



GVR METROPOLITAN DISTRICT
Denver County, Colorado

FINANCIAL STATEMENTS
December 31, 2006

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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, 2006.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,268,186. The assets may appear to be understated due to the transfer of capital assets to another local government after construction while the District retains the debt used for construction.
- The deficit in the government's total net assets decreased by \$3,027,528. This decrease can be attributed to tax collections, reclassification of system development fees, 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 \$8,794,977, an increase of \$1,520,176 in comparison with the prior year. Of this total amount, \$4,004,058 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 focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities focuses on long-term economic resources and is reported on a full accrual basis.

**Condensed Statement of Net Assets
For the Year Ending December 31, 2006**

	2006	2005
Current and other assets	\$ 11,487,267	11,176,952
Capital Assets	3,078,817	2,184,500
Total Assets	<u>14,566,084</u>	<u>13,361,452</u>
Long-term liabilities outstanding	9,350,000	9,900,000
Other liabilities	2,947,898	4,220,794
Total liabilities	<u>12,297,898</u>	<u>14,120,794</u>
Net Assets:		
Restricted	346,410	247,815
Unrestricted	1,921,776	(1,007,157)
Total Net Assets	<u>\$ 2,268,186</u>	<u>(759,342)</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, 2006**

	2006	2005
Revenues:		
General Revenues		
Taxes & System Development Fees	\$ 2,295,766	\$ 2,725,714
Interest Earnings & Other Income	483,478	811,200
Total Revenues	<u>2,779,244</u>	<u>3,536,914</u>
Expenses:		
General Government & Programs	(814,894)	1,266,706
Debt Service	566,610	590,073
Total Expenses	<u>(248,284)</u>	<u>1,856,779</u>
Change in Net Assets	3,027,528	1,680,135
Net Assets – Beginning of Year	(759,342)	(2,439,477)
Net Assets – End of Year	<u>\$ 2,268,186</u>	<u>\$ (759,342)</u>

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities and Changes in Net Assets provides answers concerning the nature and source of these changes. As can be seen by the table above, the deficit in net assets decreased by \$3,027,528 to \$2,268,186 in 2006.

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 2006. The only significant variances were investment income rates higher than anticipated, recognition of prior year system development fees, 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 \$1,172,858 before the transfer out of \$78,991 to the Community Program Fund and a transfer in from the Debt Service Fund of \$426,309. After the transfer out and transfer in, the General Fund had an excess of revenues over expenditures and other uses of funds of \$1,520,176.

Capital Assets and Debt Administration

Capital assets: The District's investment in capital assets as of December 31, 2006 amounts to \$3,078,817 (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 \$9,900,000. 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

While housing foreclosures may exceed the national average, other economic trends in the region compare favorably to national indices. The assessed valuation of the District has remained stable, with a small increase resulting from continued residential development. Property tax remains the primary source of revenue for the District. The 2007 Budget was adopted December 13, 2006. There was no change in service levels in the 2007 Budget as adopted or amended.

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, 2006, 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, 2006 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 24, 2007



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GENERAL PURPOSE FINANCIAL STATEMENTS

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**GVR METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
December 31, 2006**

	Governmental Activities
ASSETS	
Current Assets:	
Cash Deposits and Investments (Note 3)	\$ 9,154,790
Receivable From County Treasurer	11,799
Property Taxes Receivable	2,317,206
Accounts Receivable	33
Prepaid Expense	3,439
Total Current Assets	11,487,267
CAPITAL ASSETS	
Depreciable Capital Assets, Net (Note 4)	3,078,817
Total Assets	14,566,084
LIABILITIES	
Current Liabilities:	
Accounts Payable	80,692
Amount Available for Approval	0
Deferred Property Tax Revenue	2,317,206
Other Deferred Revenue	0
Bonds Payable, Current (Note 5)	550,000
Total Current Liabilities	2,947,898
LONG TERM LIABILITIES	
Bonds Payable (Note 5)	9,350,000
Total Liabilities	12,297,898
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	
Restricted for:	
Debt Service	90,931
Conservation Trust Fund	203,459
Emergency Reserve	52,020
Unrestricted	1,921,776
Total Net Assets	\$ 2,268,186

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, 2006**

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General Government	\$ 743,125	\$ 1,577,625	\$	\$ 0
Community Programs	140,648	121,042		
Interest	<u>566,610</u>			
Total Governmental Activities	<u>\$ 1,450,383</u>	<u>\$ 1,698,667</u>	<u>\$</u>	<u>\$ 0</u>
General Revenues				
Property Taxes				
Specific Ownership Taxes				
Investment Incomes				
Others				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

GVR METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2006

Net (Expense) Revenues and Changes in Net Assets	Governmental Activities
\$	834,500
	(19,606)
	(566,610)
\$	248,284
	2,116,717
	179,049
	458,245
	25,233
	2,779,244
	3,027,528
	(759,342)
\$	2,268,186

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, 2006**

	<u>Governmental Fund Types</u>			<u>2006</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
ASSETS				
Cash and Investments	\$ 8,855,381	\$ 90,839	\$ 208,570	\$ 9,154,790
Receivable from County Treasurer	11,706	93		11,799
Property taxes receivable	795,866	1,521,340		2,317,206
Accounts Receivable (net)	33			33
Prepaid Expense	1,809		1,630	3,439
TOTAL ASSETS	<u>9,664,795</u>	<u>1,612,272</u>	<u>210,200</u>	<u>11,487,267</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable	73,951		6,741	80,692
Amount Available for Approval				0
Deferred Property Tax Revenue	795,865	1,521,341		2,317,206
Other Deferred Revenue				0
Total Liabilities	<u>869,816</u>	<u>1,521,341</u>	<u>6,741</u>	<u>2,397,898</u>
EQUITY				
Reserved for Debt Service	2,238,899	90,931		2,329,830
Reserved for Capital Construction	2,500,000			2,500,000
Reserved for Conservation Trust Fund			203,459	203,459
Emergency Reserve	52,020			52,020
Unreserved – Undesignated	4,004,060			4,004,060
Total Equity	<u>8,794,979</u>	<u>90,931</u>	<u>203,459</u>	<u>9,089,369</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 9,664,795</u>	<u>\$ 1,612,272</u>	<u>\$ 210,200</u>	<u>\$ 11,487,267</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, 2006

Total Governmental Fund Balances	\$	9,089,369
<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	\$	3,238,280
Less accumulated depreciation	\$	<u>(159,463)</u>
		3,078,817
<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>(9,900,000)</u>
Net Assets of Governmental Activities	\$	<u><u>2,268,186</u></u>

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

GVR METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENT FUND TYPES
December 31, 2006

	<u>Governmental Fund Types</u>			<u>2006</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Governmental Funds</u>	
REVENUES				
System Development Fees	\$ 1,577,625	\$	\$	\$ 1,577,625
Property Taxes	727,002	1,389,715		2,116,717
Specific Ownership Taxes	179,049			179,049
Net Investment Income	311,486	142,233	4,526	458,245
Litigation Settlement				0
Other Income	1,202		24,031	25,233
Youth Program Fees			54,788	54,788
Lottery Proceeds			66,254	66,254
Total Revenues	<u>2,796,364</u>	<u>1,531,948</u>	<u>149,599</u>	<u>4,477,911</u>
EXPENDITURES				
Current				
Personal Services	246,359		99,667	346,026
Professional Services	94,870		3,770	98,640
County Treasurer's Fees & Election Costs	24,004	13,936		37,940
Community Center Operations	134,355		21,753	156,108
Landscape Contract Services	98,293		240	98,533
Landscape Maintenance & Improvement	30,018		5,104	35,122
Landscape Utility Service	51,119			51,119
Community Program	107		10,114	10,221
Debt Service		1,091,610		1,091,610
Capital Outlay	944,381			944,381
Distribution to the City				0
Total Expenditures	<u>1,623,506</u>	<u>1,105,546</u>	<u>140,648</u>	<u>2,869,700</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,172,858</u>	<u>426,402</u>	<u>8,951</u>	<u>1,608,211</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>347,318</u>	<u>(426,309)</u>	<u>78,991</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>347,318</u>	<u>(426,309)</u>	<u>78,991</u>	<u>0</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	1,520,176	93	87,942	1,608,211
FUND BALANCE – BEGINNING OF YEAR	<u>7,274,803</u>	<u>90,838</u>	<u>115,517</u>	<u>7,481,158</u>
FUND BALANCE – END OF YEAR	<u>\$ 8,794,979</u>	<u>\$ 90,931</u>	<u>\$ 203,459</u>	<u>\$ 9,089,369</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, 2006**

Net Changes in Fund Balances – Total Governmental Funds	\$	1,608,211
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those Capital outlays is capitalized and the assets allocated over Their useful lives as depreciation expense. This is the Difference between depreciation expense and capital outlay In the current period:		
Capital outlay	\$ 944,381	
Depreciation expense	<u>(50,064)</u>	894,317
Elimination of transfers between governmental funds:		
Transfers In	\$ 426,309	
Transfers Out	<u>(426,309)</u>	0
Repayment of long-term bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
		<u>525,000</u>
Change in Net Assets of Governmental Activities	\$	<u>3,027,528</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, 2006**

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 Community 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, 2006**

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, 2006

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 – Community Program Fund and Conservation Trust Fund.

Account Groups

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

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

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

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 restated the beginning fixed asset depreciation balances and has continued to record additions to infrastructure at cost and depreciate the asset over its estimated useful life. The District's capitalization threshold is \$5,000 and a useful life of more than one year.

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, 2006**

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, 2006, there was one supplementary appropriations approved by the District on December 13, 2006.

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, 2006**

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. The General Fund fund balance of \$52,020 has been reserved in compliance with this requirement.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

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, 2006, 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, 2006, the District’s cash deposits had a bank balance and a carrying balance as follows:

	Bank Balance	Carrying Balance
Insured Deposits	\$ 325,984	\$ 296,153

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

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, 2006, the District had invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. As of December 31, 2006, the District had \$6,283,584 invested in COLOTRUST PRIME and \$2,575,050 invested in COLOTRUST PLUS+.

Total cash and investment amounted to \$9,154,790 as of December 31, 2006.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in property and equipment for the year ended December 31, 2006 follows:

<u>By Classification</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
Non-Depreciable				
Land	\$ 15,344	\$ 515,000	\$	\$ 530,344
Construction in Progress	49,144	398,973		448,117
Common Areas - Landscaping	1,658,805			1,658,805
Total Non-Depreciable	<u>1,723,293</u>	<u>913,973</u>		<u>2,637,266</u>
Depreciable				
Community Center	252,065			252,065
Equipment	124,870	20,409		145,279
Vehicles	193,670	9,999		203,669
Total Depreciable	<u>570,605</u>	<u>30,408</u>		<u>601,013</u>
Less Accumulated Depreciation				
General Fund	(109,398)	(52,920)	2,856	(159,462)
Net Depreciable	<u>461,207</u>	<u>(22,512)</u>	<u>2,856</u>	<u>441,551</u>
Net	<u>\$ 2,184,500</u>	<u>\$ 891,461</u>	<u>\$ 2,856</u>	<u>\$ 3,078,817</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.

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

Deletions for depreciation are as a result of non-depreciable asset being depreciated in 2005. This entry is to correct that error.

The District has entered into professional service agreements for design and project management of new district facilities and estimate unexpended construction costs of \$226,950.87 at year end 2006.

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in general long-term obligations for the year ended December 31, 2006:

	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>	<u>Amount Due in One Year</u>
1999 G.O. Refunding Bonds	\$ 10,425,000	\$ 0	\$525,000	\$ 9,900,000	\$ 550,000

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

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2011-2015	3,725,000	1,729,672	5,454,672
2016-2019	3,805,000	561,774	4,366,774
	\$ <u>9,900,000</u>	\$ <u>4,284,856</u>	\$ <u>14,184,856</u>

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

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

**GVR METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

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, 2006 are as follows:

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

On October 11, 1983, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not-to-exceed \$31,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2006, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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

The continued validity of the remaining debt authorization may be an issue as a result of the November 1992 election which amended Article X, Section 20 of the Constitution of the State of Colorado.

NOTE 6 – RISK MANAGEMENT

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

The District is one of approximately 902 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2005. 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, 2006**

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, 2005 is as follows:

Assets	\$	<u>14,979,891</u>
Liabilities		5,985,999
Capital and surplus		<u>8,993,892</u>
		<u>14,979,891</u>
Revenue		8,378,526
Underwriting expenses		<u>5,787,447</u>
Underwriting gain		2,591,079
Other income		390,360
Dividend		
Net income	\$	<u>2,981,439</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims as of December 31, 2005.

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 2006 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, 2006**

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, 2006**

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, 2006

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
System Development Fees	\$ 640,000	\$ 231,800	\$ 1,577,625	\$ 1,345,825
Property Taxes	735,437	735,437	757,002	21,565
Specific Ownership Taxes	214,126	214,126	179,049	(35,077)
Net Investment Income	48,500	307,000	311,486	4,486
Litigation Settlement	0	0	0	0
Other Income	0	1,400	1,202	(198)
Total Revenues	1,638,063	1,489,763	2,796,364	1,336,601
EXPENDITURES				
Current				
Personal Services	329,792	313,687	246,359	67,328
Professional Services	196,000	146,633	94,870	51,763
County Treasurer's Fees & Election Costs	27,300	24,300	24,004	296
Community Center Operations	256,642	116,170	134,355	(18,185)
Landscape Contract Services	454,793	125,543	98,293	27,250
Landscape Maintenance & Improvement	132,126	105,458	30,018	75,440
Landscape Utility Service	45,170	64,560	51,119	13,441
Youth Program	0	150	107	43
Debt Service	0	0	0	0
Capital Outlay	0	913,500	944,381	(30,881)
Distribution to the City	0	0	0	0
Total Expenditures	1,441,823	1,810,001	1,623,506	186,495
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	196,240	(320,238)	1,172,858	1,493,096
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	(48,182)	(1,900,489)	347,318	2,247,807
Total Other Financing Sources (Uses)	(48,182)	(1,900,489)	347,318	2,247,807
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	148,058	(2,220,727)	1,520,176	3,740,903
FUND BALANCE – BEGINNING OF YEAR	3,202,956	3,079,306	7,274,803	4,195,497
FUND BALANCE – END OR YEAR	\$ 3,351,014	\$ 858,579	\$ 8,794,979	\$ 7,936,400

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, 2006

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 1,405,826	\$ 1,405,826	\$ 1,389,715	\$ (16,111)
Investment Income	23,400	23,400	142,233	118,833
Total Revenues	<u>1,429,226</u>	<u>1,429,226</u>	<u>1,531,948</u>	<u>102,722</u>
EXPENDITURES				
Current				
County Treasurer's Fees	14,000	14,000	13,936	64
Paying Agent Fees	1,000	1,000	0	1,000
Bond Principal	525,000	525,000	525,000	0
Bond Interest	566,323	566,323	566,610	(287)
Debt Service		0	0	0
Contingency	2,677	2,677	0	2,677
Total Expenditures	<u>1,109,000</u>	<u>1,109,000</u>	<u>1,105,546</u>	<u>3,454</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>320,226</u>	<u>320,226</u>	<u>426,402</u>	<u>106,176</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	0	0	(426,309)	(426,309)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(426,309)</u>	<u>(426,309)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	320,226	320,226	93	(320,133)
FUND BALANCE – BEGINNING OF YEAR	<u>1,759,662</u>	<u>1,759,662</u>	<u>90,838</u>	<u>(1,668,824)</u>
FUND BALANCE – END OR YEAR	<u>\$ 2,079,888</u>	<u>\$ 2,079,888</u>	<u>\$ 90,931</u>	<u>\$ (1,988,957)</u>

**GVR METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2006**

	Community Program Fund	Conservation Trust Fund	Totals 2006
ASSETS			
Cash and Investments	\$ 4,955	\$ 203,615	\$ 208,570
Accounts Receivable (net)	1,630	0	1,630
TOTAL ASSETS	6,585	203,615	210,200
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	6,585	156	6,741
Total Liabilities	6,585	156	6,741
FUND BALANCE			
Reserved	0	203,459	203,459
Total Fund Balance	0	203,459	203,459
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,585	\$ 203,615	\$ 210,200

**GVR METROPOLITAN DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2006**

	Community Program Fund	Conservation Trust Fund	Totals 2006
REVENUE			
Net investment income	\$ 35	\$ 4,491	\$ 4,526
Community program fees	54,788		54,788
Other Income	31	24,000	24,031
Lottery proceeds		66,254	66,254
Total Revenue	54,854	94,745	149,599
EXPENDITURES			
Personal Services	99,667		99,667
Professional Services	3,770		3,770
Community Center Operations	20,294	1,459	21,753
Landscape Maintenance & Improvements		5,344	5,344
Community Programs	10,114		10,114
Capital Outlay			
Total expenditures	133,845	6,803	140,648
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(78,991)	87,942	8,951
OTHER FINANCING SOURCES			
Operating Transfers In	78,991	0	78,991
Total other financing sources	78,991	0	78,991
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	87,942	87,942
FUND BALANCE – BEGINNING OF YEAR	0	115,517	115,517
FUND BALANCE – END OF YEAR	\$ 0	\$ 203,459	\$ 203,459

**GVR METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY PROGRAM FUND
Year Ended December 31, 2006**

	Community Program Fund			
	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE				
Net investment income	\$ 1	\$ 100	\$ 35	\$ (65)
Community Program fees	142,980	60,000	54,788	(5,212)
Other Income	0	100	31	(69)
Total Revenue	<u>142,981</u>	<u>60,200</u>	<u>54,854</u>	<u>(5,346)</u>
EXPENDITURES				
Personal Services	117,220	102,000	99,667	2,333
Professional Services	6,128	10,100	3,770	6,330
Community Center Operations	5,400	5,000	20,294	(15,294)
Landscape Maintenance & Improvements	0	0	0	0
Community Programs	62,415	31,000	10,114	20,886
Capital Outlay	0	0	0	0
Total expenditures	<u>191,163</u>	<u>148,100</u>	<u>133,845</u>	<u>14,255</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(48,182)</u>	<u>(87,900)</u>	<u>(78,991)</u>	<u>(8,909)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	48,182	87,900	78,991	8,909
Total other financing sources (uses)	<u>48,182</u>	<u>87,900</u>	<u>78,991</u>	<u>8,909</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	0	0	0
FUND BALANCE – BEGINNING OF YEAR	0	0	0	0
FUND BALANCE – END OF YEAR	<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, 2006

	Conservation Trust Fund			
	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE				
Net investment income	\$ 1,000	\$ 3,500	\$ 4,491	\$ 991
Grants	145,000	24,000	24,000	0
Lottery Proceeds	60,000	65,500	66,254	754
Total Revenue	<u>206,000</u>	<u>93,000</u>	<u>94,745</u>	<u>1,745</u>
EXPENDITURES				
Professional Services	0	0	0	0
Community Center Operations	0	2,000	1,459	541
Landscape Maintenance and Improvements	180,000	56,000	5,344	50,656
Contingency	26,000	35,000	0	35,000
Total expenditures	<u>206,000</u>	<u>93,000</u>	<u>6,803</u>	<u>86,197</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>0</u>	<u>0</u>	<u>87,942</u>	<u>87,942</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	0	87,942	87,942
FUND BALANCE – BEGINNING OF YEAR	<u>25,658</u>	<u>25,658</u>	<u>115,517</u>	<u>115,517</u>
FUND BALANCE – END OF YEAR	<u>\$ 25,658</u>	<u>\$ 25,658</u>	<u>\$ 203,459</u>	<u>\$ 203,459</u>

**GVR METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2006**

Maturing in the Year Ending December 31,	\$13,165,000 General Obligation Refunding Bonds, Series 1999, Dated December 15, 1999 Interest Rate from 4.05% to 5.75% Due June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
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	-	-	-
	\$ 9,900,000	\$ 4,284,856	\$ 14,184,856

**GVR METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2006**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation For Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2002	\$ 56,643,200	8.344	21.927	\$ 1,714,646	\$ 1,715,382	100.04%
2003	\$ 67,561,550	8.344	21.927	\$ 2,045,156	\$ 1,978,354	96.73%
2004	\$ 75,737,600	8.344	18.617	\$ 2,041,963	\$ 2,016,657	98.76%
2005	\$ 78,869,080	8.344	18.617	\$ 2,126,389	\$ 2,127,175	100.037%
2006	\$ 88,139,590	8.344	15.950	\$ 2,141,263	\$ 2,139,729	99.928%
Estimated for the year ending December 31, 2007	\$ 95,381,820	8.344	15.950	\$ 2,317,206		

NOTE:

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

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

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CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION

**GVR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
December 31, 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/ Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase (Decrease)</u>	<u>Total Mill Levy</u>
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
2006/2007	\$ 95,381,820	8.22%	24.294

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 Assessed Valuation</u>	<u>Percent of 2005 Assessed 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, 2006**

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 Assessed Valuation</u>	<u>Percent of 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	\$ <u>6,631,740</u>	<u>7.60 %</u>

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, 2006

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	\$ 9,900,000	
Overlapping debt	108,286,331	(1)
Total direct debt and overlapping debt	<u>\$ 118,186,331</u>	
2006 District assessed valuation	\$ 95,555,610	
Direct debt to 2006 assessed valuation	10.36 %	
Direct debt plus overlapping debt to 2006 assessed valuation	123.68 %	
2006 District statutory actual value	\$ 1,198,863,346	(2)
Direct debt to 2006 statutory actual value	.83 %	
Direct debt plus overlapping debt to 2006 statutory actual value	9.86 %	

- (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.