



GVR METROPOLITAN DISTRICT
Denver County, Colorado

FINANCIAL STATEMENTS
December 31, 2005

TABLE OF CONTENTS

	PAGE
MANAGEMENT DISCUSSION AND ANALYSIS	i - iii
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government Wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6 - 7
Fund Financial Statements:	
Governmental Funds	
Combining Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	9
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to the Basic Financial Statements	12 - 25
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	28
OTHER SUPPLEMENTAL INFORMATION:	
Non-Special Revenue Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	31
Non-Major Funds:	
Combining Balance Sheet – Non-Major Funds	32
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	33
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Recreation Program	34
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Conservation Trust Fund	35
Schedule of Debt Service Requirements to Maturity	36
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	37
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION	40 - 42

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**

	2005	2004
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**

	2005	2004
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.

THIS PAGE LEFT BLANK INTENTIONALLY

