

# Centerra Metropolitan District No.1

January 22, 2013

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 2013 Adopted Budget

Dear Mr. Biggs:

Attached are true and accurate copies of the amended 2012 budget and final adopted 2013 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 15, 2012.

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, 2011 and the eight months ended August 31, 2012 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, 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. 1.

Brendan Campbell, CPA  
January 22, 2013

**Loveland**

5110 Granite Street, Suite C Loveland, CO 80538  
(970)669.3611

**Denver**

5300 DTC Parkway, Suite 260 Greenwood Village, CO 80111  
(303)333.4380

# CENTERRA METROPOLITAN DISTRICT NO. 1

## 2013 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.

## 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*

General and administrative expenses budgeted in the amount of \$1,410,000 are to be paid by URA Revenue, Service Fees received from Centerra Metropolitan District Nos. 2 and 5 by way of intergovernmental agreements, and interest totaling to a budgeted revenue amount of \$1,418,434.

### *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 Nos. 2 and 3 by way of intergovernmental agreement and capital pledge agreements. Debt Service Fund expenditures are budgeted at \$9,547,432 with revenues budgeted at \$9,547,432. 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.

### *Capital Projects Fund*

Capital expenditures budgeted in the amount of \$1,878,000 are to be paid by interest income of \$6,816 and existing fund balance from loan proceeds.

### *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 \$2,800,000 on December 1, 2013 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 5.5225% per annum on \$110,920,000 and 3.5560% per annum on \$10,000,000.

### *Reserves*

The Debt Service Reserve Fund Requirement is \$9,941,067. The District has set aside \$400,000 as a Replacement Reserve. The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2012, as defined under TABOR and holds the TABOR reserve for District Nos. 1 - 5.

**CENTERRA METROPOLITAN DISTRICT NO. 1**

**GENERAL FUND**

**FORECASTED 2013 BUDGET AS ADOPTED  
WITH 2011 ACTUAL AND 2012 ESTIMATED  
For the Years Ended and Ending December 31,**

1/2/13

Page 2

	ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	PROJECTED BUDGET 2012	ADOPTED BUDGET 2013
BEGINNING FUND BALANCE	\$ 878,889	\$ 971,741	\$ 1,168,962	\$ 1,168,962	\$ 1,168,962
REVENUE					
Service Fees, District no. 2	50,823	45,430	47,615	48,330	44,480
Specific ownership tax, District no. 2	246,285	253,034	184,032	276,048	264,784
Service Fees, District no. 5	85	86	67	94	89
Interest and Other income	2,335	4,859	467	1,000	5,845
URA Revenues (O&M)	1,049,000	1,068,119	835,000	856,724	1,095,736
Chapungu Revenue	5,750	2,500	6,010	7,500	7,500
Total revenue	<u>1,354,278</u>	<u>1,374,028</u>	<u>1,073,191</u>	<u>1,189,696</u>	<u>1,418,434</u>
TRANSFERS IN					
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>2,233,167</u>	<u>2,345,769</u>	<u>2,242,153</u>	<u>2,358,658</u>	<u>2,587,396</u>
EXPENDITURES					
Accounting and Financial Management	145,326	160,160	92,306	150,000	160,160
Audit	9,800	12,500	12,300	12,300	17,500
Director fees and payroll taxes	3,617	3,000	2,666	2,666	3,000
Election costs	-	2,500	275	275	-
Engineering & Other professional svcs	640	10,000	-	-	10,000
Insurance	21,146	29,000	26,511	26,511	28,000
Landscape maintenance & repairs	285,045	391,110	221,842	360,758	373,060
Landscape operations mgmt	47,267	43,716	27,936	43,716	43,716
Hardscape maintenance	55,799	81,700	37,295	97,282	130,747
Snow removal, Sidewalk Sweeping, etc.	6,516	14,900	2,965	8,700	14,900
Chapungu Park	157,677	180,627	101,912	167,343	176,047
Legal	157,814	109,500	50,528	98,300	109,500
District management	95,868	144,870	71,470	133,673	144,870
Utilities	72,131	77,250	66,120	80,782	90,500
Office, dues & Other	5,884	8,000	4,098	7,390	8,000
Contingency	-	100,000	-	-	100,000
Total expenditures	<u>1,064,531</u>	<u>1,368,833</u>	<u>718,224</u>	<u>1,189,696</u>	<u>1,410,000</u>
ENDING FUND BALANCE	<u>\$ 1,168,636</u>	<u>\$ 976,936</u>	<u>\$ 1,523,929</u>	<u>\$ 1,168,962</u>	<u>\$ 1,177,396</u>
COMPONENTS OF ENDING FUND BALANCE					
EMERGENCY RESERVE	\$ 40,460	\$ 41,200	\$ 41,200	\$ 35,700	\$ 42,600
REPLACEMENT RESERVE	200,000	300,000	300,000	300,000	400,000
UNRESERVED	928,176	635,736	1,182,729	833,262	734,796
ENDING FUND BALANCE	<u>\$ 1,168,636</u>	<u>\$ 976,936</u>	<u>\$ 1,523,929</u>	<u>\$ 1,168,962</u>	<u>\$ 1,177,396</u>

**CENTERRA METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**FORECASTED 2013 BUDGET AS ADOPTED**  
**WITH 2011 ACTUAL AND 2012 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/2/13

Page 3

	ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	PROJECTED BUDGET 2012	ADOPTED BUDGET 2013
BEGINNING FUND BALANCE	\$ 9,413,040	\$ 9,416,502	\$ 9,415,850	\$ 9,415,850	\$ 9,941,860
REVENUE					
Service Fees, District 2	7,174	5,349	10,050	12,710	16,661
Service Fees, District 3	326	549	542	554	673
Investment and other income	5,138	9,417	18,746	22,500	19,884
URA Revenues (Debt Service)	8,353,538	8,959,409	4,977,037	9,333,984	9,059,532
PIF Revenues	87,372	455,050	25,025	50,050	450,681
Total revenue	8,453,548	9,429,774	5,031,400	9,419,798	9,547,432
TRANSFERS IN					
Capital Projects Fund	111,043,528	113,519	-	526,010	-
Total transfers in	111,043,528	113,519	-	526,010	-
Total funds available	128,910,116	18,959,795	14,447,250	19,361,658	19,489,291
EXPENDITURES					
City of Loveland collection fees	87,372	50,050	25,025	50,050	52,800
Paying agent fees	5,500	5,500	-	5,500	5,500
Bond principal	113,470,000	2,650,000	-	2,650,000	2,800,000
Bond interest	4,849,430	6,394,526	4,830,346	6,394,526	6,404,735
Loan fees	839,169	-	-	-	-
Unused Debt Fee	27,330	42,500	28,640	42,500	8,047
Annual Admin Fee	10,063	17,500	11,569	17,500	17,500
Annual Syndication Fee	90,335	159,722	106,482	159,722	158,850
Contingency	-	100,000	-	100,000	100,000
Total expenditures	119,379,199	9,419,798	5,002,062	9,419,798	9,547,432
TRANSFERS OUT					
Capital Projects Fund	115,067	-	-	-	-
Total transfers out	115,067	-	-	-	-
Total expenditures and transfers out requiring appropriation	119,494,266	9,419,798	5,002,062	9,419,798	9,547,432
ENDING FUND BALANCE	\$ 9,415,850	\$ 9,539,997	\$ 9,445,188	\$ 9,941,860	\$ 9,941,859
DEBT SERVICE REQUIRED RESERVE	\$ 9,411,000	\$ 9,536,829	\$ 9,415,391	\$ 9,941,067	\$ 9,941,067

**CENTERRA METROPOLITAN DISTRICT NO. 1**  
**CAPITAL PROJECTS FUND**  
**FORECASTED 2013 BUDGET AS ADOPTED**  
**WITH 2011 ACTUAL AND 2012 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/2/13

Page 4

	ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	PROJECTED BUDGET 2012	ADOPTED BUDGET 2013
BEGINNING FUND BALANCE	\$ 5,079,179	\$ 502,353	\$ 817,263	\$ 817,263	\$ 6,816,354
REVENUE					
Investment income	586	502	1,005	1,020	6,816
PIF Revenues	1,145,000	-	-	-	-
Capital advance/Proceeds from capital note	24,665	1,140,000	-	-	-
Debt Proceeds	122,468,665	1,476,569	-	6,841,956	-
URA Revenue	-	-	-	-	-
I-25/Crossroads Capital Reimbursement	-	-	498,188	498,188	-
Total revenue	123,638,916	2,617,071	499,193	7,341,164	6,816
TRANSFERS IN					
Debt Service Fund	115,067	-	-	-	-
Total transfers in	115,067	-	-	-	-
Total funds available	128,833,162	3,119,424	1,316,456	8,158,427	6,823,171
EXPENDITURES					
Project & District Management	129,588	137,976	72,780	137,976	138,000
Engineering & Other Professional Svcs	-	40,000	-	-	-
Repayment of PIC Payable (Crossroads)	1,145,000				
Repayment of capital advance	11,893,112	1,140,000	-	-	
Repayment of capital advance - Interest	614,936				
Debt Issuance Costs (incl Amend costs)	1,288,238			222,000	
Capital outlay					
Loan Funded Projects				113,500	1,740,000
Streets	1,791,094	1,140,000	48,385	230,368	-
Sewer and storm water	32,364	-	7,485	10,000	-
Waterline payment to City - Principal	74,679	-	-	-	-
Waterline payment to City - Interest	3,360	-	-	-	-
Contingency	-	102,219	-	102,219	-
Total expenditures	16,972,371	2,560,195	128,650	816,063	1,878,000
TRANSFERS OUT					
Debt Service Fund	111,043,528	113,519	-	526,010	-
Total transfers out	111,043,528	113,519	-	526,010	-
Total expenditures and transfers out requiring appropriation	128,015,899	2,673,714	128,650	1,342,073	1,878,000
ENDING FUND BALANCE	\$ 817,263	\$ 445,710	\$ 1,187,806	\$ 6,816,354	\$ 4,945,171
COMPONENTS OF ENDING FUND BALANCE					
Regional Fund Balance - avail in 2013			845,993	\$ 845,993	\$ 845,993
Available Fund Balance			341,813	5,970,361	4,099,178
ENDING FUND BALANCE			\$ 1,187,806	\$ 6,816,354	\$ 4,945,171

CENTERRA METROPOLITAN DISTRICT NO. 1  
TIF PROPERTY TAX SUMMARY INFORMATION  
For the Years Ended and Ending December 31,

1/19/13

Page 5

	ACTUAL 2011	ADOPTED BUDGET 2012	ACTUAL 8/31/12	ESTIMATED 2012	ADOPTED BUDGET 2013	
<b>US 34/CROSSROADS CORRIDOR RENEWAL PLAN</b>						
<b>ASSESSED VALUATION - LARIMER COUNTY</b>						
Residential	\$ 523,310	\$ 2,701,280	\$ 2,701,280	\$ 2,701,280	\$ 4,100,770	
Commercial	89,484,690	88,679,360	88,679,360	88,679,360	88,126,750	
Industrial	1,334,540	2,057,420	2,057,420	2,057,420	2,125,430	
Agricultural	49,180	52,990	52,990	52,990	52,990	
State assessed	28,930	29,920	29,920	29,920	25,250	
Vacant land	1,958,630	2,037,700	2,037,700	2,037,700	1,965,370	
Oil and Gas	35,915	15,741	15,741	15,741	30,617	
	93,415,195	95,574,411	95,574,411	95,574,411	96,427,177	
Adjustments - Base	(1,126,960)	(1,097,969)	(1,097,969)	(1,097,969)	(1,115,277)	
Certified Assessed Value	\$ 92,288,235	\$ 94,476,442	\$ 94,476,442	\$ 94,476,442	\$ 95,311,900	
<i>DETAIL OF URA ASSESSED VALUE</i>						
URA (NOT IN CENTERRA MD) - Flex property	66,956	67,840	67,840	67,840	(45,993)	(A)
CENTERRA MD #2 TIF - Commercial area	91,428,875	91,480,835	91,480,835	91,480,835	90,811,452	(B)
CENTERRA MD #2 RES DEBT TIF - Lake Vista	716,270	2,851,102	2,851,102	2,851,102	4,469,761	(C)
CENTERRA MD #5 TIF - Industrial	76,134	76,665	76,665	76,665	76,680	(D)
	\$ 92,288,235	\$ 94,476,442	\$ 94,476,442	\$ 94,476,442	\$ 95,311,900	
<b>OVERLAPPING TIF MILL LEVY</b>						
Larimer County	22.524	22.472	22.472	22.472	22.472	
Larimer County Pest Control	0.142	0.142	0.142	0.142	0.142	
City of Loveland	9.564	9.564	9.564	9.564	9.564	
Northern Colorado Water Conservancy District	1.000	1.000	1.000	1.000	1.000	
Thompson School district R2-J	41.643	42.310	42.310	42.310	42.310	
Thompson Valley Health Service District	1.899	1.716	1.716	1.716	1.716	
<b>TOTAL MILL LEVY W/O CENTERRA</b>	<b>76.772</b>	<b>77.204</b>	<b>77.204</b>	<b>77.204</b>	<b>77.204</b>	
<b>PROPERTY TAXES - NOT IN CENTERRA</b>	<b>\$ 5,140</b>	<b>\$ 5,238</b>	<b>\$ 5,238</b>	<b>\$ 5,238</b>	<b>\$ (3,551)</b>	(A)
<b>CENTERRA 2 MILL LEVY - COMMERCIAL AREA</b>						
Centerra Metro District No. 2	42.600	42.600	42.600	42.600	42.600	
<b>TOTAL MILL LEVY W/ CENTERRA NO. 2</b>	<b>119.372</b>	<b>119.804</b>	<b>119.804</b>	<b>119.804</b>	<b>119.804</b>	
<b>PROPERTY TAXES - WITHIN CENTERRA NO. 2</b>	<b>\$ 10,914,048</b>	<b>\$ 10,959,770</b>	<b>\$ 10,959,770</b>	<b>\$ 10,959,770</b>	<b>\$ 10,879,575</b>	(B)
<b>CENTERRA NO. 2 RES DEBT MILL LEVY ONLY - LAKE VISTA</b>						
Centerra Metro District No. 2 Res Debt		35.000	35.000	35.000	35.000	
<b>TOTAL MILL LEVY W/ CENTERRA NO. 2 RES DEBT</b>		<b>112.204</b>	<b>112.204</b>	<b>112.204</b>	<b>112.204</b>	
<b>PROPERTY TAXES - WITHIN CENTERRA NO. 2 RES</b>	<b>\$ -</b>	<b>\$ 319,905</b>	<b>\$ 319,905</b>	<b>\$ 319,905</b>	<b>\$ 501,525</b>	(C)
<b>CENTERRA NO. 5 MILL LEVY - INDUSTRIAL</b>						
Centerra Metro District No. 5	-	15.000	15.000	15.000	15.000	
<b>TOTAL MILL LEVY W/ CENTERRA NO. 5</b>	<b>76.772</b>	<b>92.204</b>	<b>92.204</b>	<b>92.204</b>	<b>92.204</b>	
<b>PROPERTY TAXES - WITHIN CENTERRA NO. 5</b>	<b>\$ 5,845</b>	<b>\$ 7,069</b>	<b>\$ 7,069</b>	<b>\$ 7,069</b>	<b>\$ 7,070</b>	(D)
<b>TOTAL PROPERTY TAXES</b>						
Total paid to LURA	<b>\$ 10,925,033</b>	<b>\$ 11,291,982</b>	<b>\$ 11,291,982</b>	<b>\$ 11,291,982</b>	<b>\$ 11,384,619</b>	SUM (A)-(D)
<i>SCHOOL INCREMENT - EQUIV MILL LEVY</i>	(9.750)	(10.024)	(10.024)	(10.024)	(9.978)	
Less: School Increment	\$ (899,764)	\$ (947,001)	\$ (947,001)	\$ (947,001)	\$ (951,658)	
Less: LURA Admin Fee	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	
Less: 2% County Collection Fee	(220,125)	(225,023)	(225,023)	(225,023)	(227,692)	
<b>NET AVAIL-CENTERRA METRO DISTRICT NO. 1</b>	<b>\$ 9,755,144</b>	<b>\$ 10,069,958</b>	<b>\$ 10,069,958</b>	<b>\$ 10,069,958</b>	<b>\$ 10,155,268</b>	