

VDW METROPOLITAN DISTRICT NO. 1
Larimer County, Colorado

FINANCIAL STATEMENTS
December 31, 2008

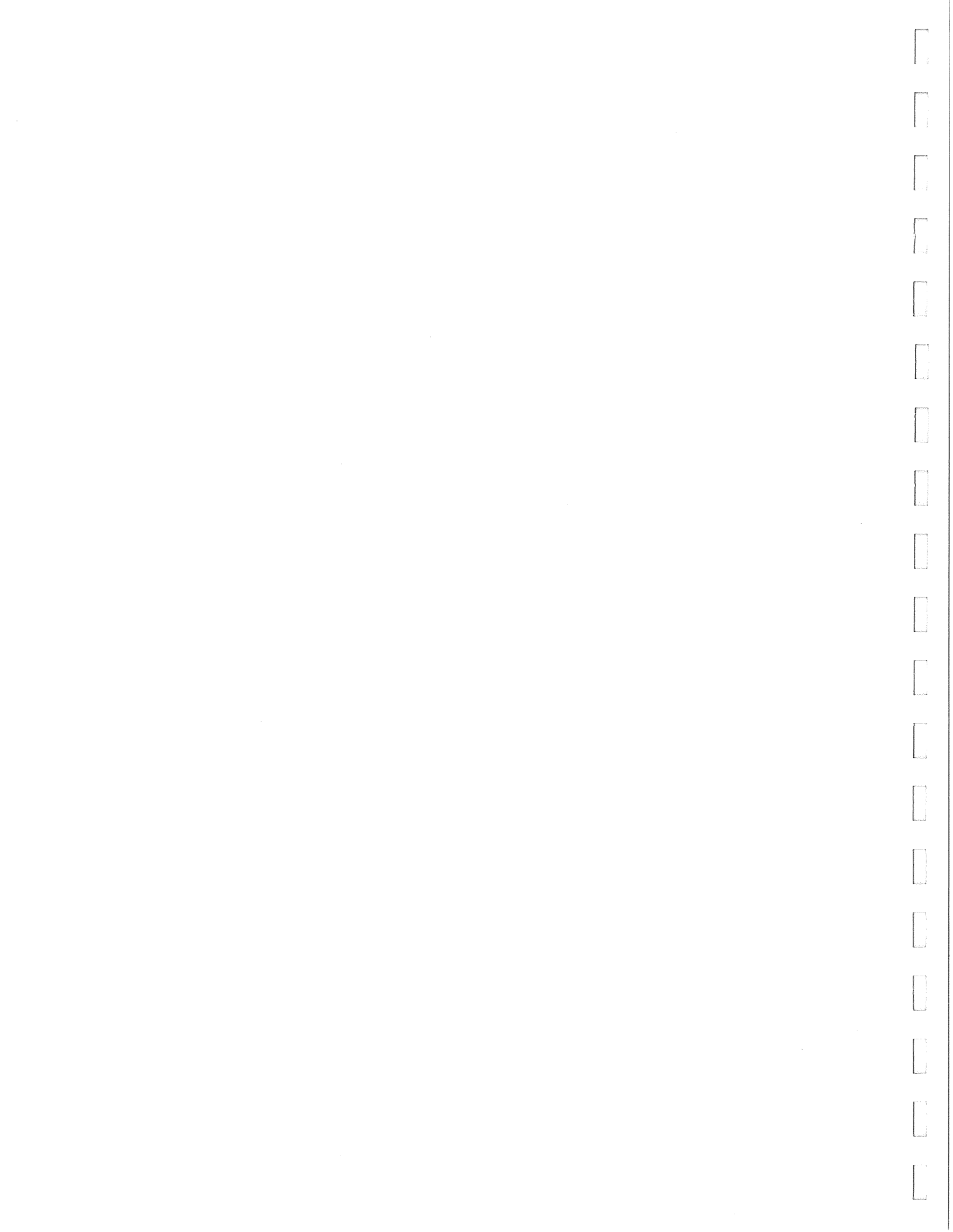


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JASPERS + HALL, PC
CERTIFIED PUBLIC ACCOUNTANTS

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Report of Independent Certified Public Accountants

Board of Directors
VDW Metropolitan District No. 1

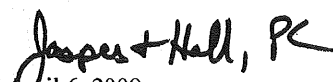
We have audited the accompanying financial statements of the governmental activities and each major fund of VDW Metropolitan District No. 1 (District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of VDW Metropolitan District No. 1, as of December 31, 2008, and the respective changes in it's financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information presented on pages 22 through 23 are presented for purposes of additional analysis and is also not a required part of the basic financial statements. This 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.


April 6, 2009

Management's Discussion and Analysis

As management of VDW Metropolitan District No. 1 (the 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, 2008.

Financial Highlights

- Liabilities exceeded assets by \$8,231,052 at the end of the fiscal year. This deficit of net assets is largely due to the District being responsible for the repayment of bonds and developer advances that were used for public improvements and then subsequently dedicated to other governments.
- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$158,878.
- Total net assets decreased by \$942.
- Total cash and investments increased by \$9,571 as compared to the prior year.
- General fund expenditures were \$331,710 for the year ending December 31, 2008. Included in this amount was \$185,208 transferred to the Debt Service Fund for payment of bond interest and related costs. The remaining expenditures included costs incurred to provide the administration of the District and include accounting, legal, management, insurance, utilities, landscape maintenance and other operating costs.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$138,192, or 42% of total General Fund expenditures.

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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide 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 *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. 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 activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (*governmental activities*). The governmental activities of the District include the financing, construction of, and maintenance of governmental infrastructure including streets, water, sewer, storm, park and recreation, and transportation and traffic improvements constructed or acquired by the District.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds - General Fund, Debt Service Fund and Capital Projects Fund - all of which are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the *basic financial statements* to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-20 of this report.

Other information. The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the Debt Service and Capital Projects Funds to demonstrate compliance with these budgets. The budget statements are found after the *basic financial statements* on pages 22 and 23 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's liabilities exceeded assets by \$8,231,052 at the close of the most recent fiscal year.

Net Assets

	December 31,	
	2008	2007
Current assets	\$ 259,426	\$ 249,650
Capital assets	157,687	166,924
Total assets	<u>417,113</u>	<u>416,574</u>
Current liabilities	31,305	29,824
Long-term obligations	<u>8,616,860</u>	<u>8,616,860</u>
Total liabilities	<u>8,648,165</u>	<u>8,646,684</u>
Invested in capital assets, net of related debt	(32,696)	(6,880,735)
Restricted net assets	11,345	11,283
Unrestricted net assets	<u>(8,209,701)</u>	<u>(1,360,658)</u>
Total net assets	<u><u>\$ (8,231,052)</u></u>	<u><u>\$ (8,230,110)</u></u>

During 2008, the District's capital assets decreased by \$9,237, the result of depreciation expense for 2008.

Change in Net Assets

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenue		
Service fees - District 2	\$ 204,499	\$ 183,405
Service fees - District 3	146,948	137,218
Other revenue	<u>5,461</u>	<u>967</u>
Total revenues	<u>356,908</u>	<u>321,590</u>
Expenses		
General government	(156,777)	(133,250)
Dedication of capital assets to other governments	-	(1,528,938)
Interest and related costs on long-term debt	<u>(201,073)</u>	<u>(231,817)</u>
Total expenses	<u>(357,850)</u>	<u>(1,894,005)</u>
Change in net assets	(942)	(1,572,415)
Net assets - Beginning	<u>(8,230,110)</u>	<u>(6,657,695)</u>
Net assets - Ending	<u>\$ (8,231,052)</u>	<u>\$ (8,230,110)</u>

The District's main revenue source for 2008 was service fees earned. The majority of the expenses for general government were legal, accounting, management, service plan amendment and landscape maintenance, which totaled \$124,302.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$158,878. This amount represents \$138,192 in unreserved fund balance that is available for spending at the government's discretion and \$20,686 in reserved fund balance comprised of \$10,800 for emergency reserve and \$9,886 for capital projects.

General Fund Budgetary Highlights

The District's total expenditures for 2008 did not exceed the original budgeted appropriation. The difference between the original budgeted expenditures of \$363,472 and the actual expenditures of \$331,710 was \$31,762. Notable savings were achieved in almost every expense category.

Capital Assets

The District did not invest in any additional capital assets for its governmental activities for the period ended December 31, 2008.

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt

At December 31, 2008, the District had a long-term liability to the Developer of \$5,616,860 as a result of funding provided by the Developer to the District for operations and capital improvement costs.

Additional information on the District's long-term debt can be found on Note 5 of this report.

Next Year's Budgets and Rates

Budgeted General Fund expenditures for 2009 are \$581,153 and are anticipated to be primarily funded by service fees.

Requests for Information

This financial report is designed to provide a general overview of the finances for VDW Metropolitan District No. 1. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: VDW Metropolitan District No. 1, 8390 E. Crescent Parkway, Suite 600, Greenwood Village, CO 80111.

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BASIC FINANCIAL STATEMENTS

VDW METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET ASSETS
December 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 150,671
Cash and investments - Restricted	21,186
Service fees receivable - District 2	1,230
Service fees receivable - District 3	846
Bond issue costs, net	85,493
Capital assets, net	157,687
Total assets	<u>417,113</u>
LIABILITIES	
Accounts payable	15,055
Accrued interest payable	16,250
Noncurrent liabilities	
Due in more than one year	<u>8,616,860</u>
Total liabilities	<u>8,648,165</u>
NET ASSETS	
Invested in capital assets, net of related debt	(32,696)
Restricted for:	
Emergency reserves	10,800
Capital projects	545
Unrestricted	<u>(8,209,701)</u>
Total net assets	<u><u>\$ (8,231,052)</u></u>

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

VDW METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Government activities:					
General government	\$ 156,777	\$ -	\$ -	\$ -	\$ (156,777)
Interest and related costs on long-term debt	201,073	-	-	-	(201,073)
	<u>\$ 357,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(357,850)</u>
General revenues:					
Service fees - District 2					204,499
Service fees - District 3					146,948
Net investment income					5,461
Total general revenues					<u>356,908</u>
Change in net assets					<u>(942)</u>
Net assets - Beginning					<u>(8,230,110)</u>
Net assets - Ending					<u><u>\$ (8,231,052)</u></u>

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

VDW METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 150,671	\$ -	\$ -	\$ 150,671
Cash and investments - Restricted	10,800	500	9,886	21,186
Service fees receivable - District 2	1,230	-	-	1,230
Service fees receivable - District 3	846	-	-	846
TOTAL ASSETS	<u>\$ 163,547</u>	<u>\$ 500</u>	<u>\$ 9,886</u>	<u>\$ 173,933</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,555	\$ 500	\$ -	\$ 15,055
Total liabilities	<u>14,555</u>	<u>500</u>	<u>-</u>	<u>15,055</u>
FUND BALANCES				
Reserved				
Emergency reserve	10,800	-	-	10,800
Capital projects	-	-	9,886	9,886
Unreserved, reported in:				
General fund	62,901	-	-	62,901
Designated for subsequent year's expenditures	75,291	-	-	75,291
Total fund balances	<u>148,992</u>	<u>-</u>	<u>9,886</u>	<u>158,878</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 163,547</u>	<u>\$ 500</u>	<u>\$ 9,886</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.

Capital assets, net 157,687

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Bond issue costs, net 85,493

Long-term liabilities, including Developer advances and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Developer advance payable (5,616,860)

Accrued interest on bonds payable (16,250)

Bonds payable (3,000,000)

Net assets of governmental activities \$ (8,231,052)

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

VDW METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Service fees - District 2	\$ 204,499	\$ -	\$ -	\$ 204,499
Service fees - District 3	146,948	-	-	146,948
Net investment income	5,461	-	-	5,461
Total revenues	<u>356,908</u>	<u>-</u>	<u>-</u>	<u>356,908</u>
EXPENDITURES				
Current				
Accounting	21,998	-	-	21,998
Audit	4,200	-	-	4,200
Bond issue costs	-	-	5,091	5,091
Directors' fees	80	-	-	80
Election expense	1,057	-	-	1,057
Engineering	324	-	-	324
Insurance and bonds	5,168	-	-	5,168
Landscape maintenance	28,990	-	-	28,990
Legal	18,071	-	-	18,071
Management	36,973	-	1,038	38,011
Office expense/miscellaneous	1,638	-	-	1,638
Service plan amendment	18,270	-	-	18,270
Utilities	9,733	-	-	9,733
Debt service				
Bond interest	-	184,708	-	184,708
Paying agent fees	-	500	-	500
Total expenditures	<u>146,502</u>	<u>185,208</u>	<u>6,129</u>	<u>337,839</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>210,406</u>	<u>(185,208)</u>	<u>(6,129)</u>	<u>19,069</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund	-	185,208	-	185,208
Transfer to other fund	(185,208)	-	-	(185,208)
Total other financing sources (uses)	<u>(185,208)</u>	<u>185,208</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	25,198	-	(6,129)	19,069
FUND BALANCES - BEGINNING OF YEAR	123,794	-	16,015	139,809
FUND BALANCES - END OF YEAR	<u>\$ 148,992</u>	<u>\$ -</u>	<u>\$ 9,886</u>	<u>\$ 158,878</u>

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

VDW METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	19,069
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Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation expense		(9,237)
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The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond issue costs		(5,166)
Current year bond issue costs		5,091

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued bond interest expense		(10,699)
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Changes in net assets of governmental activities	\$	(942)
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

VDW METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Service fees - District 2	\$ 214,295	\$ 204,499	\$ (9,796)
Service fees - District 3	147,454	146,948	(506)
Net investment income	-	5,461	5,461
Total revenues	<u>361,749</u>	<u>356,908</u>	<u>(4,841)</u>
EXPENDITURES			
Accounting	25,000	21,998	3,002
Audit	5,000	4,200	800
Directors' fees	-	80	(80)
Election expense	5,000	1,057	3,943
Engineering	4,000	324	3,676
Insurance and bonds	6,000	5,168	832
Landscape maintenance	54,112	28,990	25,122
Legal	25,000	18,071	6,929
Management	50,735	36,973	13,762
Office expense/miscellaneous	3,000	1,638	1,362
Repay developer advance	125,000	-	125,000
Service plan amendment	-	18,270	(18,270)
Utilities	8,625	9,733	(1,108)
Contingency	37,000	-	37,000
Total expenditures	<u>348,472</u>	<u>146,502</u>	<u>201,970</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,277</u>	<u>210,406</u>	<u>197,129</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other fund	(15,000)	(185,208)	(170,208)
Total other financing sources (uses)	<u>(15,000)</u>	<u>(185,208)</u>	<u>(170,208)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1,723)	25,198	26,921
FUND BALANCES - BEGINNING OF YEAR	57,113	123,794	66,681
FUND BALANCES - END OF YEAR	<u>\$ 55,390</u>	<u>\$ 148,992</u>	<u>\$ 93,602</u>

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

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - DEFINITION OF REPORTING ENTITY

VDW Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court for the City of Loveland on June 6, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Loveland (City), Larimer County, Colorado. The District was established to provide construction, installation, financing and operation of public improvements, including streets, traffic and safety controls, water, sanitation, storm drainage, transportation, television relay and translator, park and recreation facilities, and mosquito and pest control. The District's service plan was approved by the City. Pursuant to the consolidated service plan for VDW Metropolitan Districts No. 1-3, the District operates as the Service District related to VDW Metropolitan District No. 2 (Residential District) and VDW Metropolitan District No. 3 (Commercial District).

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 basic 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 has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, including VDW Metropolitan Districts No. 2-3, nor is the District a component unit of any other primary governmental entity, including the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net assets reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net assets.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and service fees. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of invested in capital assets, net of related debt component of the District's net assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful life:

Parks and recreation

20 years

Amortization

Bond Issue Costs

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

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally segregated or are not subject to future appropriation. Designations of unreserved fund balances indicate management's intention for future utilization of such funds and are subject to change by management.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserved Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$10,800 of the fund balance has been reserved in compliance with this requirement.

The reserved fund balance in the Capital Projects Fund in the amount of \$9,886 represents bond proceeds for completion of capital projects.

Designated Fund Balance

The amount classified as "designated for subsequent year's expenditures" at December 31, 2008, represents the amount appropriated for use in the budget for the year ending December 31, 2009.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 150,671
Cash and investments - Restricted	<u>21,186</u>
Total cash and investments	<u><u>\$ 171,857</u></u>

Cash and investments as of December 31, 2008, consist of the following:

Deposits with financial institutions	\$ 27,337
Investments	<u>144,520</u>
Total cash and investments	<u><u>\$ 171,857</u></u>

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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 Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2008, the District's cash deposits had a bank balance of \$34,366 and a carrying balance of \$27,337.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust) are both rated AAAM by Standard & Poor's. As of February 27, 2009, Standard & Poor's has placed CSAFE on CreditWatch Negative.

As of December 31, 2008, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (Colotrust)	Less than 1 year	<u>\$ 144,520</u>

COLOTRUST

During 2008, the District 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 investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. As of December 31, 2008, the District had \$144,520 invested in COLOTRUST PLUS+.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2008, follows:

	Balance at December 31, 2007	Increases	Decreases	Balance at December 31, 2008
Governmental Activities:				
Capital assets, not being depreciated:				
Capital assets	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated:				
Parks and recreation	184,737	-	-	184,737
Less accumulated depreciation for:				
Parks and recreation	17,813	9,237	-	27,050
Total capital assets, being depreciated	166,924	(9,237)	-	157,687
Capital assets, net	<u>\$ 166,924</u>	<u>\$ (9,237)</u>	<u>\$ -</u>	<u>\$ 157,687</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General government	\$ 9,237
Total depreciation expense - Governmental activities	<u>\$ 9,237</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2008.

	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008	Due Within One Year
Series 2007					
G.O. Bonds	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	\$ -
Developer advances -					
General	202,053	-	-	202,053	-
Developer advances -					
Capital	5,414,807	-	-	5,414,807	-
Total	<u>\$ 8,616,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,616,860</u>	<u>\$ -</u>

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

Limited Property Tax Supported Revenue Bonds

\$3,000,000 Limited Property Tax Supported Revenue Bonds, Series 2007, dated December 20, 2007, with interest of 6.50%, consisting of term bonds issued in the original amount of \$3,000,000 due December 1, 2032. All bonds maturing on or after December 1, 2017 are callable at the option of the District without premium. The bonds and interest are insured as to repayment by the District.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) all amounts payable to the District under the Capital Pledge Agreement. Under the Capital Pledge Agreement the two Financing Districts must remit all net property tax collections from the Required Mill Levy to the District. (2) Any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the Financing Districts each year in an amount sufficient to pay the principal and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 40.0 mills with respect to each Financing Districts, adjusted for changes in the ratio of actual value to assessed value of property within the Financing Districts. As of December 31, 2008, the adjusted maximum mill levy is 45.98 mills with respect to District No. 2 and 40.0 mills with respect to District No. 3. For collection year 2009, District No. 2 levied 45.98 mills and District No. 3 levied 40.0 mills.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 195,000	\$ 195,000
2010	60,000	195,000	255,000
2011	65,000	191,100	256,100
2012	70,000	186,875	256,875
2013	75,000	182,325	257,325
2014-2018	435,000	834,925	1,269,925
2019-2023	595,000	673,400	1,268,400
2024-2028	825,000	451,750	1,276,750
2029-2032	875,000	146,575	1,021,575
	<u>\$ 3,000,000</u>	<u>\$ 3,056,950</u>	<u>\$ 6,056,950</u>

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 7, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$32,944,452 at an interest rate not to exceed 12% per annum. At December 31, 2008, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 7, 2002	Authorization Used Series 2007 Bonds	Authorized But Unissued
Streets	\$ 7,418,250	\$ 996,507	\$ 6,421,743
Traffic/safety controls	500,000	-	500,000
Water	1,641,366	536,963	1,104,403
Sanitation	4,662,610	1,466,530	3,196,080
Parks and recreation	500,000	-	500,000
Transportation	500,000	-	500,000
TV relay	500,000	-	500,000
Mosquito control	500,000	-	500,000
Bond refunding	16,222,226	-	16,222,226
Operations and maintenance	500,000	-	500,000
	<u>\$ 32,944,452</u>	<u>\$ 3,000,000</u>	<u>\$ 29,944,452</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$16,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Developer Advances

The District had a long-term liability to the Developer of \$5,616,860 as of December 31, 2008 as a result of funding provided by the Developer to the District for operations and capital improvement costs. The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Operations and Maintenance Funding Agreement

The District had entered into an Amended and Restated Funding Agreement for Operations and Maintenance Costs with the Developer, VDW Properties, LLC. This agreement was in effect until December 31, 2007, and required the Developer to fund operation and maintenance costs up to a maximum of \$500,000. These advances will be repaid out of future property tax revenue receipts. As of December 31, 2008, \$282,053 had been advanced, which does not include interest. Interest on these advances may only be repaid in the event the District generates sufficient cash flow to pay principal and related interest annually. During 2007, \$85,403 was repaid consisting of \$80,000 Developer Advance repayment and \$5,403 interest repayment. As of December 31, 2008, outstanding advances under this agreement totaled \$202,053.

Improvements Acquisition Agreement

The District entered into an improvements acquisition agreement with the Developer on December 1, 2005. Under the terms of this agreement, the District has agreed to acquire completed public improvements from the Developer. During 2008, the District acquired no additional completed public improvements. As of December 31, 2008, \$8,093,943 had been advanced, which does not include interest. Interest on these advances may only be repaid in the event the District generates sufficient cash flow to pay principal and related interest annually. During 2007, \$2,900,000 was repaid consisting of \$2,679,136 Developer Advance repayment and \$220,864 interest repayment. As of December 31, 2008, outstanding advances under this agreement totaled \$5,414,807.

NOTE 6 - NET ASSETS

The District has net assets consisting of three components - invested in capital assets, net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2008, the District had invested in capital assets, net of related debt calculated as follows:

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 6 - NET ASSETS (CONTINUED)

	<u>Governmental Activities</u>
Invested in capital assets, net of related debt:	
Capital assets, net	\$ 157,687
Noncurrent portion of outstanding long-term obligations	(192,553)
Bond issuance costs (net of accumulated amortization)	1,956
Unspent bond proceeds	214
Invested in capital asset, net of related debt	<u><u>\$ (32,696)</u></u>

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net assets as of December 31, 2008 as follows:

	<u>Governmental Activities</u>
Restricted net assets:	
Emergencies	\$ 10,800
Capital projects	545
Total restricted net assets	<u><u>\$ 11,345</u></u>

The District's unrestricted net assets as of December 31, 2008 are \$(8,209,701). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 7 - INTERFUND AND OPERATING TRANSFERS

The following schedule summarizes the District's transfer for the year ended December 31, 2008:

<u>Transfers Out</u>	<u>Transfers In Debt Service Fund</u>
General Fund	<u>\$ 185,208</u>

The transfer of \$185,208 from the General Fund to the Debt Service Fund was related to payment of debt service expenses.

NOTE 8 - RELATED PARTY

The Developers of the property which constitutes the District are VDW Properties, LLC, and VDW Retail, LLC. The members of the Board of Directors are employees, owners or are otherwise associated with the Developers, and have disclosed any potential conflicts of interest in taking action on matters brought before the Board. The District owes VDW Properties, LLC \$5,616,860 as of December 31, 2008 for outstanding Developer advances.

NOTE 9 - 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 a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2008. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation 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.

VDW METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 10 - 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 that 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 debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 7, 2002, the District voters passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses.

On May 7, 2002, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current and future levied taxes and fees of the District, up to the amounts specified in the May 2002 election, without regard to any limitations under TABOR.

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.

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SUPPLEMENTAL INFORMATION

VDW METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Bond interest	210,000	184,708	25,292
Paying agent fees	10,000	500	9,500
Total expenditures	<u>220,000</u>	<u>185,208</u>	<u>34,792</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(220,000)</u>	<u>(185,208)</u>	<u>34,792</u>
OTHER FINANCING SOURCES (USES)			
Transfer from other fund	-	185,208	185,208
Total other financing sources (uses)	<u>-</u>	<u>185,208</u>	<u>185,208</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(220,000)	-	220,000
FUND BALANCES - BEGINNING OF YEAR	<u>420,000</u>	<u>-</u>	<u>(420,000)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 200,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (200,000)</u></u>

VDW METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
Bond issue costs	-	5,091	(5,091)
Engineering	2,500	-	2,500
Legal	5,000	-	5,000
Management	7,500	1,038	6,462
Capital outlay			
Water	250,000	-	250,000
Streets	1,000,000	-	1,000,000
Sewer and storm sewer	1,000,000	-	1,000,000
Total expenditures	<u>2,265,000</u>	<u>6,129</u>	<u>2,258,871</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,265,000)</u>	<u>(6,129)</u>	<u>2,258,871</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	2,250,000	-	(2,250,000)
Transfer from other fund	15,000	-	(15,000)
Total other financing sources (uses)	<u>2,265,000</u>	<u>-</u>	<u>(2,265,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(6,129)	(6,129)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>16,015</u>	<u>16,015</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 9,886</u>	<u>\$ 9,886</u>

VDW METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2008

\$3,000,000			
Limited Property Tax Supported Revenue Bonds			
Series 2007, Dated December 20, 2007			
Principal Due December 1			
Interest Rate 6.50%			
Interest Payable June 1 and December 1			
<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt</u> <u>Service</u>
2009	\$ -	\$ 195,000	\$ 195,000
2010	60,000	195,000	255,000
2011	65,000	191,100	256,100
2012	70,000	186,875	256,875
2013	75,000	182,325	257,325
2014	75,000	177,450	252,450
2015	80,000	172,575	252,575
2016	85,000	167,375	252,375
2017	95,000	161,850	256,850
2018	100,000	155,675	255,675
2019	105,000	149,175	254,175
2020	110,000	142,350	252,350
2021	120,000	135,200	255,200
2022	125,000	127,400	252,400
2023	135,000	119,275	254,275
2024	145,000	110,500	255,500
2025	155,000	101,075	256,075
2026	165,000	91,000	256,000
2027	175,000	80,275	255,275
2028	185,000	68,900	253,900
2029	200,000	56,875	256,875
2030	210,000	43,875	253,875
2031	225,000	30,225	255,225
2032	240,000	15,600	255,600
	<u>\$ 3,000,000</u>	<u>\$ 3,056,950</u>	<u>\$ 6,056,950</u>

VDW METROPOLITAN DISTRICT NO. 1
FIVE YEAR SUMMARY OF VDW METROPOLITAN DISTRICT NO. 2's
ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2008

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied for Contractual Obligation</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2004	\$ 359,160	0.000	\$ -	\$ -	N/A
2005	\$ 1,910,820	0.000	\$ -	\$ -	N/A
2006	\$ 2,734,990	0.000	\$ -	\$ -	N/A
2007	\$ 3,689,110	45.980	\$ 169,625	\$ 167,478	98.7%
2008	\$ 4,355,720	45.980	\$ 200,276	\$ 191,549	95.6%
Estimated for calendar year ending December 31, 2009	\$ 4,794,000	45.980	\$ 220,428		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.

VDW METROPOLITAN DISTRICT NO. 1
FIVE YEAR SUMMARY OF VDW METROPOLITAN DISTRICT NO. 3's
ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2008

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for Contractual Obligation	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2004	\$ 32,890	0.000	\$ -	\$ -	N/A
2005	\$ 3,930	45.980	\$ 181	\$ 182	100.6%
2006	\$ 573,120	45.980	\$ 26,352	\$ 26,352	100.0%
2007	\$ 2,778,650	45.980	\$ 127,762	\$ 127,762	100.0%
2008	\$ 3,445,190	40.000	\$ 137,807	\$ 137,807	100.0%
Estimated for calendar year ending December 31, 2009	\$ 6,372,850	40.000	\$ 254,914		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.