BASE VILLAGE METROPOLITAN DISTRICT NO. 2
Pitkin County, Colorado

FINANCIAL STATEMENTS
December 31, 2008

TABLE OF CONTENTS

Certified Public Accountants & Business Consultants

Mark E. Wagner, CPA
Kelly R. Burke, CPA
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Independent Auditors' Report

Board of Directors
Base Village Metropolitan District No. 2
Pitkin County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Base Village Metropolitan District No. 2, 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 misstatements. 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.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 Base Village Metropolitan District No. 2, as of December 31, 2008, and the respective changes in financial position thereof and the 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 accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the governmental activities and each major fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective governmental activities and each major fund, taken as a whole.

Wagner, Burke & Barnes, LLP

Golden, Colorado
June 26, 2009

Wagner, Burke & Barnes, LLP
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BASIC FINANCIAL STATEMENTS

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET ASSETS
December 31, 2008

	Governmental Activities
ASSETS	
Investments - Restricted	$ 10,933,094
Receivable - County Treasurer	1,488
Interest receivable	7,823
Property taxes receivable	662,400
Due from other governments	5,150
Bond issue costs, net	1,887,116
Total assets	13,497,071
LIABILITIES	
Accounts payable	132,340
Accrued interest payable	66,536
Accrued letter of credit fees	26,293
Due to other governments	420,281
Deferred property tax revenue	662,400
Noncurrent liabilities	
Due in more than one year	47,750,000
Total liabilities	49,057,850
NET ASSETS	
Restricted for:	
Debt service	208,218
Unrestricted	(35,768,997)
Total net assets	$ (35,560,779)

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government:					
Government activities:					
General government	$ 24,774	$ -	$ -	$ -	$ (24,774)
Intergovernmental transfer	35,743,798	-	-	-	(35,743,798)
Interest and related costs on long-term debt	814,904	-	-	386,250	(428,654)
	$ 36,583,476	$ -	$ -	$ 386,250	(36,197,226)
General revenues:					
Property taxes					495,200
Specific ownership taxes					21,348
Investment income					119,899
Total general revenues					636,447
Change in net assets					(35,560,779)
Net assets - Beginning					-
Net assets - Ending					$ (35,560,779)

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Investments - Restricted	$ -	$ 6,843,064	$ 4,090,030	$ 10,933,094
Receivable - County Treasurer	1,488	-	-	1,488
Interest receivable	-	5,008	2,815	7,823
Property tax receivable	662,400	-	-	662,400
Intergovernmental - Accounts receivable	-	5,150	-	5,150
TOTAL ASSETS	$ 663,888	$ 6,853,222	$ 4,092,845	$ 11,609,955
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 132,340	$ -	$ 132,340
Due to other governments	1,488	-	418,793	420,281
Deferred property tax revenue	662,400	-	-	662,400
Total liabilities	663,888	132,340	418,793	1,215,021
FUND BALANCES				
Reserved for:				
Debt service	-	6,720,882	-	6,720,882
Capital projects	-	-	3,674,052	3,674,052
Total fund balances	-	6,720,882	3,674,052	10,394,934
TOTAL LIABILITIES AND FUND BALANCES	$ 663,888	$ 6,853,222	$ 4,092,845	

Amounts reported for governmental activities in the statement of net assets are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Bond issue costs, net	1,887,116
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(47,750,000)
Accrued bonds interest payable	(66,536)
Accrued letter of credit fees	(26,293)
Net assets of governmental activities	$ (35,560,779)

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property taxes	$ 495,200	$ -	$ -	$ 495,200
Specific ownership tax	21,348	-	-	21,348
Capital facility fees	-	386,250	-	386,250
Investment income	27	68,789	51,083	119,899
Total revenues	516,575	455,039	51,083	1,022,697
EXPENDITURES				
Current				
County Treasurer's fees	24,774	-	-	24,774
Bond issue costs	-	-	1,926,217	1,926,217
Intergovernmental transfer	491,801	-	35,251,997	35,743,798
Debt service				
Bond interest	-	534,717	-	534,717
Letter of credit fees	-	132,340	-	132,340
Remarketing fees	-	15,917	-	15,917
Total expenditures	516,575	682,974	37,178,214	38,377,763
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(227,935)	(37,127,131)	(37,355,066)
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	7,350,682	401,865	7,752,547
Transfer to other funds	-	(401,865)	(7,350,682)	(7,752,547)
Bond issuance	-	-	47,750,000	47,750,000
Total other financing sources (uses)	-	6,948,817	40,801,183	47,750,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	6,720,882	3,674,052	10,394,934
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ 6,720,882	$ 3,674,052	$ 10,394,934

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
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	$	10,394,934
The issuance of long-term debt (e.g., Developer advances, bonds payable) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond issuance		(47,750,000)
Bond issue costs		1,926,217
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.		
Amortization of bond issue costs		(39,101)
Accrued interest on bonds - Change in liability		(66,536)
Accrued letter of credit fees - Change in liability		(26,293)
Changes in net assets of governmental activities	$	(35,560,779)

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 495,450	$ 495,200	$ (250)
Specific ownership tax	24,773	21,348	(3,425)
Investment income	-	27	27
Total revenues	520,223	516,575	(3,648)
EXPENDITURES			
Current			
County Treasurer's fees	24,773	24,774	(1)
Intergovernmental transfer	495,450	491,801	3,649
Total expenditures	520,223	516,575	3,648
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ -

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - DEFINITION OF REPORTING ENTITY

Base Village Metropolitan District No. 2 (the District) was organized by Court Order in December 2004, to provide financing for the design, acquisition, installation and construction of streets, drainage, traffic and safety controls, park and recreation, transportation, and mosquito and pest control. The District's service area is located entirely within the Town of Snowmass Village (the Town), in Pitkin County, Colorado. Under the Consolidated Service Plan (Amended and Restated Consolidated Service Plan approved October 17, 2006), the District is the Financing District and is related to Base Village Metropolitan District No. 1 (Base Village No. 1), which serves as the Service District. The Service District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the Town. The Financing District provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted.

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.

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 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.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 paid.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing use 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 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.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuring calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Facility Fee

A fee of $5,150 will be collected upon the sale of each residential living unit and used to pay debt service payments on the Bonds.

Expenditures

Administrative Expenditures

Base Village No. 1 records all operational and administrative expenditures for the Districts.

Base Village No. 1 - IGA Reimbursement

Pursuant to an intergovernmental agreement between the District and Base Village No. 1, revenues collected by the District, including net property taxes and specific ownership in the General Fund will be remitted to Base Village No. 1 (see Note 7). Net property taxes and specific ownership taxes remitted to Base Village No. 1 will be used to pay operations and maintenance costs.

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.

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.

The District considers all unreserved fund balances to be "reserves" for future operations as defined within Article X, Section 20 of the Constitution of the State of Colorado.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserved Fund Balance

The reserved fund balance in the Debt Service Fund in the amount of $6,720,882 is to be used exclusively for future payment of bond principal, interest and related costs.

The reserved fund balance in the Capital Projects Fund in the amount of $3,674,052 is to be used to finance the construction of public improvements being constructed, acquired or reimbursed by Base Village No. 1.

NOTE 3 - INVESTMENTS

Investments as of December 31, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Investments - Restricted	$ 10,933,094
Total investments	$ 10,933,094

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 did not have any deposits.

Investments

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

NOTE 3 - INVESTMENTS (CONTINUED)

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
. 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. Information related to CSAFE, including their annual audited financial statements, can be found at their website, www.csafe.org. Information related to Standard & Poor's ratings and CreditWatch can be obtained from Standard & Poor's.

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

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average Under 60 days	$ 10,933,094

NOTE 3 - INVESTMENTS (CONTINUED)

CSAFE

During 2008, the District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust is similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. As of December 31, 2008, the District had $10,933,094 invested in CSAFE.

NOTE 4 - 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
Governmental Activities:					
General obligation bond payable:					
2008A Bonds	$ -	$ 15,200,000	$ -	$ 15,200,000	$ -
2008B Bonds	-	32,550,000	-	32,550,000	-
	$ -	$ 47,750,000	$ -	$ 47,750,000	$ -

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

General Obligation Bonds

On June 19, 2008, the District issued $47,750,000 in General Obligation Bonds dated June 19, 2008 for streets, park and recreation, fire protection and public transportation.

$47,750,000 General Obligation Variable Rate Bonds (Limited Tax Convertible to Unlimited Tax), Series 2008A and B, dated June 19, 2008. The bonds are term bonds due on December 1, 2038, with mandatory redemption principal payments starting at $750,000 on December 1, 2012. The Series 2008A and B Bonds are variable rate bonds in the weekly mode that adjust based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The bonds are subject to redemption prior to maturity at the option of the District on the first calendar day of any month at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date, if any, without premium. The bonds are currently remarketed in the weekly mode. Interest is payable on the first business day of each calendar month. The District may effect a change in mode to a daily, monthly, semi-annual, annual, or flexed pricing mode by giving proper notice in accordance with the provisions in the Indenture.

The bonds are secured and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) property tax revenues from the "Required Mill Levy", (2) specific ownership tax revenues, (3) capital fees, (4) interest rate exchange agreement payments; (5) amounts received from the Capital Pledge Agreement; (6) amounts received from the interest rate cap agreement and (7) any other legally available moneys which the District determines, in its absolute discretion, to credit to the revenue fund. The term "Required Mill Levy" includes both a debt service mill levy and an operations mill levy component. For collections during fiscal year 2008 (derived from the levy made in December 2007), the debt service mill levy was -0- and the operations mill levy was 29.5 mills. These mill levies remained at this level for levies made in December 2008 that are collected during 2009. Beginning with the December 2009 levies to be collected in 2010, the Required Mill Levy is 37.5 mills for debt services and 6.0 mills for operations. The Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. The Consolidated Service Plan establishes certain limitations on the maximum mill levy that the District may impose for debt service, and the terms of the Bonds are subject to these limitations.

Letter of Credit

Concurrently with the issuance of the 2008A bonds and 2008B bonds, the District established an irrevocable direct pay Letter of Credit with U.S. Bank National Association in the stated amounts of $15,341,590 and $32,853,206, respectively. The District is responsible for paying a semiannual facility fee for the letter of credit as defined by the terms in the Indenture of Trust dated July 1, 2008 and the Letter of Credit Reimbursement Agreement dated July 1, 2008. The Letter of Credit for the 2008A bonds expires June 30, 2011 and expires on February 18, 2011 for the 2008B bonds.

Interest Rate Cap

On July 1, 2008, the District entered into an Interest Rate Cap Agreement (Cap) in order to hedge and protect against rising interest rates on its Series 2008B Limited Tax Variable Rate Bonds. The terms of the Cap include an interest rate cap of 5.5%. The Cap will terminate on February 18, 2011.

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

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

	Principal	Interest	Fees	Total
2009	$ -	$ 1,422,620	$ 415,394	$ 1,838,014
2010	-	1,422,620	415,394	1,838,014
2011	-	2,429,372	148,984	2,578,356
2012	750,000	2,866,329	-	3,616,329
2013	795,000	2,818,691	-	3,613,691
2014-2018	4,750,000	13,325,093	-	18,075,093
2019-2023	6,350,000	11,719,233	-	18,069,233
2024-2028	8,500,000	9,572,036	-	18,072,036
2029-2033	11,380,000	6,694,506	-	18,074,506
2034-2038	15,225,000	2,847,684	-	18,072,684
	$ 47,750,000	$ 55,118,185	$ 979,772	$ 103,847,957

Swap Agreements

On July 1, 2008, the District entered into an interest rate swap agreement in order to lock in interest rates and protect against rising interest rates. The interest rate swap is in connection with the Series 2008A General Obligation Bonds. The following is a summary of the interest rate swap transaction:

	Principal	Interest and Fees	Interest Rate Swap Payments	Total
2009	$ -	$ 407,056	$ 256,120	$ 663,176
2010	-	407,056	256,120	663,176
2011	-	661,676	120,234	781,910
2012	240,000	912,423	-	1,152,423
2013	255,000	897,183	-	1,152,183
2014-2018	1,515,000	4,240,208	-	5,755,208
2019-2023	2,020,000	3,728,110	-	5,748,110
2024-2028	2,705,000	3,045,266	-	5,750,266
2029-2033	3,615,000	2,130,965	-	5,745,965
2034-2036	4,850,000	907,527	-	5,757,527
	$ 15,200,000	$ 17,337,471	$ 632,474	$ 33,169,945

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Variable rate bonds and swap payments are calculated using rates in effect on December 31, 2008.

Counterparty	Trade Date	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Value at December 31, 2008
U.S. Bank National Association	7/1/2008	7/1/2008	$ 15,200,000	6/18/2011	2008A	1.2500%	SIFMA	$ (569,525)

The year end fair values were calculated using the SIFMA swap curves as of December 31, 2008. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2008.

When the present value of payments to be made by the District exceeds the present value of payments to be received, the swap has a negative value to the District. When the present value of payments to be received by the District exceeds that of payments to be made, the swap has a positive value to the District.

The following risks are generally associated with the swap agreement:

Credit Risk

The swap agreement relies upon the performance of the swap counterparty. The District is exposed to the risk of this counterparty being unable to fulfill it financial obligation to the District. The District measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. As of December 31, 2008, there was no risk of loss as the fair value of the swap agreement was negative. The ratings of the counterparty as of December 31, 2008 are as follows:

	Ratings of Counterparty		
Counterparty	S&P	Moody's	Fitch
U.S. Bank National Association	AA	Aa2	AA-

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Termination Risk

Either party to the swap agreement may terminate the swap if the other party fails to perform under the terms of the agreement. Further, certain credit or tax events can lead to a termination event under the swap agreement. If the swap has a negative fair value at the time of the termination, the District could be liable to the counterparty for a payment equal to the swap's fair value. If the swap agreement is terminated the associated variable rate bond would no longer be hedged with a synthetic fixed interest rate. The District is not aware of any existing event that would lead to a termination event with respect to the swap agreement.

Authorized Debt

On November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed $107,500,000. At December 31, 2008, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 6, 2007 Election	Authorization Used	Remaining at December 31, 2008
Streets	$ 41,300,000	$ 21,248,750	$ 20,051,250
Public transportation	39,300,000	21,965,000	17,335,000
Fire protection	2,000,000	1,193,750	806,250
Traffic and safety	1,800,000	-	1,800,000
Parks and recreation	23,000,000	3,342,500	19,657,500
Mosquito control	100,000	-	100,000
	$ 107,500,000	$ 47,750,000	$ 59,750,000

NOTE 5 - NET ASSETS

The District has net assets consisting of two components - restricted and unrestricted.

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 of $208,218 as of December 31, 2008.

NOTE 5 - NET ASSETS (CONTINUED)

The District's unrestricted net assets as of December 31, 2008 are $(35,768,997). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements, which are being constructed, funded and/or reimbursed by Base Village No. 1 and will be held by Base Village No. 1 or conveyed to other governmental entities.

NOTE 6 - RELATED PARTIES

Base Village Owner LLC is the Developer and members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 7 - DISTRICT AGREEMENTS

Intergovernmental Agreement with Base Village No. 1

The District entered into an intergovernmental agreement with Base Village No. 1 on July 25, 2007 to coordinate the construction, operation and maintenance and financing of facilities that are intended to benefit both the District and Base Village No. 1. Serving as the Operating District, Base Village No. 1 agrees to construct, manage the financing, operate and maintain the public facilities that Base Village No. 1 will own. The District has pledged certain revenues to repay the bond issuance of the District and to pay for all operations and maintenance costs. During 2008, the District remitted $491,801 of net property taxes and specific ownership taxes for operations and $35,252,997 to pay for and/or reimburse the costs of public infrastructure contracted by Base Village No. 1.

Intergovernmental Agreement with Snowmass Village General Improvement District No. 1

On September 30, 2006, the District and Base Village No. 1 (collectively, the Districts) entered into an agreement with Snowmass Village General Improvement District No. 1 (the GID) in order to establish the total aggregate mill levies that are to be imposed by the Districts and the GID. The mill levies, which are to pay for their respective indebtedness and operating costs, will not exceed 49.500 mills annually. The District is to levy 29.500 mills in 2006, 2007, and 2008 for operations and maintenance and then no more than 6.000 mills for operation and maintenance in any year thereafter. In 2009 for collection year 2010, the District will levy a debt service mill levy of 37.500 mills, and will continue to levy until any subordinate debt is paid in full. The GID will levy 20.000 mills in 2006, 2007, and 2008 for operations and maintenance expenses and then not more than 10.000 mills thereafter. However, the GID is further limited to 6.000 mills for operations and maintenance until any subordinate debt is paid off.

NOTE 7 - DISTRICT AGREEMENTS (CONTINUED)

Capital Pledge Agreement between the District, Base Village No. 1 and U.S. Bank

On July 1, 2008, the District entered into an agreement (the Capital Pledge Agreement) with Base Village No. 1 and U.S. Bank in connection with the issuance of the District's Series 2008A and Series 2008B bonds (see Note 4). Subject to certain conditions, including the levy by the District of the Required Mill Levy associated with the bonds, the Capital Pledge Agreement requires the levy by District No. 1 of up to 43.0 mills annually to support debt service on the bonds.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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 and public officials liability 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.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which 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.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. All revenues of the District are transferred to Base Village No. 1 pursuant to the Master IGA, therefore, Base Village No. 1 has established the Emergency Reserve for both Districts.

On November 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve, all currently levied taxes and fees of the District 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.

SUPPLEMENTAL INFORMATION

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Capital facility fees	$ 396,550	$ 386,250	$ (10,300)
Investment income	302,570	68,789	(233,781)
Total revenues	699,120	455,039	(244,081)
EXPENDITURES			
Current			
Bond interest	1,951,635	534,717	1,416,918
Paying agent/trustee fees	92,950	-	92,950
Letter of credit fees	693,497	132,340	561,157
Remarketing fees	-	15,917	(15,917)
Contingency	2,918	-	2,918
Total expenditures	2,741,000	682,974	2,058,026
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,041,880)	(227,935)	1,813,945
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	7,485,454	7,350,682	(134,772)
Transfer to other funds	-	(401,865)	(401,865)
Total other financing sources (uses)	7,485,454	6,948,817	(536,637)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	5,443,574	6,720,882	1,277,308
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	$ 5,443,574	$ 6,720,882	$ 1,277,308

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	$ -	$ 51,083	$ 51,083
Total revenues	-	51,083	51,083
EXPENDITURES			
Current			
Bond issue costs	1,764,546	1,926,217	(161,671)
Intergovernmental transfer	38,500,000	35,251,997	3,248,003
Total expenditures	40,264,546	37,178,214	3,086,332
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,264,546)	(37,127,131)	3,137,415
OTHER FINANCING SOURCES (USES)			
Bond issuance	47,750,000	47,750,000	-
Transfer from other funds	-	401,865	401,865
Transfer to other funds	(7,485,454)	(7,350,682)	134,772
Total other financing sources (uses)	40,264,546	40,801,183	536,637
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	3,674,052	3,674,052
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ 3,674,052	$ 3,674,052

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2008

	$15,200,000 Limited Tax General Obligation Variable Rate Bonds, Series 2008A Dated July 1, 2008 Interest Rate 2.935% Through June 1, 2011 and 6% Thereafter Principal Due December 1,		
Year Ended December 31,	Principal	Interest	Fees
2009	$ -	$ 446,120	$ 217,056
2010	-	446,120	217,056
2011	-	679,698	102,212
2012	240,000	912,423	-
2013	255,000	897,183	-
2014	270,000	882,300	-
2015	285,000	866,100	-
2016	300,000	849,394	-
2017	320,000	830,614	-
2018	340,000	811,800	-
2019	360,000	791,400	-
2020	380,000	770,157	-
2021	405,000	746,653	-
2022	425,000	722,700	-
2023	450,000	697,200	-
2024	480,000	670,511	-
2025	510,000	641,102	-
2026	540,000	610,800	-
2027	570,000	578,400	-
2028	605,000	544,453	-
2029	640,000	507,664	-
2030	680,000	469,500	-
2031	720,000	428,700	-
2032	765,000	385,679	-
2033	810,000	339,422	-
2034	860,000	291,000	-
2035	910,000	239,400	-
2036	965,000	184,886	-
2037	1,025,000	126,841	-
2038	1,090,000	65,400	-
	$ 15,200,000	$ 17,433,620	$ 536,324

The bonds are subject to redemption prior to maturity, at the option of the District, on the first calendar day of any month at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date, if any, without premium.

$32,550,000 Limited Tax Variable Rate Bonds Series 2008B Dated July 1, 2008 Interest Rate 3.0% Through February 15, 2011, and 6% Thereafter Principal Due December 1,			Total Debt
Principal	Interest	Fees	Service
$ -	$ 976,500	$ 198,338	$ 1,838,014
-	976,500	198,338	1,838,014
-	1,749,674	46,772	2,578,356
510,000	1,953,906	-	3,616,329
540,000	1,921,508	-	3,613,691
570,000	1,890,000	-	3,612,300
610,000	1,855,800	-	3,616,900
645,000	1,820,011	-	3,614,405
685,000	1,779,674	-	3,615,288
725,000	1,739,400	-	3,616,200
765,000	1,695,900	-	3,612,300
815,000	1,650,766	-	3,615,923
860,000	1,600,357	-	3,612,010
915,000	1,549,500	-	3,612,200
975,000	1,494,600	-	3,616,800
1,025,000	1,436,767	-	3,612,278
1,090,000	1,373,962	-	3,615,064
1,155,000	1,309,200	-	3,615,000
1,225,000	1,239,900	-	3,613,300
1,300,000	1,166,941	-	3,616,394
1,380,000	1,087,895	-	3,615,559
1,460,000	1,005,600	-	3,615,100
1,545,000	917,800	-	3,611,500
1,640,000	825,683	-	3,616,362
1,740,000	726,563	-	3,615,985
1,840,000	622,500	-	3,613,500
1,950,000	512,100	-	3,611,500
2,070,000	395,283	-	3,615,169
2,190,000	270,774	-	3,612,615
2,325,000	139,500	-	3,619,900
$ 32,550,000	$ 37,684,564	$ 443,448	$ 103,847,956

The bonds are currently remarketed in the weekly mode. Interest is payable on the first business day of each calendar month. the District may effect a change in mode to a daily, monthly, semi-annual, annual or flexed pricing mode by giving proper notice in accordance with the provisions in the Indenture.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF 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		Total Property Taxes		Percentage Collected to Levied
		Operations	Debt Service	Levied	Collected	
2006	$ 13,785,250	8.270	0.000	$ 114,004	$ 114,004	100.0%
2007	$ 14,066,870	29.500	0.000	$ 414,973	$ 414,973	100.0%
2008	$ 16,794,930	29.500	0.000	$ 495,450	$ 495,200	99.95%
Estimated for the year ending December 31, 2009	$ 22,457,460	29.500	0.000	$ 662,400		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent tax are collected.