

# Centerra Metropolitan District No.1

January 22, 2014

Via email: [dlg-filing@state.co.us](mailto:dlg-filing@state.co.us)

Colorado Division of Local Government  
1313 Sherman Street, Room 521  
Denver, CO 80203

RE: Centerra Metropolitan District No. 1 2014 Adopted Budget

To Whom It May Concern:

Attached are true and accurate copies of the final adopted 2014 Budget for the Centerra Metropolitan District No. 1 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The budget was adopted on November 21, 2013.

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

Sincerely,  
CENTERRA METROPOLITAN DISTRICT NO. 1



Pinnacle Consulting Group Inc.  
District Accountant

Enc.

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Managed by Pinnacle Consulting Group, Inc.  
1627 East 18<sup>th</sup> Street  
Loveland, CO 80538  
Phone: (970) 669-3611 \* Fax: (970) 669-3612

# CENTERRA METROPOLITAN DISTRICT NO. 1

## 2014 BUDGET MESSAGE

Centerra Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established as the “Service District” as part of a “Multiple District Structure” for the mixed-use development known as “Centerra” located in the City of Loveland, Colorado. Along with its companion Districts No.2, No.3, No.4, and No.5 (“Financing Districts”), this 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 has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

## 2014 BUDGET STRATEGY

The District's strategy in preparing the 2014 budget is to strive to provide the level of services as desired by the constituents of the District in the most economic manner possible.

### *General Fund*

General, administrative, and operations expenses budgeted in the amount of \$1,473,776 are to be paid by URA Revenue, Service Fees received from Centerra Metropolitan District Nos. 2 and 5 by way of intergovernmental agreements, and interest totaling to a budgeted revenue amount of \$1,334,185 and \$141,165 of beginning fund balance.

### *Debt Service Fund*

Expenditures for principal, interest and other payments are related to the \$130,920,000 2011 Loan Agreement. Debt service will be paid largely with URA Revenue, PIF Revenue, and Service Fees received from Centerra Metropolitan District No. 2 by way of intergovernmental agreement and capital pledge agreements. Debt Service Fund expenditures are budgeted at \$9,989,264 with revenues budgeted at \$10,004,224. PIF Revenue is a public improvement fee (PIF) on all retail sales within the Commercial District. The PIF's are collected by the PIC and distributed to the District as needed for operations and debt service. PIF and URA Revenue are recognized as needed for operations and maintenance and debt service.

### *Capital Projects Fund*

Capital expenditures budgeted in the amount of \$138,000 are to be paid by interest income of \$6,716 and existing fund balance of \$131,284 from loan proceeds.

### *Debt*

On June 8, 2011, the District entered into a \$130,920,000 2011 Loan Agreement which was used to repay the 2008 Series Variable Rate Refunding and Improvement Revenue Bonds and provide additional funds for construction, debt issuance costs, and increased debt service reserve. At closing, the District was funded \$120,920,000. The remaining \$10,000,000 was retained by the lender and is made available through multiple advances until September 1, 2014. In 2011 and 2012, the District was advanced \$1,548,665 and \$6,852,944, respectively, leaving \$1,598,391 to be funded.

Interest is payable quarterly.

The District entered into swap agreements with Royal Bank of Canada and Compass Bank/BBVA for the purpose of creating a synthetic fixed interest rate of 5.5225% per annum on \$110,920,000 and 3.5560% per annum on \$10,000,000, respectively \$8.4 million is not swapped and an interest rate of 3.5560% was calculated in the budget.

### *Reserves*

The Debt Service Reserve Fund Requirement is \$9,942,246. The District has set aside \$600,000 as a Replacement Reserve. The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2014, as defined under TABOR and holds the TABOR reserve for District Nos. 1 - 5.



## Accountant's Report

### BOARD OF DIRECTORS CENTERRA METROPOLITAN DISTRICT NO. 1

I have compiled the statements of revenues and expenditures for the year ended December 31, 2012 and the nine months ended September 30, 2013 for Centerra Metropolitan District No. 1. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

I have also compiled the accompanying adopted budgets of revenue, expenditures and funds available prepared on the modified accrual basis of the Centerra Metropolitan District No. 1 for the year ending December 31, 2014 in accordance with standards established by the American Institute of Certified Public Accountants.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Centerra Metropolitan District No. 1.

A handwritten signature in cursive script that reads "Peggy Dowswell".

Peggy Dowswell, CPA  
January 22, 2014

**CENTERRA METROPOLITAN DISTRICT NO. 1**

**GENERAL FUND**

**FORECASTED 2014 BUDGET AS ADOPTED  
WITH 2012 ACTUAL AND 2013 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/14

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ACTUAL 2012	ADOPTED BUDGET 2013	ACTUAL 9/30/13	ESTIMATED 2013	ADOPTED BUDGET 2014
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BEGINNING FUND BALANCE	\$ 1,168,963	\$ 1,168,962	\$ 1,169,679	\$ 1,169,679	\$ 1,171,953
<b>REVENUE</b>					
Service Fees, District no. 2	41,326	44,480	43,921	44,630	45,050
Specific ownership tax, District no. 2	272,707	264,784	209,048	278,731	285,357
Service Fees, District no. 3	554	673	666	678	530
Service Fees, District no. 5	93	89	75	95	74
Interest and Other income	1,482	5,845	885	1,500	1,500
URA Revenues - Current Year (O&M)	835,000	1,095,736	668,000	908,319	994,704
Chapungu Revenue	8,560	7,500	7,500	8,500	7,500
Total revenue	1,159,722	1,419,107	930,095	1,242,454	1,334,715
<b>TRANSFERS IN</b>					
Total transfers in	-	-	-	-	-
Total funds available	2,328,685	2,588,069	2,099,774	2,412,133	2,506,667
<b>EXPENDITURES</b>					
Accounting and Financial Management	130,775	160,160	84,732	145,000	145,000
Audit	12,300	17,500	14,000	14,000	14,000
Director fees and payroll taxes	2,666	3,000	2,883	2,883	3,000
Election costs	-	-	-	-	5,000
Engineering & Other professional svcs	375	10,000	1,896	5,000	10,000
Insurance	26,512	28,000	27,650	27,650	29,035
Landscape maintenance & repairs	356,943	373,060	288,667	381,537	428,909
Landscape operations mgmt	41,300	43,716	25,650	34,200	34,200
Hardscape maintenance	114,129	130,747	67,133	115,927	103,600
Snow removal, Sidewalk Sweeping, etc.	4,482	14,900	4,319	6,881	12,500
Chapungu Park	163,204	176,047	110,429	173,842	177,167
Legal	91,895	109,500	55,620	90,500	92,000
District management	126,665	144,870	85,534	144,870	175,000
Utilities	82,623	90,500	81,574	90,500	95,200
Office, dues & other	5,137	8,000	4,098	7,390	8,000
Contingency	-	100,000	-	-	-
Total operating expenditures	1,159,006	1,410,000	854,185	1,240,180	1,332,611
Capital enhancements	-	-	-	-	141,165
Total operating & enhancement expenditures	1,159,006	1,410,000	854,185	1,240,180	1,473,776
ENDING FUND BALANCE	\$ 1,169,679	\$ 1,178,069	\$ 1,245,589	\$ 1,171,953	\$ 1,032,891
<b>COMPONENTS OF ENDING FUND BALANCE</b>					
EMERGENCY RESERVE	\$ 34,540	\$ 42,600	\$ 42,600	\$ 37,300	\$ 40,000
REPLACEMENT RESERVE	200,000	400,000	400,000	400,000	600,000
UNRESERVED	935,139	735,469	802,989	734,653	392,891
ENDING FUND BALANCE	\$ 1,169,679	\$ 1,178,069	\$ 1,245,589	\$ 1,171,953	\$ 1,032,891

**CENTERRA METROPOLITAN DISTRICT NO. 1**

**DEBT SERVICE FUND**

**FORECASTED 2014 BUDGET AS ADOPTED**

**WITH 2012 ACTUAL AND 2013 ESTIMATED**

**For the Years Ended and Ending December 31,**

1/23/14

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	ACTUAL 2012	ADOPTED BUDGET 2013	ACTUAL 9/30/13	ESTIMATED 2013	ADOPTED BUDGET 2014
BEGINNING FUND BALANCE	\$ 9,415,525	\$ 9,941,860	\$ 9,959,007	\$ 9,959,007	\$ 9,972,767
REVENUE					
Service Fees, District 2	12,568	16,661	14,782	17,680	21,386
Investment and other income	28,995	19,884	10,320	13,760	14,959
URA Revenues - Current Year	9,295,098	9,059,532	4,997,851	9,118,674	9,020,798
URA Revenues - Deferred Prior Years	-	-	-	317,950	887,163
PIF Revenues	50,050	450,681	46,778	62,370	59,918
Total revenue	<u>9,386,711</u>	<u>9,546,759</u>	<u>5,069,731</u>	<u>9,530,434</u>	<u>10,004,224</u>
TRANSFERS IN					
Capital Projects Fund	526,854	-	-	-	-
Total transfers in	<u>526,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>19,329,090</u>	<u>19,488,619</u>	<u>15,028,738</u>	<u>19,489,441</u>	<u>19,976,991</u>
EXPENDITURES					
City of Loveland collection fees	50,050	52,800	46,778	62,370	59,918
Paying agent fees	3,500	5,500	2,500	3,500	3,500
Bond principal	2,650,000	2,800,000	-	2,800,000	3,220,000
Bond interest	6,452,253	6,404,735	4,854,192	6,466,284	6,421,505
Unused Debt Fee	37,155	8,047	4,085	8,170	7,992
Annual Admin Fee	17,403	17,500	17,500	17,500	17,500
Annual Syndication Fee	159,722	158,850	119,574	158,850	158,850
Contingency	-	100,000	-	-	100,000
Total expenditures	<u>9,370,083</u>	<u>9,547,432</u>	<u>5,044,629</u>	<u>9,516,674</u>	<u>9,989,264</u>
TRANSFERS OUT					
Capital Projects Fund	-	-	-	-	-
Total transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>9,370,083</u>	<u>9,547,432</u>	<u>5,044,629</u>	<u>9,516,674</u>	<u>9,989,264</u>
ENDING FUND BALANCE	<u>\$ 9,959,007</u>	<u>\$ 9,941,187</u>	<u>\$ 9,984,109</u>	<u>\$ 9,972,767</u>	<u>\$ 9,987,726</u>
DEBT SERVICE REQUIRED RESERVE	<u>\$ 9,942,246</u>	<u>\$ 9,941,067</u>	<u>\$ 9,942,246</u>	<u>\$ 9,942,246</u>	<u>\$ 9,942,246</u>

**CENTERRA METROPOLITAN DISTRICT NO. 1**  
**CAPITAL PROJECTS FUND**  
**FORECASTED 2014 BUDGET AS ADOPTED**  
**WITH 2012 ACTUAL AND 2013 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/14

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	ACTUAL 2012	ADOPTED BUDGET 2013	ACTUAL 9/30/13	ESTIMATED 2013	ADOPTED BUDGET 2014
BEGINNING FUND BALANCE	\$ 817,264	\$ 6,816,354	\$ 7,304,739	\$ 7,304,739	\$ 6,716,305
REVENUE					
Investment income	1,859	6,816	7,708	10,000	6,716
Debt Proceeds	6,852,944	-	-	-	-
I-25/Crossroads Capital Reimbursement	498,188	-	-	-	-
Cost Sharing Reimbursement	126,172	-	-	-	-
Total revenue	<u>7,479,163</u>	<u>6,816</u>	<u>7,708</u>	<u>10,000</u>	<u>6,716</u>
TRANSFERS IN					
Debt Service Fund	-	-	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>8,296,427</u>	<u>6,823,170</u>	<u>7,312,447</u>	<u>7,314,739</u>	<u>6,723,021</u>
EXPENDITURES					
Project & District Management	109,733	138,000	92,410	138,000	138,000
Debt Issuance Costs	199,362	-	-	-	-
Capital outlay					
Loan Funded Projects	-	1,740,000	-	352,627	-
Streets	148,254	-	107,807	107,807	-
Sewer and storm water	7,485	-	-	-	-
Total expenditures	<u>464,834</u>	<u>1,878,000</u>	<u>200,217</u>	<u>598,434</u>	<u>138,000</u>
TRANSFERS OUT					
Debt Service Fund	526,854	-	-	-	-
Total transfers out	<u>526,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>991,688</u>	<u>1,878,000</u>	<u>200,217</u>	<u>598,434</u>	<u>138,000</u>
ENDING FUND BALANCE	<u>\$ 7,304,739</u>	<u>\$ 4,945,170</u>	<u>\$ 7,112,230</u>	<u>\$ 6,716,305</u>	<u>\$ 6,585,021</u>