

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. 2 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. 2 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. 2



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. 2
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the VDW Metropolitan District No. 2 for the General Fund 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 Application for Exemption from Audit of the District for the year ended December 31, 2007.

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. 2.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 4, 2008

VDW METROPOLITAN DISTRICT NO. 2 (residential)
GENERAL FUND
FORECASTED 2009 BUDGET AS ADOPTED
WITH 2007 ACTUAL AND 2008 ESTIMATED
For the Years Ended and Ending December 31,

12/4/08

Page 2

	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	167,478	192,763	220,428
Specific ownership tax	15,937	15,421	17,634
Investment income & Other	3,346	700	2,500
Total revenue	186,761	208,884	240,562
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	186,761	208,884	240,562
EXPENDITURES			
Service Fees - VDW #1	183,406	204,878	233,653
Treasurer's fees, County	3,355	4,006	4,409
Contingency	-	-	2,500
Total expenditures	186,761	208,884	240,562
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	186,761	208,884	240,562
ENDING FUND BALANCE	\$ -	\$ -	\$ -
EMERGENCY RESERVE	\$ -	\$ -	\$ -

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

VDW METROPOLITAN DISTRICT NO. 2 (residential)
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/4/08

Page 3

ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
----------------	-------------------	-----------------

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ 2,310,760	\$ 2,662,800	\$ 2,691,020
Commercial	404,600	940,430	1,174,080
Industrial	159,040	5,610	-
Agricultural	15,520	15,460	14,000
Natural Resources	560	640	640
State assessed	-	-	-
Vacant land	798,630	730,780	914,260
Personal property	-	-	-
	3,689,110	4,355,720	4,794,000
Adjustments	-	-	-
Certified Assessed Value	\$ 3,689,110	\$ 4,355,720	\$ 4,794,000

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Contractual Obligation	45.980	45.980	45.980
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	0.000	0.000	0.000
Total mill levy	45.980	45.980	45.980

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Contractual Obligation	169,625	200,276	220,428
Refund and abatements	-	-	-
Levied property taxes	169,625	200,276	220,428
Adjustments to actual/rounding	(808)	-	-
Refunds and abatements	(1,339)	(7,513)	-
Budgeted property taxes	\$ 167,478	\$ 192,763	\$ 220,428

BUDGETED PROPERTY TAXES

General	\$ 167,478	\$ 192,763	\$ 220,428
Debt Service	-	-	-
	\$ 167,478	\$ 192,763	\$ 220,428

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

**VDW METROPOLITAN DISTRICT NO. 2
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.1 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

Property Taxes

The calculation of the taxes levied is displayed on page 3 of the budget at the adopted total mill levy of 45.980 for operations.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 8% of the property taxes collected by the General Fund.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2%.

**VDW METROPOLITAN DISTRICT NO. 2
2009 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Expenditures

Administrative

With the exception of County Treasurer's fees and Intergovernmental Expenditures, the District does not anticipate any General Fund expenditures in 2009.

Intergovernmental Expenditures

The intergovernmental expenditures are transfers to District No 1 from District Nos 2 and 3 to provide funding for the overall administrative and operating costs for all of the Districts.

Debt and Leases

The District has no debt or operating or capital leases.

Reserves

Emergency Reserve

The District transfers all of its revenue to VDW Metropolitan District No. 1 as provided for in an intergovernmental agreement between VDW Metropolitan District Nos. 1-3. Therefore no emergency reserve has been provided in VDW Metropolitan District No. 2. The emergency reserve related to this revenue stream is captured in VDW Metropolitan District No. 1.

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

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer, Colorado.

On behalf of the VDW Metropolitan District No. 2,
(taxing entity)^A

the Board of Directors,
(governing body)^B

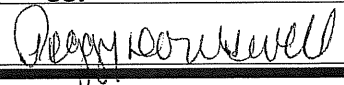
of the VDW Metropolitan District No. 2,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 4,794,000 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: \$ 4,794,000 (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	17.460 mills	\$ 83,703.24
4. Contractual Obligations ^K	28.520 mills	\$ 136,724.88
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]	45.980 mills	\$ 220,428.12

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: | Repay VDW Metropolitan District No. 1's Series 2007 Revenue Bond issue of \$3,000,000 to fund infrastructure improvement. |
| | Series: | 2007 |
| | Date of Issue: | 12/20/2007 |
| | Coupon Rate: | 6.50% |
| | Maturity Date: | 12/01/2032 |
| | Levy: | 17.460 |
| | Revenue: | \$83,703.24 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|---|
| 3. | Purpose of Contract: | To fund the operations and maintenance of VDW Metropolitan District No. 2's infrastructure improvements |
| | Title: | District Facilities Construction and Service Agreement |
| | Date: | 04/16/2003 |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | 28.520 |
| | Revenue: | \$136,724.88 |
| | | |
| 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.