



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 2
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 2 for the General Fund for the year ending December 31, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, 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 2006 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, 2006.

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 Centerra Metropolitan District No. 2.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 3, 2007

CENTERRA METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

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	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	10,121	13,963	22,242
Specific ownership tax	28,244	113,000	374,481
Investment income & Other	-	500	100,000
Total revenue	<u>38,365</u>	<u>127,463</u>	<u>496,723</u>
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>38,365</u>	<u>127,463</u>	<u>496,723</u>
EXPENDITURES			
County Treasurer's fees	303	600	445
Payment of Services to District No. 1	38,062	126,863	396,278
Contingency	-	-	100,000
Total expenditures	<u>38,365</u>	<u>127,463</u>	<u>496,723</u>
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>38,365</u>	<u>127,463</u>	<u>496,723</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CENTERRA METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/3/07

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ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
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ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ 21,160	\$ 12,970	\$ -
Commercial	5,704,880	33,668,270	65,284,520
Industrial	124,980	51,700	69,940
Agricultural	29,500	26,360	71,580
State assessed	-	21,180	21,410
Vacant land	4,264,330	5,197,070	5,746,740
Personal property	-	-	-
	10,144,850	38,977,550	71,194,190
Adjustments	(9,770,100)	(38,578,590)	(70,771,329)
Certified Assessed Value	\$ 374,750	\$ 398,960	\$ 422,861

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Contractual Obligation	35.000	35.000	52.600
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	35.000	35.000	52.600

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Contractual Obligation	13,116	13,964	22,242
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	13,116	13,964	22,242
Adjustments to actual/rounding	319	493	-
Refunds and abatements	-	(494)	-
Budgeted property taxes	\$ 13,435	\$ 13,963	\$ 22,242

BUDGETED PROPERTY TAXES

General	\$ 13,435	\$ 13,963	\$ 22,242
Debt Service	-	-	-
	\$ 13,435	\$ 13,963	\$ 22,242

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

**CENTERRA METROPOLITAN DISTRICT NO. 2
2008 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, primarily for single family residential development within the District. The District was organized in conjunction with three other related districts, Centerra Metropolitan District No. 1 (control district), Centerra Metropolitan District No. 3 (residential) and Centerra Metropolitan District No. 4 (regional improvement). The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed with its election held on May 4, 2004, with the Court Order from the State of Colorado issued May 20, 2004. The election approved general obligation indebtedness of \$350,000,000 for streets, \$350,000,000 for traffic and safety, \$350,000,000 for water, \$350,000,000 for sanitary sewer, \$350,000,000 for parks and recreation, \$350,000,000 for public transportation, \$350,000,000 for television relay and translation facilities, \$350,000,000 for mosquito control, \$350,000,000 for fire protection, \$50,000,000 for operations and maintenance contracts, \$700,000,000 for bond refunding, \$500,000,000 for intergovernmental agreements between districts, \$500,000,000 for contract debt, \$400,000,000 for reimbursement agreement with a private entity, and \$50,000,000 for construction management. The election also approved an annual increase in taxes of \$7,250,000 for operations.

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 52.600 for operations. These taxes are then distributed to Centerra Metropolitan District No.1 as required under an intergovernmental agreement.

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 10% of the property taxes collected by the General Fund.

Interest

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4%.

**CENTERRA METROPOLITAN DISTRICT NO. 2
2008 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 2008.

Intergovernmental Expenditures

The intergovernmental expenditures are transfers to District No 1 from District Nos 2 - 4 to provide funding for the overall administrative and operating costs for all of the Districts.

Debt and Leases

The District has no outstanding debt. It has no operating or capital leases.

Reserves

Emergency Reserve

The District transfers all of its revenue to Centerra Metropolitan District No. 1 as provided for in an intergovernmental agreement between Centerra Metropolitan District Nos. 1-4. Therefore no emergency reserve has been provided for in Centerra Metropolitan District No. 2. The emergency reserve related to their revenue stream is captured in Centerra Metropolitan District No. 1.

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