



**GVR METROPOLITAN DISTRICT**  
**Denver County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2005**



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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, 2005.

### Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$759,342. 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 \$1,680,135. This 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 \$7,274,803, an increase of \$2,585,723 in comparison with the prior year. Of this total amount, \$2,420,754 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, 2005**

|                                   | <b>2005</b>         | <b>2004</b>        |
|-----------------------------------|---------------------|--------------------|
| Current and other assets          | \$ 11,176,952       | 10,424,937         |
| Capital Assets                    | <u>2,184,500</u>    | <u>1,748,540</u>   |
| Total Assets                      | 13,361,452          | 12,173,477         |
| Long-term liabilities outstanding | 9,900,000           | 10,425,000         |
| Other liabilities                 | <u>4,220,794</u>    | <u>4,187,954</u>   |
| Total liabilities                 | 14,120,794          | 14,612,954         |
| Net Assets:                       |                     |                    |
| Restricted                        | 247,815             | 2,085,942          |
| Unrestricted                      | <u>(1,007,157)</u>  | <u>(4,525,419)</u> |
| Total Net Assets                  | <u>\$ (759,342)</u> | <u>(2,439,477)</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, 2005**

|                                  | <b>2005</b>         | <b>2004</b>           |
|----------------------------------|---------------------|-----------------------|
| Revenues:                        |                     |                       |
| General Revenues                 |                     |                       |
| Taxes & System Development Fees  | \$ 2,725,714        | \$ 4,514,307          |
| Interest Earnings & Other Income | <u>811,200</u>      | <u>802,152</u>        |
| Total Revenues                   | 3,536,914           | 5,376,459             |
| Expenses:                        |                     |                       |
| General Government & Programs    | 1,266,706           | 1,189,453             |
| Debt Service                     | <u>590,073</u>      | <u>612,393</u>        |
| Total Expenses                   | 1,856,779           | 1,801,886             |
| Change in Net Assets             | 1,680,135           | 3,574,573             |
| Net Assets – Beginning of Year   | <u>(2,439,477)</u>  | <u>(6,014,050)</u>    |
| Net Assets – End of Year         | <u>\$ (759,342)</u> | <u>\$ (2,439,477)</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 \$1,680,135 to \$(759,342) in 2005.

**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 2005. The only significant variances were 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 \$361,761 before the transfer out of \$88,627 to the Recreation Program Fund and a transfer in from the Debt Service Fund of \$2,312,589. After the transfer out and transfer in, the General Fund had an excess of revenues over expenditures and other uses of funds of \$2,585,723.

### **Capital Assets and Debt Administration**

**Capital assets:** The District's investment in capital assets as of December 31, 2005 amounts to \$2,184,500 (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 \$10,425,000. 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 a decrease of 2.667 mills in the Debt Service mill levy between the 2005 and 2006 budgets. The 2006 Budget was adopted December 13, 2005. There was no change in service levels in the 2006 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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## Mason Russell West, LLC

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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 accompanying financial statements of the governmental activities and the major funds of GVR Metropolitan District as of December 31, 2005, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the 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 and for the year ended December 31, 2005 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.

*Mason Russell West, LLC*

Littleton, Colorado  
July 3, 2006



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**GENERAL PURPOSE FINANCIAL STATEMENTS**

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**GVR METROPOLITAN DISTRICT**  
**STATEMENT OF NET ASSETS**  
December 31, 2005

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>ASSETS</b>                                     |                                    |
| Current Assets:                                   |                                    |
| Cash Deposits and Investments (Note 3)            | \$ 9,016,534                       |
| Receivable From County Treasurer                  | 15,178                             |
| Accounts Receivable                               | 0                                  |
| Property Taxes Receivable                         | 2,141,263                          |
| Prepaid Expense                                   | <u>3,977</u>                       |
| Total Current Assets                              | 11,176,952                         |
| <b>CAPITAL ASSETS</b>                             |                                    |
| Depreciable Capital Assets, Net (Note 4)          | <u>2,184,500</u>                   |
| Total Assets                                      | <u>13,361,452</u>                  |
| <b>LIABILITIES</b>                                |                                    |
| Current Liabilities:                              |                                    |
| Accounts Payable                                  | 154,531                            |
| Amount Available for Approval                     | 1,400,000                          |
| Deferred Property Tax Revenue                     | 2,141,263                          |
| Other Deferred Revenue                            | 0                                  |
| Bonds Payable, Current (Note 5)                   | <u>525,000</u>                     |
| Total Current Liabilities                         | <u>4,220,794</u>                   |
| <b>LONG TERM LIABILITIES</b>                      |                                    |
| Bonds Payable (Note 5)                            | <u>9,900,000</u>                   |
| Total Liabilities                                 | <u>14,120,794</u>                  |
| <b>NET ASSETS</b>                                 |                                    |
| Investment in Capital Assets, Net of Related Debt |                                    |
| Restricted for:                                   |                                    |
| Debt Service                                      | 90,840                             |
| Conservation Trust Fund                           | 115,516                            |
| Emergency Reserve                                 | 41,459                             |
| Unrestricted                                      | <u>(1,007,157)</u>                 |
| Total Net Assets                                  | <u>\$ (759,342)</u>                |

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, 2005**

|  | <u>Expenses</u>     | <u>Program Revenue</u>                            |   |
|--|---------------------|---|---|
|  |                     | <u>Charges<br/>for<br/>Services<br/>and Sales</u> | <u>Operating<br/>Grants,<br/>Contributions<br/>and Interest</u> |
| Primary Government                         |                     |   |   |
| General Government                         | \$ 1,104,891        | \$ 427,100  | \$ 325,495  |
| Recreation Programs                        | 161,815             | 97,429  |   |
| Interest                                   | 590,073             |   |   |
|  | <hr/>               | <hr/>   | <hr/>   |
| Total Governmental Activities              | \$ <u>1,856,779</u> | \$ <u>524,529</u>                                 | \$ <u>325,495</u>   |
|  |                     |   |   |
| General Revenues                           |                     |   |   |
| Property Taxes                             |                     |   |   |
| Specific Ownership Taxes                   |                     |   |   |
| Litigation Settlement                      |                     |   |   |
| Investment Incomes                         |                     |   |   |
| Others                                     |                     |   |   |
|  |                     |   |   |
| Total General Revenues                     |                     |   |   |
|  |                     |   |   |
| Change in Net Assets                       |                     |   |   |
|  |                     |   |   |
| Net Assets Beginning of Year –<br>Restated |                     |   |   |
|  |                     |   |   |
| Net Assets End of Year                     |                     |   |   |

**GVR METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES (continued)**  
**For the Year Ended December 31, 2005**

|    |   |
|----|---|
|    | Net (Expense)<br>Revenues and<br>Changes in<br>Net Assets |
|    | <hr/>   |
|    | Governmental<br>Activities                                |
|    | <hr/>   |
| \$ | (352,296)   |
|    | (64,386)  |
|    | <hr/> (590,073)   |
| \$ | <hr/> (1,006,755)   |
|    | 2,109,520   |
|    | 189,094   |
|    | 100,000   |
|    | 288,144   |
|    | <hr/> 132   |
|    | <hr/> 2,686,890   |
|    | 1,680,135   |
|    | <hr/> (2,439,477)   |
| \$ | <hr/> (759,342)   |

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, 2005**

|                                      | <u>Governmental Fund Types</u> |                                  |   | <u>2005</u>          |
|--------------------------------------|--------------------------------|----------------------------------|---|----------------------|
|                                      | <u>General<br/>Fund</u>        | <u>Debt<br/>Service<br/>Fund</u> | <u>Non Major<br/>Governmental<br/>Funds</u> |                      |
| <b>ASSETS</b>                        |                                |                                  |   |                      |
| Cash and Investments                 | \$ 8,804,077                   | \$ 90,840                        | \$ 121,617                                  | \$ 9,016,534         |
| Receivable from County Treasurer     | 15,178                         |                                  |   | 15,178               |
| Property taxes receivable            | 735,437                        | 1,405,826                        |   | 2,141,263            |
| Accounts Receivable (net)            |                                |                                  |   | 0                    |
| Prepaid Expense                      | 3,389                          |                                  | 588   | 3,977                |
| <b>TOTAL ASSETS</b>                  | <u>9,558,081</u>               | <u>1,496,666</u>                 | <u>122,205</u>                              | <u>11,176,952</u>    |
| <b>LIABILITIES AND EQUITY</b>        |                                |                                  |   |                      |
| <b>LIABILITIES</b>                   |                                |                                  |   |                      |
| Accounts Payable                     | 147,842                        |                                  | 6,689                                       | 154,531              |
| Amount Available for Approval        | 1,400,000                      |                                  |   | 1,400,000            |
| Deferred Property Tax Revenue        | 735,437                        | 1,405,826                        |   | 2,141,263            |
| Other Deferred Revenue               |                                |                                  |   | 0                    |
| Total Liabilities                    | <u>2,283,279</u>               | <u>1,405,826</u>                 | <u>6,689</u>                                | <u>3,695,794</u>     |
| <b>EQUITY</b>                        |                                |                                  |   |                      |
| Reserved for Debt Service            | 2,312,589                      | 90,840                           |   | 2,403,429            |
| Reserved for Capital Construction    | 2,500,000                      |                                  |   | 2,500,000            |
| Reserved for Conservation Trust Fund |                                |                                  | 115,516                                     | 115,516              |
| Emergency Reserve                    | 41,459                         |                                  |   | 41,459               |
| Unreserved – Undesignated            | 2,420,754                      |                                  |   | 2,420,754            |
| Total Equity                         | <u>7,274,802</u>               | <u>90,840</u>                    | <u>115,516</u>                              | <u>7,481,158</u>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <u>\$ 9,558,081</u>            | <u>\$ 1,496,666</u>              | <u>\$ 122,205</u>                           | <u>\$ 11,176,952</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, 2005**

|   |    |                     |
|---|----|---------------------|
| Total Governmental Fund Balances  | \$ | 7,481,158           |
| <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  | \$ | 2,293,899           |
| Less accumulated depreciation   | \$ | <u>(109,399)</u>    |
|   |    | 2,184,500           |
| <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>(10,425,000)</u> |
| Net Assets of Governmental Activities   | \$ | <u>(759,342)</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, 2005**

|   | Governmental Fund Types |                         |                                    | 2005                |
|---|-------------------------|-------------------------|------------------------------------|---------------------|
|   | General<br>Fund         | Debt<br>Service<br>Fund | Non Major<br>Governmental<br>Funds |                     |
| <b>REVENUES</b>   |                         |                         |                                    |                     |
| System Development Fees   | \$ 427,100              | \$                      | \$                                 | \$ 427,100          |
| Property Taxes  | 652,863                 | 1,456,657               |                                    | 2,109,520           |
| Specific Ownership Taxes  | 189,094                 |                         |                                    | 189,094             |
| Net Investment Income   | 193,362                 | 91,805                  | 2,977                              | 288,144             |
| Litigation Settlement   | 100,000                 |                         |                                    | 100,000             |
| Other Income  | 132                     |                         |                                    | 132                 |
| Youth Program Fees  |                         |                         | 44,187                             | 44,187              |
| Lottery Proceeds  |                         |                         | 53,242                             | 53,242              |
| Total Revenues  | <u>1,562,551</u>        | <u>1,548,462</u>        | <u>100,406</u>                     | <u>3,211,419</u>    |
| <b>EXPENDITURES</b>   |                         |                         |                                    |                     |
| Current   |                         |                         |                                    |                     |
| Personal Services   | 254,945                 |                         | 95,052                             | 349,997             |
| Professional Services   | 154,368                 |                         | 5,208                              | 159,576             |
| County Treasurer's Fees & Election Costs  | 7,883                   | 14,567                  |                                    | 22,450              |
| Community Center Operations   | 181,034                 |                         | 19,056                             | 200,090             |
| Landscape Contract Services   | 75,668                  |                         |                                    | 75,668              |
| Landscape Maintenance & Improvement   | 50,089                  |                         | 24,727                             | 74,816              |
| Landscape Utility Service   | 32,341                  |                         |                                    | 32,341              |
| Recreation Program  | 60                      |                         | 17,772                             | 17,832              |
| Debt Service  | 575                     | 1,090,073               |                                    | 1,090,648           |
| Capital Outlay  | 158,768                 |                         |                                    | 158,768             |
| Distribution to the City  | 285,059                 |                         |                                    | 285,059             |
| Total Expenditures  | <u>1,200,790</u>        | <u>1,104,640</u>        | <u>161,815</u>                     | <u>2,467,245</u>    |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b>  | <u>361,761</u>          | <u>443,822</u>          | <u>(61,409)</u>                    | <u>744,174</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                         |                                    |                     |
| Operating Transfers In (Out)  | 2,223,962               | (2,312,589)             | 88,627                             | 0                   |
| Total Other Financing Sources (Uses)  | <u>2,223,962</u>        | <u>(2,312,589)</u>      | <u>88,627</u>                      | <u>0</u>            |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER<br/>EXPENDITURES AND OTHER USES</b> | 2,585,723               | (1,868,767)             | 27,218                             | 744,174             |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>   | <u>4,689,080</u>        | <u>1,959,605</u>        | <u>88,299</u>                      | <u>6,736,984</u>    |
| <b>FUND BALANCE – END OF YEAR</b>   | <u>\$ 7,274,803</u>     | <u>\$ 90,838</u>        | <u>\$ 115,517</u>                  | <u>\$ 7,481,158</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, 2005**

|  |                    |                  |
|--|--------------------|------------------|
| Net Changes in Fund Balances – Total Governmental Funds  | \$                 | 744,174          |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures.</p> <p>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:</p> |                    |                  |
| Capital outlay   | \$ 484,263         |                  |
| Depreciation expense   | <u>(48,302)</u>    | 435,961          |
| <p>Elimination of transfers between governmental funds:</p>  |                    |                  |
| Transfers In   | \$ 2,219,918       |                  |
| Transfers Out  | <u>(2,219,918)</u> | 0                |
| <p>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</p>   |                    |                  |
|  |                    | <u>500,000</u>   |
| Change in Net Assets of Governmental Activities  | \$                 | <u>1,680,135</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, 2005**

**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, 2005**

**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, 2005**

**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.

**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, 2005**

**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, 2005**

**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, 2005, there was one supplementary appropriations approved by the District on November 16, 2005.

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, 2005**

**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. \$41,459 of the General Fund fund balance has been reserved in compliance with this requirement.

**GVR METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005**

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

|                  | <b>Bank<br/>Balance</b> | <b>Carrying<br/>Balance</b> |
|------------------|-------------------------|-----------------------------|
| Insured Deposits | \$ 198,577              | \$ 180,632                  |

**GVR METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

**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, 2005, 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, 2005, the District had \$19,230 invested in COLOTRUST PRIME and \$8,816,107 invested in COLOTRUST PLUS+.

Total cash and investment amounted to \$9,016,534 as of December 31, 2005.

**GVR METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005**

**NOTE 4 – CAPITAL ASSETS**

An analysis of the changes in property and equipment for the year ended December 31, 2005 follows:

| <u>By Classification</u>         | <u>Balance<br/>December 31,<br/>2004</u> | <u>Additions</u>  | <u>Deletions</u>   | <u>Balance<br/>December 31,<br/>2005</u> |
|----------------------------------|--|-------------------|--------------------|--|
| Non-Depreciable                  |  |                   |                    |  |
| Land                             | \$ 18,713                                | \$                | \$ (3,369)         | \$ 15,344                                |
| Construction in Progress         | 32,043                                   | 38,323            | (21,222)           | 49,144                                   |
| Common Areas -<br>Landscaping    | 1,324,366                                | 338,001           | (3,562)            | 1,658,805                                |
| <b>Total Non-Depreciable</b>     | <u>1,375,122</u>                         | <u>376,324</u>    | <u>(28,153)</u>    | <u>1,723,293</u>                         |
| Depreciable                      |  |                   |                    |  |
| Community Center                 | 255,675                                  | 3,158             | (6,767)            | 252,066                                  |
| Equipment                        | 24,478                                   | 100,392           |                    | 124,870                                  |
| Vehicles                         | 154,361                                  | 39,309            |                    | 193,670                                  |
| <b>Total Depreciable</b>         | <u>434,514</u>                           | <u>142,859</u>    | <u>(6,767)</u>     | <u>570,606</u>                           |
| Less Accumulated<br>Depreciation |  |                   |                    |  |
| General Fund                     | (61,096)                                 | (49,068)          | 766                | (109,398)                                |
| <b>Net Depreciable</b>           | <u>373,418</u>                           | <u>93,790</u>     | <u>(6,001)</u>     | <u>461,208</u>                           |
| <b>Net</b>                       | <u>\$ 1,748,540</u>                      | <u>\$ 470,114</u> | <u>\$ (34,154)</u> | <u>\$ 2,184,500</u>                      |

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

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.

Deletions include property sold to a homeowner, a shed that was given to the Fire Department for training purposes, and adjustments made to correct an error in the depreciation schedule for the price of the community center and to move items from work in progress to equipment.

**GVR METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005**

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is an analysis of changes in general long-term obligations for the year ended December 31, 2005:

|                              | <u>Balance<br/>December 31,<br/>2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>December 31,<br/>2005</u> | <u>Amount<br/>Due in<br/>One Year</u> |
|------------------------------|--|------------------|------------------|--|---------------------------------------|
| 1999 G.O. Refunding<br>Bonds | \$ 10,925,000                            | \$ 0             | \$500,000        | \$ 10,425,000                            | \$ 525,000                            |

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

| <u>Year of Maturity</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>  |
|-------------------------|------------------|-----------------|---------------|
| 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     |
|                         | \$ 10,425,000    | \$ 4,851,179    | \$ 15,276,179 |

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, 2005**

**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, 2005 are as follows:

| <u>Obligation</u>        | <u>Redeemable</u> | <u>Principal</u>    |
|--------------------------|-------------------|---------------------|
| G.O. Bonds, Series 1991  | December 1, 2006  | \$ 1,385,000        |
| G.O. Bonds, Series 1995B | December 1, 2006  | 730,000             |
|                          |                   | <u>\$ 2,115,000</u> |

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, 2005, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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

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 712 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2004. 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, 2005**

**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, 2004 is as follows:

|                       |    |            |
|-----------------------|----|------------|
| Assets                | \$ | 11,487,396 |
| Liabilities           |    | 5,475,513  |
| Capital and surplus   |    | 6,010,883  |
|                       |    | 11,487,396 |
| Revenue               |    | 6,305,838  |
| Underwriting expenses |    | 4,710,139  |
| Underwriting gain     |    | 1,595,699  |
| Other income          |    | 187,018    |
| Dividend              |    |            |
| Net income            | \$ | 1,782,717  |

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, 2004.

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 2005 were collected from the current major builder/developer within the District, Oakwood Homes, LLC (Developer).

Developer-related entities represent approximately 2.73% of the District’s 2004 assessed valuation. Additionally, the owners of the apartment complexes represent approximately 3.28% of the District’s 2005 assessed valuation, and other property owners represent approximately 1.59% of the District’s 2005 assessed valuation.

**GVR METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005**

**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, 2005**

**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, 2005, the District has been reimbursed \$900,000 under the term of this agreement.

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

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**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, 2005**

|   | General Fund        |                     |                     |  |
|---|---------------------|---------------------|---------------------|--|
|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>   |                     |                     |                     |  |
| System Development Fees   | \$ 937,200          | \$ 937,200          | \$ 427,100          | \$ (510,100)                           |
| Property Taxes  | 658,083             | 658,083             | 652,863             | (5,220)                                |
| Specific Ownership Taxes  | 212,639             | 212,639             | 189,094             | (23,545)                               |
| Net Investment Income   | 32,100              | 32,100              | 193,362             | 161,262                                |
| Litigation Settlement   | 100,000             | 100,000             | 100,000             | 0                                      |
| Other Income  | 0                   | 0                   | 132                 | 132                                    |
| Total Revenues  | <u>1,940,022</u>    | <u>1,940,022</u>    | <u>1,562,551</u>    | <u>(377,471)</u>                       |
| <b>EXPENDITURES</b>   |                     |                     |                     |  |
| Current   |                     |                     |                     |  |
| Personal Services   | 314,144             | 314,144             | 254,945             | 59,199                                 |
| Professional Services   | 180,240             | 231,390             | 154,368             | 77,022                                 |
| County Treasurer's Fees & Election Costs  | 6,500               | 56,500              | 7,883               | 48,617                                 |
| Community Center Operations   | 538,287             | 545,787             | 181,034             | 364,753                                |
| Landscape Contract Services   | 117,079             | 117,079             | 75,668              | 41,411                                 |
| Landscape Maintenance & Improvement   | 142,940             | 142,940             | 50,089              | 92,851                                 |
| Landscape Utility Service   | 47,850              | 47,850              | 32,341              | 15,509                                 |
| Youth Program   |                     | 0                   | 60                  | (60)                                   |
| Debt Service  |                     | 0                   | 575                 | (575)                                  |
| Capital Outlay  | 285,000             | 285,000             | 158,768             | 126,232                                |
| Distribution to the City  | 1,000               | 1,000               | 285,059             | (284,059)                              |
| Total Expenditures  | <u>1,633,040</u>    | <u>1,741,690</u>    | <u>1,200,790</u>    | <u>540,900</u>                         |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b>  | <u>306,982</u>      | <u>198,332</u>      | <u>361,761</u>      | <u>163,429</u>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                     |  |
| Operating Transfers In (Out)  | (59,339)            | (74,339)            | 2,223,962           | 2,298,301                              |
| Total Other Financing Sources (Uses)  | <u>(59,399)</u>     | <u>(74,339)</u>     | <u>2,223,962</u>    | <u>2,298,301</u>                       |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER<br/>EXPENDITURES AND OTHER USES</b> | 247,643             | 123,993             | 2,585,723           | 2,461,730                              |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>   | <u>2,955,313</u>    | <u>2,955,313</u>    | <u>4,689,080</u>    | <u>1,733,767</u>                       |
| <b>FUND BALANCE – END OR YEAR</b>   | <u>\$ 3,202,956</u> | <u>\$ 3,079,306</u> | <u>\$ 7,274,803</u> | <u>\$ 4,195,497</u>                    |

**OTHER SUPPLEMENTARY INFORMATION**

**GVR METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**Year Ended December 31, 2005**

|   | Debt Service Fund   |                     |                    |  |
|---|---------------------|---------------------|--------------------|--|
|   | Original<br>Budget  | Final<br>Budget     | Actual             | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>   |                     |                     |                    |  |
| Property Taxes  | \$ 1,468,306        | \$ 1,468,306        | \$ 1,456,657       | \$ (11,649)                            |
| Investment Income   | 19,800              | 19,800              | 91,805             | 72,005                                 |
| Total Revenues  | <u>1,488,106</u>    | <u>1,488,106</u>    | <u>1,548,462</u>   | <u>60,356</u>                          |
| <b>EXPENDITURES</b>   |                     |                     |                    |  |
| Current   |                     |                     |                    |  |
| County Treasurer's Fees   | 15,000              | 15,000              | 14,567             | 433                                    |
| Paying Agent Fees   | 1,000               | 1,000               | 0                  | 1,000                                  |
| Bond Principal  | 480,000             | 480,000             | 500,000            | (20,000)                               |
| Bond Interest   | 613,393             | 612,393             | 590,073            | 22,320                                 |
| Debt Service  |                     | 0                   | 0                  | 0                                      |
| Contingency   | 2,607               | 2,607               | 0                  | 2,607                                  |
| Total Expenditures  | <u>1,111,000</u>    | <u>1,111,000</u>    | <u>1,104,640</u>   | <u>6,360</u>                           |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b>  | <u>377,106</u>      | <u>377,106</u>      | <u>443,822</u>     | <u>66,716</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                    |  |
| Operating Transfers In (Out)  | 0                   | 0                   | (2,312,589)        | (2,312,589)                            |
| Total Other Financing Sources (Uses)  | <u>0</u>            | <u>0</u>            | <u>(2,312,589)</u> | <u>(2,312,589)</u>                     |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER<br/>EXPENDITURES AND OTHER USES</b> | 377,106             | 377,106             | (1,868,767)        | (2,245,873)                            |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>   | <u>1,382,556</u>    | <u>1,382,556</u>    | <u>1,959,605</u>   | <u>577,051</u>                         |
| <b>FUND BALANCE – END OR YEAR</b>   | <u>\$ 1,759,662</u> | <u>\$ 1,759,662</u> | <u>\$ 90,838</u>   | <u>\$ (1,668,824)</u>                  |

**GVR METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
December 31, 2005**

|   | <u>Recreation<br/>Program<br/>Fund</u> | <u>Conservation<br/>Trust<br/>Fund</u> | <u>Totals<br/>2005</u> |
|---|--|--|------------------------|
| <b>ASSETS</b>                             |  |  |                        |
| Cash and Investments                      | \$ 6,101                               | \$ 115,516                             | \$ 121,617             |
| Accounts Receivable (net)                 | 588                                    | 0                                      | 588                    |
| <b>TOTAL ASSETS</b>                       | <u>6,689</u>                           | <u>115,516</u>                         | <u>122,205</u>         |
| <b>LIABILITIES AND FUND BALANCE</b>       |  |  |                        |
| <b>LIABILITIES</b>                        |  |  |                        |
| Accounts Payable                          | 6,689                                  | 0                                      | 6,689                  |
| Total Liabilities                         | <u>6,689</u>                           | <u>0</u>                               | <u>6,689</u>           |
| <b>FUND BALANCE</b>                       |  |  |                        |
| Reserved                                  | 0                                      | 115,516                                | 115,516                |
| Total Fund Balance                        | <u>0</u>                               | <u>115,516</u>                         | <u>115,516</u>         |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <u>\$ 6,689</u>                        | <u>\$ 115,516</u>                      | <u>\$ 122,205</u>      |



**GVR METROPOLITAN DISTRICT  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2005**

|   | <u>Recreation<br/>Program<br/>Fund</u> | <u>Conservation<br/>Trust<br/>Fund</u> | <u>Totals<br/>2005</u> |
|---|--|--|------------------------|
| <b>REVENUE</b>  |  |  |                        |
| Net investment income   | \$ 5                                   | \$ 2,972                               | \$ 2,977               |
| Recreation program fees   | 44,187                                 |  | 44,187                 |
| Other Income  |  |  |                        |
| Lottery proceeds  |  | 53,242                                 | 53,242                 |
| Total Revenue   | <u>44,192</u>                          | <u>56,214</u>                          | <u>100,406</u>         |
| <b>EXPENDITURES</b>   |  |  |                        |
| Personal Services   | 95,052                                 |  | 95,052                 |
| Professional Services   | 3,912                                  | 1,296                                  | 5,208                  |
| Community Center Operations   | 16,100                                 | 2,956                                  | 19,056                 |
| Landscape Maintenance & Improvements  | (17)                                   | 24,744                                 | 24,727                 |
| Recreation Programs   | 17,772                                 |  | 17,772                 |
| Capital Outlay  |  |  |                        |
| Total expenditures  | <u>132,819</u>                         | <u>28,996</u>                          | <u>161,815</u>         |
| <b>EXCESS OF REVENUE OVER<br/>(UNDER) EXPENDITURES</b>  | (88,627)                               | 27,218                                 | (61,409)               |
| <b>OTHER FINANCING SOURCES</b>  |  |  |                        |
| Operating Transfers In  | 88,627                                 |  | 88,627                 |
| Total other financing sources   | <u>88,627</u>                          |  | <u>88,627</u>          |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | 0                                      | 27,218                                 | 27,218                 |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>   | <u>0</u>                               | <u>88,299</u>                          | <u>88,299</u>          |
| <b>FUND BALANCE – END OF YEAR</b>   | <u>\$ 0</u>                            | <u>\$ 115,517</u>                      | <u>\$ 115,517</u>      |

**GVR METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – RECREATION PROGRAM FUND**  
**Year Ended December 31, 2005**

|   | <b>Recreation Program Fund</b> |                         |                 |  |
|---|--------------------------------|-------------------------|-----------------|--|
|   | <b>Original<br/>Budget</b>     | <b>Final<br/>Budget</b> | <b>Actual</b>   | <b>Variance-<br/>Favorable<br/>(Unfavorable)</b> |
| <b>REVENUE</b>  |                                |                         |                 |  |
| Net investment income   | \$ 1                           | \$ 1                    | \$ 5            | \$ 4   |
| Recreation Program fees   | 132,375                        | 132,375                 | 44,187          | (88,188)   |
| Other Income  | 10,000                         | 10,000                  | 0               | (10,000)   |
| Total Revenue   | <u>142,376</u>                 | <u>142,376</u>          | <u>44,192</u>   | <u>(98,184)</u>                                  |
| <b>EXPENDITURES</b>   |                                |                         |                 |  |
| Personal Services   | 137,104                        | 137,104                 | 95,052          | 42,052   |
| Professional Services   | 0                              | 5,000                   | 3,912           | 1,088  |
| Community Center Operations   | 25,099                         | 37,649                  | 16,100          | 21,549   |
| Landscape Maintenance & Improvements  | 0                              | 0                       | (17)            | 17   |
| Recreation Programs   | 33,962                         | 36,962                  | 17,772          | 19,190   |
| Capital Outlay  | 0                              | 0                       | 0               | 0  |
| Total expenditures  | <u>201,715</u>                 | <u>216,715</u>          | <u>132,819</u>  | <u>83,896</u>                                    |
| <b>EXCESS OF REVENUE<br/>(UNDER) EXPENDITURES</b>   | <u>(59,339)</u>                | <u>(74,339)</u>         | <u>(88,627)</u> | <u>(14,288)</u>                                  |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>   |                                |                         |                 |  |
| Operating Transfers In  | 59,399                         | 74,339                  | 88,627          | (14,288)   |
| Total other financing sources (uses)  | <u>59,399</u>                  | <u>74,339</u>           | <u>88,627</u>   | <u>(14,288)</u>                                  |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER)<br/>EXPENDITURES AND OTHER USES</b> | 0                              | 0                       | 0               | 0  |
| <b>FUND BALANCE – BEGINNING OF<br/>YEAR</b>   | 0                              | 0                       | 0               | 0  |
| <b>FUND BALANCE – END OF YEAR</b>   | <u>\$ 0</u>                    | <u>\$ 0</u>             | <u>\$ 0</u>     | <u>\$ 0</u>                                      |

**GVR METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – CONSERVATION TRUST FUND**  
**Year Ended December 31, 2005**

|   | <u>Conservation Trust Fund</u> |                         |                   | <b>Variance-<br/>Favorable<br/>(Unfavorable)</b> |
|---|--------------------------------|-------------------------|-------------------|--|
|   | <u>Original<br/>Budget</u>     | <u>Final<br/>Budget</u> | <u>Actual</u>     |  |
| <b>REVENUE</b>  |                                |                         |                   |  |
| Net investment income   | \$ 900                         | \$ 900                  | \$ 2,972          | \$ 2,072   |
| Grants  |                                |                         |                   |  |
| Lottery Proceeds  | 120,000                        | 120,000                 | 53,242            | (66,758)   |
| Total Revenue   | <u>120,900</u>                 | <u>120,900</u>          | <u>56,214</u>     | <u>(64,686)</u>                                  |
| <b>EXPENDITURES</b>   |                                |                         |                   |  |
| Professional Services   |                                |                         | 1,296             | (1,296)  |
| Community Center Operations   |                                |                         | 2,956             | (2,956)  |
| Landscape Maintenance and Improvements  | 128,470                        | 128,470                 | 24,744            | 103,726  |
| Contingency   |                                |                         |                   |  |
| Total expenditures  | <u>128,470</u>                 | <u>128,470</u>          | <u>28,996</u>     | <u>99,474</u>                                    |
| <b>EXCESS OF REVENUE<br/>(UNDER) EXPENDITURES</b>   | <u>(7,570)</u>                 | <u>(7,570)</u>          | <u>27,218</u>     | <u>34,788</u>                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                                |                         |                   |  |
| Operating Transfers In  |                                |                         |                   |  |
| Total other financing sources (uses)  |                                |                         |                   |  |
| <b>EXCESS OF REVENUE AND OTHER<br/>FINANCING SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | <u>(7,570)</u>                 | <u>(7,570)</u>          | <u>27,218</u>     | <u>34,788</u>                                    |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>   | <u>33,228</u>                  | <u>33,228</u>           | <u>88,299</u>     | <u>55,071</u>                                    |
| <b>FUND BALANCE – END OF YEAR</b>   | <u>\$ 25,658</u>               | <u>\$ 25,658</u>        | <u>\$ 115,517</u> | <u>\$ 89,859</u>                                 |

**GVR METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2005**

| <b><u>Maturing in the Year<br/>Ending December 31,</u></b> | <b>\$13,165,000 General<br/>Obligation Refunding Bonds,<br/>Series 1999, Dated<br/>December 15, 1999 Interest<br/>Rate from 4.05% to 5.75%<br/>Due June 1 and December 1<br/>Principal Due December 1</b> |                 |               |
|--|---|-----------------|---------------|
|  | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>  |
| 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   | -   | -               | -             |
|  | \$ 10,425,000   | \$ 4,851,179    | \$ 15,761,179 |

**GVR METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAXES COLLECTED  
December 31, 2005**

| Year Ended<br>December 31,                                  | Prior Year<br>Assessed<br>Valuation<br>For Current<br>Year<br>Property<br>Tax Levy | Mills Levied |                 | Total Property Taxes |              | Percent<br>Collected<br>to Levied |
|---|--|--------------|-----------------|----------------------|--------------|-----------------------------------|
|   |  | General      | Debt<br>Service | Levied               | Collected    |                                   |
| 2001  | \$ 40,854,620  | 7.349        | (A) 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%                            |
| 2005  | \$ 78,869,080  | 8.344        | 18.617          | \$ 2,126,389         | \$ 2,127,175 | 100.037%                          |
| Estimated for<br>the year<br>ending<br>December 31,<br>2006 | \$ 88,139,590  | 8.344        | 15.950          | \$ 2,141,263         |              |                                   |

**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) 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, 2005**

**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/<br/>Collection Year</u> | <u>Assessed<br/>Valuation</u> | <u>Percent<br/>Increase<br/>(Decrease)</u> | <u>Total<br/>Mill Levy</u> |
|---------------------------------------|-------------------------------|--|----------------------------|
| 2001/2002                             | \$ 56,643,200                 | 38.65 %                                    | 30.271 (A)                 |
| 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                     |
| 2005/2006                             | \$ 88,139,590                 | 11.75 %                                    | 24.294                     |

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

The following table sets forth the 2005 assessed valuation of specific classes of property within the District:

**ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT**

| <u>Class</u>   | <u>2005<br/>Assessed<br/>Valuation</u> | <u>Percent<br/>of 2005<br/>Assessed<br/>Valuation</u> |
|----------------|--|---|
| Residential    | \$ 76,041,210                          | 86.27 %   |
| Vacant         | 10,443,880                             | 11.85 %   |
| Commercial     | 1,246,820                              | 1.41 %  |
| State assessed | 407,680                                | .47 %   |
| Total          | <u>\$ 88,139,590</u>                   | <u>100.00 %</u>                                       |



**GVR METROPOLITAN DISTRICT  
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)  
December 31, 2005**

**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 2005 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>2005<br/>Assessed<br/>Valuation</u> | <u>Percent of<br/>Total</u> |
|----------------------------------|--|-----------------------------|
| C & H Ranch Company LLC          | \$ 1,193,930                           | 1.36 %                      |
| Tower 48 Associates II LP        | 1,058,690                              | 1.21 %                      |
| Tower 48 Associates I LP         | 910,470                                | 1.04 %                      |
| Orchard Crossing III LP          | 906,670                                | 1.03 %                      |
| Tower Commons LLC & Samuel Brown | 689,470                                | 0.79 %                      |
| Oakwood Homes LLC                | 505,690                                | 0.58 %                      |
| Green Valley Ranch Shoppett LLC  | 470,780                                | 0.54 %                      |
| HUD                              | 355,490                                | 0.41 %                      |
| VPG Two LLC                      | 318,330                                | 0.37 %                      |
| Hernandez, Rigoberto             | 115,820                                | 0.14 %                      |
| Chang, Bunwoo Bertran            | 106,400                                | 0.13 %                      |
| Total                            | \$ 6,631,740                           | 7.60 %                      |

Percentages are based upon the District's 2005 assessed valuation of \$88,139,590.

**GVR METROPOLITAN DISTRICT**  
**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (CONTINUED)**  
**December 31, 2005**

**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  | \$ 10,425,000        |     |
| Overlapping debt   | 11,905,783           | (1) |
| Total direct debt and overlapping debt                           | <u>\$ 22,330,783</u> |     |
| 2005 District assessed valuation                                 | \$ 88,139,590        |     |
| Direct debt to 2005 assessed valuation                           | 11.83 %              |     |
| Direct debt plus overlapping debt to 2005 assessed valuation     | 25.34 %              |     |
| 2005 District statutory actual value                             | \$ 997,010,135       | (2) |
| Direct debt to 2005 statutory actual value                       | 1.05 %               |     |
| Direct debt plus overlapping debt to 2005 statutory actual value | 2.24 %               |     |

(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.