due in One Year</u>
1999 G.O. Refunding Bonds	\$ 11,405,000	\$	\$480,000	\$ 10,925,000	\$ 500,000

The District's long-term obligations will mature as follows:

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 500,000	\$ 590,073	\$ 1,090,073
2006	525,000	566,323	1,091,323
2007	550,000	540,860	1,090,860
2008	580,000	513,910	1,093,910
2009	600,000	484,620	1,084,620
2010-2014	3,540,000	1,917,467	5,457,467
2015-2019	4,630,000	827,999	5,457,999
	<u>\$ 10,925,000</u>	<u>\$ 5,441,252</u>	<u>\$ 16,366,252</u>

The detail of the District's long-term debt is as follows:

General Obligation Refunding Bonds, Series 1999, dated December 15, 1999, include serial bonds in the original amount of \$7,005,000 due annually through 2012; with interest rates from 4.05% through 5.30% payable semiannually on June 1 and December 1 and term bonds in the original amounts of \$1,530,000 and \$4,630,000 due December 1, 2014 and December 1, 2019 respectively, at 5.375% and 5.750%, respectively. Such term bonds are subject to mandatory redemption. The bonds maturing on or before December 1, 2009 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2010 are subject to redemption prior to maturity at the option of the District on December 1, 2009, or on any date thereafter, with no redemption premium. The principal and interest of these bonds are insured as to repayment by Ambac Assurance Corporation.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 5 –LONG-TERM OBLIGATIONS (CONTINUED)

In addition to the above bond issue, other bonds previously issued by the District have been defeased (debt legally satisfied) by the issuance of refunding bonds. Sufficient funds were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due. The detail of the District’s defeased bonds outstanding at December 31, 2004 are as follows:

Obligation	Redeemable	Principal
G.O. Bonds, Series 1991	December 1, 2006	\$ 1,385,000
G.O. Bonds, Series 1995B	December 1, 2006	730,000
		\$ 2,115,000

On October 11, 1983, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not-to-exceed \$31,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2004, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Purpose	Unissued Indebtedness
Streets	\$ 9,365,511
Water	2,504,489
Safety	620,000
Parks and recreation	3,720,000
	\$ 16,210,000

The continued validity of the remaining debt authorization may be an issue as a result of Article X, Section 20 of the Constitution of the State of Colorado.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is one of approximately 644 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2003. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official’s liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to \$30,000,000 and liability coverage for claims up to \$1,000,000. Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000 (\$100,000 Pool and \$100,000 District). The District is responsible for all claims in excess of \$200,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 6 – RISK MANAGEMENT (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 the most current information available of audited financial information for the Pool as of and for the year ended December 31, 2003 is as follows:

Assets	\$	<u>8,505,173</u>
Liabilities		4,270,246
Capital and surplus		<u>4,234,927</u>
		<u>8,505,173</u>
Revenue		5,005,714
Underwriting expenses		<u>4,251,606</u>
Underwriting gain		754,108
Other income		88,476
Dividend		
Net income	\$	<u>842,584</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims as of December 31, 2003.

The District continues to carry commercial insurance coverage for other risks of loss including workers compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 – ECONOMIC DEPENDENCE

The majority of the system development charges collected in 2004 were collected from the current major builder/developer within the District, Oakwood Homes, LLC (Developer).

Developer-related entities represent approximately 5% of the District’s 2002 assessed valuation. Additionally, the owners of the apartment complexes represent approximately 7% of the District’s assessed valuation.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 8 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary for benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On May 2, 2000, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR. The election question reads as follows:

“Shall GVR Metropolitan District taxes be increased \$178,100 annually, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of 5.000 mills, commencing January 1, 2000, and continuing thereafter, for general operation purposes, resulting in a total District mill levy rate exclusive of debt service obligations, refunds or abatements, not to exceed 8.344 mills; and shall the District be authorized to collect, retain and spend all tax revenue collected from such property tax rate of 8.344 mills, and all other revenue received for any source commencing January 1, 2000, and continuing thereafter, as a voter approved revenue change, offset and exception to the limit which would otherwise apply under TABOR (Article X, Section 20 of the Colorado Constitution) or any other law and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.?”

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2004**

NOTE 9 – AGREEMENTS

Infrastructure Construction and SDF Credit Agreement

On July 8, 1997, the District and Developer entered into an Infrastructure Construction and SDF Credit Agreement whereby the Developer may construct various water and sewer lines, drainage improvements and streets and related public improvements. In exchange, after authorization of construction of specific public improvements through the annual work plan approval process established by the SDF Credit Agreement, the District recognizes credits that the Developer can use to obtain reimbursement of costs from collected system development fees (SDF). Reimbursements shall not exceed the Developer's actual construction costs, including reasonable design, inspection and overhead costs, as approved by the District in its sole discretion. Reimbursements on the basis of SDF credits are awarded only after the public improvements have been accepted by the appropriate agency or department of the City and County of Denver and documentation of construction, and other costs, has been approved by the District. SDF credits cannot be utilized on an annual basis until the District has collected \$150,000 of SDF fees. According to the terms of the SDF Credit Agreement, SDF credits are available for fifteen years from the date of the Agreement and any not used prior to such time shall expire automatically.

Water Capacity Participation Agreement

The District entered into a participation agreement with Denver Water Department (Denver) on September 25, 1998, whereby Denver made available to the District and others in the general area, 1,820 equivalent water taps in Conduit 74, Phases IVA and IVB. Denver collects a \$1,289 surcharge from the builders when they purchase a Denver water tap utilizing Conduit 74 Phase IVA and/or Phase IVB water. If, after 15 years, all 1820 taps have not been purchased by the District or others, the District shall purchase the then remaining taps at the then current tap charge. However, as of December 31, 2004, none of these taps are remaining.

Intergovernmental Settlement Agreement

The District entered into a settlement agreement with Ebert Metropolitan District (Ebert) on February 10, 1999, whereby Ebert will reimburse the District \$900,000 for a portion of costs incurred by the District constructing Shared Improvements. Until such time as the Shared Improvements Allocation has been paid in full to the District, Ebert shall assign to the District system development fee revenue in the amount of \$500 per unit. Ebert has pledged minimum payments of \$100,000 per year to the District. As of December 31, 2004, the District has been reimbursed \$800,000 under the term of this agreement. As of March 31, 2005, the District has been reimbursed \$900,000 under the terms of this agreement.

This information is an integral part of the accompanying financial statements.

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REQUIRED SUPPLEMENTAL INFORMATION

GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
Year Ended December 31, 2004

	General Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
System Development Fees	\$ 150,000	\$ 2,318,947	\$ 2,168,947
Property Taxes	631,955	624,123	(7,832)
Specific Ownership Taxes	203,310	178,703	(24,607)
Net Investment Income	48,300	107,048	58,748
Litigation Settlement	100,000	100,000	
Other Income		778	778
Total Revenues	<u>1,133,565</u>	<u>3,329,599</u>	<u>2,196,034</u>
EXPENDITURES			
Current			
Personal Services	320,302	236,991	83,311
Professional Services	180,000	154,976	25,024
County Treasurer's Fees & Election Costs	6,300	9,260	(2,960)
Community Center Operations	338,140	122,411	215,729
Landscape Contract Services	162,258	124,900	37,358
Landscape Maintenance & Improvement	174,413	60,812	113,601
Landscape Utility Service	73,000	20,095	52,905
Youth Program		80	(80)
Debt Service		588	(588)
Capital Outlay		119,072	(119,072)
Distribution to the City	30,000	287,185	(257,185)
Total Expenditures	<u>1,284,413</u>	<u>1,136,370</u>	<u>(148,043)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(150,848)</u>	<u>2,193,229</u>	<u>2,344,077</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In (Out)	<u>(114,436)</u>	<u>(715,618)</u>	<u>(601,182)</u>
Total Other Financing Sources (Uses)	<u>(114,436)</u>	<u>(715,618)</u>	<u>(601,182)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(265,284)</u>	<u>1,477,611</u>	<u>1,742,895</u>
FUND BALANCE – BEGINNING OF YEAR	<u>3,220,597</u>	<u>3,211,469</u>	<u>(9,128)</u>
FUND BALANCE – END OR YEAR	<u>\$ 2,955,313</u>	<u>\$ 4,689,080</u>	<u>\$ 1,733,767</u>

GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
Year Ended December 31, 2004

	Debt Service Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Taxes	\$ 1,401,147	\$ 1,392,534	\$ (8,613)
Investment Income	16,100	3,506	(12,594)
Total Revenues	<u>1,417,247</u>	<u>1,396,040</u>	<u>(21,207)</u>
EXPENDITURES			
Current			
County Treasurer's Fees	14,000	13,960	40
Paying Agent Fees	1,000		1,000
Bond Principal	480,000	480,000	
Bond Interest	612,393	612,393	
Debt Service			
Contingency	2,607		2,607
Total Expenditures	<u>1,110,000</u>	<u>1,106,353</u>	<u>3,647</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>307,247</u>	<u>289,687</u>	<u>(17,560)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In (Out)		638,000	638,000
Total Other Financing Sources (Uses)		<u>638,000</u>	<u>638,000</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	307,247	927,687	620,440
FUND BALANCE – BEGINNING OF YEAR	<u>1,075,309</u>	<u>1,031,918</u>	<u>(43,391)</u>
FUND BALANCE – END OR YEAR	<u>\$ 1,382,556</u>	<u>\$ 1,959,605</u>	<u>\$ 577,051</u>

OTHER SUPPLEMENTARY INFORMATION

**GVR METROPOLITAN DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2004**

	Recreation Program Fund	Conservation Trust Fund	Totals 2004
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 2,950	\$ 70,309	\$ 73,259
Accounts Receivable (net)		17,989	17,989
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	2,950		2,950
Total Liabilities	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE			
Reserved		88,298	88,298
Total Fund Balance	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>

**GVR METROPOLITAN DISTRICT
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2004**

	<u>Recreation Program Fund</u>	<u>Conservation Trust Fund</u>	<u>Totals 2004</u>
REVENUE			
Net investment income	\$ 5	\$ 821	\$ 826
Recreation program fees	45,742		45,742
Other Income	2		2
Lottery proceeds		57,907	57,907
Total Revenue	<u>45,749</u>	<u>58,728</u>	<u>104,477</u>
EXPENDITURES			
Personal Services	93,900		93,900
Community Center Operations		1,719	1,719
Landscape Maintenance & Improvements		6,523	6,523
Recreation Programs	29,467		29,467
Capital Outlay			
Total expenditures	<u>123,367</u>	<u>8,242</u>	<u>131,609</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(77,618)	50,487	(27,132)
OTHER FINANCING SOURCES			
Operating Transfers In	<u>77,618</u>		<u>77,618</u>
Total other financing sources	<u>77,618</u>		<u>77,618</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		50,486	50,486
FUND BALANCE – BEGINNING OF YEAR		<u>37,812</u>	<u>37,812</u>
FUND BALANCE – END OF YEAR	\$ <u> </u>	\$ <u>88,298</u>	\$ <u>88,298</u>

GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – RECREATION PROGRAM FUND
Year Ended December 31, 2004

	Recreation Program Fund		
	Original and Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Net investment income	\$ 36	\$ 5	\$ (31)
Recreation Program fees	131,625	45,742	(85,883)
Other Income	10,000	2	(9,998)
Total Revenue	<u>141,661</u>	<u>45,749</u>	<u>(95,912)</u>
EXPENDITURES			
Personal Services	129,274	93,900	35,374
Community Center Operations	2,700		2,700
Recreation Programs	124,123	19,467	94,656
Capital Outlay			
Total expenditures	<u>256,097</u>	<u>123,367</u>	<u>132,730</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(114,436)</u>	<u>(77,618)</u>	<u>36,818</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	114,436	77,618	(36,818)
Total other financing sources (uses)	<u>114,436</u>	<u>77,618</u>	<u>(36,818)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			
FUND BALANCE – BEGINNING OF YEAR	_____	_____	_____
FUND BALANCE – END OF YEAR	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSERVATION TRUST FUND
Year Ended December 31, 2004

	Conservation Trust Fund		
	Original and Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Net investment income	\$ 700	\$ 821	\$ 121
Grants	35,000		(35,000)
Lottery Proceeds	100,000	57,907	(42,093)
Total Revenue	<u>135,700</u>	<u>58,728</u>	<u>(76,972)</u>
EXPENDITURES			
Community Center Operations		1,719	(1,718)
Landscape Maintenance and Improvements	100,000	6,523	93,477
Contingency	50,000		50,000
Total expenditures	<u>150,000</u>	<u>8,422</u>	<u>141,758</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(14,300)</u>	<u>50,486</u>	<u>64,786</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In			
Total other financing sources (uses)			
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			
FUND BALANCE – BEGINNING OF YEAR	<u>47,528</u>	<u>37,812</u>	<u>(9,716)</u>
FUND BALANCE – END OF YEAR	<u>\$ 33,228</u>	<u>\$ 88,298</u>	<u>\$ 55,070</u>

**GVR METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2004**

Maturing in the Year Ending December 31,	\$13,165,000 General Obligation Refunding Bonds, Series 1999, Dated December 15, 1999 Interest Rate from 4.05% to 5.75% Due June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2005	\$ 500,000	\$ 590,073	\$ 1,090,073
2006	525,000	566,323	1,091,323
2007	550,000	540,860	1,090,860
2008	580,000	513,910	1,093,910
2009	600,000	484,620	1,084,620
2010	640,000	454,020	1,094,020
2011	665,000	420,740	1,085,740
2012	705,000	385,827	1,090,827
2013	745,000	348,462	1,093,462
2014	785,000	308,418	1,093,418
2015	825,000	266,225	1,091,225
2016	875,000	218,787	1,093,787
2017	925,000	168,475	1,093,475
2018	975,000	115,287	1,090,287
2019	1,030,000	59,225	1,089,225
2020	-	-	-
	\$ 10,925,000	\$ 5,441,252	\$ 16,366,252

**GVR METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2004**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation For Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2000	\$ 35,612,230	3.043	(A) 31.200	\$ 1,219,470	\$ 1,225,948	100.53%
2001	\$ 40,854,620	7.349	(B) 27.195	\$ 1,411,282	\$ 1,399,109	99.14%
2002	\$ 56,643,200	8.344	21.927	\$ 1,714,646	\$ 1,715,382	100.04%
2003	\$ 67,561,550	8.344	21.927	\$ 2,045,156	\$ 1,978,354	96.73%
2004	\$ 75,737,600	8.344	18.617	\$ 2,041,963	\$ 2,016,657	98.76%
Estimated for the year ending December 31, 2005	\$ 78,869,080	8.344	18.617	\$ 2,126,389		

NOTE:

Property taxes collected in any one year included collection of delinquent property taxes assessed in prior years.

Information received from the County Treasurer does not permit identification of specific year of assessment.

(A) Includes a temporary mill levy reduction of .301 mills.

(B) Increase approved by the District's voters on May 2, 2000 election (see Note 8).

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CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION

**GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
December 31, 2004**

AD VALOREM PROPERTY TAX DATA

A five year history of the District's assessed valuation and mill levies is set forth in the following Chart:

HISTORY OF ASSESSED VALUATION IN THE DISTRICT

Levy Year/ Collection Year	Assessed Valuation	Percent Increase (Decrease)	Total Mill Levy
2000/2001	\$ 40,854,620	14.72 %	34.544 (A)
2001/2002	\$ 56,643,200	38.65 %	30.271 (B)
2002/2003	\$ 67,561,550	19.28 %	30.271
2003/2004	\$ 75,737,660	12.10 %	26.961
2004/2005	\$ 78,869,080	14.93 %	26.961

(A) Includes a voter approved increase in general operations of 4.005 mills.

(B) Includes a voter approved increase in general operations of .995 mills.

The following table sets forth the 2004 assessed valuation of specific classes of property within the District:

ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

Class	2003 Assessed Valuation	Percent of 2003 Assessed Valuation
Residential	\$ 67,377,190	88.96 %
Vacant	7,098,240	9.37 %
Commercial	1,032,430	1.36 %
State assessed	229,800	.31 %
Total	\$ 75,737,660	100.00 %

**GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)
December 31, 2004**

LARGEST DISTRICT TAXPAYERS

The following table presents the taxpayers within the District owning in excess of 0.10% of the District's assessed valuation, as of the District's 2004 certified assessed valuation. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have aggregate assessed value in excess of those set forth in the following table. Furthermore, the taxpayers shown in the table may own additional parcels within the District not included herein.

No independent investigation has been made of the following taxpayer listing, and consequently, there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers, based on the assessed valuation of their property, in the District:

<u>Taxpayers</u>	<u>2004 Assessed Valuation</u>	<u>Percent of Total</u>
Tower 48 Associates II LP	\$ 1,341,070	1.85 %
Tower 48 Associates I LP	1,184,080	1.64 %
Orchard Crossing III LP	1,064,930	1.47 %
Brown Triangle LLC	638,000	0.88 %
C & H Ranch Company LLC	630,710	0.87 %
Oakwood Homes LTD	404,650	0.56 %
Green Valley Ranch Shoppett LLC	339,740	0.47 %
Green Valley Ranch Self Storage LLC	241,600	0.34 %
HUD	164,580	0.23 %
Hernandez, Rigoberto	115,260	0.16 %
Chang, Bunwoo Bertran	97,430	0.14 %
Total	\$ <u>6,222,050</u>	<u>8.58 %</u>

Percentages are based upon the District's 2004 assessed valuation of \$72,535,300.

GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)
December 31, 2004

SELECTED DEBT RATIOS

The following table sets forth ratios of direct debt of the District and overlapping debt within the District (only for those entities which currently pay their general obligation debt through a mill levy assessed against property within the District) to assessed valuation and statutory actual value of the District:

Direct debt	\$ 10,925,000	
Overlapping debt	6,780,857	(1)
Total direct debt and overlapping debt	<u>\$ 17,705,857</u>	
2004 District assessed valuation	\$ 78,869,080	
Direct debt to 2004 assessed valuation	13.85 %	
Direct debt plus overlapping debt to 2004 assessed valuation	22.45 %	
2004 District statutory actual value	\$ 940,420,025	(2)
Direct debt to 2004 statutory actual value	1.16 %	
Direct debt plus overlapping debt to 2004 statutory actual value	1.88 %	

- (1) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt.
- (2) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.96% of the statutory “actual” value of residential property in the District and 29% of the statutory “actual” value of other property within the District (with certain specified exceptions). Statutory “actual” value is not intended to represent market value.