

VDW Metropolitan District

January 19, 2009

Mr. Scott Olene
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: VDW Metropolitan District No. 1 Budget for 2009

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2009 Budget and mill levy certification for VDW Metropolitan District No. 1 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The Budget was adopted on November 11, 2008.

If there are any questions on the budget, please contact our office at (970) 669-3611

Sincerely,
VDW METROPOLITAN DISTRICT NO. 1



Pinnacle Consulting Group Inc.
District Administrator

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612



Accountant's Report

Board of Directors
VDW Metropolitan District No. 1
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the VDW Metropolitan District No. 1 for the General, Debt Service and Capital Projects Funds for the year ending December 31, 2009, including the forecasted estimate of comparative information for the year ending December 31, 2008, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2007 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2007, as prepared by Jaspers + Hall, P.C., dated July 14, 2008, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the VDW Metropolitan District No. 1.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 4, 2008

VDW METROPOLITAN DISTRICT NO. 1
SUMMARY
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/4/08

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCES	\$ 10,268	\$ 139,809	\$ 115,667
REVENUE			
Service Fees - VDW 2	183,405	204,878	233,653
Service Fees - VDW 3	137,218	146,451	270,209
Investment income	967	5,600	2,000
Developer advance	1,533,526	2,250,000	2,000,000
Bond proceeds	3,000,000	-	-
Total revenue	4,855,116	2,606,929	2,505,862
TRANSFERS IN	6,502	204,799	195,000
Total funds available	4,871,886	2,951,537	2,816,529
EXPENDITURES			
General			
Accounting	16,672	23,000	25,000
Audit	3,856	4,200	5,000
Director fees	-	80	100
District Management	45,676	53,500	45,348
Election costs	-	1,057	-
Engineering Expense, general	2,543	3,055	1,000
Insurance - Liability and E&O	5,747	5,168	5,500
Landscape, Grounds Maintenance	24,197	53,512	44,970
Legal	15,917	25,000	25,000
Office/Other	1,426	3,000	3,000
Repayment of Developer advance	2,759,136	-	100,000
Interest on developer advance	226,267	-	-
Bond issue costs	85,568	5,091	-
Utilities	8,044	9,700	9,700
Replacement Reserves	-	-	14,235
Service Plan Amendment	-	10,000	77,300
Contingency	-	-	30,000
Debt Service			
Bond interest	-	184,708	195,000
Capital outlay	1,530,526	2,250,000	2,000,000
Total expenditures	4,725,575	2,631,071	2,581,153
TRANSFERS OUT	6,502	204,799	195,000
Total expenditures and transfers out requiring appropriation	4,732,077	2,835,870	2,776,153
ENDING FUND BALANCES	\$ 139,809	\$ 115,667	\$ 40,376

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

VDW METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/4/08

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ACTUAL	ESTIMATED	ADOPTED
2007	2008	2009

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ -	\$ -	\$ -
Commercial	-	-	-
State assessed	-	-	-
Vacant land	-	-	-
Personal property	-	-	-
<hr/>			
Adjustments	-	-	-
<hr/>			
Certified Assessed Value	\$ -	\$ -	\$ -

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Contractual Obligation	0.000	0.000	0.000
Temporary Mill Levy Reduction			
Refund and abatements	0.000	0.000	0.000
<hr/>			
Total mill levy	0.000	0.000	0.000

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Contractual Obligation	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
<hr/>			
Levied property taxes	-	-	-
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
<hr/>			
Budgeted property taxes	\$ -	\$ -	\$ -

BUDGETED PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
<hr/>			
	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

VDW METROPOLITAN DISTRICT NO. 1
GENERAL FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/4/08

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ 10,268	\$ 123,794	\$ 99,652
REVENUE			
Service Fees - VDW 2	183,405	204,878	233,653
Service Fees - VDW 3	137,218	146,451	270,209
Investment income	967	5,600	2,000
Developer advance	3,000	-	-
Total revenue	324,590	356,929	505,862
TRANSFERS IN			
Capital Projects Fund	2,285	-	-
Debt Service Fund	-	-	-
Total transfers in	2,285	-	-
Total funds available	337,143	480,723	605,514
EXPENDITURES			
Accounting & Administration	16,672	23,000	25,000
Audit	3,856	4,200	5,000
Director fees	-	80	100
District Management	45,327	46,000	45,348
Election costs	-	1,057	-
Engineering Expense, general	2,543	555	1,000
Insurance - Liability and E&O	5,747	5,168	5,500
Landscape, Grounds Maint, Repairs	24,197	53,512	44,970
Legal	15,917	20,000	25,000
Office/Other	1,426	3,000	3,000
Repayment of developer advance	80,000	-	100,000
Interest on developer advance	5,403	-	-
Utilities	8,044	9,700	9,700
Replacement Reserves	-	-	14,235
Service Plan Amendment	-	10,000	77,300
Contingency	-	-	30,000
Total expenditures	209,132	176,272	386,153
TRANSFERS OUT			
Capital Projects Fund	4,217	20,091	-
Debt Service Fund	-	184,708	195,000
Total transfers out	4,217	204,799	195,000
Total expenditures and transfers out requiring appropriation	213,349	381,071	581,153
ENDING FUND BALANCE	\$ 123,794	\$ 99,652	\$ 24,361
EMERGENCY RESERVE	\$ 9,700	\$ 10,800	\$ 15,200

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

**VDW METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,**

12/4/08

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	-	-	-
Investment income	-	-	-
Total revenue	-	-	-
TRANSFERS IN			
Capital Projects Fund	-	-	-
General Fund	-	184,708	195,000
Total transfers in	-	184,708	195,000
Total funds available	-	184,708	195,000
EXPENDITURES			
Bond interest	-	184,708	195,000
Total expenditures	-	184,708	195,000
TRANSFERS OUT			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	184,708	195,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

VDW METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/4/08

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ 16,015	\$ 16,015
REVENUE			
Developer advance	1,530,526	2,250,000	2,000,000
Bond proceeds	3,000,000	-	-
Total revenue	<u>4,530,526</u>	<u>2,250,000</u>	<u>2,000,000</u>
TRANSFERS IN			
Debt Service Fund	-	-	-
General Fund	4,217	20,091	-
Total transfers in	<u>4,217</u>	<u>20,091</u>	<u>-</u>
Total funds available	<u>4,534,743</u>	<u>2,286,106</u>	<u>2,016,015</u>
EXPENDITURES			
General			
Legal	-	5,000	-
District Management	349	7,500	-
Repayment of developer advance	2,679,136	-	-
Interest on developer advance	220,864	-	-
Bond issue costs	85,568	5,091	-
Engineering	-	2,500	-
Capital outlay			2,000,000
Water infrastructure	1,528,938	250,000	-
Street/Roadway Improvements	-	1,000,000	-
Sewer & Storm infrastructure	-	1,000,000	-
Parks and Recreation	1,588	-	-
Total expenditures	<u>4,516,443</u>	<u>2,270,091</u>	<u>2,000,000</u>
TRANSFERS OUT			
Debt Service Fund	-	-	-
General Fund	2,285	-	-
Total transfers out	<u>2,285</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>4,518,728</u>	<u>2,270,091</u>	<u>2,000,000</u>
ENDING FUND BALANCE	<u>\$ 16,015</u>	<u>\$ 16,015</u>	<u>\$ 16,015</u>

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

**VDW METROPOLITAN DISTRICT NO.1
2009 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities. The District was organized in conjunction with two other related districts, VDW Metropolitan District No.2 and VDW Metropolitan District No. 3. Under the consolidated Service Plan, District No. 1 is to be the Operating District and Districts No. 2 and No. 3 are to be the Taxing Districts. The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed by Court Order on June 6, 2002, with its formation election held on May 7, 2002. The election approved general obligation indebtedness of \$7,418,250 for street improvements, \$500,000 for traffic safety, \$1,641,366 for water supply system, \$4,662,610 for sanitary sewer system, \$500,000 for parks and recreation, \$500,000 for public transportation, \$500,000 for television relay system, \$500,000 for mosquito control, \$16,222,226 for refinancing of District debt, and \$500,000 for general operations and maintenance. The election also approved an annual increase in taxes of \$8,308,440 for street improvements, \$560,000 for traffic safety, \$1,838,330 for water supply system, \$5,222,123 for sanitary sewer system, \$560,000 for parks and recreation, \$560,000 for public transportation, \$560,000 for television relay system, \$560,000 for mosquito control, \$18,168,893 for refinancing of District debt, and \$560,000 for general operations and maintenance.

The District prepares its budget on the modified accrual basis of accounting.

Revenue

Developer Advances

The District is in the development stage. As such, the capital expenditures for 2009 are to be primarily funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other available revenue.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3%.

Intergovernmental Revenue

The intergovernmental revenues are transfers from District No. 2 and No. 3 to provide funding for the overall administrative and operating costs for all of the Districts.

**VDW METROPOLITAN DISTRICT NO. 1
2009 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking and meeting expense.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2007 Limited Property Tax Supported Revenue Bonds. The bonds do not have a reserve requirement.

Repayment of Developer Advances

In accordance with a funding agreement with the Developer, the District has documented claims for cash advances and expenditures made on behalf of the District by the Developer. The District is to reimburse the Developer at such time that the District has funds available from the issuance of bonds. The District may also repay the Developer from any other legally available moneys not otherwise required for debt service or operations of the District. Included within the 2009 appropriation is an estimated reimbursement in the amount of \$100,000.

Capital Projects

Anticipated expenditures for capital projects in 2009 are noted on page 6 of the Budget.

Debt and Leases

The District's current debt service schedule is attached. The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2009, as defined under TABOR.

This information is an integral part of the accompanying forecasted budget.

**VDW METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

	\$3,000,000		
	Limited Property Tax Supported Revenue Bonds		
	Series 2007		
	Dated December 20, 2007		
	Interest Rate 6.50%		
	Principal Due December 1		
Year Ended	Interest Due June 1 and December 1		
December 31,	Principal	Interest	Total
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>

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer, Colorado.

On behalf of the VDW Metropolitan District No. 1
(taxing entity)^A

the Board of Directors
(governing body)^B

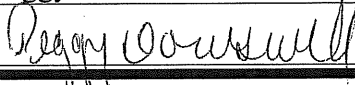
of the VDW Metropolitan District No. 1
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 0 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 0 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/9/2008 for budget/fiscal year 2009.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Peggy Dowswell Daytime phone: (970) 669-3611
Signed:  Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.