



GVR METROPOLITAN DISTRICT
Denver County, Colorado

FINANCIAL STATEMENTS
December 31, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the GVR Metropolitan District offers 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, 2009.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5,255,139. The assets may appear to be understated due to the transfer of capital assets to another local government after construction while the District retains the debt used for construction.
- There was a reduction in the government's total net assets of \$107,175. This decrease can be attributed to the termination of the community center project.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$3,417,151, a decrease of \$3,347,894 in comparison with the prior year. Of this total amount, \$3,346,014 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 financial statements. The District's 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 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 focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities 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, 2009**

	2009	2008
Current and other assets	\$ 5,439,754	10,027,221
Capital Assets	5,714,091	6,909,830
Total Assets	<u>11,153,845</u>	<u>16,937,051</u>
Long-term liabilities outstanding	4,398,859	8,170,000
Other liabilities	1,499,847	3,404,737
Total liabilities	<u>5,898,706</u>	<u>11,574,737</u>
Net Assets:		
Invested in Capital	1,315,232	(1,860,170)
Restricted	512,175	531,757
Unrestricted	3,427,732	6,690,727
Total Net Assets	<u>\$ 5,255,139</u>	<u>5,362,314</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 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, 2009**

	2009	2008
Revenues:		
General Revenues		
Taxes & System Development Fees	\$ 2,951,260	\$ 2,720,734
Interest Earnings & Other Income	189,593	3,704,710
Total Revenues	<u>3,140,853</u>	<u>6,425,444</u>
Expenses:		
General Government & Programs	2,733,130	1,850,639
Debt Service	514,898	513,910
Total Expenses	<u>3,248,028</u>	<u>2,364,549</u>
Change in Net Assets	(107,175)	4,060,895
Net Assets – Beginning of Year	5,362,314	1,301,419
Net Assets – End of Year	<u>\$ 5,255,139</u>	<u>\$ 5,362,314</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. It is shown in the table above that the net assets decreased by \$107,175 to \$5,255,139 in 2009.

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 24 of this report.

General Fund Budgetary Highlights

Expenditures and revenues were received and spent as budgeted during 2009. In 2009, investment income rates were lower than anticipated. The District and the Master Homeowners Association for Green Valley Ranch terminated the contractual arrangement to perform covenant enforcement services. The District terminated the construction for the proposed community center project. The budgeted emergency and contingency funds were not required to be used. These changes resulted in an excess of expenditures over revenue of \$244,355 before the transfer out of \$55,101 to the Community Program Fund and a transfer out of \$3,048,438 to the Debt Service Fund. After the transfers out, the General Fund had an excess of expenditures over revenues and other uses of funds of \$3,347,894.

Capital Assets and Debt Administration

Capital assets: The District's investment in capital assets as of December 31, 2009 amounts to \$5,714,091 (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 \$4,305,000. All of this debt is backed by the full faith and credit of the District. The District issued General Obligation Refunding Bonds dated December 01, 2009, 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

While housing foreclosures may exceed the national average, other economic trends in the region compare favorably to national indices (Colorado unemployment rate was 7.7% while the national rate was 9.8%, etc.). The assessed valuation of the District decreased and was partially offset by continued residential development. Property tax remains the primary source of revenue for the District. The 2009 Budget was adopted December 3, 2008 and was amended January 27, 2009, and December 4, 2009. There was no change in the level of services provided in the GVR Metropolitan District's 2009 Budget as adopted. As permitted by state statute, the District entered into a yearly management agreement with the Association effective for January 1, 2008 to pay for the expenses to provide these services. However, this contract was terminated during 2009.

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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Certified Public Accountants (a professional corporation)
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Independent Auditor's Report

To the Board of Directors
GVR Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of GVR Metropolitan District as of December 31, 2009, which collectively comprise the District's basic financial statements 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 respective financial position of the governmental activities and the major funds of GVR Metropolitan District as of December 31, 2009 and the respective changes in financial position 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 and Schedule of Revenues and Expenditures—Budget and Actual—General Fund are 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 basic 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 basic financial statements. 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.

We were not engaged to examine the secondary market financial information included as listed in the Table of Contents and, accordingly, we do not express an opinion thereon.

Littleton, Colorado
June 10, 2010



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GENERAL PURPOSE FINANCIAL STATEMENTS

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**GVR METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
December 31, 2009**

	Governmental Activities
ASSETS	
Current Assets:	
Cash Deposits and Investments (Note 3)	\$ 3,757,064
Receivable From County Treasurer	1,405,760
Accounts Receivable	48,720
Deposits	146,492
Bond issue costs, net of amortization	81,718
Total Current Assets	5,439,754
CAPITAL ASSETS	
Depreciable Capital Assets, Net (Note 4)	5,714,091
Total Assets	11,153,845
LIABILITIES	
Current Liabilities:	
Accounts Payable	94,087
Deferred Property Tax Revenue	1,405,760
Bonds Payable, Current (Note 5)	385,000
Bond Premium, Current	9,627
Total Current Liabilities	1,894,474
LONG TERM LIABILITIES	
Bonds Payable (Note 5)	3,920,000
Bonds Premium	84,232
Total Liabilities	5,898,706
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	1,315,232
Restricted for:	
Debt Service	188,923
Conservation Trust Fund	252,115
Emergency Reserve	71,137
Unrestricted	3,427,732
Total Net Assets	\$ 5,255,139

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, 2009**

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General Government	\$ 2,497,696	\$ 260,064	\$ -	\$ -
Community Programs	235,434	57,949	64,079	-
Debt Service	514,898	-	-	-
	<u>514,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	\$ <u>3,248,028</u>	\$ <u>318,013</u>	\$ <u>64,079</u>	\$ <u>-</u>
General Revenues				
Property Taxes				
Specific Ownership Taxes				
Investment Incomes				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

GVR METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2009

	<i>Net (Expense)</i>
	Revenues and
	Changes in
	Net Assets
	<hr/>
	Governmental
	Activities
	<hr/>
\$	(2,237,632)
	(113,406)
	<hr/> (514,898)
\$	<hr/> (2,865,936)
	2,564,488
	165,501
	<hr/> 28,772
	<hr/> 2,758,761
	(107,175)
	<hr/> 5,362,314
\$	<hr/> <hr/> 5,255,139

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, 2009**

	<u>Governmental Fund Types</u>			<u>2009</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
ASSETS				
Cash and Investments	\$ 3,341,711	\$ 188,923	\$ 226,430	\$ 3,757,064
Receivable from County Treasurer	841,143	564,617	-	1,405,760
Accounts Receivable (net)	13,062	-	35,658	48,720
Deposits	146,492	-	-	146,492
TOTAL ASSETS	<u>4,342,408</u>	<u>753,540</u>	<u>262,088</u>	<u>5,358,036</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable	84,114	-	9,973	94,087
Deferred Property Tax Revenue	841,143	564,617	-	1,405,760
Total Liabilities	<u>925,257</u>	<u>564,617</u>	<u>9,973</u>	<u>1,499,847</u>
EQUITY				
Reserved for Debt Service	-	188,923	-	188,923
Reserved for Conservation Trust Fund	-	-	252,115	252,115
Emergency Reserve	71,137	-	-	71,137
Unreserved – Undesignated	3,346,014	-	-	3,346,014
Total Equity	<u>3,417,151</u>	<u>188,923</u>	<u>252,115</u>	<u>3,858,189</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 4,342,408</u>	<u>\$ 753,540</u>	<u>\$ 262,088</u>	<u>\$ 5,358,036</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, 2009**

Total Governmental Fund Balances	\$	3,858,189
<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	\$	6,059,833
Less accumulated depreciation – General Fund	\$	<u>(345,742)</u>
		5,714,091
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
Bond issue costs	\$	83,813
Amortization	\$	<u>(2,095)</u>
		81,718
<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		(4,305,000)
Bond premium (net of amortization)		<u>(93,859)</u>
Net Assets of Governmental Activities	\$	<u><u>5,255,139</u></u>

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

GVR METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENT FUND TYPES
December 31, 2009

	<u>Governmental Fund Types</u>			<u>2009</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
REVENUES				
System Development Fees	\$ 221,271	\$ -	\$ -	\$ 221,271
Property Taxes	1,482,554	1,081,934	-	2,564,488
Specific Ownership Taxes	165,501	-	-	165,501
Contracts & Grants	2,093	-	34,689	36,782
Conservation Trust Funds	-	-	64,079	64,079
Donations	100	-	-	100
Recreation Programs	-	-	57,949	57,949
Rental Activities	522	-	-	522
Net Investment Income	15,226	13,520	26	28,772
Other Income	1,274	-	115	1,389
Total Revenues	<u>1,888,541</u>	<u>1,095,454</u>	<u>156,858</u>	<u>3,140,853</u>
EXPENDITURES				
Current				
Personnel Services	540,336	-	87,894	628,230
Contract Services	531,995	-	47,647	579,642
District Operations	14,858	10,833	-	25,691
Administrative Operations	156,607	-	16,996	173,603
Common Area Operations	129,923	-	76,100	206,023
Program Operations	-	-	6,797	6,797
Debt Service Costs	843,867	8,527,251	-	9,371,118
Capital Outlay	(84,690)	-	-	(84,690)
Total Expenditures	<u>2,132,896</u>	<u>8,538,084</u>	<u>235,434</u>	<u>10,906,414</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(244,355)</u>	<u>(7,442,630)</u>	<u>(78,576)</u>	<u>(7,765,561)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	(3,103,539)	3,048,438	55,101	-
Bond Funds Received		4,305,000		4,305,000
Bond Premium		96,266		96,266
Total Other Financing Sources (Uses)	<u>(3,103,539)</u>	<u>7,449,704</u>	<u>55,101</u>	<u>4,401,266</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(3,347,894)</u>	<u>7,074</u>	<u>(23,475)</u>	<u>(3,364,295)</u>
FUND BALANCE – BEGINNING OF YEAR	<u>6,765,045</u>	<u>181,849</u>	<u>275,590</u>	<u>7,222,484</u>
FUND BALANCE – END OF YEAR	<u>\$ 3,417,151</u>	<u>\$ 188,923</u>	<u>\$ 252,115</u>	<u>\$ 3,858,189</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, 2009

Net Changes in Fund Balances – Total Governmental Funds	\$	(3,364,295)
Amounts reported for governmental activities in the statement of activities are different because:		
Loss on termination of project		(1,045,789)
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	\$ (84,690)	
Depreciation expense – General Fund	<u>(65,260)</u>	
		(149,950)
Elimination of transfers between governmental funds:		
Transfers In	\$ 3,103,539	
Transfers Out	<u>(3,103,539)</u>	
		-
Bond funds received		(4,305,000)
Principle payments		8,770,000
Cost of issuance		83,813
Bond Premium		(96,266)
Amortization expense, bond issue costs		(2,095)
Amortization of bond premium		<u>2,407</u>
Change in Net Assets of Governmental Activities	\$	<u>(107,175)</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, 2009**

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 Youth, Teen, and Active Adult Community Programs.

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 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, 2009**

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 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.

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.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 – Community Program Fund and Conservation Trust Fund.

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.

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.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property (continued)

Historically the District did not record infrastructure (i.e. roads, bridges, medians, etc.). Effective January 1, 2004, the District restated the beginning fixed asset depreciation balances and has continued to 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. The exact useful lives are as follows:

<u>Asset Type</u>	<u>Useful Life</u>
Medians and Ponds	Indefinite
Land	Indefinite
Equipment	3 to 7 years
Vehicles	7 years
Buildings	40 years

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.

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.

Subsequent to year end December 31, 2009, supplementary appropriations approved by the District modified the appropriation from \$1,101,713 to \$8,441,985 in the Debt Service Fund as a result of the 2009 bond issue. The board held a public hearing to approve an additional supplementary appropriation and modified the appropriation from \$8,441,985 to \$8,538,251 in the Debt Service Fund to resolve a difference in interpretations related to the reporting requirements attributable to the District's 2009 bond issue.

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.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The General Fund fund balance of \$71,137 has been reserved in compliance with this requirement.

Bond Issue Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2009, the District's bank balance was not exposed to custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

At December 31, 2009, the District's cash deposits had a bank balance and a carrying balance as follows:

	Bank Balance	Carrying Balance
Insured Deposits	\$ 748,946	\$ 742,294

GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk.

Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to three or five years or less (depending on the type of investment) unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

COLOTRUST

As of December 31, 2009, 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 offers 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, 2009, the District had \$2,773,703 invested in COLOTRUST PRIME and \$240,872 invested in COLOTRUST PLUS+.

Total cash and investment amounted to \$3,757,064 as of December 31, 2009.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

For investments, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The investments in ColoTrust may be categorized as follows: (1) insured or registered or for which the securities are held by the Trust or the custodian bank in the Trust’s name (2) uninsured and unregistered for which the securities are held by the broker’s or dealer’s trust department or agent in the Trust’s name or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in the Trust’s name. Investment securities are categorized to give an indication of the level of risk, including credit risk. All investments of the Trust, including the repurchase agreements, are classified in Category 1. ColoTrust has a current credit rating of AAAM from Standard and Poor’s, a rating of AAA/V1 from Fitch and a rating of Aaa from Moody’s.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in property and equipment for the year ended December 31, 2009 follows:

<u>By Classification</u>	<u>Balance December 31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2009</u>
Non-Depreciable				
Land	\$ 530,344	\$ -	\$ -	\$ 530,344
Construction in Progress	539,922	-	539,922	-
Common Areas - Landscaping	4,795,358	-	-	4,795,358
Total Non-Depreciable	<u>5,865,624</u>	<u>-</u>	<u>539,922</u>	<u>5,325,702</u>
Depreciable				
Community Center	881,748	-	629,683	252,065
Equipment	166,063	58,303	-	224,366
Vehicles	276,877	-	19,177	257,700
Total Depreciable	<u>1,324,688</u>	<u>58,303</u>	<u>648,860</u>	<u>734,131</u>
Less Accumulated Depreciation				
General Fund	(280,482)	(65,260)	-	(345,742)
Net Depreciable	<u>1,044,206</u>	<u>(6,957)</u>	<u>648,860</u>	<u>388,389</u>
Net	<u>\$ 6,909,830</u>	<u>\$ (6,957)</u>	<u>\$ 1,188,782</u>	<u>\$ 5,714,091</u>

Common areas include real property, including all associated features located on such property, within GVR Metropolitan District for which the district provides ongoing care, improvement and maintenance.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 4 – CAPITAL ASSETS (continued)

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

All of the depreciation expense of \$65,260 was charged to General Government functions.

The Community Center project and the Maintenance Building project were terminated during 2009. This termination resulted in the deletion of \$1,169,605 for expenses to the date of termination of the projects.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in general long-term obligations for the year ended December 31, 2009:

	<u>Balance December 31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2009</u>	<u>Amount Due in One Year</u>
1999 G.O. Refunding Bonds	\$ 8,770,000	\$ -	\$8,770,000	\$ -	\$ -
2009 G.O. Refunding Bonds	<u>\$ -</u>	<u>\$4,305,000</u>	<u>\$ -</u>	<u>\$ 4,305,000</u>	<u>\$ 385,000</u>

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

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	385,000	133,500	518,500
2011	390,000	125,800	515,800
2012	400,000	118,000	518,000
2013	410,000	110,000	520,000
2014	420,000	98,200	518,200
2015	430,000	87,700	517,700
2016	440,000	74,800	514,800
2017	460,000	57,200	517,200
2018	475,000	38,800	513,800
2019	495,000	19,800	514,800
	<u>\$ 4,305,000</u>	<u>\$ 863,800</u>	<u>\$ 5,168,800</u>

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 5 –LONG-TERM OBLIGATIONS (CONTINUED)

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

General Obligation Refunding Bonds, Series 2009, dated October 06, 2009, are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof, in the original amount of \$4,305,000 due annually through 2019; with interest rates from 2.00% through 4.00% payable semiannually on June 1 and December 1. The bonds maturing on or before December 1, 2014 are not subject to redemption prior to maturity at the option of the District.

The bonds maturing on or after December 1, 2015 are subject to redemption prior to maturity at the option of the District on December 1, 2014, or on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium. The principal and interest of these bonds are insured as to repayment by Assured Guaranty.

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, 2009, 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 the November 1992 election which amended 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 1,092 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2009. 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 \$100,000,000 and liability coverage for claims up to \$600,000. 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, 2009**

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, 2009 is as follows:

Assets	\$	<u>30,153,631</u>
Liabilities		11,972,279
Capital and surplus		<u>18,181,352</u>
		<u>30,153,531</u>
Revenue		10,445,019
Underwriting expenses		<u>9,533,550</u>
Underwriting gain		911,469
Other income		<u>567,933</u>
Net income	\$	<u>1,479,402</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, 2009.

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 relate to the commercial properties building in the District.

Developer-related entities represent approximately 4.20% of the District’s 2009 assessed valuation. Additionally, the owners of the apartment complexes represent approximately 1.94% of the District’s 2009 assessed valuation, and other property owners owning more than 0.10% of the District’s assessed valuation, represent approximately 7.46%. Owners with less than 0.10% of the District’s 2009 assessed valuation equals 92.54%.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

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 November 13, 2007, 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 \$1,120,736 in the 2008 fiscal year, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of up to 11.750 mills for general operating purposes, resulting in a total District operating mill levy rate of 20.094 mills in fiscal year 2008 and in any fiscal year thereafter, provided that the District’s total mill levy rate of 20.094 mills be adjusted by the Board of Directors to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation occurring after January 1, 2007 so that, to the extent possible, the actual revenues generated by such mill levy are neither diminished nor enhanced as a result of such changes; and further provided that, subject to the foregoing mill levy rate provisions, such mill levy rate may be adjusted in any fiscal year downwards or upwards by the Board of Directors in its discretion; such increases intended to be used in part to offset the expense of maintaining the Master Association of Green Valley Ranch, its community properties and functions, all of which upon passage of this ballot issue, shall be transferred to the GVR Metropolitan District; and shall the proceeds of such increased portion of the operating mill levy rate, and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2008 and in each fiscal year thereafter as an exception to any spending, revenue-raising or other limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law?”

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 9 – AGREEMENTS

Termination of HOA Contract

In 2008, the Master Homeowners Association for Green Valley Ranch filed an injunction against the District to prevent the District from filing the mill levy. This was to create more funding for the HOA Operations. In 2009, the HOA then filed a lawsuit stating that the District was in breach of the contract and seeking contract termination. This resulted in the cancelation of the contract through a settlement agreement dated July 10, 2009. This included a payment from the District in the amount of \$56,398 for the amount of accounts receivable that had been collected in 2009 to the HOA; and the conveyance from the District to the HOA of a 2005 Mercury that had a value \$8,000 (trade in value per Edmunds.com).

Deposits

The District currently has engaged outside legal counsel in an attempt to obtain a refund of a deposit collected by contractor. The District also is in the process of collecting a second deposit from an additional contractor that has set up a payment plan with the District. The amounts of the deposits are included in current assets and are valued at \$146,492. Management believes the full amount will be refunded; however, it is possible that the amount refunded will be different than the amount held.

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

REQUIRED SUPPLEMENTAL INFORMATION

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GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
Year Ended December 31, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
System Development Fees	\$ -	\$ 221,271	\$ 221,271	\$ -
Property Taxes	1,487,672	1,487,672	1,482,554	(5,118)
Specific Ownership Taxes	128,613	128,613	165,501	36,888
Contracts & Grants	270,887	2,093	2,093	-
Donations	-	100	100	-
Rental Activities	-	522	522	-
Net Investment Income	173,700	15,600	15,226	(374)
Other Income	-	623	1,274	651
Total Revenues	2,060,872	1,856,494	1,888,541	32,047
EXPENDITURES				
Current				
Personnel Services	663,942	542,986	540,336	2,650
Contract Services	435,858	554,345	531,995	22,350
District Operations	14,900	16,041	14,858	1,183
Administrative Operations	367,456	171,569	156,607	14,962
Common Area Operations	314,487	157,327	129,923	27,404
Debt Service Costs	-	843,867	843,867	-
Capital Outlay	384,748	64,985	(84,690)	149,675
Contingency	390,454	-	-	-
Total Expenditures	2,571,845	2,351,120	2,132,896	218,224
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(510,973)	(494,626)	(244,355)	250,271
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	33,240	(3,101,161)	(3,103,539)	(2,378)
Total Other Financing Sources (Uses)	33,240	(3,101,161)	(3,103,539)	(2,378)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(477,733)	(3,595,787)	(3,347,894)	247,893
FUND BALANCE – BEGINNING OF YEAR	5,779,601	6,765,045	6,765,045	-
FUND BALANCE – END OR YEAR	\$ 5,301,868	\$ 3,169,258	\$ 3,417,151	\$ 247,893

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OTHER SUPPLEMENTARY INFORMATION

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GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
Year Ended December 31, 2009

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 1,084,593	\$ 1,084,593	\$ 1,081,934	\$ (2,659)
Investment Income	30,800	13,108	13,520	412
Total Revenues	<u>1,115,393</u>	<u>1,097,701</u>	<u>1,095,454</u>	<u>(2,247)</u>
EXPENDITURES				
Current				
County Treasurer's Fees	11,000	11,000	10,833	167
Paying Agent Fees	1,000	75	75	-
Bond Principal	600,000	7,946,529	7,946,529	-
Bond Interest	484,620	496,834	496,834	-
Cost of Issuance – 2009 Series	-	83,813	83,813	-
Contingency	5,093	-	-	-
Total Expenditures	<u>1,101,713</u>	<u>8,441,985</u>	<u>8,538,084</u>	<u>167</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>13,680</u>	<u>(7,344,284)</u>	<u>(7,442,630)</u>	<u>(2,080)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	(77,509)	3,048,438	3,048,438	-
Bond Funds Received	-	4,305,000	4,305,000	-
Bond Premium	-	96,266	96,266	-
Total Other Financing Sources (Uses)	<u>(77,509)</u>	<u>7,353,438</u>	<u>7,449,704</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(63,829)	9,154	7,074	(2,080)
FUND BALANCE – BEGINNING OF YEAR	<u>1,026,244</u>	<u>181,849</u>	<u>181,849</u>	<u>-</u>
FUND BALANCE – END OR YEAR	<u>\$ 962,415</u>	<u>\$ 191,003</u>	<u>\$ 188,923</u>	<u>\$ (2,080)</u>

**GVR METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 200**

	Community Program Fund	Conservation Trust Fund	Totals 2009
ASSETS			
Cash and Investments	\$ 4,428	\$ 222,002	\$ 226,430
Accounts Receivable (net)	969	34,689	35,658
Pre-Paid Expenses	-	-	-
Un-deposited Funds	-	-	-
TOTAL ASSETS	5,397	256,691	262,088
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	5,397	4,576	9,973
Total Liabilities	5,397	4,576	9,973
FUND BALANCE			
Reserved	-	252,115	252,115
Total Fund Balance	-	252,115	252,115
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,397	\$ 256,691	\$ 262,088

**GVR METROPOLITAN DISTRICT
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2009**

	<u>Community Program Fund</u>	<u>Conservation Trust Fund</u>	<u>Totals 2009</u>
REVENUE			
Contracts and Grants	\$ -	\$ 34,689	\$ 34,689
Conservation Trust Funds	-	64,079	64,079
Recreation Programs	57,949	-	57,949
Investment Income	-	26	26
Other Income	115	-	115
Total Revenue	<u>58,064</u>	<u>98,794</u>	<u>156,858</u>
EXPENDITURES			
Personnel Services	87,894	-	87,894
Contract Services	2,145	45,502	47,647
Administrative Operations	16,096	900	16,996
Common Area Operations	-	76,100	76,100
Program Operations	6,797	-	6,797
Total expenditures	<u>112,932</u>	<u>122,502</u>	<u>235,434</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(54,868)	(23,708)	(78,576)
OTHER FINANCING SOURCES			
Operating Transfers In	54,868	233	55,101
Total other financing sources	<u>54,868</u>	<u>233</u>	<u>55,101</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(23,475)	(23,475)
FUND BALANCE – BEGINNING OF YEAR	<u>-</u>	<u>275,590</u>	<u>275,590</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ 252,115</u>	<u>\$ 252,115</u>

GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY PROGRAM FUND
Year Ended December 31, 2009

	Community Program Fund			
	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE				
Recreation Programs	\$ 178,176	\$ 60,725	\$ 57,949	\$ (2,776)
Other Income	-	115	115	-
Total Revenue	<u>178,176</u>	<u>60,840</u>	<u>58,064</u>	<u>(2,776)</u>
EXPENDITURES				
Personnel Services	127,955	88,116	87,894	222
Contract Services	1,500	2,215	2,145	70
Administrative Operations	2,730	16,239	16,096	143
Program Operations	90,260	6,993	6,797	196
Total expenditures	<u>222,445</u>	<u>113,563</u>	<u>112,932</u>	<u>631</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(44,269)</u>	<u>(52,723)</u>	<u>(54,868)</u>	<u>(2,145)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (out)	44,269	52,723	54,868	2,145
Total other financing sources (uses)	<u>44,269</u>	<u>52,723</u>	<u>54,868</u>	<u>2,145</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE – BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<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, 2009

	Conservation Trust Fund			
	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE				
Contracts and Grants	\$ 158,500	\$ 35,000	\$ 34,689	\$ (311)
Conservation Trust Funds	66,000	62,000	64,079	2,079
Investment Income	1,500	25	26	1
Total Revenue	<u>226,000</u>	<u>97,025</u>	<u>98,794</u>	<u>1,769</u>
EXPENDITURES				
Contract Services	50,000	50,000	45,502	4,498
Administrative Operations	196,500	3,500	900	2,600
Common Area Operations	67,000	70,300	76,100	(5,800)
Contingency	18,000	-	-	-
Total expenditures	<u>331,500</u>	<u>123,800</u>	<u>122,502</u>	<u>1,298</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(105,500)</u>	<u>(26,775)</u>	<u>(23,708)</u>	<u>3,067</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (out)	-	-	233	233
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>233</u>	<u>233</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(105,500)	(26,775)	(23,475)	3,300
FUND BALANCE – BEGINNING OF YEAR	<u>305,992</u>	<u>275,590</u>	<u>275,590</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ 200,492</u>	<u>\$ 248,815</u>	<u>\$ 252,115</u>	<u>\$ 3,300</u>

**GVR METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2009**

<u>Maturing in the Year Ending December 31,</u>	\$4,305,000 General Obligation Refunding Bonds, Series 2009, Dated December 01, 2009 Interest Rate from 2.00% to 4.00% Due June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2010	385,000	133,500	518,500
2011	390,000	125,800	515,800
2012	400,000	118,000	518,000
2013	410,000	110,000	520,000
2014	420,000	98,200	518,200
2015	430,000	87,700	517,700
2016	440,000	74,800	514,800
2017	460,000	57,200	517,200
2018	475,000	38,800	513,800
2019	495,000	19,800	514,800
	\$ 4,305,000	\$ 863,800	\$ 5,168,800

**GVR METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2009**

<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>	
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%
2005	\$ 78,869,080	8.344	18.617	\$ 2,126,389	\$ 2,127,175	100.04%
2006	\$ 88,139,590	8.344	15.950	\$ 2,141,263	\$ 2,139,729	99.93%
2007	\$ 95,381,820	8.344	15.950	\$ 2,317,206	\$ 2,307,119	99.56%
2008	\$ 83,820,810	14.324	15.950	\$ 2,537,610	\$ 2,535,329	99.91%
2009	\$ 84,966,140	17.509	12.765	\$ 2,572,265	\$ 2,564,488	99.70%
Estimated for the year ending December 31, 2010	\$ 63,892,350	13.165	8.837	\$ 1,405,759		

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.

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CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION

**GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
December 31, 2009**

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

<u>Levy Year/ Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase (Decrease)</u>	<u>Total Mill Levy</u>
2005/2006	\$ 88,139,590	11.75%	24.294
2006/2007	\$ 95,381,820	8.22%	24.294
2007/2008	\$ 83,820,810	(12.12%)	30.274
2008/2009	\$ 84,966,140	1.37%	30.274
2009/2010	\$ 63,892,350	(24.80%)	22.002

The following table sets forth the 2009 assessed valuation of specific classes of property within the District:

ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

<u>Class</u>	<u>2009 Assessed Valuation</u>	<u>Percent of 2009 Assessed Valuation</u>
Residential	\$ 56,990,120	89.20 %
Vacant	758,920	1.19 %
Commercial	3,948,700	6.18 %
State assessed	2,194,610	3.43 %
Total	\$ <u>63,892,350</u>	<u>100.00 %</u>

**GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)
December 31, 2009**

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 2009 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>2009 Assessed Valuation</u>	<u>Percent of Total</u>
Tower Commons LLC	\$ 1,757,010	2.75 %
Denver Leased Housing	1,301,150	2.04 %
Orchard Crossing III LP	1,236,670	1.94 %
Tower 48 Associates I LP	1,236,090	1.93 %
Green Valley Ranch Shoppette	717,030	1.12 %
VPG Two LLC	436,800	0.68 %
TCF National Bank	392,920	0.61 %
C & H Ranch Company LLC	356,710	0.56 %
Colorado Land Holdings LLC	324,650	0.51 %
HC Land Investments LLC	236,900	0.37 %
HC Development & Management	192,230	0.30 %
HUD	168,500	0.26 %
Oakwood Homes LLC	143,450	0.22 %
ELCA Loan Fund	94,980	0.15 %
PKK Investments LLC	92,680	0.15 %
Total	\$ <u>8,687,770</u>	<u>13.60 %</u>

Percentages are based upon the District's 2009 assessed valuation of \$63,892,350.

GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)
December 31, 2009

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	\$ 4,305,000	
Overlapping debt	17,379,272	(1)
Total direct debt and overlapping debt	<u>\$ 21,684,272</u>	
2009 District assessed valuation	\$ 63,892,350	
Direct debt to 2009 assessed valuation	6.74 %	
Direct debt plus overlapping debt to 2009 assessed valuation	33.94 %	
2009 District statutory actual value	\$ 739,757,075	(2)
Direct debt to 2009 statutory actual value	.58 %	
Direct debt plus overlapping debt to 2009 statutory actual value	2.93 %	

- (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.