Centerra Metropolitan District No. 1
Larimer County, Colorado

Financial Statements
December 31, 2021

Haynie & Company

HaynieCPAs.com

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Centerra Metropolitan District No. 1

Opinions
We have audited the accompanying financial statements of the governmental activities and the major funds of Centerra Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Centerra Metropolitan District No. 1, as of December 31, 2021 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Centerra Metropolitan District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Centerra Metropolitan District No. 1's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Centerra Metropolitan District No. 1's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Centerra Metropolitan District No. 1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Centerra Metropolitan District No. 1's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, Colorado
July 29, 2022

BASIC FINANCIAL STATEMENTS

Centerra Metropolitan District No. 1
Statement of Net Position
December 31, 2021

		Governmental Activities
Assets		
Cash and investments	$	4,998,261
Restricted cash and investments		35,366,725
Accounts receivable		34,260
Construction and landscaping deposits		1,279,923
Prepaid insurance		12,023
Capital Assets, not depreciated		44,048,194
Capital Assets, depreciated, net of accumulated depreciation		14,171,113
Total assets	$	99,910,498
Liabilities		
Accounts payable	$	751,055
Retainage payable		71,158
Deferred revenue		2,958
Accrued interest		854,689
Non-current liabilities:		
Due within one year		8,185,000
Due in more than one year		205,698,072
Total liabilities		215,562,932
Net Position		
Net investment in Capital Assets		(155,663,766)
Restricted for:		
Emergency		66,126
Debt Service		21,238,161
Capital Projects		15,196,885
Unrestricted		3,510,160
Total Net Position		(115,652,434)
Total Liabilities and Net Position	$	99,910,498

The accompanying notes are an integral part of these financial statements.

Centerra Metropolitan District No. 1
Statement of Activities
For the Year Ended December 31, 2021

			Net (Expense) Revenue and Changes in Net Position
		Program Revenues	Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Governmental Activities**
Primary government:			
Governmental activities:			
General government	$ 5,829,215	$ -	$ (5,829,215)
Interest and other charges	10,325,701	47,249	(10,278,452)
Total Governmental Activities	$ 16,154,916	$ 47,249	(16,107,667)
General revenues:			
Service fees Districts 2, 3 & 5			603,163
Net investment and other income			348,054
URA revenues			15,364,838
Total general revenues			16,316,055
Change in net position			208,388
Net position (deficit) - beginning of year			(115,860,822)
Net position (deficit) - end of year			$ (115,652,434)

The accompanying notes are an integral part of these financial statements.

Centerra Metropolitan District No. 1
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2021

Assets	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Cash and investments	$ 2,308,675	$ 2,771	$ 2,686,815	$ 4,998,261
Restricted Cash and Investments	2,241,688	21,243,359	11,881,678	35,366,725
Accounts Receivable	33,271	989	-	34,260
Construction and landscaping deposits	-	-	1,279,923	1,279,923
Prepaid expenses	12,023	-	-	12,023
Total assets	$ 4,595,657	$ 21,247,119	$ 15,848,416	$ 41,691,192
Liabilities				
Accounts payable	$ 164,682	$ 6,000	$ 580,373	$ 751,055
Retainage payable	-	-	71,158	71,158
Deferred revenue	-	2,958	-	2,958
Total liabilities	164,682	8,958	651,531	825,171
Fund Equity				
Nonspendable	12,023	-	-	12,023
Restricted:				
Emergency reserves	66,126	-	-	66,126
Debt Service	-	21,238,161	-	21,238,161
Capital Projects	-	-	15,196,885	15,196,885
Unassigned	4,352,826	-	-	4,352,826
Total Fund Balances	4,430,975	21,238,161	15,196,885	40,866,021
Total Liabilities and Fund Equity	$ 4,595,657	$ 21,247,119	$ 15,848,416	$ 41,691,192

Total governmental fund balance per above	$ 40,866,021
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	58,219,306
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:	
Bonds Payable	(209,005,000)
Accrued interest	(854,689)
Unamortized premium on bonds	(4,878,072)
Net position of governmental activities	$ (115,652,434)

The accompanying notes are an integral part of these financial statements.

Centerra Metropolitan District No. 1
Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Service fees - District No. 2	$ 499,627	$ 84,697	$ -	$ 584,324
Service fees - District No .3	-	310	-	310
Service fees - District No. 5	-	18,529	-	18,529
URA revenues	2,059,664	13,305,174	-	15,364,838
Public improvement fees	-	47,249	-	47,249
Interest and other income	70,463	269,387	8,204	348,054
Total General Revenues	2,629,754	13,725,346	8,204	16,363,304
Expenditures				
Current				
General government	2,204,215	-	363,073	2,567,288
Capital outlay	-	-	4,114,692	4,114,692
Debt service				
Principal	-	3,415,000	-	3,415,000
Costs of issuance	-	-	40,939	40,939
Interest and other charges	-	10,484,262	-	10,484,262
Total Expenditures	2,204,215	13,899,262	4,518,704	20,622,181
Excess of revenues over (under) expenditures	425,539	(173,916)	(4,510,500)	(4,258,877)
Net change in fund balances	425,539	(173,916)	(4,510,500)	(4,258,877)
Fund balances:				
Beginning of the year	4,005,436	21,412,077	19,707,385	45,124,898
End of the year	$ 4,430,975	$ 21,238,161	$ 15,196,885	$ 40,866,021

The accompanying notes are an integral part of these financial statements.

Centerra Metropolitan District No. 1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance—total governmental funds	$ (4,258,877)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which the capitalized portion of capital outlay $2,827,907 exceeded depreciation expense ($1,975,142).	852,765
Repayment of long-term debt principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the change in accrued interest of $14,229, reduction of bond premiums $21,126, reduction of bond premium $164,145, and reduction of bond principal of $3,415,000.	3,614,500
Change in net position of governmental activities	$ 208,388

The accompanying notes are an integral part of these financial statements.

Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2021

1. Definition of Reporting Entity

Centerra Metropolitan District No. 1 (the District), a quasi-municipal corporation, was organized on June 14, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Loveland (City), Larimer County, Colorado. The District was established to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, and park and recreation facilities. The District's service plan was approved by the City. Pursuant to the consolidated service plan for Centerra Metropolitan Districts No. 1-4, the District operates as the Service District related to Centerra Metropolitan District No. 2 (Commercial District), Centerra Metropolitan District No. 3 (Residential District), Centerra Metropolitan District No. 4 (Regional Improvements District), and pursuant to an intergovernmental agreement between the District and Centerra Metropolitan District No. 5 (Industrial District), operates as a service district to District No. 5.

The District has no employees and all operations and administrative functions are contracted. The accounting policies of the District conform to generally accepted accounting principles ("GAAP") as applicable to governments. The following is a summary of the more significant policies:

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

On January 26, 2004, Centerra Public Improvement Collection Corporation (PIC Corporation) and the Centerra Retail Sales Fee Corporation (RSF Corporation) were formed. Both PIC Corporation and RSF Corporation are nonprofit corporations that were formed for the purpose of adopting and imposing Declarations and Covenants on property within Centerra and for the purpose of imposing and collecting certain fees. PIC and RSF Corporations have entered into an agreement with the District whereby on June 4, 2004, PIC and RSF Corporations have agreed to remit to the District certain revenues received from fees imposed by PIC and RSF Corporations in consideration of the District's financing, construction and operation of public improvements which benefit the members of PIC and RSF Corporations. In the refinancing of the 2004 bonds in March of 2008, the RSF Corporation was released from its agreement.

1. Definition of Reporting Entity (continued)

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District is not financially accountable for any other organization, including Centerra Metropolitan Districts No. 2-5, PIC Corporation and RSF Corporation, nor is the District a component unit of any other primary governmental entity, including the City.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental fund.

- The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

2. Summary of Significant Accounting Policies (continued)

Investments are recorded at fair value.

For purpose of presentation in the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

Accounts Receivable

Accounts receivable are presented net of any reserve for uncollectible accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful life:

Monumentation	20 years
Landscape/Parks and recreation	20 years
Promenade infrastructure	20 years
Sanitary sewer and storm drainage	20 years
Streets	20 years

2. Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portion for various purposes, the District board of directors has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

2. Summary of Significant Accounting Policies (continued)

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact. The District reports Prepaid Insurance as Nonspendable at December 31, 2021.

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also classifies the fund balances in the Debt Service and Capital Projects funds as restricted for debt service and capital improvements.

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors. The District did not have any committed resources as of December 31, 2021.

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. As of December 31, 2021, the District does not report any assigned fund balances.

- *Unassigned fund balance* - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

2. Summary of Significant Accounting Policies (continued)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting unless otherwise indicated.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners, to put the tax lien on the individual properties as of January 1 for the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected. For the year ended December 31, 2021, the District did not have deferred property tax or property tax revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Investments

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and Investments	$ 4,998,261
Cash and Investments - Restricted	35,366,725
Total	$ 40,364,986

A summary of deposits and investments as of December 31, 2021 follows:

Deposits with financial institutions	$ 8,299,372
Investments	32,065,614
Total cash and investments	$ 40,364,986

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District has no policy regarding custodial credit risk for deposits.

In addition, the District holds a number of certificates of deposits with FDIC eligible banks, all of which were individually less than the $250,000 threshold for FDIC coverage.

At December 31, 2021, the District had deposits with financial institutions with a carrying amount of $8,299,372. The bank balances with the financial institutions were $8,302,573. Of these balances, $1,250,000 was covered by federal depository insurance and $7,052,573 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Cash and Investments (continued)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank.
- General obligation and revenue bonds of U.S. local government entities.
- Certain certificates of participation.
- Certain securities lending agreements.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Written repurchase agreements and certain reverse repurchase agreements.
- Collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Local government investment pools.

As of December 31, 2021, the District had the following investments and maturities:

		Maturities (in years)	
Type of Investment	**Fair Value**	**0-1 Years**	**1-5 Years**
U.S. Government & Agencies	$ 4,780,298	$ 2,249,277	$ 2,531,022
COLOTRUST	27,285,316	27,285,316	-
	$ 32,065,614	$ 29,534,593	$ 2,531,022

The above investments are authorized for all funds and fund types used by Colorado local governments. As of December 31, 2021, the District's U.S. Government Agencies are rated AA+ by Standard and Poor's and AAA by Moody's Investors Services.

COLOTRUST

As of December 31, 2021, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate

3. Cash and Investments (continued)

securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (“NAV”) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. COLOTRUST Plus+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the next asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAm by Standard & Poor’s. At December 31, 2021, the District had $27,285,316 invested in COLOTRUST PLUS+.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

At December 31, 2021, the District held investments in U.S. Agency Securities in the amount of $4,780,298 with maturity dates between less than one year and five years. Given the low risk of these type of investments, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

Centerra Metropolitan District No. 1
Notes to Financial Statements (continued)
December 31, 2021

4. Capital Assets

Capital assets activity for the year ended December 31, 2021 is summarized below:

	Balance at December 31, 2020	Transfers/ Additions	Transfers/ Retirements	Balance at December 31, 2021
Governmental Activities				
Capital Assets, not being depreciated:				
Construction in progress	$ 37,797,205	$ 2,827,907	$ -	$ 40,625,112
Water rights	3,423,082	-	-	3,423,082
Total Capital Assets, not being depreciated	41,220,287	2,827,907	-	44,048,194
Capital Assets, depreciated				
Monumentation	4,550,218	-	-	4,550,218
Landscape Improvements	10,551,512	-	-	10,551,512
Promenade Shops	20,988,826	-	-	20,988,826
Sanitary Sewer and Storm Drainage	118,843	-	-	118,843
Streets	3,293,449	-	-	3,293,449
Total Capital Assets, depreciated	39,502,847	-	-	39,502,847
Less Accumulated Depreciation				
Monumentation	3,350,416	227,511	-	3,577,927
Landscape Improvements	6,024,391	527,576	-	6,551,967
Promenade Shops	13,084,191	1,049,441	-	14,133,633
Sanitary Sewer and Storm Drainage	62,817	5,942	-	68,759
Streets	834,777	164,672	-	999,449
Total Accumulated Depreciation	23,356,592	1,975,142	-	25,331,734
Total Capital Assets, Net of depreciation	16,146,255	(1,975,142)	-	14,171,113
Governmental Activities, Capital Assets, Net	**$ 57,366,542**	**$ 852,765**	**$ -**	**$ 58,219,306**

Depreciation expense was charged to the General Government activities of the District.

5. Long-Term Debt

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Payment	Balance at December 31, 2021	Due Within One Year
Governmental Activities					
2020 Bonds Payable	$ 33,105,000	$ -	$ -	$ 33,105,000	$ -
Premiun on 2020 Bonds	630,260	-	21,126	609,134	-
2018 Bonds Payable	11,105,000	-	-	11,105,000	-
Premiun on 2018 Bonds	32,960	-	1,177	31,783	-
2017 Bonds Payable	168,210,000	-	3,415,000	164,795,000	8,185,000
Premiun on 2017 Bonds	4,400,123	-	162,968	4,237,156	-
	$ 217,483,343	**$ -**	**$ 3,600,271**	**$ 213,883,072**	**$ 8,185,000**

2017 Bonds Payable

The District issued $187,975,000 in Special Revenue Refunding and Improvement Bonds, Series 2017 (2017 Bonds), on April 26, 2017. The proceeds from the 2017 Bonds were used to refund the 2014 Loan in the amount of $131,510,000; terminate the 2008 swap and 2014 swap with a termination payment of $17,138,000; fund an Improvement Project Fund for further acquisition and construction of certain public infrastructure improvements in the District required for District development, consisting generally of streets, water, sanitary sewer, park and recreation, and related improvements; and to pay certain costs related to the issuance of the 2017 Bonds. Interest accrues at a rate of 2.70 percent through December 1, 2019 and 5.00 percent from December 1, 2019 through maturity. Payments of principal and interest are due annually on December 1 and payments of interest are due annually on June 1. The Bonds mature on December 1, 2047.

2018 Bonds Payable

The District issued $11,105,000 in Special Revenue Refunding and Improvement Bonds, Series 2018 (2018 Bonds), on December 20, 2018. The proceeds from the 2018 Bonds were used to fund an Improvement Project Fund for further acquisition and construction of certain public infrastructure improvements in the District required for District development, consisting generally of streets, water, sanitary sewer, park and recreation, and related improvements; and to pay certain costs related to the issuance of the 2018 Bonds. Interest accrues at a rate of 5.25 percent. Payments of principal (beginning December 1, 2040) and interest are due annually on December 1 and payments of interest are due annually on June 1. The Bonds mature on December 1, 2048.

5. Long-Term Debt (continued)

Both the Series 2017 and 2018 Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) Tax Increment Financing (TIF) Revenues, (2) the Required Mill Levy, (3) Public Improvement Fee (PIF) Revenues, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The loan is also secured by amounts held by the Custodian in the Reserve Fund(s). Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of Centerra Metropolitan District No. 2 each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the Reserve Fund. The maximum Required Mill Levy is 72 mills and the minimum Mill Levy is 35 mills, with respect to Centerra Metropolitan District No. 2, adjusted for changes in the ratio, if any, of actual value to assessed value of property within the District. As of December 31, 2021, the adjusted maximum mill levy is 72 mills and the adjusted minimum mill levy is 35 mills. For collection year 2021, the Centerra Metropolitan District No. 2 levied 35.000 debt service mills. In addition, property excluded from District No. 2 is responsible for its proportionate share of District debt at the time of exclusion. For collection year 2021, District No. 2 levied 9.490 mills on property excluded in 2007, levied 15.419 mills in 2010, levied 22.933 mills in 2015, levied 35.247 mills in 2018, and in 2019, levied 31.934 mills on property excluded.

2020 Bonds Payable

The District issued $33,105,000 in Special Revenue Refunding and Improvement Bonds, Series 2020 (2020 Bonds), on October 28, 2020. The proceeds from the 2020 Bonds were used to finance the cost of constructing public improvements; finance the tender of a portion of the 2017 Bonds; fund the Reserve Fund; finance capitalized interest; and pay the costs of issuing the 2020 Bonds. Interest accrues at a rate of 4.00 percent through December 1, 2029 and 5.00 percent from December 1, 2029 through maturity. Payments of principal and interest are due annually on December 1 and payments of interest are due annually on June 1. The Bonds mature on December 1, 2051. Per the Mill Levy certifications, the following debt mills were certified on excluded property for tax year 2020, collection year 2021: Savanna Fourth, 31.934 mills for 2017, 2018 and 2020 Bonds; Flats, 22.933 mills for 2017, 2018 and 2020 Bonds; Residential Debt, 15.419 mills for 2017, 2018 and 2020 Bonds; Railway Flats, 35.247 mills for 2017, 2018 and 2020 Bonds, and Bond, 9.490 mills for 2017, 2018 and 2020 Bonds.

5. Long-Term Debt (continued)

Future Debt Service Requirements

Annual debt service requirements for the Bonds Payable at December 31, 2021 are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	$ 8,185,000	$ 10,256,263	$ 18,441,263
2023	9,175,000	10,038,263	19,213,263
2024	10,515,000	9,742,013	20,257,013
2025	11,495,000	9,378,763	20,873,763
2026	12,780,000	8,879,013	21,659,013
2027-2031	38,555,000	35,783,365	74,338,365
2032-2036	16,010,000	30,346,565	46,356,565
2037-2041	21,995,000	25,803,340	47,798,340
2042-2046	30,845,000	19,459,339	50,304,339
2047-2051	58,010,000	7,603,051	65,613,051
Total Debt Service Requirements	**$ 217,565,000**	**$ 167,289,975**	**$ 384,854,975**

Authorized Debt

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $5,350,000,000 at an interest rate not to exceed 18 percent per annum. At December 31, 2021, the District had authorized but unissued indebtedness in the amount of $4,710,953,391.

6. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

6. Risk Management (continued)

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

7. Commitments and Contingencies

Master Financing Agreement

The Master Financing Agreement (MFA), dated January 20, 2004 and as subsequently amended, was entered into among the District, the City, the Loveland Urban Renewal Authority (LURA), the developer, Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. Pursuant to the MFA the LURA assigned the net TIF Revenues to the District for the purpose of financing certain public improvements. The MFA also requires the recording of the PIF Covenant against all of the property within the Commercial District to provide for the imposition of a Public Improvement Fee. In connection with the PIF the City agrees in the MFA to grant a credit against the collection of 1.25°/o of its 3.0°/o sales tax on taxable sales transactions occurring within the Commercial District. The MFA also provides for the payment to the District by the Residential District of 5.000 mills against the property in the Residential District (referred to as the Residential Contribution).

The MFA authorizes the District to provide for the construction or acquisition of certain public improvements.

TABOR Amendment

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

7. Commitments and Contingencies (continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District has established an emergency reserve, as required by the Amendment. At December 31, 2021, the emergency reserve of $66,126 was recorded in the General Fund.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

8. Deficit Net Position

The District's net position as of December 31, 2021 totaled $(115,652,434). This deficit amount was a result of the District being responsible for the financing and repayment of debt issued for the construction of public improvements which were conveyed to other governmental entities and which assets were removed from the District's financial records.

REQUIRED SUPPLEMENTARY INFORMATION

Centerra Metropolitan District No. 1
Statement of Revenue, Expenditures and Changes in Fund Balances—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2021

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Service fees, District No. 2	$ 478,381	$ 499,627	$ 21,246
Net investment and other income	19,158	26,757	7,599
URA revenues	2,059,665	2,059,664	(1)
CVRF revenue	-	2,310	2,310
PILOT revenue	34,000	34,497	497
Chapungu revenue	2,500	6,900	4,400
Total Revenue	2,593,704	2,629,754	36,050
Expenditures			
Accounting & financial management	175,920	165,927	9,993
Audit	18,800	19,400	(600)
Directors' fees	12,000	8,890	3,110
District management and administration	284,040	284,040	-
Election costs	-	41	(41)
Engineering and other professional services	120,000	25,081	94,919
Insurance and bonds	50,657	51,176	(519)
Legal services	160,000	116,809	43,191
Office, dues and other	16,000	14,174	1,826
Utilities	273,000	253,091	19,909
IGA Coordination	-	39,503	(39,503)
Landscaping	529,750	533,531	(3,781)
Hardscape	145,500	114,651	30,849
Undeveloped public land	52,000	15,425	36,575
Storm water facilities	100,983	71,171	29,812
Sanitary sewer facilities	1,000	-	1,000
Amenities	351,672	347,422	4,250
Miscellaneous facilities services	5,000	5,206	(206)
Repairs and replacement	422,400	138,678	283,722
Contingency	100,000	-	100,000
Total Expenditures	2,818,722	2,204,215	614,507
Excess Revenue Over (Under) Expenditures	(225,018)	425,539	200,521
Net change in fund balances	(225,018)	425,539	200,521
Fund Balances—Beginning of year	3,831,531	4,005,436	173,905
Fund Balances—End of Year	$ 3,606,513	$ 4,430,975	$ 374,426

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Centerra Metropolitan District No. 1
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2021

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Service fees, District No. 2	$ 96,200	$ 84,697	$ (11,503)
Service fees, District No. 3	309	310	1
Service fees, District No. 5	14,571	18,529	3,958
Net investment and other income	107,090	269,387	162,297
URA Revenues (Debt Service)	13,110,420	13,305,174	194,754
Public improvement fees (PIF)	75,900	47,249	(28,651)
Total Revenues	13,404,490	13,725,346	320,856
Expenditures:			
Bond interest - Series 2017	8,222,250	8,222,250	-
Bond principal - Series 2017	3,415,000	3,415,000	-
Bond interest - Series 2018	583,013	583,013	-
Bond interest - Series 2020A	1,621,750	1,621,750	-
Collection fee - PIF	75,900	47,249	28,651
Trustee and paying agent fees	10,000	10,000	-
Total Expenditures	13,927,913	13,899,262	28,651
Excess Revenue Over (Under) Expenditures	(523,423)	(173,916)	349,507
Net change in fund balances	(523,423)	(173,916)	349,507
Fund Balance—Beginning of year	21,417,972	21,412,077	5,895
Fund Balance—End of Year	$ 20,894,549	$ 21,238,161	$ 355,402

Centerra Metropolitan District No. 1
Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—Capital Projects Fund For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Net investment and other income	$ 90,422	$ 8,204	$ (82,218)
Total Revenue	90,422	8,204	(82,218)
Expenditures:			
District Management	35,000	23,935	11,065
District Engineering	200,000	318,043	(118,043)
District Planning / Engineering Mgmt	30,000	20,696	9,305
Bus Stop Upgrades	2,500	-	2,500
Parcel 504 Infrastructure	86,680	58,357	28,323
NW Arterial Roadways Ph2	93,381	143,520	(50,139)
Meyers Group 5th Subdivision	363,622	22,048	341,574
Savanna 5th Subdivision Infrastructure	45,496	47,352	(1,856)
Boyd Lake Avenue South (Hwy 34 to GLIC)	879,000	331,440	547,560
Boyd Lake Avenue North Landscaping	25,500	112,914	(87,414)
Parcel 301 Infrastructure	1,785,855	1,357,095	428,760
Parcel 504 Phase II Infrastructure	2,850,000	231,839	2,618,161
Parcel 504 Phase III Infrastructure	1,324,849	55,990	1,268,859
Kendall/I-25 Underpass Enhancements	2,723,296	-	2,723,296
Kendall Parkway Underpass/Bus Station	-	124,737	(124,737)
Centerra-East	25,400	46,260	(20,860)
Boyd Lake Ave. & Kendall Pky Landscaping	650,000	256,240	393,760
Lakes Reimbursement	920,769	1,305,558	(384,789)
Kinston Reimbursements	5,000,000	-	5,000,000
Savanna 3rd Subdivision Infrastructure	10,000	20,627	(10,627)
NW Arterial Roadways Ph 1	25,000	293	24,708
Interchange Lift Station	-	260	(260)
Office, Dues & Other	-	400	(400)
Waterline Reimbursements	80,000	-	80,000
Kendall Pkwy/I-25 Underpass	-	163	(163)
Cost of Issuance	-	40,939	(40,939)
Total Expenditures	17,156,348	4,518,704	12,637,644
Net change in fund balances	(17,065,926)	(4,510,500)	12,555,426
Fund Balance—Beginning of year	18,084,321	19,707,385	1,623,064
Fund Balance—End of Year	$ 1,018,395	$ 15,196,885	$ 14,178,490