APPLICATION FOR EXEMPTION FROM AUDIT - *LONG FORM* - FOR GOVERNMENTS WITH REVENUE OR EXPENDITURES GREATER THAN $100,000 BUT NOT MORE THAN $500,000

Name of Government:	VDW Metropolitan District No. 3	For the Fiscal Year Ended December 31, 2011 or fiscal year ended:
Address:	c/o Pinnacle Consulting Group, Inc.	
	5110 Granite Street, Suite C	
	Loveland, CO 80538	
Contact Person:	Peggy Dowswell, CPA	
Telephone:	(970) 69-3611	
Email:	peggyd@pinnacleconsultinggroupinc.com	
Fax:	(970) 669-3612	

Return to: Office of the State Auditor
Local Government Audit Division
225 E. 16th Ave., Suite 555
Denver, CO 80203
Fax: **303-866-4062**
Email: OSA.LG@state.co.us
Call (303) 866-3338 if you need help completing this form.

PLEASE READ THE ABOVE INSTRUCTIONS BEFORE SUBMITTING THE COMPLETED APPLICATION

Section 29-1-604, C.R.S., outlines the provisions for an exemption from audit. Generally, any local government for which neither revenue nor expenditures exceed $500,000 in any fiscal year may qualify for an exemption.
If either revenues or expenditures are $100,000 or greater, but not more than $500,000, you may use this form. If both revenues and expenditures are less than $100,000 individually, use the short form application for exemption from audit.

Please review ALL instructions prior to the completion of this form.

Instructions: (See "Instructions" tab for additional information)

1. Prepare this form completely and accurately. Please note that there are 11 parts to this form and all questions must be answered for the application to be considered complete.
2. File this form with the Office of the State Auditor within **3 months** after the end of the fiscal year. For years ended December 31, the form **must** be received by the Office of the State Auditor by **March 31**.
3. The form **must** be completed by an independent accountant (separate from the entity) with knowledge of governmental accounting.
4. The application must be personally reviewed and approved by a majority of the governing body as evidenced by one of the following methods:
   a. Resolution of the governing body - application may be emailed, faxed, or mailed.
   b. Original signatures - application must be mailed. Email or fax will NOT be accepted.
5. The **preparer must sign** the application that is submitted in order for it to be accepted.
6. Additional information may be attached to the exemption at the preparer's discretion.

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. Independent means someone who is separate from the entity.

Name:	Peggy Dowswell, CPA
Title:	District Accountant
Firm Name (if applicable):	Pinnacle Consulting Group, Inc.
Address:	5110 Granite Street, Suite C, Loveland, CO 80538
Telephone Number:	(970) 669-3611
Date Prepared:	2/29/2012

Preparer Signature (Required): The application will be rejected if not signed by the preparer.

Peggy Dowswell

Relationship to entity: Accountant

The Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least $100,000 but not more than $500,000. Independent means someone who is separate from the entity. Please describe above what your relationship is with the entity.

PART 1 - Financial Statements - Balance Sheet

		Governmental Funds			Proprietary/Fiduciary Funds	
Ln #	Description	General Fund*	Fund*	Description	Fund*	Fund*
1-1	**Assets**			**Assets**		
1-2	Cash & Cash Equivalents	$ -	$ -	Cash & Cash Equivalents	$ -	$ -
1-3	Investments	$ -	$ -	Investments	$ -	$ -
1-4	Receivables	$ -	$ -	Receivables	$ -	$ -
1-5	Due from Other Entities or Funds	$ -	$ -	Due from Other Entities or Funds	$ -	$ -
1-6	Other Assets (specify)	$ -	$ -	Capital Assets, net (from Part 6-2)	$ -	$ -
1-7		$ -	$ -	Other Assets (specify)	$ -	$ -
1-8		$ -	$ -		$ -	$ -
1-9		$ -	$ -		$ -	$ -
1-10		$ -	$ -		$ -	$ -
1-11	**Total Assets** *(add lines 1-2 through 1-10)*	$ -	$ -	**Total Assets** *(add lines 1-2 through 1-10)*	$ -	$ -
1-12	**Liabilities and Fund Equity**			**Liabilities and Fund Equity**		
1-13	**Liabilities**			**Liabilities**		
1-14	Accounts Payable	$ -	$ -	Accounts Payable	$ -	$ -
1-15	Accrued Payroll and Related Liabilities	$ -	$ -	Accrued Payroll and Related Liabilities	$ -	$ -
1-16	Accrued Interest Payable	$ -	$ -	Accrued Interest Payable	$ -	$ -
1-17	Due to Other Entities or Funds	$ -	$ -	Due to Other Entities or Funds	$ -	$ -
1-18	Other Liabilities (specify)	$ -	$ -	Proprietary Debt Outstanding (from Part 4-1)	$ -	$ -
1-19		$ -	$ -	Other Liabilities (specify)	$ -	$ -
1-20		$ -	$ -		$ -	$ -
1-21		$ -	$ -		$ -	$ -
1-22		$ -	$ -		$ -	$ -
1-23		$ -	$ -		$ -	$ -
1-24		$ -	$ -		$ -	$ -
1-25		$ -	$ -		$ -	$ -
1-26	**Total Liabilities** *(add lines 1-14 through 1-25)*	$ -	$ -	**Total Liabilities** *(add lines 1-14 through 1-25)*	$ -	$ -
1-27	**Equity**			**Equity**		
1-28				Investment in Capital Assets, Net of Debt	$ -	$ -
1-29	Fund Equity			Fund Equity		
1-30	Emergency Reserves	$ -	$ -	Emergency Reserves	$ -	$ -
1-31	Other Designations/Reserves	$ -	$ -	Other Designations/Reserves	$ -	$ -
1-32	Restricted	$ -	$ -	Restricted	$ -	$ -
1-33	Undesignated/Unreserved/Unrestricted	$ -	$ -	Undesignated/Unreserved/Unrestricted	$ -	$ -
1-34	**Total Equity** *(add lines 1-30 through 1-33)* This total should be the same as line 3-33.	$ -	$ -	**Total Equity** *(add lines 1-28 through 1-33)* This total should be the same as line 3-33.	$ -	$ -
1-35	**Total Liabilities and Equity** *(add lines 1-26 and 1-34)* This total should be the same as line 1-11.	$ -	$ -	**Total Liabilities and Equity** *(add lines 1-26 and 1-34)* This total should be the same as line 1-11.	$ -	$ -

Indicate Name of Fund

Note: Attach additional sheets as necessary.

Please Check the box below to indicate the basis of accounting used to complete this form:

[x] **Accrual Basis** [ ] **Cash Basis** **Is this a change from last year?** [ ] **Yes** [x] **No**

	PART 2 - Financial Statements - Operating Statement - Revenue	Governmental Funds			Proprietary/Fiduciary Funds		
		General Fund*	Fund*		Fund*	Fund*	Total of All Funds
2-1	Revenues and Other Financing Sources			Revenues and Other Financing Sources			
2-2	Taxes			Taxes			
2-3	Property	$ 280,659	$ -	Property	$ -	$ -	
2-4	Specific Ownership	$ 17,526	$ -	Specific Ownership	$ -	$ -	
2-5	Sales and Use Tax	$ -	$ -	Sales and Use Tax	$ -	$ -	
2-6	Other (specify)	$ -	$ -	Other (specify)	$ -	$ -	
2-7		$ -	$ -		$ -	$ -	
2-8		$ -	$ -		$ -	$ -	
2-9		$ -	$ -		$ -	$ -	
2-10	Licenses and Permits	$ -	$ -	Licenses and Permits	$ -	$ -	
2-11	Intergovernmental			Intergovernmental			
2-12	Highway Users Tax Funds (HUTF)	$ -	$ -	Highway Users Tax Funds (HUTF)	$ -	$ -	
2-13	Conservation Trust Funds (Lottery)	$ -	$ -	Conservation Trust Funds (Lottery)	$ -	$ -	
2-14	Community Development Block Grant	$ -	$ -	Community Development Block Grant	$ -	$ -	
2-15	Fire & Police Pension	$ -	$ -	Fire & Police Pension	$ -	$ -	
2-16	Grants	$ -	$ -	Grants	$ -	$ -	
2-17	Donations	$ -	$ -	Donations	$ -	$ -	
2-18	Other (specify)	$ -	$ -	Other (specify)	$ -	$ -	
2-19		$ -	$ -		$ -	$ -	
2-20	Charges for Sales and Services	$ -	$ -	Charges for Sales and Services	$ -	$ -	
2-21	Rental Income	$ -	$ -	Rental Income	$ -	$ -	
2-22	Fines and Forfeits	$ -	$ -	Fines and Forfeits	$ -	$ -	
2-23	Interest/Investment Income	$ 199	$ -	Interest/Investment Income	$ -	$ -	
2-24	Tap Fees	$ -	$ -	Tap Fees	$ -	$ -	
2-25		$ -	$ -		$ -	$ -	
2-26	**Total Revenues** *(Add lines 2-3 through 2-25)*	$ 298,384	$ -	**Total Revenues** *(Add lines 2-3 through 2-25)*	$ -	$ -	
2-27	Other Financing Sources			Other Financing Sources			
2-28	Debt Proceeds	$ -	$ -	Debt Proceeds	$ -	$ -	
2-29	Proceeds from Sale of Capital Assets	$ -	$ -	Proceeds from Sale of Capital Assets	$ -	$ -	
2-30	Other (specify)	$ -	$ -	Other (specify)	$ -	$ -	
2-31	**Total Other Financing Sources** *(Add lines 2-28 through 2-30)*	$ -	$ -	**Total Other Financing Sources** *(Add lines 2-28 through 2-30)*	$ -	$ -	
. 2-32	**Total Revenues and Other Financing Sources** *(Add lines 2-26 and 2-31)*	$ 298,384	$ -	**Total Revenues and Other Financing Sources** *(Add lines 2-26 and 2-31)*	$ -	$ -	$ 298,384

Note: If *Total Revenues and Other Financing Sources - Total of All Funds (Line 2-32)* are greater than $500,000 - STOP, you may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact us at (303) 866-3338 for assistance.

	PART 3 - Financial Statements - Operating Statement - Expenditures						
		Governmental Funds			Proprietary/Fiduciary Funds		
		General Fund*	Fund*		Fund*	Fund*	Total of All Funds
3-1	**Expenditures**			**Expenditures**			
3-2	**General Government**	$ 116,370	$ -	**General Operating & Administrative**	$ -	$ -	
3-3	**Judicial**	$ -	$ -	**Salaries**	$ -	$ -	
3-4	**Public Safety**			**Payroll Taxes**	$ -	$ -	
3-5	**Law Enforcement**	$ -	$ -	**Contract Services**	$ -	$ -	
3-6	**Fire**	$ -	$ -	**Employee Benefits**	$ -	$ -	
3-7	**Other (specify)**	$ -	$ -	**Insurance**	$ -	$ -	
3-8	**Public Works**			**Accounting and Legal Fees**	$ -	$ -	
3-9	**Highways & Streets**	$ -	$ -	**Repair and Maintenance**	$ -	$ -	
3-10	**Solid Waste**	$ -	$ -	**Supplies**	$ -	$ -	
3-11	**Other (specify)**	$ -	$ -	**Utilities**	$ -	$ -	
3-12	**Health**	$ -	$ -	**Contributions to Fire & Police Pension Assoc.**	$ -	$ -	
3-13	**Culture and Recreation**	$ -	$ -	**Other (specify)**	$ -	$ -	
3-14	**Contributions to Fire & Police Pension Assoc.**	$ -	$ -		$ -	$ -	
3-15	**Capital Outlay**	$ -	$ -	**Capital Outlay**	$ -	$ -	
3-16	**Debt Service**			**Debt Service**			
3-17	**Principal**	$ -	$ -	**Principal**	$ -	$ -	
3-18	**Interest**	$ -	$ -	**Interest**	$ -	$ -	
3-19	**Bond Issuance Costs**	$ -	$ -	**Bond Issuance Costs**	$ -	$ -	
3-20	**Other (specify)**	$ -	$ -	**Other (specify)**	$ -	$ -	
3-21	**Debt Svc - District No. 1 Debt**	$ 182,014	$ -		$ -	$ -	
3-22		$ -	$ -		$ -	$ -	
3-23	**Total Expenditures** *(Add lines 3-2 through 3-22)*	$ 298,384	$ -	**Total Expenditures** *(Add lines 3-2 through 3-22)*	$ -	$ -	$ 298,384
3-24	**Net Interfund Transfers In (Out)**	$ -	$ -	**Net Interfund Transfers In (Out)**	$ -	$ -	
3-25		$ -	$ -	**Accrual Basis Reconciling Items**			
3-26		$ -	$ -	**Depreciation**	$ -	$ -	
3-27		$ -	$ -	**Other Financing Sources** *(from line 2-31)*	$ -	$ -	
3-28		$ -	$ -	**Capital Outlay** *(from line 3-15)*	$ -	$ -	
3-29		$ -	$ -	**Debt Principal** *(from line 3-17)*	$ -	$ -	
3-30		$ -	$ -	**Total Reconciling Items** *(Line 3-28, plus line 3-29, less line 3-26, less line 3-27)*	$ -	$ -	
3-31	**Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures** *(Line 2-32, less line 3-23, plus lines 3-24 through 3-30)*	$ -	$ -	**Net Increase (Decrease) in Equity** *(Line 2-32, plus line 3-24, plus line 3-30, less line 3-23)*	$ -	$ -	
3-32	**Fund Equity, January 1** from December 31 prior year report	$ -	$ -	**Fund Equity, January 1** from December 31 prior year report	$ -	$ -	
3-33	**Fund Equity, December 31** *(Line 3-31 plus line 3-32)* This total should be the same as line 1-34.	$ -	$ -	**Fund Equity, December 31** *(Line 3-31 plus line 3-32)* This total should be the same as line 1-34.	$ -	$ -	

Note: If *Total Expenditures - Total of All Funds (Line 3-23)* are greater than $500,000 - STOP, you may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact us at (303) 866-3338 for assistance.

PART 4 - DEBT OUTSTANDING, ISSUED AND RETIRED

					Yes	No
	Please answer the following questions by marking in the appropriate boxes.				**Yes**	**No**
4-1	Does the entity have debt?				X	
If yes:	Is the debt repayment schedule attached? If no, please explain: The District has pledged property taxes to repay District No. 1 debt.					X
	Please complete the following debt schedule, if applicable	Outstanding at beginning of fiscal year	Total issued during fiscal year (add)	Total retired during fiscal year (less)	Total outstanding at fiscal year-end	Governmental (G) or Proprietary (P)
	General Obligation Bonds	$ -	$ -	$ -	$ -	
	Revenue Bonds	$ -	$ -	$ -	$ -	
	Notes/Loans	$ -	$ -	$ -	$ -	
	Leases	$ -	$ -	$ -	$ -	
	Developer Advances	$ -	$ -	$ -	$ -	
	Other (specify):	$ -	$ -	$ -	$ -	
	Total	$ -	$ -	$ -	$ -	

			Yes	No
	Please answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
4-2	Does the entity have authorized, but unissued, debt?		X	
If yes:	How much?	$ 11,800,000		
	Date the debt was authorized:	2/15/2002		
4-3	Does the entity intend to issue debt within the next calendar year (2012)?			X
If yes:	How much?	$ -		

			Yes	No
	Please answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
4-4	Does the entity have debt that has been refinanced that it is still responsible for?			X
If yes:	What is the amount outstanding?	$ -		

			Yes	No
	Please answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
4-5	Does the entity have any lease agreements?			X
If yes:	What is being leased?			
	What is the original date of the lease?			
	Number of years of lease?			
	Is the lease subject to annual appropriation?			
	What are the annual lease payments?	$ -		

PART 5 - CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR

		Amount	Total
	Please provide the entity's cash deposit and investment balances.	**Amount**	**Total**
5-1	Checking accounts	$ -	
5-2	Savings accounts	$ -	
5-3	Certificates of deposit	$ -	
	Total Cash Deposits		$ -
	Investments (if investment is a mutual fund, please list underlying investments):		
5-4		$ -	
5-5		$ -	
5-6		$ -	
5-7		$ -	
	Total Investments		$ -
	Total Cash and Investments		$ -
	Please answer the following question by marking in the appropriate box	**Yes**	**No**
5-8	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository? (Section 11-10.5-101, et. seq., C.R.S.) If no, please explain: All operating cash on hand and reserves are held by VDW Metropolitan District No. 1.		N/A

PART 6 - CAPITAL ASSETS

		Beginning of the Year	Additions	Deletions	Year-End Balance
6-1	**For Governmental Funds**				
	Land	$ -	$ -	$ -	$ -
	Buildings	$ -	$ -	$ -	$ -
	Machinery and equipment	$ -	$ -	$ -	$ -
	Furniture and fixtures	$ -	$ -	$ -	$ -
	Infrastructure	$ -	$ -	$ -	$ -
	Accumulated depreciation	$ -	$ -	$ -	$ -
	Other	$ -	$ -	$ -	$ -
	Total for Governmental Funds	$ -	$ -	$ -	$ -

		Beginning of the Year	Additions	Deletions	Year-End Balance
6-2	**For Proprietary Funds**				
	Land	$ -	$ -	$ -	$ -
	Buildings	$ -	$ -	$ -	$ -
	Machinery and equipment	$ -	$ -	$ -	$ -
	Furniture and fixtures	$ -	$ -	$ -	$ -
	Infrastructure	$ -	$ -	$ -	$ -
	Accumulated depreciation	$ -	$ -	$ -	$ -
	Other	$ -	$ -	$ -	$ -
	Total for Proprietary Funds	$ -	$ -	$ -	$ -

	Please answer the following question by marking in the appropriate box.	**Yes**	**No**
6-3	Has the entity performed an annual inventory of property and equipment (capital assets) in accordance with Section 29-1-506, C.R.S.? If no, please explain:		N/A

PART 7 - PENSION INFORMATION

	Please answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
7-1	Does the entity have an "old hire" fire pension plan?			X
7-2	Does the entity have a volunteer firemen's pension plan?			X
If yes:	Who administers the plan?			
	Indicate the contributions from:			
	Tax (property, SO, sales, etc.):	$ -		
	State contribution amount:	$ -		
	Other (gifts, donations, etc.):	$ -		
	What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?	$ -		

PART 8 - BUDGET INFORMATION

	Please answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
8-1	Did the entity file a 2011 budget with the Department of Local Affairs? If no, please explain:		X	
If yes:	Please indicate the amount appropriated for each fund for 2011:			
	Fund Name	**Budgeted 2011 Expenditures**		
	General Fund	$ 304,997		
		$ -		
		$ -		
		$ -		

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)

	Please answer the following question by marking in the appropriate box.	Yes	No
9-1	Is the entity in compliance with all the provisions of TABOR? [State Constitution, Article X, Section 20(5)]? If no, please explain:	X	
	Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.		

PART 10 - GENERAL INFORMATION

	Please answer the following questions by marking in the appropriate boxes.	Yes	No
10-1	Is this entity a newly formed governmental entity?		X
If yes:	Date of formation:		
10-2	Is this a metropolitan district?	X	
10-3	Please indicate what services the entity provides: Streets, Traffic and Safety, Water Facilities, Sanitary Sewer, Storm Drainage, Parks and Recreation, Transportation, Television Relay, and Mosquito Control.		
10-4	Does the entity have an agreement with another governmental entity to provide services?	X	
If yes:	List the name of the other governmental entity and the services provided: All services provided by VDW Metropolitan District No. 1		
10-5	Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103(9.3) and 32-1-104(3), C.R.S.]	**Yes**	**No - N/A**
			X
If yes:	Date Filed:		

PART 11 - GOVERNING BODY APPROVAL

We, the undersigned, certify that this Application for Exemption from Audit has been:

Prepared consistently with Section 29-1-604, C.R.S., which states that a governmental entity with revenue and expenditures at least $100,000 but not more than $500,000 must have an application prepared by an independent accountant with knowledge of governmental accounting;

Completed to the best of our knowledge and is **accurate** and **true; and**

Personally reviewed and approved by a **MAJORITY** of the governing body.

Note: Please list all current members of the governing body. Original signatures must be provided for a majority of the governing body, or a resolution may be provided in lieu of orginial signatures. (Please sign using blue ink.)

	Name (print names of all current members of the governing body)	Date Term Expires	Signatures of a majority of the governing body MUST BE ORIGINAL IF NO RESOLUTION IS INCLUDED
1	Kim Perry	May-12	[signature]
2	Jay Hardy	May-12	[signature]
3	Julie Den Herder ~~Doug Hill~~	May-14	[signature]
4	Tom Hall	May-12	
5	Josh Kane	May-14	[signature]
6			
7			