

Centerra Metropolitan District

January 30, 2012

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 2011 Amended Budget
2012 Adopted Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the amended 2011 Budget and adopted 2012 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 on November 17, 2011.

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



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, 2010 and the nine months ended September 30, 2011 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, 2012 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 company's financial position, results of operations, and cash flows. 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.

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

Peggy Dowswell, CPA
January 30, 2012

CENTERRA METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,

1/30/12

Page 3

	ACTUAL 2010	ADOPTED BUDGET 2011	ACTUAL 9/30/11	AMENDED BUDGET 2011	ADOPTED BUDGET 2012
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUE					
Property taxes - Contractual Oblig	71,333	49,316	51,640	51,640	46,357
Property taxes - Debt Service	5,830	5,082	6,803	7,303	5,458
Specific ownership taxes - General	262,632	194,435	184,292	245,723	253,034
Investment income & Other	-	25,000	134	10,134	25,000
Total revenue	<u>339,796</u>	<u>273,833</u>	<u>242,869</u>	<u>314,800</u>	<u>329,849</u>
Total funds available	<u>339,796</u>	<u>273,833</u>	<u>242,869</u>	<u>314,800</u>	<u>329,849</u>
EXPENDITURES					
County Treasurer's fees - General	1,730	986	1,033	1,033	927
County Treasurer's fees - Debt Service	117	102	136	146	109
Payment of Services to District No. 1	69,603	48,330	50,741	50,741	45,430
Payment of Services to District No. 1 - S/O	262,632	194,435	184,292	245,723	253,034
Payment of Debt Service to District No. 1	5,713	4,980	6,667	7,157	5,349
Contingency	-	25,000	-	10,000	25,000
Total expenditures	<u>339,796</u>	<u>273,833</u>	<u>242,869</u>	<u>314,800</u>	<u>329,849</u>
Total expenditures and transfers out requiring appropriation	<u>339,796</u>	<u>273,833</u>	<u>242,869</u>	<u>314,800</u>	<u>329,849</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTERRA METROPOLITAN DISTRICT NO. 2

2012 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, No.3, No.4, and No.5 ("Service and 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.

2012 BUDGET STRATEGY

The District's strategy in preparing the 2012 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, with the exception of the County Treasurer's 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 \$46,357 and specific ownership tax revenue of \$253,034 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 revenue of \$4,436 and \$1,112, 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. 1-4. Therefore, no emergency reserve has been provided for in Centerra Metropolitan District No. 2. The emergency reserve related to their revenue stream is captured in Centerra Metropolitan District No. 1.