

Centerra Metropolitan District

January 17, 2011

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 2011 Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the amended 2010 budget and final adopted 2011 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 18, 2010 and amended on December 16, 2010.

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 funds available prepared on the modified accrual basis of Centerra Metropolitan District No. 1 for the year ending December 31, 2011 in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management of the District 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 forecasted statement 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.

The Governmental Accounting Standards Board requires the presentation of a balance sheet, a statement of operations and accumulated fund balance and a statement of cash flows and related full disclosure footnotes for the financial statements to be in compliance with generally accepted accounting principles. Management does not require complete financial statements to manage the affairs of the District on a monthly basis and has determined not to include the above statements and full disclosure footnotes. Consequently, as presented, the financial statements are not in conformity with generally accepted accounting principles.

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

A handwritten signature in purple ink that reads "Peggy Dowswell".

Peggy Dowswell, CPA
January 17, 2011

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CENTERRA METROPOLITAN DISTRICT NO. 1

GENERAL FUND

FORECASTED 2011 BUDGET AS ADOPTED

WITH 2009 ACTUAL AND 2010 ESTIMATED

For the Years Ended and Ending December 31,

1/4/11

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	ACTUAL 2009	ADOPTED BUDGET 2010	ACTUAL 9/30/10	AMENDED BUDGET 2010	ADOPTED BUDGET 2011
BEGINNING FUND BALANCE	\$ 599,654	\$ 612,154	\$ 762,446	\$ 762,446	\$ 477,518
REVENUE					
Service Fees, District no. 2	49,607	47,523	33,233	48,523	46,546
Specific ownership tax, District no. 2	263,020	319,604	198,825	263,210	236,185
Service Fees, District no. 5	-	-	-	-	14
Interest and Other income	12,299	10,000	5,189	7,500	5,969
URA Revenues (O&M)	1,299,238	956,801	1,172,650	1,172,650	1,051,038
PIF Revenues (O&M)	-	-	-	-	-
Chapungu Revenue	-	10,000	100	5,000	2,000
Total revenue	1,624,164	1,343,928	1,409,997	1,496,883	1,341,752
Total funds available	2,223,818	1,956,082	2,172,443	2,259,329	1,819,270
EXPENDITURES					
Accounting and Financial Management	178,186	160,160	109,483	160,160	160,160
Audit	7,300	7,300	7,300	7,300	9,800
Director fees	2,500	2,500	2,500	2,500	2,500
Election costs	-	1,000	-	-	-
Engineering & Other professional svcs	27,767	30,000	5,310	10,000	20,000
Insurance	27,481	28,000	21,457	21,457	22,600
Landscape maintenance & repairs	499,810	321,618	231,538	317,158	334,246
Hardscape maintenance	90,974	70,775	50,553	68,247	89,300
Snow removal, Sidewalk Sweeping, etc.	16,680	27,400	3,264	15,400	15,400
Chapungu Park	222,659	198,729	117,329	181,658	178,329
Legal	160,874	96,000	381,042	545,000	108,000
District management	169,738	144,870	101,670	144,870	144,870
Landscape operations mgmt	-	51,564	38,673	51,564	51,564
Thompson Valley EMS IGA Pmt	-	22,000	-	-	-
Utilities	48,418	60,000	58,123	70,000	70,000
Office, dues & Other	8,985	5,000	2,831	5,000	5,000
Tax Abatements	-	-	81,497	81,497	-
Contingency	-	97,353	-	100,000	122,000
Total expenditures	1,461,372	1,324,269	1,212,570	1,781,811	1,333,769
TRANSFERS OUT					
Capital Projects Fund	-	266,625	-	-	-
Debt Service Fund	-	-	-	-	-
Total transfers out	-	266,625	-	-	-
Total expenditures and transfers out requiring appropriation	1,461,372	1,590,894	1,212,570	1,781,811	1,333,769
ENDING FUND BALANCE	\$ 762,446	\$ 365,188	\$ 959,873	\$ 477,518	\$ 485,501
COMPONENTS OF ENDING FUND BALANCE					
EMERGENCY RESERVE	\$ 48,730	\$ 40,100	\$ 42,300	\$ 44,900	\$ 40,300
REPLACEMENT RESERVE	-	100,000	100,000	100,000	200,000
UNRESERVED	713,716	225,088	817,573	332,618	245,201
ENDING FUND BALANCE	\$ 762,446	\$ 365,188	\$ 959,873	\$ 477,518	\$ 485,501

CENTERRA METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

12/29/10

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	ACTUAL 2009	ADOPTED BUDGET 2010	ACTUAL 9/30/10	AMENDED BUDGET 2010	ADOPTED BUDGET 2011
BEGINNING FUND BALANCE	\$ 9,423,917	\$ 9,923,954	\$ 9,230,394	\$ 9,230,394	\$ 10,118,708
REVENUE					
Service Fees, District 2	7,210	5,713	5,902	6,050	4,980
Service Fees, District no. 3	-	341	341	342	325
Investment and other income	66,925	49,620	19,943	34,853	25,297
Realized gain on investment	-	-	225,147	225,147	-
URA Revenues (Debt Service)	6,672,394	8,957,420	5,295,003	8,741,571	8,713,329
PIF Revenues	59,413	83,772	62,829	83,772	87,372
Total revenue	6,805,942	9,096,866	5,609,165	9,091,735	8,831,302
TRANSFERS IN					
Capital Projects Fund	-	-	-	-	-
General Fund	-	-	-	-	-
Total transfers in	-	-	-	-	-
Total funds available	16,229,859	19,020,820	14,839,559	18,322,129	18,950,010
EXPENDITURES					
City of Loveland collection fees	80,320	83,772	62,829	83,772	87,372
Remarketing and rating fees	151,590	145,000	74,515	145,000	149,900
Paying agent fees	11,828	14,000	1,833	14,000	12,000
Bond principal	420,000	660,000	-	660,000	2,000,000
Bond interest	4,259,640	3,961,314	3,398,141	4,398,470	4,257,400
LOC fees/Fronting fees	1,859,700	1,852,179	1,394,251	1,852,179	2,084,293
LOC Replacement	-	-	642,199	800,000	-
Contingency	-	1,000,000	-	250,000	700,000
Total expenditures	6,783,078	7,716,265	5,573,768	8,203,421	9,290,965
TRANSFERS OUT					
Capital Projects Fund	-	-	-	-	78,880
General Fund	-	-	-	-	-
Unrealized loss on investments	216,387	-	-	-	-
Total transfers out	216,387	-	-	-	78,880
Total expenditures and transfers out requiring appropriation	6,999,465	7,716,265	5,573,768	8,203,421	9,369,845
ENDING FUND BALANCE	\$ 9,230,394	\$ 11,304,555	\$ 9,265,791	\$ 10,118,708	\$ 9,580,166
DEBT SERVICE REQUIRED RESERVE	\$ 9,411,000	\$ 9,411,000	\$ 9,411,000	\$ 9,411,000	\$ 9,332,120

CENTERRA METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

12/29/10

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	ACTUAL 2009	ADOPTED BUDGET 2010	ACTUAL 9/30/10	AMENDED BUDGET 2010	ADOPTED BUDGET 2011
BEGINNING FUND BALANCE	\$ 13,748,786	\$ 10,918,779	\$ 11,732,711	\$ 11,732,711	\$ 2,126,021
REVENUE					
Investment income	34,161	-	6,509	10,000	3,500
PIF Revenues	3,755,581	-	-	-	-
Developer advance	669,376	54,594	40,975	40,975	-
Proceeds from developer note	6,911,177	-	29,218	35,396	-
Bond Proceeds	-	-	-	-	9,000,000
URA Revenue	-	-	-	2,500,000	-
Project funds transfer, I-25/Crossroads	-	-	-	-	396,000
City Capital reimbursement/cost sharing	-	-	185,151	376,103	-
Total revenue	11,370,295	54,594	261,853	2,962,474	9,399,500
TRANSFERS IN					
Debt Service Fund	-	-	-	-	78,880
General Fund	-	266,625	-	-	-
Total transfers in	-	266,625	-	-	78,880
Total funds available	25,119,081	11,239,998	11,994,564	14,695,185	11,604,401
EXPENDITURES					
Legal	66,680	-	-	-	-
District Management	106,956	-	2,251	7,000	-
Project management	264,018	147,912	110,934	147,912	148,000
Bond issue costs	-	-	-	-	1,541,760
Engineering & Other Professional Svcs	5,080	149,840	-	20,000	20,000
Warranty costs	121,838	-	593	600	-
Capital outlay					
Bond Projects					
Transportation	222,631	-	-	-	-
Park and recreation	663,458	-	48,160	50,000	-
Sanitary sewer and storm drainage	2,083,209	-	-	-	-
Water	567,674	-	40,800	40,800	-
Streets/I25 Interchanges/Construction	6,184,352	8,158,000	4,921,908	9,495,115	1,500,000
TV Relay Improvements	287,489	-	-	-	-
Organization/Formation	79,262	-	-	-	-
Repayment of developer advance - Bonds	-	-	-	-	7,537,120
Repayment of developer advance - PIF	2,225,686	-	-	-	-
Repayment of developer advance - URA	-	-	-	2,500,000	-
Repayment of developer advance - City Reimb	384,895	-	190,952	190,952	-
Public Infrastructure Projects - 2010	-	1,440,000	-	-	-
Developer Advanced Projects					
Waterline payment to City - Principal	105,947	105,947	105,947	105,947	74,679
Waterline payment to City - Interest	17,194	10,838	10,838	10,838	4,481
Contingency - Restricted	-	1,110,676	-	-	500,000
Contingency - Unrestricted	-	116,785	-	-	100,000
Total expenditures	13,386,370	11,239,998	5,432,383	12,569,164	11,426,039
TRANSFERS OUT					
Debt Service Fund	-	-	-	-	-
Total transfers out	-	-	-	-	-
Total expenditures and transfers out requiring appropriation	13,386,370	11,239,998	5,432,383	12,569,164	11,426,039
ENDING FUND BALANCE	\$ 11,732,711	\$ -	\$ 6,562,181	\$ 2,126,021	\$ 178,362

CENTERRA METROPOLITAN DISTRICT NO. 1

2011 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.

2011 BUDGET STRATEGY

The District's strategy in preparing the 2011 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 \$1,333,769 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 \$1,341,752 in revenue.

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 PIF and Improvement Bonds. Debt service will be paid largely with URA Revenue and Service Fees received by Centerra Metropolitan District No. 2 by way of intergovernmental agreement and capital pledge agreements. Debt Service Fund expenditures are budgeted at \$9,369,845 with revenues budgeted at \$8,831,302. 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 \$11,426,039 are to be paid with bond proceeds, interest, other revenue, and a transfer from the Debt Service 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 \$2,375,000 on December 1, 2011 and increasing annually thereafter. The District is in the process of restructuring the Series 2008 bonds and has only budgeted a \$2,000,000 principal payment in 2011 in anticipation of this change.

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, subsequently replaced by US 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 \$200,000 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 and holds the TABOR reserve for all 5 Districts.