

Centerra Metropolitan District

January 29, 2010

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. 1 2010 Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the adopted 2010 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 19, 2009.

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.

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



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 1

I have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 1 for the General, Debt Service and Capital Projects Funds for the year ending December 31, 2010, including the forecasted estimate of comparative information for the year ending December 31, 2009, in accordance with the 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. I 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. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

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.

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

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

Peggy Dowswell, CPA
January 29, 2009

5110 Granite St, Ste C
Loveland, CO 80538
(970) 669-3611
(970) 669-3612 fax

CENTERRA METROPOLITAN DISTRICT NO. 1

2010 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 following 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.

2010 BUDGET STRATEGY

The District's strategy in preparing the 2010 budget is to strive to provide the level of services as desired by the constituents of the District in the most economic manner possible.

In the General Fund, general and administrative expenses budgeted in the amount of \$1,590,894 are to be paid by URA Revenue, Service Fees received from Centerra Metropolitan District Nos. 2 – 5 by way of intergovernmental agreements, and interest totaling to a budgeted amount of \$1,956,423.

In the Debt Service Fund, expenditures for principal, interest and other payments are related to the 2008 Series, \$112,000,000 Variable Rate Refunding and Improvement Bonds. Debt service will be paid with PIF Revenue, URA Revenue and Service Fees received by Centerra Metropolitan District Nos. 2 by way of intergovernmental agreement and capital pledge agreements. Debt Service Fund expenditures are budgeted at \$7,716,265 with revenues budgeted at \$9,096,525. 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. PIF and URA Revenue are recognized as needed for operations and maintenance and debt service.

In the Capital Projects Fund, capital expenditures budgeted in the amount of \$11,239,998 are to be paid with remaining bond proceeds, interest, and a transfer from the General Fund.

Debt

Variable Rate Refunding and Improvement Bonds, Series 2008, were issued March 20, 2008, in the original amount of \$112,000,000. The bonds are term bonds due on December 1, 2029 with a mandatory redemption principal payment of \$660,000 on December 1, 2010 and increasing annually thereafter.

Interest is payable on the first business day of each calendar month.

Concurrently with the issuance of bonds, the District established an irrevocable direct pay Letter of Credit with Compass Bank in the amount of \$112,000,000. The Letter of Credit expires March 20, 2013 unless extended and subject to certain acts of default as defined in the Indenture and the Reimbursement Agreement. Letter of Credit facility fees are paid quarterly at an annual rate of up to 1.50% per annum on the daily average undrawn Stated Amount of the Letter of Credit.

The District entered into a swap agreement with Royal Bank of Canada during 2008 for the purpose of creating a synthetic fixed interest rate on their 2008 Bonds of 3.5502% per annum.

Reserves

The Debt Service Reserve Fund Requirement is \$9,411,000. The District has set aside \$100,000 as a replacement reserve. The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2010, as defined under TABOR.

CENTERRA METROPOLITAN DISTRICT NO. 1

SUMMARY

**FORECASTED 2010 BUDGET AS ADOPTED
WITH 2008 ACTUAL AND 2009 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/10

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	ACTUAL 2008	BUDGET 2009	ESTIMATED 2009	ADOPTED BUDGET 2010
BEGINNING FUND BALANCES	\$ 6,658,608	\$ 23,910,331	\$ 23,772,356	\$ 21,454,887
REVENUE				
Service Fees, District no. 2	332,834	342,641	342,778	372,840
Service Fees, District no. 3	-	345	345	341
Service Fees, District no. 5	-	-	-	-
Investment income	396,649	495,568	53,000	114,214
Developer advance	5,866,842	4,096,245	1,150,000	-
Bond Proceeds	112,000,000	11,500,000	-	-
URA Revenues	5,221,700	8,880,260	8,499,359	9,914,221
PIF Revenues	2,160,403	2,515,000	1,184,333	83,772
Chapungu Revenue	-	-	4,500	10,000
Storm Water Reimb (COL) / Miscellaneous	-	-	-	-
Total revenue	<u>125,978,428</u>	<u>27,830,059</u>	<u>11,234,315</u>	<u>10,495,388</u>
TRANSFERS IN	68,380,550	580,000	-	266,625
Total funds available	<u>201,017,586</u>	<u>52,320,390</u>	<u>35,006,671</u>	<u>32,216,899</u>
EXPENDITURES				
General				
Accounting	296,948	221,400	210,400	160,160
Audit	7,300	10,000	7,300	7,300
Bond issue costs	1,951,317	920,000	-	-
Director fees	1,900	1,900	2,500	2,500
District management	556,761	652,100	579,559	292,782
Election costs	-	-	-	1,000
Engineering & Other professional svcs	72,932	191,000	30,000	179,840
Insurance	17,354	23,000	27,481	28,000
Landscape maintenance & repairs	407,314	550,936	433,631	321,618
Hardscape maintenance	-	103,800	86,074	70,775
Snow removal, Sidewalk Sweeping, etc.	4,733	60,026	21,000	27,400
Chapungu Park	75,661	264,967	271,987	198,729
Legal	187,245	183,000	218,000	96,000
Thompson Valley EMS IGA Pmt	-	22,000	22,000	22,000
Landscape operations mgmt	-	-	17,188	51,564
Repayment of Developer advance	5,992,740	10,000,000	-	-
Interest on developer advance	752,999	-	-	-
Utilities	61,584	70,000	50,000	60,000
Warranty costs	542,983	284,000	164,000	-
Office, dues & Other	3,745	5,000	6,500	5,000
Contingency	-	2,390,000	150,000	2,324,814
Debt Service				
City of Loveland collection fees	77,012	80,320	80,320	83,772
Remarketing and rating fees	123,853	145,000	145,000	145,000
Paying agent fees	8,000	20,000	14,000	14,000
Bond principal - 2004 issue	57,000,000	-	-	-
Bond interest - 2004 issue	463,247	-	-	-
Letter of credit fees	221,307	-	-	-
2005 Swap Contract Termination Payment	4,885,000	-	-	-
Bond Principal Interest & LOC fees - 2008 issue	4,533,781	6,252,062	6,475,837	6,473,493
Capital outlay	30,618,964	16,986,245	4,539,007	9,714,785
Total expenditures	<u>108,864,680</u>	<u>39,436,756</u>	<u>13,551,784</u>	<u>20,280,532</u>
TRANSFERS OUT	68,380,550	580,000	-	266,625
Total expenditures and transfers out requiring appropriation	<u>177,245,230</u>	<u>40,016,756</u>	<u>13,551,784</u>	<u>20,547,156</u>
ENDING FUND BALANCES	<u>\$ 23,772,356</u>	<u>\$ 12,303,635</u>	<u>\$ 21,454,887</u>	<u>\$ 11,669,743</u>

CENTERRA METROPOLITAN DISTRICT NO. 1

GENERAL FUND

FORECASTED 2010 BUDGET AS ADOPTED

WITH 2008 ACTUAL AND 2009 ESTIMATED

For the Years Ended and Ending December 31,

1/28/10

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	ACTUAL 2008	BUDGET 2009	ESTIMATED 2009	ADOPTED BUDGET 2010
BEGINNING FUND BALANCE	\$ 119,764	\$ 131,916	\$ 599,654	\$ 612,154
REVENUE				
Service Fees, District no. 2	332,834	335,934	335,934	367,127
Service Fees, District no. 3	-	345	345	341
Service Fees, District no. 5	-	-	-	-
Investment income	28,298	20,000	8,000	10,000
URA Revenues (O&M)	1,121,824	1,631,242	1,250,341	956,801
PIF Revenues (O&M)	165,000	-	-	-
Chapungu Revenue	-	-	4,500	10,000
Total revenue	<u>1,647,956</u>	<u>1,987,521</u>	<u>1,599,120</u>	<u>1,344,269</u>
Total funds available	<u>1,767,720</u>	<u>2,119,437</u>	<u>2,198,774</u>	<u>1,956,423</u>
EXPENDITURES				
Accounting and Financial Management	296,948	221,400	210,400	160,160
Audit	7,300	10,000	7,300	7,300
Director fees	1,900	1,900	2,500	2,500
Election costs	-	-	-	1,000
Engineering & Other professional svcs	61,762	62,000	30,000	30,000
Insurance	17,354	23,000	27,481	28,000
Landscape maintenance & repairs	407,314	550,936	433,631	321,618
Hardscape maintenance	-	103,800	86,074	70,775
Snow removal, Sidewalk Sweeping, etc.	4,733	60,026	21,000	27,400
Chapungu Park	75,661	264,967	271,987	198,729
Legal	155,713	120,000	155,000	96,000
District management	61,204	169,200	195,559	144,870
Landscape operations mgmt	-	-	17,188	51,564
Thompson Valley EMS IGA Pmt	-	22,000	22,000	22,000
Utilities	61,584	70,000	50,000	60,000
Office, dues & Other	3,745	5,000	6,500	5,000
Contingency	-	290,000	50,000	97,353
Total expenditures	<u>1,155,218</u>	<u>1,974,229</u>	<u>1,586,620</u>	<u>1,324,269</u>
TRANSFERS OUT				
Capital Projects Fund	-	-	-	266,625
Debt Service Fund	12,848	-	-	-
Total transfers out	<u>12,848</u>	<u>-</u>	<u>-</u>	<u>266,625</u>
Total expenditures and transfers out requiring appropriation	<u>1,168,066</u>	<u>1,974,229</u>	<u>1,586,620</u>	<u>1,590,894</u>
ENDING FUND BALANCE	<u>\$ 599,654</u>	<u>\$ 145,208</u>	<u>\$ 612,154</u>	<u>\$ 365,529</u>
COMPONENTS OF ENDING FUND BALANCE				
EMERGENCY RESERVE	\$ 49,440	\$ 59,700	\$ 48,000	\$ 40,300
REPLACEMENT RESERVE	-	-	-	100,000
UNRESERVED	550,214	85,508	564,154	225,229
ENDING FUND BALANCE	<u>\$ 599,654</u>	<u>\$ 145,208</u>	<u>\$ 612,154</u>	<u>\$ 365,529</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. 1

DEBT SERVICE FUND

FORECASTED 2010 BUDGET AS ADOPTED

WITH 2008 ACTUAL AND 2009 ESTIMATED

For the Years Ended and Ending December 31,

1/28/10

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	ACTUAL 2008	BUDGET 2009	ESTIMATED	ADOPTED BUDGET 2010
BEGINNING FUND BALANCE	\$ 4,181,448	\$ 10,595,685	\$ 9,423,916	\$ 9,923,954
REVENUE				
Service Fees, District 2	-	6,707	6,844	5,713
Investment income	187,882	211,914	20,000	49,620
URA Revenues (Debt Service)	4,099,876	7,249,018	7,249,018	8,957,420
PIF Revenues	1,088,390	-	39,333	83,772
Total revenue	5,376,148	7,467,639	7,315,195	9,096,525
TRANSFERS IN				
Capital Projects Fund	67,766,687	580,000	-	-
General Fund	12,848	-	-	-
Total transfers in	67,779,535	580,000	-	-
Total funds available	77,337,131	18,643,324	16,739,111	19,020,479
EXPENDITURES				
City of Loveland collection fees	77,012	80,320	80,320	83,772
Remarketing and rating fees	123,853	145,000	145,000	145,000
Paying agent fees	8,000	20,000	14,000	14,000
Bond principal - 2004 issue	57,000,000	-	-	-
Bond interest - 2004 issue	463,247	-	-	-
Letter of credit fees - 2004 issue	221,307	-	-	-
2005 Swap Contract Termination Payment	4,885,000	-	-	-
Bond principal - 2008 issue	-	420,000	420,000	660,000
Bond interest - 2008 issue	3,148,080	3,976,225	4,200,000	3,961,314
LOC fees - 2008 issue	1,385,701	1,855,837	1,855,837	1,852,179
Contingency	-	100,000	100,000	1,000,000
Total expenditures	67,312,200	6,597,382	6,815,157	7,716,265
TRANSFERS OUT				
Capital Projects Fund	601,015	-	-	-
General Fund	-	-	-	-
Total transfers out	601,015	-	-	-
Total expenditures and transfers out requiring appropriation	67,913,215	6,597,382	6,815,157	7,716,265
ENDING FUND BALANCE	\$ 9,423,916	\$ 12,045,942	\$ 9,923,954	\$ 11,304,214
DEBT SERVICE RESERVE	\$ 4,181,448	\$ 9,411,000	\$ 9,411,000	\$ 9,411,000

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

CENTERRA METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
FORECASTED 2010 BUDGET AS ADOPTED
WITH 2008 ACTUAL AND 2009 ESTIMATED
For the Years Ended and Ending December 31,

1/28/10

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	ACTUAL 2008	BUDGET 2009	ESTIMATED 2009	ADOPTED BUDGET 2010
BEGINNING FUND BALANCE	\$ 2,357,396	\$ 13,182,730	\$ 13,748,786	\$ 10,918,779
REVENUE				
Investment income	180,469	263,655	25,000	54,594
PIF Revenues	907,013	2,515,000	1,145,000	-
Developer advance	5,866,842	4,096,245	1,150,000	-
Bond Proceeds	112,000,000	11,500,000	-	-
Total revenue	<u>118,954,324</u>	<u>18,374,899</u>	<u>2,320,000</u>	<u>54,594</u>
TRANSFERS IN				
Debt Service Fund	601,015	-	-	-
General Fund	-	-	-	266,625
Total transfers in	<u>601,015</u>	<u>-</u>	<u>-</u>	<u>266,625</u>
Total funds available	<u>121,912,735</u>	<u>31,557,629</u>	<u>16,068,786</u>	<u>11,239,998</u>
EXPENDITURES				
Legal	31,532	63,000	63,000	-
District Management	97,893	102,900	120,000	-
Project management	397,664	380,000	264,000	147,912
Bond issue costs	1,951,317	920,000	-	-
Engineering & Other Professional Svcs	11,170	129,000	-	149,840
Warranty costs	542,983	284,000	164,000	-
2004/08 Bond Projects				
Transportation	-	-	-	-
Park and recreation	13,355,520	-	12,446	-
Sanitary sewer and storm drainage	6,376,351	-	7,828	-
Water	1,515,191	-	-	-
Streets/I'25 1601 Processes/Engineering	9,242,404	890,000	636,950	-
Repayment of developer advance	5,992,740	10,000,000	-	-
Interest on developer advance	752,999	-	-	-
Public Infrastructure Projects - 2010	-	-	-	1,440,000
I-25 & Hwy 34 Interchange Safety Improv.	-	12,000,000	1,008,000	8,092,000
I'25 & Crossroads Interchange improvements	-	-	1,723,783	66,000
Developer Advanced Projects				
Waterline payment to City - Principal	105,947	-	105,947	105,947
Waterline payment to City - Interest	23,551	-	17,194	10,838
Developer Advanced Projects	-	4,096,245	1,026,858	-
Contingency - Restricted	-	2,000,000	-	1,110,676
Contingency - Unrestricted	-	-	-	116,785
Total expenditures	<u>40,397,262</u>	<u>30,865,145</u>	<u>5,150,007</u>	<u>11,239,998</u>
TRANSFERS OUT				
Debt Service Fund	67,766,687	580,000	-	-
Total transfers out	<u>67,766,687</u>	<u>580,000</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>108,163,949</u>	<u>31,445,145</u>	<u>5,150,007</u>	<u>11,239,998</u>
ENDING FUND BALANCE	<u>\$ 13,748,786</u>	<u>\$ 112,485</u>	<u>\$ 10,918,779</u>	<u>\$ 0</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. 1
TIF PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/29/10

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ACTUAL 2008	ADOPTED BUDGET	ESTIMATED 2009	ADOPTED BUDGET 2010
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ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ -	\$ 526,660	\$ 526,660	\$ 523,260
Commercial	65,284,520	79,353,900	79,353,900	87,681,740
Industrial	69,940	433,880	433,880	1,080,760
Agricultural	71,580	91,720	91,720	78,620
State assessed	21,410	34,350	34,350	34,790
Vacant land	5,746,740	5,021,180	5,021,180	4,484,550
Oil and Gas		5,056	5,056	5,721
Personal property	-	-	-	-
	71,194,190	85,466,746	85,466,746	93,889,441
Adjustments	(422,861)	(1,121,277)	(1,121,277)	-
Certified Assessed Value	\$ 70,771,329	\$ 84,345,469	\$ 84,345,469	\$ 93,889,441

TIF MILL LEVY

Larimer County	22.414	22.414	22.414	22.414
Larimer County Pest Control	0.142	0.142	0.142	0.142
City of Loveland	9.564	9.564	9.564	9.564
Northern Colorado Water Conservancy District	1.000	1.000	1.000	1.000
Thompson School district R2-J - Gen Fund	41.657	41.000	41.000	41.000
Thompson Valley Health Service District	1.471	1.471	1.471	1.471
Centerra Metro District No. 2	52.600	42.600	42.600	42.600
TOTAL MILL LEVY	128.848	118.191	118.191	118.191
LESS: SCHOOL INCREMENT	(10.182)	(9.950)	(9.950)	(9.700)
Total mill levy	118.666	108.241	108.241	108.491

PROPERTY TAXES

Total paid to LURA, net of School Increment	\$ 8,398,151	\$ 9,129,638	\$ 9,129,638	\$ 10,186,159
Less: LURA Admin Fee	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ (50,000)
Less: 2% County Collection Fee	(182,375)	(199,378)	(199,378)	(221,938)
NET AVAIL-CENTERRA METRO DISTRICT NO. 1	\$ 8,165,776	\$ 8,880,260	\$ 8,880,260	\$ 9,914,221

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