Centerra Metropolitan District No. 1
Larimer County, Colorado

Financial Statements and
Supplementary Information
Year ended December 31, 2025

Clinger Hagerman

Table of Contents

Independent Auditor's Report	1-2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	9
Notes to the financial statements	10-20
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Supplementary Information	
Budgetary Comparison Schedule – Debt Service Fund	24
Budgetary Comparison Schedule – Capital Projects Fund	25

Clinger Hagerman

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Centerra Metropolitan District No. 1
Larimer County, Colorado

Opinions
We have audited the accompanying financial statements of the governmental activities and each major fund of Centerra Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2025, 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 each major fund of the District as of December 31, 2025, 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 audit 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Correction of an Error
As discussed in Note 10 to the financial statements, the District identified an error in previously issued financial statements related to capital assets. As a result, beginning net position of governmental activities has been restated to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
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 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities 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 opinions. 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 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 the District'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 the District'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.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the management 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule – debt service fund and budgetary comparison schedule – capital projects fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic 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 budgetary comparison schedule – debt service fund and budgetary comparison schedule – capital projects fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Clinger Hagerman, LLC

Greeley, Colorado
October 16, 2026

Basic Financial Statements

Centerra Metropolitan District No. 1
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 1,742,345
Cash and investments - restricted	40,011,698
Receivables, net	139,659
Construction and landscaping deposits	419,514
Prepaid insurance	72,304
Capital assets	
Capital assets not being depreciated	27,059,405
Capital assets, less accumulated depreciation	12,467,421
Total Assets	81,912,346
LIABILITIES	
Accounts payable	1,900,450
Retainage payable	73,449
Accrued interest	920,284
Non-current liabilities:	
Due within one year	12,280,000
Due in more than one year	194,920,033
Total Liabilities	210,094,216
NET POSITION	
Net investment in capital assets	(167,673,207)
Restricted for:	
Emergency	93,350
Debt service	25,064,641
Capital projects	9,067,942
Unrestricted	5,265,404
Total Net Position	$ (128,181,870)

Centerra Metropolitan District No. 1
Statement of Activities
Year Ended December 31, 2025

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government
Primary Government					
Governmental Activities:					
General government	$ 5,594,534	$ 1,596,559	$ -	$ 1,093,021	$ (2,904,954)
Interest on long-term debt	10,836,861	-	-	-	(10,836,861)
Total Governmental Activities	16,431,395	1,596,559	-	1,093,021	(13,741,815)
Total Primary Government	$ 16,431,395	$ 1,596,559	$ -	$ 1,093,021	$ (13,741,815)
General revenues					
URA revenues					19,766,873
PILOT revenues					218,502
Net investment income					2,078,405
Other					13,747
Total General revenues					22,077,527
Change in Net Position					8,335,712
Net Position, beginning of year, as previously reported					(126,415,969)
Error correction					(10,101,613)
Net Position, beginning of year, as restated					(136,517,582)
Net Position, end of year					$ (128,181,870)

Centerra Metropolitan District No. 1
Balance Sheet – Governmental Funds
December 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	$ -	$ -	$ 1,742,345	$ 1,742,345
Cash and investments - restricted	5,879,115	25,064,641	9,067,942	40,011,698
Receivables, net	37,839	101,820	-	139,659
Due from other funds	72,122	-	684,391	756,513
Construction and landscaping deposits	-	-	419,514	419,514
Prepaid insurance	72,304	-	-	72,304
Total Assets	$ 6,061,380	$ 25,166,461	$ 11,914,192	$ 43,142,033
LIABILITIES				
Accounts payable	$ 451,009	$ 13,087	$ 1,436,354	$ 1,900,450
Retainage payable	-	-	73,449	73,449
Due to other funds	684,391	72,122	-	756,513
Total Liabilities	1,135,400	85,209	1,509,803	2,730,412
FUND BALANCES				
Nonspendable	72,304	-	-	72,304
Restricted:				
Emergency reserves	93,350	-	-	93,350
Debt service	-	25,081,252	-	25,081,252
Capital projects	-	-	10,404,389	10,404,389
Unassigned	4,760,326	-	-	4,760,326
Total Fund Balances	4,925,980	25,081,252	10,404,389	40,411,621
Total Liabilities and Fund Balances	$ 6,061,380	$ 25,166,461	$ 11,914,192	$ 43,142,033

Centerra Metropolitan District No. 1
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2025

Fund balances - total governmental funds	$ 40,411,621
Amounts reported for the governmental activities in the Statement of Net Position are different for the following reasons:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	39,526,826
Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the governmental funds.	
Bonds payable	(203,305,000)
Accrued interest	(920,284)
Unamortized premium/discount on bonds, net	(3,895,033)
Net position of governmental activities	$ (128,181,870)

Centerra Metropolitan District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
URA revenues	2,069,592	17,697,281	$ -	$ 19,766,873
Service fees - District No. 2	453,154	256,433	-	709,587
Service fees - District No. 3	-	83,795	-	83,795
Service fees - District No. 5	-	36,071	-	36,071
Public improvement fees	-	55,232	711,874	767,106
PILOT revenues	218,502	-	-	218,502
Cost sharing reimbursement	-	-	1,093,021	1,093,021
Net investment income	294,620	1,427,280	356,505	2,078,405
Other	6,097	-	7,650	13,747
Total revenues	3,041,965	19,556,092	2,169,050	24,767,107
Expenditures				
Operating:				
General government	3,111,662	-	64,272	3,175,934
Fees	-	69,233	-	69,233
Capital outlay	-	-	6,145,824	6,145,824
Debt service				
Principal	-	9,995,000	-	9,995,000
Interest	-	11,043,413	-	11,043,413
Total expenditures	3,111,662	21,107,646	6,210,096	30,429,404
Net Change in Fund Balance	(69,697)	(1,551,554)	(4,041,046)	(5,662,297)
Fund Balance, beginning of year	4,995,677	26,632,806	14,445,435	46,073,918
Fund Balance, end of year	$ 4,925,980	$ 25,081,252	$ 10,404,389	$ 40,411,621

Centerra Metropolitan District No. 1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities
Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$	(5,662,297)
Amounts reported for governmental activities in the Statement of Activities are different for the following reasons:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is recognized through depreciation or amortization over the asset's estimated useful life.		
Expenditures for capital assets		6,145,824
Depreciation expense		(2,349,367)
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Premiums and discounts on debt issuance are recognized as a current resource at issuance in governmental funds but are amortized over the life of the debt.		
Long-term debt principal payments		9,995,000
Amortization of premiums and discounts		176,281
Some expenses reported in the Statement of Activities do not require current financial resources and are not reported as expenditures in governmental funds.		
Change in accrued interest payable on bonds		30,271
Change in net position governmental activities	$	8,335,712

Note 1 – Definition of Reporting Entity

Centerra Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on June 14, 2004, pursuant to the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the City of Loveland, Larimer County, Colorado, and was established as the Service District within a multiple-district structure created to serve the Centerra mixed-use development.

The District was established to finance, construct, operate, and maintain public improvements serving the Centerra development, including streets, traffic safety improvements, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities. Pursuant to the Consolidated Service Plan, the District provides administrative, operational, and maintenance services to Centerra Metropolitan District Nos. 2, 3, and 4, which function primarily as financing districts. Pursuant to an intergovernmental agreement, the District also provides similar services to Centerra Metropolitan District No. 5.

The District is a party to the Centerra Master Financing and Intergovernmental Agreement (the Master Financing Agreement), originally dated January 20, 2004, as subsequently amended. The agreement establishes the financing structure for the Centerra development and governs the financing, construction, acquisition, operation, and maintenance of public improvements. Pursuant to the agreement, the District receives pledged revenues, including tax increment financing revenues, public improvement fee revenues, and other revenues, which are used to finance District operations and debt service.

The District has no employees, and all administrative, operational, and maintenance functions are provided through contractual arrangements.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The District follows GASB guidance in determining the financial reporting entity. Under GASB standards, legally separate organizations are included within the reporting entity if the District is financially accountable for those organizations or if the nature and significance of the relationship is such that exclusion would cause the financial statements to be misleading or incomplete.

Centerra Public Improvement Collection Corporation (PIC Corporation) is a nonprofit corporation established to impose and collect public improvement fees within designated portions of the Centerra development. Pursuant to financing and custodial agreements, PIC Corporation remits public improvement fee revenues to the District for the payment of District obligations and other purposes specified in those agreements.

Although the District receives significant revenues from PIC Corporation under these contractual arrangements, the District does not appoint PIC Corporation's governing board, does not have the ability to impose its will on PIC Corporation, and is not financially accountable for its operations as defined by GASB. Accordingly, PIC Corporation is not included as a component unit of the District.

Based upon the application of the criteria established by GASB, the District has determined that no legally separate organizations should be included as component units of the District. Accordingly, Centerra Metropolitan District Nos. 2 through 5 and PIC Corporation are excluded from the District's reporting entity. The District is not a component unit of any other governmental entity, including the City of Loveland.

Note 2 – Summary of Significant Accounting Policies

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 property taxes, special assessments, and intergovernmental revenues, are reported separately from business-type

activities, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

The Statement of Net Position reports all financial and capital resources of the District. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, special assessments, and other items not properly included among program revenues are reported instead as general revenues.

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

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. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessments are recognized in accordance with applicable accounting standards. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of year-end.

Property taxes, special assessments, interest revenue, and certain intergovernmental revenues associated with the current fiscal period are considered susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are recognized when cash is received because they are generally not measurable until actually received. Developer advances are not considered revenues of the District.

Expenditures generally are recognized when the related liability is incurred. However, principal and interest on long-term debt are recognized as expenditures only when payment is due.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund and accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources restricted, committed, or assigned for the acquisition and construction of public infrastructure and other capital improvements within the District.

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 and other financing uses 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 on its basis of accounting unless otherwise indicated.

Cash and investments

The District maintains cash and investments in various accounts to meet operating, debt service, and capital project needs. Cash includes demand deposits and highly liquid investments with original maturities of three months or less. Investments consist primarily of U.S. government and agency securities and participation in local government investment pools.

Certain cash and investments are restricted for specific purposes pursuant to bond agreements and other contractual arrangements.

Accounts Receivable

Accounts receivable consist primarily of right-of-way maintenance fees, payments in lieu of taxes (PILOT) revenue, and service fees. Receivables are recorded when earned and are reported net of an allowance for uncollectible accounts. Management evaluates the collectability of outstanding receivables based on historical collection experience, current economic conditions, and specific account analysis. At December 31, 2025, the allowance for uncollectible accounts totaled $43,095.

Capital Assets

The District capitalizes assets with an individual cost of $5,000 or more and an estimated useful life greater than one year.

Capital assets under construction, including those that may be conveyed to another governmental entity, are reported as construction in progress until placed into service or conveyed, as applicable. Construction in progress is included in net investment in capital assets and is not depreciated. Upon conveyance, the assets are removed from the District's capital assets, while assets retained by the District are depreciated when placed into service.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures that significantly increase the value, extend the useful life, or improve the efficiency of an asset are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Monumentation	20 years
Landscape and park improvements	20 years
Promenade infrastructure	20 years
Sanitary sewer and storm drainage	20 years
Streets	20 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the straight-line method. Management has determined that this method is not materially different from the effective interest method.

In accordance with GASB Statement No. 65, bond issuance costs are recognized as expenditures or expenses in the period incurred, except for prepaid insurance costs, which are deferred and recognized over the life of the related debt.

In the governmental fund financial statements, proceeds from the issuance of long-term debt are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Principal and interest payments are reported as debt service expenditures when due. Long-term debt is not reported as a liability in the governmental fund financial statements because those statements are prepared using the current financial resources measurement focus.

Net Position and Fund Balance Classifications

Government-wide Statements

Net position is displayed in three components:

Net investment in capital assets—Capital assets, net of accumulated depreciation, plus capital related deferred outflows of resources reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position —Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — Residual net position that does not meet the definition of "restricted net position" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources, as needed.

Fund Statements

The residual amount remaining after liabilities and deferred inflows of resources are subtracted from the sum of assets and deferred outflows of resources is called fund balance. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* fund balance is classified into five components: nonspendable, restricted, committed, assigned, and unassigned. Definitions are presented below:

Nonspendable Fund Balance – This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact.

Restricted Fund Balance – The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed 1) by creditors, grantors, contributors, or laws and regulations of other governments or 2) by laws through constitutional provisions or enabling legislation.

Committed Fund Balance – The portion of net resources for which there are self-imposed limitations enacted by the District that 1) require formal action at the same level to remove and 2) are set in place prior to the end of the period. Fund balance commitments are established, modified, or rescinded through a resolution enacted by the Board of Directors in accordance with Colorado law.

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.

Unassigned Fund Balance – The residual portion of net resources after nonspendable, restricted, committed, and assigned amounts have been determined in the General Fund. No other funds report unassigned fund balance, unless expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, resulting in a negative unassigned fund balance value.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – first committed, then assigned and unassigned.

Revenues, Expenditures and Expenses

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Larimer County Assessor generally as of January 1 of each year. Property taxes are certified to the County Commissioners no later than December 15 for collection in the following year. The County Treasurer collects the taxes and remits collections to the District throughout the year.

Property taxes are recognized in accordance with GAAP. Property taxes levied for the subsequent year are recorded as deferred inflows of resources when measurable and recognized as revenue in the year for which they are levied, provided they are available to finance current operations. Any taxes not considered available are reported as deferred inflows of resources until the period in which they become available.

Program and General Revenues

Program revenues include charges for services, fines, and grants and contributions restricted to specific programs or capital purposes. All revenues not classified as program revenues are reported as general revenues.

Urban Renewal Authority (URA) Revenues

The District receives tax increment revenues from the Loveland Urban Renewal Authority (URA) pursuant to the Centerra Master Financing and Intergovernmental Agreement. Under the agreement, the URA remits specified tax increment revenues to the District to assist in financing public improvements, operations, and debt service.

URA revenues are recognized when the underlying tax increment revenues are measurable and available in accordance with the terms of the agreement.

Service fees

The District receives service fees from Centerra Metropolitan District No. 2, 3, and 5 pursuant to various intergovernmental agreements and the Revised and Restated Capital Pledge Agreement. These fees are intended to reimburse the District for providing administrative, operational, and maintenance services on behalf of the financing districts and pledged to the payment of debt service on the District's bonds.

Service fee revenues are recognized in the period in which the related services are provided in accordance with the applicable agreements.

Payments in Lieu of Taxes (PILOT)

The District receives payments in lieu of property taxes (PILOT) from certain property owners pursuant to contractual agreements. PILOT revenues are intended to provide a revenue source comparable to property taxes and are used to finance the District's operations and debt service.

PILOT revenues are recognized when earned in accordance with the terms of the applicable agreements.

Public Improvement Fee (PIF) Revenues

The District receives public improvement fee (PIF) revenues from Centerra Public Improvement Collection Corporation (PIC Corporation), a nonprofit corporation established to impose and collect public improvement fees within designated portions of the Centerra development. Pursuant to financing and custodial agreements, PIC Corporation remits PIF revenues to the District for operations, debt service, and other purposes specified in those agreements.

PIF revenues are recognized when earned in accordance with the applicable contractual agreements.

Expenditures and Expenses

Government-wide expenses are reported by function. Governmental fund expenditures are reported by character, while proprietary fund expenses are reported as operating or nonoperating and are based on the economic resources measurement focus.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Adopted Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, was implemented by the District for the fiscal year ended December 31, 2025. Management determined that no concentrations or constraints requiring disclosure were present; therefore, implementation had no impact on the District's financial statements and no additional disclosures were required.

Subsequent Events

Management has evaluated subsequent events through October 16, 2026, the date the financial statements were available to be issued. Based on this evaluation, no events occurred that require recognition or disclosure in the accompanying financial statements.

Note 3 – Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all deposits of Colorado local governments be held in eligible public depositories. Eligibility is determined by the Colorado Division of Banking. Amounts on deposit in excess of federal depository insurance limits must be collateralized. Eligible collateral is determined by the PDPA, which allows financial institutions to create a single collateral pool for all uninsured public deposits. The aggregate market value of the pledged collateral must equal at least 102 percent of the uninsured public deposits. The State Banking Commissioner is responsible for monitoring the naming of eligible depositories and the adequacy of collateral pledged to secure uninsured public deposits.

The District's investment policy does not specifically address custodial credit risk for deposits.

At December 31, 2025, the District's carrying amount of deposits was $294,048 and the corresponding bank balance was $294,048. Of the bank balance, $250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was collateralized in accordance with the PDPA.

Investments

Colorado Revised Statutes authorize local governments to invest in obligations of the United States and certain U.S. government agencies, general obligation and revenue bonds of certain governmental entities, bankers' acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, money market funds, local government investment pools, and other investments authorized by State statute. Unless otherwise approved by the Board of Directors, investment maturities are generally limited to five years.

As of December 31, 2025, the District had the following investments and maturities:

		Maturities (in years)	
Investment Type	**Fair Value**	**0-1 Years**	**1-5 Years**
US Government & Agencies	$ 40,011,698	$ 40,011,698	$ -
COLOTRUST	1,448,297	1,448,297	-
	$ 41,459,995	$ 41,459,995	$ -

Interest Rate Risk

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

Credit Risk

At December 31, 2025, the District's investments in U.S. agency securities were rated AA+ by S&P Global Ratings and Aaa by Moody's Ratings, as applicable.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District would not be able to recover the value of its investments or collateral securities in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk.

At December 31, 2025, the District's investments in U.S. agency securities were held by the District's custodial financial institution in the District's name. Accordingly, the District was not exposed to custodial credit risk for its investments.

COLOTRUST

The District invests in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an external investment pool established pursuant to Section 24-75-701, Colorado Revised Statutes. COLOTRUST is administered by a Board of Directors consisting of representatives from participating local governments.

The District's investment is in the COLOTRUST PLUS+ portfolio, which is measured at net asset value (NAV) per share. The portfolio seeks to maintain a stable NAV of $1.00 and provides same-day liquidity for participant transactions. There are no unfunded commitments or redemption restrictions.

At December 31, 2025, the District's investment in COLOTRUST PLUS+ totaled $1,448,297.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes the inputs used to measure fair value into three levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets.

Level 2 – Observable inputs other than quoted prices included within Level 1, including quoted prices for similar assets in active markets or other observable market data.

Level 3 – Unobservable inputs supported by little or no market activity.

At December 31, 2025, the District's investments in U.S. agency securities totaling $40,011,698 were measured using Level 2 inputs.

Note 4 – Capital Assets

Capital asset activity for Governmental funds for the year ended December 31, 2025 was as follows:

	Balance at December 31, 2024, as restated	Additions	Dispositions	Balance at December 31, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	$ 16,564,676	$ 6,141,671	$ -	$ 22,706,347
Water rights	4,353,058	-	-	4,353,058
Total capital assets not being depreciated	20,917,734	6,141,671	-	27,059,405
Other capital assets:				
Monumentation	4,727,710	-	-	4,727,710
Landscape Improvements	13,415,028	4,153	-	13,419,181
Promenade Shops	21,297,325	-	-	21,297,325
Sanitary Sewer and Storm Drainage	721,018	-	-	721,018
Streets	6,814,596	-	-	6,814,596
Total other capital assets at historical cost	46,975,677	4,153	-	46,979,830
Less accumulated depreciation for:				
Monumentation	(4,279,688)	(236,386)	-	(4,516,074)
Landscape Improvements	(8,431,380)	(670,959)	-	(9,102,339)
Promenade Shops	(17,307,943)	(1,065,241)	-	(18,373,184)
Sanitary Sewer and Storm Drainage	(214,548)	(36,051)	-	(250,599)
Streets	(1,929,483)	(340,730)	-	(2,270,213)
Total accumulated depreciation	(32,163,042)	(2,349,367)	-	(34,512,409)
Other capital assets, net	14,812,635	(2,345,214)	-	12,467,421
Governmental activities capital assets, net	$ 35,730,369	$ 3,796,457	$ -	$ 39,526,826

For the year ended December 31, 2025, all depreciation expense was allocated to the General Government function.

Note 5 – Long-term Debt

The following is a summary of the changes in long-term debt of the District for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Due Within One Year
Governmental Activities					
Bonds					
2022 Bonds Payable	$ 25,610,000	$ -	$ -	$ 25,610,000	$ -
Unamortized discount - 2022 Bonds	(250,946)	-	(8,990)	(241,956)	-
2020 Bonds Payable	33,105,000	-	-	33,105,000	-
Unamortized premium - 2020 Bonds	545,756	-	21,126	524,630	-
2018 Bonds Payable	11,105,000	-	-	11,105,000	-
Unamortized premium - 2018 Bonds	28,252	-	1,176	27,076	-
2017 Bonds Payable	143,480,000	-	9,995,000	133,485,000	12,280,000
Unamortized premium - 2017 Bonds	3,748,252	-	162,969	3,585,283	-
Total Governmental Activities Long-Term Liabilities	$ 217,371,314	$ -	$ 10,171,281	$ 207,200,033	$ 12,280,000

Special Revenue Refunding and Improvement Bonds

The District has issued the following Special Revenue Refunding and Improvement Bonds:

Series 2017 Bonds
On April 26, 2017, the District issued $187,975,000 of Special Revenue Refunding and Improvement Bonds, Series 2017. Proceeds were used to refund the District's 2014 Loan, terminate the 2008 and 2014 swap agreements, finance the acquisition and construction of public infrastructure improvements, fund a reserve fund, and pay costs of issuance. Interest accrues at 2.70% through December 1, 2019, and 5.00% thereafter. The bonds mature on December 1, 2047.

Series 2018 Bonds
On December 20, 2018, the District issued $11,105,000 of Special Revenue Improvement Bonds, Series 2018. Proceeds were used to finance the acquisition and construction of public infrastructure improvements, fund an additional deposit to the reserve fund, and pay costs of issuance. The bonds bear interest at 5.25% and mature on December 1, 2048.

Series 2020A Bonds
On October 28, 2020, the District issued $33,105,000 of Special Revenue Refunding and Improvement Bonds, Series 2020A. Proceeds were used to finance public infrastructure improvements, finance the tender of a portion of the Series 2017 Bonds, fund the reserve account, capitalize interest, and pay costs of issuance. Interest accrues at 4.00% through December 1, 2029, and 5.00% thereafter. The bonds mature on December 1, 2051.

Series 2022 Bonds
On November 30, 2022, the District issued $25,610,000 of Special Revenue Refunding and Improvement Bonds, Series 2022. Proceeds were used to finance public infrastructure improvements, fund the reserve account, capitalize interest, and pay costs of issuance. The bonds bear interest at 6.50% and mature on December 1, 2053.

Security
The Series 2017, Series 2018, Series 2020A, and Series 2022 Bonds are special revenue obligations of the District payable solely from pledged revenues and amounts held in the related reserve funds established under the bond resolutions. Pledged revenues consist primarily of net tax increment financing revenues, required property tax mill levies imposed by Centerra Metropolitan District Nos. 2, 3 and 5, PIF revenues, specific ownership taxes, and other legally available revenues designated by the District. The Bonds do not constitute general obligations of the District, and neither the full faith and credit nor the taxing power of the District is pledged for their repayment. The District has no obligation to levy ad valorem property taxes beyond those required under the applicable financing agreements and bond resolutions.

Required Mill Levy
Pursuant to the applicable financing agreements and bond resolutions, Centerra Metropolitan District Nos. 2, 3, and 5 are required to impose property tax mill levies to generate pledged revenues for repayment of the Bonds. The required mill levy for District No. 2 ranges from a minimum of 35 mills to a maximum of 72 mills, subject to adjustment for changes in the ratio of actual value to assessed value. District No. 3 is required to impose a 5.000 mill Residential Contribution pursuant to the Master Financing and Intergovernmental Agreement and related intergovernmental agreements through June 29, 2029, subject to adjustment as provided in those agreements. District No. 5 is required to impose a 15.000 mill levy pursuant to the Revised and Restated Capital Pledge Agreement, subject to adjustment as provided therein.

Events of Default
The bond resolutions contain customary events of default, including the failure to impose or apply the required mill levy or pledged revenues, failure to perform material covenants contained in the bond resolutions, failure to cure defaults after required notice, and the filing of certain bankruptcy or insolvency proceedings by the District. Because repayment is limited to pledged revenues, an insufficiency of pledged revenues, by itself, does not constitute an event of default where provided by the applicable bond resolution.

Authorized Debt
At the November 7, 2023 election, the District's electors authorized $1,400,000,000 of indebtedness, bearing interest at a rate not to exceed 18% per annum.

As of December 31, 2025, the District had issued $257,795,000 of authorized debt, of which $203,305,000 remained outstanding. Accordingly, the District had $1,070,000,000 of authorized but unissued debt remaining available for future issuance, subject to the limitations of the District's Service Plan, applicable financing agreements, and Colorado law.

Annual Debt Service Requirements
The annual requirements to amortize the outstanding bonds as of December 31, 2025 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2026	$ 12,280,000	$ 10,543,663	$ 22,823,663
2027	13,720,000	9,929,663	23,649,663
2028	15,895,000	9,246,663	25,141,663
2029	3,765,000	8,468,213	12,233,213
2030	2,525,000	8,294,163	10,819,163
2031-2035	15,060,000	39,422,815	54,482,815
2036-2040	20,605,000	35,157,065	55,762,065
2041-2045	28,810,000	29,225,839	58,035,839
2046-2050	55,300,000	18,716,089	74,016,089
2051-2053	35,345,000	4,467,676	39,812,676
Total	$ 203,305,000	$ 173,471,849	$ 376,776,849

The debt service requirements shown above are expected to be paid from mill levies against benefited properties within the boundaries of Districts 2, 3, and 4.

Note 6 – Related Parties

The District operates within the Centerra multiple-district financing structure established by the Master Financing and Intergovernmental Agreement. In the ordinary course of operations, the District enters into transactions with PIC Corporation, Centerra Metropolitan District Nos. 2 through 5, and entities affiliated with the developer pursuant to the governing financing and intergovernmental agreements. These transactions include the receipt of PIF revenues, service fees, cost sharing reimbursements, and other amounts contemplated by those agreements. Management believes such transactions were conducted in accordance with the applicable agreements.

Note 7 – Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"), an intergovernmental risk-sharing organization established to provide property, liability, public officials' liability, and other insurance coverage to participating special districts. The District pays annual premiums to the Pool for this coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated reserves, the Pool may require additional contributions from participating members.

There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage during any of the past three fiscal years.

Note 8 – Taxpayer's Bill of Rights (TABOR)

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), limits the amount of revenue that Colorado local governments may retain and spend without voter approval and imposes restrictions on the issuance of debt. TABOR also requires local governments to establish emergency reserves equal to at least three percent of fiscal year spending, excluding bonded debt service.

The District has established the required emergency reserve. At December 31, 2025, the General Fund reported an emergency reserve of $93,350.

Management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to judicial interpretation, and additional interpretations of its provisions may be issued in the future.

Note 9 – Deficit Net Position

The District reported a deficit net position of $(128,181,870) at December 31, 2025. The deficit is primarily attributable to the District's financing of public infrastructure improvements that have been conveyed to the City of Loveland and other governmental entities. Upon conveyance, the related capital assets are removed from the District's financial statements; however, the debt issued to finance those improvements remains an obligation of the District until repaid from pledged revenues. Accordingly, the deficit net position is an expected result of the District's financing structure and does not reflect the District's ability to meet its debt service obligations.

Note 10 – Error Correction

During the year ended December 31, 2025, the District identified errors in its previously issued financial statements related to the accounting for construction in progress and other capital assets. Certain completed infrastructure improvements conveyed to other governmental entities remained recorded as construction in progress. Additionally, design costs associated with projects that did not proceed to construction had not been expensed, and certain landscaping improvements had not been properly reclassified to depreciable capital assets.

The correction of these errors decreased construction in progress by $10,500,413, increased landscaping capital assets by $447,252, and increased accumulated depreciation by $48,452, resulting in a $10,101,613 decrease in governmental activities net position.

The errors affected multiple prior reporting periods. The change in governmental activities net position for the year ended December 31, 2024, was overstated by $1,014,133 due to previously unrecognized conveyances of capital improvements and depreciation expense. The remaining $9,087,480 of the cumulative correction relates to errors originating in periods prior to 2024.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, beginning net position of governmental activities as of January 1, 2025, was restated from $(126,415,969) to $(136,517,582).

Required Supplementary Information

Centerra Metropolitan District No. 1
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Budget Original and Final	Actual	Variance with Final Budget
REVENUES:			
Service fees, District No. 2	$ 550,711	$ 453,154	$ (97,557)
Net investment and other income	100,000	297,717	197,717
URA revenues	2,089,149	2,069,592	(19,557)
ROW maintenance fee	15,000	-	(15,000)
PILOT revenue	237,000	218,502	(18,498)
Chapungu revenue	7,000	3,000	(4,000)
TOTAL REVENUES	2,998,860	3,041,965	43,105
EXPENDITURES			
Operations & Maintenance:			
Landscaping	833,213	778,140	55,073
Hardscapes	252,250	211,751	40,499
Undeveloped Public Land	40,000	32,984	7,016
Storm Water Facilities	260,350	237,638	22,712
Sanitary Sewer Facilities	6,000	3,650	2,350
Amenities	483,500	348,574	134,926
Miscellaneous Facilities Services	4,500	3,438	1,062
Repairs and Replacement	423,000	280,565	142,435
Utilities	410,000	366,997	43,003
ROW Maintenance	10,000	-	10,000
Facilities Management	141,050	141,050	-
Administration			
Accounting & Financial Management	197,015	201,539	(4,524)
Audit	34,900	23,700	11,200
Bad debt	-	43,095	(43,095)
Forensic Audit	-	166,813	(166,813)
Director Fees	14,000	5,911	8,089
District Management	124,000	124,000	-
Election Costs	10,000	3,201	6,799
Engineering & Other Prof. Services	50,000	-	50,000
Insurance and Bonds	77,000	69,892	7,108
Legal Services	135,000	59,276	75,724
Office, Dues & Other	5,300	6,200	(900)
Website Hosting	1,960	3,248	(1,288)
Contingency	100,000	-	100,000
TOTAL EXPENDITURES	3,613,038	3,111,662	501,376
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(614,178)	(69,697)	544,481
Fund Balance, beginning of year	5,064,507	4,995,677	(68,830)
Fund Balance, end of year	$ 4,450,329	$ 4,925,980	$ 475,651

Supplementary Information

Centerra Metropolitan District No. 1
Budgetary Comparison Schedule – Debt Service Fund
Year Ended December 31, 2025

	Budget Original and Final	Actual	Variance with Final Budget
REVENUES:			
Service Fees District #2	$ 247,018	$ 256,433	$ 9,415
Service Fees District #3	84,938	83,795	(1,143)
Service Fees District #5	42,549	36,071	(6,478)
Interest & Other Income	560,000	1,427,280	867,280
Public Improvement Fees	75,000	55,232	(19,768)
URA Revenues	17,859,082	17,697,281	(161,801)
TOTAL REVENUES	18,868,587	19,556,092	687,505
EXPENDITURES			
Interest expense			
Series 2017	7,174,000	7,174,000	-
Series 2018	583,013	583,013	-
Series 2020A	1,621,750	1,621,750	-
Series 2022	1,664,650	1,664,650	-
Principal payment			
Series 2017	9,995,000	9,995,000	-
Collection fee - PIF	75,000	55,233	19,767
Trustee and paying agent fees	11,500	14,000	(2,500)
TOTAL EXPENDITURES	21,124,913	21,107,646	17,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(2,256,326)	(1,551,554)	704,772
Fund Balance, beginning of year	28,349,834	26,632,806	(1,717,028)
Fund Balance, end of year	$ 26,093,508	$ 25,081,252	$ (1,012,256)

	Budget Original and Final	Actual	Variance with Final Budget
REVENUES:			
Interest & Other Income	$ 50,000	$ 1,076,029	$ 1,026,029
Construction Reimbursement	-	1,093,021	1,093,021
TOTAL REVENUES	50,000	2,169,050	2,119,050
EXPENDITURES			
District Management	30,000	33,081	(3,081)
District Planning/Engineering	100,000	-	100,000
District Planning/Engineering Management	20,000	27,241	(7,241)
Office, Dues & Other	29,920	547	29,373
Master Planning	-	3,403	(3,403)
Parcel 205	1,600,000	495	1,599,505
Myers Subdivision Landscaping and Sidewalk	85,896	1,393	84,503
Centerra Parkway Traffic Signals	13,500	24,595	(11,095)
Millennium East 13th	4,973,050	5,619,412	(646,362)
Kendall Parkway (RMA to Centerra Pkwy)	20,000	66,105	(46,105)
Regional Detention Pond Phase 1	18,997	38,027	(19,030)
I-25 and HWY 34 Landscaping	-	27,423	(27,423)
Kendall Parkway Underpass-Bus Station	45,000	2,299	42,701
Lakes Reimbursement	129,624	356,148	(226,524)
Precision on the Tracks	10,000	1,913	8,087
Meyers Group 5th Subdivision	20,000	2,874	17,126
Parcel 504 Ph 2 Infrastructure	4,931	2,334	2,597
Boyd Lake Ave South (Hwy 34 to GLIC)	-	784	(784)
Parcel 301 Infrastructure	57,574	1,279	56,295
Boyd Lake Ave & Kendall Pkwy Landscaping	14,274	-	14,274
NW Arterial Roadways Ph 2	-	743	(743)
Kendall Parkway Landscaping	600,000	-	600,000
Contingency	3,525,978	-	3,525,978
TOTAL EXPENDITURES	11,298,744	6,210,096	5,088,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(11,248,744)	(4,041,046)	7,207,698
Fund Balance, beginning of year	11,248,744	14,445,435	3,196,691
Fund Balance, end of year	$ -	$ 10,404,389	$ 10,404,389