

Centerra Metropolitan District No.2

January 22, 2013

Via email: dlg-filing@state.co.us

Mr. Jarrod Biggs
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Centerra Metropolitan District No. 2 2013 Adopted Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the adopted 2013 Budget for the Centerra Metropolitan District No. 2 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The budget was adopted and amended on November 15, 2012.

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

Sincerely,
CENTERRA METROPOLITAN DISTRICT NO. 2



Pinnacle Consulting Group Inc.
District Accountant

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612



PINNACLE
CONSULTING GROUP, INC.

Accountant's Report

**BOARD OF DIRECTORS
CENTERRA METROPOLITAN DISTRICT NO. 2**

I have compiled the statements of revenues and expenditures for the year ended December 31, 2011 and the eight months ended August 31, 2012 for Centerra Metropolitan District No. 2. 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. 2 for the year ending December 31, 2013 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. 2.

Brendan Campbell, CPA
January 22, 2013

Loveland

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CENTERRA METROPOLITAN DISTRICT NO. 2

2013 BUDGET MESSAGE

Centerra Metropolitan District No. 2 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 "Finance 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.1 ("Service"), 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.

2013 BUDGET STRATEGY

The District's strategy in preparing the 2013 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

With the exception of the County Treasurer fees, all expenditures are related to the transfers to District No. 1 for overall operating costs and debt service as required by an intergovernmental agreement. The District adopted a mill levy of 42.600 mills which resulted in budgeted property tax revenue of \$45,388 and specific ownership tax revenue of \$264,784 for the purpose of paying service fees to District No. 1 and the DEBT ONLY Districts, Centerra MD No. 2 Bond and Centerra MD No. 2 Res Debt, adopted a mill levy of 6.655 mills and 35.000 mills, respectively, which resulted in budgeted property tax revenue of \$4,499 and \$1,714 respectively, for the purpose of paying debt obligation as discussed below under Debt.

Debt

The District has no outstanding debt. However, property tax revenues are pledged to District No. 1 through a Capital Pledge Agreement for the 2011 Loan Agreement.

Reserves

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. 1-5. Therefore, no emergency reserve has been provided for in Centerra Metropolitan District No. 2. The emergency reserve related to this District is held in Centerra Metropolitan District No. 1.

CENTERRA METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2013 BUDGET AS ADOPTED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,

1/19/13

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	ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	AMENDED 2012	ADOPTED BUDGET 2013
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUE					
Property taxes - Contractual Oblig	51,655	46,357	47,276	47,276	45,388
Property taxes - Debt Service	5,380	5,458	5,248	5,458	6,213
Specific ownership taxes - General	246,285	246,456	184,032	276,048	264,784
Specific ownership taxes - Debt Service	1,902	6,578	4,907	7,361	10,572
Investment income & Other	201	25,000	1,284	12,000	25,000
Total revenue	<u>305,422</u>	<u>329,849</u>	<u>242,748</u>	<u>348,143</u>	<u>351,957</u>
Total funds available	<u>305,422</u>	<u>329,849</u>	<u>242,748</u>	<u>348,143</u>	<u>351,957</u>
EXPENDITURES					
County Treasurer's fees - General	1,033	927	946	946	908
County Treasurer's fees - Debt Service	108	109	105	109	124
Payment of Services to District No. 1	50,823	45,430	47,615	48,330	44,480
Payment of Services to District No. 1 - S/O	246,285	246,456	184,032	276,048	264,784
Payment of Debt Service to District No. 1	7,174	11,927	10,050	12,710	16,661
Contingency	-	25,000	-	10,000	25,000
Total expenditures	<u>305,422</u>	<u>329,849</u>	<u>242,748</u>	<u>348,143</u>	<u>351,957</u>
Total expenditures and transfers out requiring appropriation	<u>305,422</u>	<u>329,849</u>	<u>242,748</u>	<u>348,143</u>	<u>351,957</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

1/19/13

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ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	ESTIMATED 2012	ADOPTED BUDGET 2013
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ASSESSED VALUATION - LARIMER COUNTY - COMMERCIAL AREA

CENTERRA MD NO. 2

Residential	\$ 7,110	\$ 7,110	\$ 7,110	\$ 7,110	\$ 3,480
Commercial	89,192,690	88,407,900	88,407,900	88,407,900	87,622,630
Industrial	1,334,540	2,057,420	2,057,420	2,057,420	2,125,430
Agricultural	24,010	25,870	25,870	25,870	25,870
State assessed	62,860	68,720	68,720	68,720	70,990
Vacant land	1,958,330	2,037,400	2,037,400	2,037,400	1,965,070
	92,579,540	92,604,420	92,604,420	92,604,420	91,813,470
Adjustments - Tax Increment	(91,428,875)	(91,516,229)	(91,516,229)	(91,516,229)	(90,748,015)
Certified Assessed Value - CENTERRA MD NO. 2 - Base	\$ 1,150,665	\$ 1,088,191	\$ 1,088,191	\$ 1,088,191	\$ 1,065,455

MILL LEVY - COMMERCIAL AREA

CENTERRA MD NO. 2

Contractual Obligation	0.000	7.600	7.600	7.600	7.600
Contractual Obligation - Debt Service	42.600	35.000	35.000	35.000	35.000
Total mill levy - CENTERRA MD NO. 2	42.600	42.600	42.600	42.600	42.600

ASSESSED VALUATION - LARIMER COUNTY - LAKE SHORE

CENTERRA MD NO. 2 BOND

Residential	\$ 413,050	\$ 405,510	\$ 405,510	\$ 405,510	\$ 630,760
Vacant	350,520	247,500	247,500	247,500	45,250
Certified Assessed Value - CENTERRA MD NO. 2 BOND	\$ 763,570	\$ 653,010	\$ 653,010	\$ 653,010	\$ 676,010

MILL LEVY - LAKE SHORE

Contractual Obligation - Dbt svc, 2004 bonds - Lake Shore

	6.655	6.655	6.655	6.655	6.655
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ASSESSED VALUATION - LARIMER COUNTY - LAKE VISTA

CENTERRA MD NO. 2 RES DEBT

Agricultural	200	-	-	-	-
Commercial	227,100	206,560	206,560	206,560	439,220
Residential	497,500	2,676,370	2,676,370	2,676,370	4,079,490
	724,800	2,882,930	2,882,930	2,882,930	4,518,710
Adjustments - Tax Increment	(716,278)	(2,851,168)	(2,851,168)	(2,851,168)	(4,469,729)
Certified Assessed Value - CENTERRA MD NO. 2 RES DEBT	\$ 8,522	\$ 31,762	\$ 31,762	\$ 31,762	\$ 48,981

MILL LEVY - LAKE VISTA

Contractual Obligation - Dbt svc, 2008 bonds

	35.000	35.000	35.000	35.000	35.000
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PROPERTY TAXES - BASE & DEBT ONLY

Contractual Obligation	\$ 49,018	\$ 46,357	\$ 46,357	\$ 46,357	\$ 45,388
Contractual Obligation - Debt Service - CEN 2 BOND	5,082	4,346	4,346	4,346	4,499
Contractual Obligation - Debt Service - CEN 2 RES DEBT	298	1,112	1,112	1,112	1,714
	54,398	51,815	51,815	51,815	51,601
Levied property taxes					
Refunds and abatements	-	-	-	-	-
Budgeted property taxes	\$ 54,398	\$ 51,815	\$ 51,815	\$ 51,815	\$ 51,601