

# Centerra Metropolitan District

January 30, 2012

Via email: [dlg-filing@state.co.us](mailto: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 Amended Budget and  
2012 Adopted Budget

Dear Mr. Biggs:

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

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.  
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. 1

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. 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, 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. 1.

Peggy Dowswell, CPA  
January 30, 2012

**CENTERRA METROPOLITAN DISTRICT NO. 1**

**GENERAL FUND**

**FORECASTED 2012 BUDGET AS ADOPTED**

**WITH 2010 ACTUAL AND 2011 ESTIMATED**

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

1/30/12

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	ACTUAL 2010	ADOPTED BUDGET 2011	ACTUAL 9/30/11	ESTIMATED BUDGET 2011	ADOPTED BUDGET 2012
BEGINNING FUND BALANCE	\$ 762,446	\$ 477,518	\$ 878,541	\$ 878,541	\$ 971,741
<b>REVENUE</b>					
Service Fees, District no. 2	68,587	48,330	50,741	50,741	45,430
Specific ownership tax, District no. 2	262,632	194,435	184,292	245,723	253,034
Service Fees, District no. 5	-	14	57	83	86
Interest and Other income	7,835	5,969	2,121	5,969	4,859
URA Revenues (O&M)	1,339,650	1,051,038	1,049,000	1,049,000	1,068,119
Chapungu Revenue	5,450	2,000	450	2,500	2,500
Total revenue	1,684,154	1,301,786	1,286,661	1,354,016	1,374,027
Total funds available	2,446,600	1,779,304	2,165,202	2,232,557	2,345,768
<b>EXPENDITURES</b>					
Accounting and Financial Management	149,536	160,160	111,071	160,160	160,160
Audit	7,300	9,800	9,800	9,800	12,500
Director fees and payroll taxes	2,500	2,500	3,617	3,617	3,000
Election costs	-	-	-	-	2,500
Engineering & Other professional svcs	7,741	20,000	244	5,000	10,000
Insurance	21,632	22,600	21,146	21,146	29,000
Landscape maintenance & repairs	309,114	334,246	226,565	334,246	391,110
Hardscape maintenance	69,536	89,300	29,985	89,300	81,700
Snow removal, Sidewalk Sweeping, etc.	3,704	15,400	2,998	15,400	14,900
Chapungu Park	170,827	178,329	121,548	178,329	180,627
Legal	490,024	108,000	137,907	173,000	109,500
District management	134,138	144,870	72,924	144,870	144,870
Landscape operations mgmt	51,564	51,564	38,673	48,948	43,716
Utilities	64,983	70,000	63,472	70,000	75,000
Office, dues & Other	3,963	5,000	5,459	7,000	8,000
Tax Abatements	81,497	-	-	-	-
Contingency	-	122,000	-	-	100,000
Total expenditures	1,568,059	1,333,769	845,409	1,260,816	1,366,583
ENDING FUND BALANCE	\$ 878,541	\$ 445,535	\$ 1,319,793	\$ 971,741	\$ 979,185
<b>COMPONENTS OF ENDING FUND BALANCE</b>					
EMERGENCY RESERVE	\$ 50,370	\$ 39,100	\$ 38,600	\$ 40,600	\$ 41,200
REPLACEMENT RESERVE	100,000	200,000	200,000	200,000	300,000
UNRESERVED	728,171	206,435	1,081,193	731,141	637,985
ENDING FUND BALANCE	\$ 878,541	\$ 445,535	\$ 1,319,793	\$ 971,741	\$ 979,185

**CENTERRA METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**FORECASTED 2012 BUDGET AS ADOPTED**  
**WITH 2010 ACTUAL AND 2011 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/30/12

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	ACTUAL 2010	ADOPTED BUDGET 2011	ACTUAL 9/30/11	AMENDED BUDGET 2011	ADOPTED BUDGET 2012
BEGINNING FUND BALANCE	\$ 9,230,394	\$ 10,118,708	\$ 9,413,039	\$ 9,413,039	\$ 9,416,502
REVENUE					
Service Fees, District 2	6,100	4,980	6,667	7,157	5,349
Service Fees, District no. 3	247,835	325	321	326	549
Investment and other income		25,297	4,781	6,500	9,417
URA Revenues (Debt Service)	7,744,970	8,713,329	4,624,355	8,822,329	8,959,409
PIF Revenues	83,772	87,372	65,529	87,372	455,050
Total revenue	8,082,677	8,831,302	4,701,653	8,923,684	9,429,774
TRANSFERS IN					
Capital Projects Fund	-	-	110,924,467	111,043,528	113,519
Total transfers in	-	-	110,924,467	111,043,528	113,519
Total funds available	17,313,071	18,950,010	125,039,159	129,380,251	18,959,795
EXPENDITURES					
City of Loveland collection fees	83,772	87,372	65,529	87,372	50,050
Remarketing and rating fees	149,507	149,900	65,139	65,139	-
Paying agent fees	5,500	12,000	2,750	5,500	5,500
Bond principal	660,000	2,000,000	110,920,000	113,470,000	2,650,000
Bond interest	4,344,634	4,257,400	3,766,559	5,216,973	6,394,526
Loan fees	-	-	53,032	123,835	219,722
Cost of issuance	40,820	-	-	-	-
LOC fees/Fronting fees	1,866,027	2,084,293	779,863	779,863	-
LOC Replacement	749,772	-	-	-	-
Contingency	-	700,000	-	100,000	100,000
Total expenditures	7,900,032	9,290,965	115,652,872	119,848,682	9,419,798
TRANSFERS OUT					
Capital Projects Fund	-	78,880	115,067	115,067	-
Total transfers out	-	78,880	115,067	115,067	-
Total expenditures and transfers out requiring appropriation	7,900,032	9,369,845	115,767,939	119,963,749	9,419,798
ENDING FUND BALANCE	\$ 9,413,039	\$ 9,580,166	\$ 9,271,220	\$ 9,416,502	\$ 9,539,997
DEBT SERVICE REQUIRED RESERVE	\$ 9,411,000	\$ 9,411,000	\$ 9,296,330	\$ 9,415,391	\$ 9,536,829

**CENTERRA METROPOLITAN DISTRICT NO. 1**

**CAPITAL PROJECTS FUND**

**FORECASTED 2012 BUDGET AS ADOPTED**

**WITH 2010 ACTUAL AND 2011 ESTIMATED**

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

1/30/12

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	ACTUAL 2010	ADOPTED BUDGET 2011	ACTUAL 9/30/11	AMENDED BUDGET 2011	ADOPTED BUDGET 2012
BEGINNING FUND BALANCE	\$ 11,732,711	\$ 2,126,021	\$ 5,079,177	\$ 5,079,177	\$ 502,353
REVENUE					
Investment income	7,395	3,500	527	1,000	502
PIF Revenues	-	-	-	1,145,000	-
Developer advance	40,975	-	24,665	24,665	-
Proceeds from developer note	35,396	-	-	-	-
Debt Proceeds	-	9,000,000	120,920,000	122,468,665	1,476,569
URA Revenue	2,500,000	-	-	-	-
Project funds transfer, I-25/Crossroads	-	396,000	-	-	-
City Capital reimbursement/cost sharing	376,103	-	-	-	-
Total revenue	2,959,869	9,399,500	120,945,192	123,639,330	1,477,071
TRANSFERS IN					
Debt Service Fund	-	78,880	115,067	115,067	-
Total transfers in	-	78,880	115,067	115,067	-
Total funds available	14,692,580	11,604,401	126,139,436	128,833,574	1,979,424
EXPENDITURES					
Legal	-	-	-	-	-
District Management	3,198	-	743	4,000	-
Project management	147,912	148,000	109,722	144,600	137,976
Bond issue costs	-	1,541,760	1,288,238	1,288,238	-
Engineering & Other Professional Svcs	-	20,000	-	22,250	40,000
Warranty costs	593	-	-	-	-
Capital outlay					
Bond Projects					
Park and recreation	48,160	-	-	-	-
Sanitary sewer and storm drainage	14,321	-	32,364	32,364	-
Water	40,800	-	-	-	-
Streets	9,050,682	1,500,000	1,610,764	2,007,600	-
TV Relay Improvements	-	-	-	60,000	-
Repayment of developer advance - Bonds	-	7,537,120	8,778,725	10,005,601	-
Repayment of developer advance - URA	-	-	2,500,000	2,500,000	-
Repayment of developer advance - City Reimb	190,952	-	-	-	-
Repayment of PIC Payable (Crossroads)	-	-	-	1,145,000	-
Developer Advanced Projects					
Waterline payment to City - Principal	105,947	74,679	74,679	74,679	-
Waterline payment to City - Interest	10,838	4,481	3,361	3,361	-
Contingency - Restricted	-	500,000	-	-	102,219
Contingency - Unrestricted	-	100,000	-	100,000	-
Total expenditures	9,613,403	11,426,039	14,398,596	17,387,693	280,195
TRANSFERS OUT					
Debt Service Fund	-	-	110,924,467	111,043,528	113,519
Total transfers out	-	-	110,924,467	111,043,528	113,519
Total expenditures and transfers out requiring appropriation	9,613,403	11,426,039	125,323,063	128,431,221	393,714
ENDING FUND BALANCE	\$ 5,079,177	\$ 178,362	\$ 816,373	\$ 402,353	\$ 1,585,711

# **CENTERRA METROPOLITAN DISTRICT NO. 1**

## 2012 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.

## 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, general and administrative expenses budgeted in the amount of \$1,366,583 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 \$1,374,027 in revenue.

In the 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 \$9,419,798 with revenues budgeted at \$9,543,293. 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 \$393,744 are to be paid with loan proceeds and interest revenue.

### *Debt*

During 2011, the District's Series 2008, Variable Rate Refunding and Improvement Bonds went into the 2011 Loan Agreement, issued June 8, 2011, in the amount of \$130,920,000. A portion of the 2011 Loan Agreement amount was issued as draw down debt. The debt has a maturity date of June 8, 2016 with principal payment of \$2,650,000 on December 1, 2012 and increasing annually thereafter.

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 3.4600% per annum on \$110,920,000 and 3.5560% per annum on \$10,000,000.

### *Reserves*

The Debt Service Reserve Fund Requirement is \$9,415,391. The District has set aside \$300,000 as a replacement reserve. The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2011, as defined under TABOR and holds the TABOR reserve for all 5 Districts.