

**Falcon Highlands Metropolitan District
Financial Statement Variances
September 30, 2020**

Accounts Receivable as of 9/30/20 totals \$59,648.81 with past due amounts of:

- Over 90 days - \$4,220 made up of 16 customers
- Over 60 days - \$1,310 made up of 10 customers
- Credit balances – (\$6,492) made up of 37 customers

Property Taxes Collected

1. The 2020 collections through September are at 97.57% of the total amount levied compared to 95.58% at this time last year.

General Fund

1. Annual insurance premiums were paid in full for the year and are on budget.
2. Overall, the total General Fund expenditures are at 43% of budget.

Conservation Trust Fund

1. As of September 30, 2020, the District has received \$3,512 in Conservation Trust Fund proceeds for the year. These proceeds are paid out quarterly.

Enterprise Fund

1. As mentioned in the General Fund section, annual insurance premiums were paid in full for the year and are on budget.
2. Overall, the total Enterprise Fund expenditures are at 50% of budget.

Cash and Investments

As of November 2, 2020 the available cash and investments are as follows:

1. General Fund: \$1,360,749.79
2. Conservation Trust Fund: \$6,563.86
3. Debt Service Fund: \$1,152,421.08 of which \$639,465.82 is the Reserve Fund
4. Enterprise Fund: \$248,723.67

FALCON HIGHLANDS METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

FALCON HIGHLANDS METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Enterprise</u>	<u>Total</u>
ASSETS					
Cash - 1st Bank	\$ 55,792	\$ -	\$ -	\$ 117,544	\$ 173,336
C - Safe	1,333,188	329,386	6,564	137,028	1,806,166
Bond Fund - Series 2004A	-	170,151	-	-	170,151
Construction Fund - Series 2004A	-	707	-	-	707
Escrow Fund - Series 2004A	-	734	-	-	734
Reserve Fund - Series 2004A	-	639,466	-	-	639,466
Capitalized Interest - Series 2007 Subordinate	-	10,580	-	-	10,580
Construction Fund - Series 2007 Subordinate	-	34	-	-	34
Accounts receivable	2,701	-	-	56,948	59,649
Receivable from County Treasurer	8,450	1,364	-	-	9,814
Prepaid insurance	-	-	-	450	450
Prepaid expense	1,796	-	-	29,406	31,202
Accumulated depreciation	-	-	-	(2,887,333)	(2,887,333)
Water rights	-	-	-	402,786	402,786
Equipment and systems	-	-	-	6,215,880	6,215,880
Vehicles	-	-	-	40,659	40,659
TOTAL ASSETS	<u>\$ 1,401,927</u>	<u>\$ 1,152,422</u>	<u>\$ 6,564</u>	<u>\$ 4,113,368</u>	<u>\$ 6,674,281</u>
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable	\$ 38,998	\$ -	\$ -	\$ 62,528	\$ 101,526
Tap Review Fee Escrow	-	-	-	86,000	86,000
Total Liabilities	<u>38,998</u>	<u>-</u>	<u>-</u>	<u>148,528</u>	<u>187,526</u>
FUND BALANCES					
Total Fund Balances	<u>1,362,929</u>	<u>1,152,422</u>	<u>6,564</u>	<u>3,964,840</u>	<u>6,486,755</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,401,927</u>	<u>\$ 1,152,422</u>	<u>\$ 6,564</u>	<u>\$ 4,113,368</u>	<u>\$ 6,674,281</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 129,389	\$ 126,245	\$ (3,144)
Specific ownership taxes	98,218	71,632	(26,586)
Interest income	11,500	7,630	(3,870)
Maintenance fees	131,000	98,747	(32,253)
TOTAL REVENUES	<u>370,107</u>	<u>304,254</u>	<u>(65,853)</u>
EXPENDITURES			
Accounting	40,000	12,885	27,115
Auditing	8,500	8,500	-
County Treasurer's fee	1,941	1,894	47
Directors' fees	6,000	900	5,100
Insurance and bonds	10,000	7,499	2,501
District management	50,000	38,666	11,334
Legal services	45,000	41,081	3,919
Miscellaneous	5,000	829	4,171
Payroll - wages and taxes	460	69	391
Election expense	30,000	737	29,263
Repairs and maintenance	10,000	1,807	8,193
Professional Services	5,000	-	5,000
Landscape maintenance	5,000	11,904	(6,904)
General improvements	12,000	-	12,000
Utilities	25,000	7,838	17,162
Fuel	2,000	36	1,964
Operating expense	500	-	500
Equipment expense	10,000	-	10,000
Trail maintenance	10,000	-	10,000
Park improvements	25,000	-	25,000
Contingency	13,599	-	13,599
TOTAL EXPENDITURES	<u>315,000</u>	<u>134,645</u>	<u>180,355</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,107	169,609	114,502
OTHER FINANCING SOURCES (USES)			
Other revenue	-	1,404	1,404
Transfers to other fund	(50,000)	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>1,404</u>	<u>51,404</u>
NET CHANGE IN FUND BALANCES	5,107	171,013	165,906
FUND BALANCES - BEGINNING	<u>1,176,013</u>	<u>1,191,915</u>	<u>15,902</u>
FUND BALANCES - ENDING	<u><u>\$ 1,181,120</u></u>	<u><u>\$ 1,362,928</u></u>	<u><u>\$ 181,808</u></u>

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

CONSERVATION TRUST FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Conservation Trust proceeds	\$ 7,500	\$ 3,512	\$ (3,988)
Interest income	100	45	(55)
TOTAL REVENUES	<u>7,600</u>	<u>3,557</u>	<u>(4,043)</u>
EXPENDITURES			
Repairs and maintenance	11,600	-	11,600
TOTAL EXPENDITURES	<u>11,600</u>	<u>-</u>	<u>11,600</u>
NET CHANGE IN FUND BALANCES	(4,000)	3,557	7,557
FUND BALANCES - BEGINNING	<u>4,000</u>	<u>3,006</u>	<u>(994)</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 6,563</u>	<u>\$ 6,563</u>

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FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND SEPTEMBER 30, 2019

	Year to Date Actual	Prior Year to Date Actual	Variance
OPERATING REVENUES			
Facility fees	\$ -	\$ 22,686	\$ (22,686)
Interest income	559	1,037	(478)
Water treatment fees	87,303	86,921	382
Administrative fees	62,034	61,502	532
Water usage fees	205,204	188,910	16,294
Penalties	1,020	4,910	(3,890)
Meter fees	-	936	(936)
Water tap fees	-	32,973	(32,973)
O&M fees	-	406	(406)
Inspection fees	-	90	(90)
Total operating revenues	<u>356,120</u>	<u>400,371</u>	<u>(44,251)</u>
OPERATING EXPENDITURES			
Accounting	16,106	18,363	2,257
Dues and membership	1,144	156	(988)
Insurance and bonds	11,249	13,801	2,552
District management	50,266	49,441	(825)
Legal services	54,775	42,652	(12,123)
Miscellaneous	906	1,214	308
Security	4,491	4,093	(398)
Payroll - wages and taxes	-	34,661	34,661
Repairs and maintenance	991	(3,333)	(4,324)
Professional Services	16,667	34,124	17,457
SCADA system inspection	3,680	713	(2,967)
Woodman Hills sewer tap fees	-	12,973	12,973
Utilities	47,831	31,203	(16,628)
Fuel	36	968	932
Operating expense	6,496	7,873	1,377
Supplies - treatment facility	6,137	3,479	(2,658)
Utility billing	21,785	29,211	7,426
Telephone	779	1,809	1,030
Utility locates	627	197	(430)
Woodman Hills contract	25,176	16,653	(8,523)
Permits - fees	-	850	850
Capital outlay	2,468	29,266	26,798
Depreciation expense	<u>95,267</u>	<u>95,267</u>	<u>-</u>
Total operating expenses	<u>366,877</u>	<u>425,634</u>	<u>58,757</u>
Operating income (loss)	(10,757)	(25,263)	14,506
OTHER FINANCING SOURCES (USES)			
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(10,757)	(25,263)	14,506
TOTAL NET POSITION - BEGINNING	<u>3,975,598</u>	<u>3,984,624</u>	<u>(9,026)</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,964,841</u>	<u>\$ 3,959,361</u>	<u>\$ 5,480</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

SUPPLEMENTARY INFORMATION

**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 763,501	\$ 744,947	\$ (18,554)
Interest income	6,700	3,851	(2,849)
TOTAL REVENUES	<u>770,201</u>	<u>748,798</u>	<u>(21,403)</u>
EXPENDITURES			
County Treasurer's fee	11,453	11,174	279
Paying agent fees	12,000	-	12,000
Bond interest	480,756	240,378	240,378
Bond principal	205,000	-	205,000
Contingency	4,791	-	4,791
TOTAL EXPENDITURES	<u>714,000</u>	<u>251,552</u>	<u>462,448</u>
NET CHANGE IN FUND BALANCES	56,201	497,246	441,045
FUND BALANCES - BEGINNING	<u>615,687</u>	<u>655,176</u>	<u>39,489</u>
FUND BALANCES - ENDING	<u>\$ 671,888</u>	<u>\$ 1,152,422</u>	<u>\$ 480,534</u>

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND AVAILABLE - BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

ENTERPRISE FUND

	Annual Budget	Year to Date Actual	Variance
REVENUE			
Interest income	\$ 1,000	\$ 559	\$ (441)
Water treatment fees	117,000	87,303	(29,697)
Administrative fees	81,500	62,034	(19,466)
Water usage fees	260,000	205,204	(54,796)
Penalties	7,000	1,020	(5,980)
TOTAL REVENUE	<u>466,500</u>	<u>356,120</u>	<u>(110,380)</u>
EXPENDITURES			
Accounting	50,000	16,106	33,894
Dues and membership	500	1,144	(644)
Insurance and bonds	15,000	11,249	3,751
District management	65,000	50,266	14,734
Legal services	60,000	54,775	5,225
Miscellaneous	1,000	906	94
Security	7,500	4,491	3,009
Repairs and maintenance	25,000	991	24,009
Professional Services	50,000	16,667	33,333
SCADA system inspection	2,500	3,680	(1,180)
Utilities	50,000	47,831	2,169
Fuel	2,000	36	1,964
Operating expense	15,000	6,496	8,504
Supplies - treatment facility	10,000	6,137	3,863
Utility billing	38,000	21,785	16,215
Telephone	3,000	779	2,221
Utility locates	500	627	(127)
Equipment expense	500	-	500
Woodman Hills contract	60,000	25,176	34,824
Permits - fees	1,000	-	1,000
Capital outlay	75,000	2,468	72,532
Small tools and supplies	1,500	-	1,500
Contingency	7,000	-	7,000
TOTAL EXPENDITURES	<u>540,000</u>	<u>271,610</u>	<u>268,390</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(73,500)	84,510	158,010
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	50,000	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUNDS AVAILABLE	(23,500)	84,510	108,010
FUNDS AVAILABLE - BEGINNING	<u>64,992</u>	<u>108,338</u>	<u>43,346</u>
FUNDS AVAILABLE - ENDING	<u>\$ 41,492</u>	<u>\$ 192,848</u>	<u>\$ 151,356</u>

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Falcon Highlands Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of El Paso County, Colorado on November 14, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by El Paso County Commissioners on July 25, 2002. The District's service area is located in the unincorporated town of Falcon in El Paso County, Colorado. The District was established to provide water, sanitary sewage, drainage, landscaping, public transportation, street improvements, traffic and safety controls, parks and recreation facilities, mosquito control and television relay and translation systems.

On November 5, 2002, the District voters approved authorized debt in the amount \$20,750,000 for streets, parks and recreation, water, storm and sanitary sewer, public transportation, mosquito control, safety control, television relay, and operations and maintenance. Also, the District voters approved authorized debt in the amount of \$20,000,000 for debt refunding; and an annual increase in taxes of \$450,000. The election also provided for intergovernmental agreements as multi-fiscal year obligations and allows the District to retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution or any other law.

The District's service plan limits the total debt issuance to \$25,000,000, with a maximum mill levy of 30.000 mills for debt service and 5.000 mills for operations and maintenance, as adjusted for changes in the ratio of actual value to assessed value of property within the District. The debt service and operations and maintenance mill levies have been adjusted due to a change in the method of calculating assessed valuation.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. For financial statement reporting purposes in accordance with generally accepted accounting principles (GAAP), the District uses the accrual method of accounting for the Enterprise Fund. Under GAAP, capital expenditures are recorded as assets and depreciation on fixed assets is recognized as an operating expense. For budget reporting, capital expenditures are reported as expenditures and depreciation is not recognized. To distinguish the difference in reporting, for budget reporting the District uses "Funds Available," which is defined as current assets less current liabilities, in lieu of fund balance for GAAP reporting.

The District has no employees. All administrative and operating functions are contracted.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

Property taxes are levied by the District's 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 of 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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

The change in assessment ration from 7.20% to 7.15% allows the District to adjust its mill levy to offset the decrease in revenues. Accordingly, the District adjusted its mill levy to 6.140 for operation and 36.839 for debt service.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11% of the property taxes collected.

Service Charges

The District receives service fees for street lighting, maintenance, administration, water treatment, and water usage. The District bills residential and commercial customers monthly for such services at established rates.

Water Tap, Sewer Tap and Infrastructure Improvement Fees

The District charges water tap, sewer tap and infrastructure fees for new users to connect to the District's water and sewer systems. The District has not budgeted any water, sewer, and infrastructure taps and fees for 2020.

Water Meter, Inspection, and Operations and Maintenance Reserve Fees

The District collects water meter, inspection, and operations and maintenance reserve fees with each tap application to cover the costs of administration and future maintenance needs. The District has not budgeted any water meter, inspection and operations and maintenance reserve fees for 2020.

Conservation Trust (Lottery Proceeds)

The District anticipates receiving revenue from the State Lottery on a per capita basis ratio. The revenue is restricted for recreation purposes under state statutes.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Net Investment Income

Interest earned on the District's funds has been estimated based on historical interest earning.

Expenditures

Administrative Expenditures

Administrative expenditures have been budgeted based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, audit, accounting, insurance, management, maintenance and other administrative expenses.

General and Operations Expenditures

These expenditures represent outsourced operating costs, repairs and maintenance, utilities, and other related expenses associated with the treatment and delivery of water to the District's customers.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District's capital outlay consists primarily of expenditures for rehabilitation and replacement of existing facilities.

Debt Service

Principal and interest payments on the District's senior obligations are provided based on the Schedule of Senior Debt Service Requirements to Maturity.

Debt and Leases

General Obligation Bonds and Notes

The District has budgeted for the payment of the General Obligation Limited Tax Bonds, Series 2004A. The additional information regarding other debt has been presented for informational purposes only.

On June 16, 2004, the District issued and authorized the issuance of the following Bonds and Notes: (1) \$9,465,000 General Obligation Limited Tax Bonds, Series 2004A (the "Bonds"); (2) \$1,000,000 General Obligation Limited Tax Notes, Series 2004 B-1 (the "Series 2004 B-1 Notes"); and authorized the issuance of the (3) \$1,500,000 General Obligation Limited Tax Notes, Series 2006 B-2 (the "Series 2006 B-2 Notes"); (4) \$440,000 Subordinate General Obligation Limited Tax Notes, Series 2006 B-3 (the "Series 2006 B-3 Notes") upon fulfillment of certain conditions and authorization by the Board of

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Directors of the District. The Bonds, the Series 2004 B-1 Notes and the Series 2006 B-2 Notes (collectively the “Notes”) were issued for the purposes of (i) constructing certain infrastructure improvements within the District; (ii) reimbursing the Developer for funds expended by the Developer for organizational costs of the District and construction of certain infrastructure improvements completed by the Developer within the District; (iii) funding the Reserve Account for the Bonds, which Reserve Account will also be available to pay debt service on the Bonds under certain circumstances; (iv) paying approximately one and one-fourth year’s capitalized interest on the bonds, and (v) paying the issuance expenses and Underwriter’s fees with respect to the Bonds and Notes.

The Bonds bear interest at 7.625%, calculated on the basis of a 360 day year of twelve 30 day months, payable semi-annually on June 15 and December 15, beginning on December 15, 2004. Annual mandatory sinking fund principal payments are due on December 15, beginning on December 15, 2005. The Bonds mature on December 15, 2034. The Bonds are subject to redemption prior to maturity at the option of the District beginning June 15, 2014 at a premium of 102%; which premium reduces to zero after June 15, 2016.

The Notes bear interest at 2.000% - 8.000%, calculated on the basis of a 360 day year of twelve 30 day months, payable annually on December 15, to the extent funds are available for payment. The Notes shall bear interest at the rates established from the date of issuance until paid and shall mature, unless paid sooner, as to the Series 2004 B-1 Notes, on December 15, 2035 and, as to the Series 2006 B-2 Notes on December 15, 2037.

During 2011, the 2006 B-2 Notes were assigned to Enterprise Bank & Trust Co. in a civil case, No. 11-CV-00026-CV-W-DW, pursuant to a Commercial Pledge Agreement executed by Cygnet Land, LLC.

The Bonds and the Notes shall constitute limited tax obligations of the District. The principal of, premium if any, and interest on or in connection with the Bonds, and the principal of and interest on or in connection with the Notes, shall be payable solely from and to the extent of the revenues of the District pledged to the payment of the Bonds and the Notes. Pledged revenues, consisting of monies derived from the District from (i) its Limited Mill Levy, except for that portion thereof levied for operations and maintenance expense of the District, (ii) Infrastructure Improvement Fees, (iii) Facility Fees, (iv) Water Tap Fees and (v) with respect to the Notes only, any other legally available monies credited to the Note Account, are pledged to the payment of the Bonds and the Notes. The Pledged Revenues are first applied to the Bond Accounts then to the Note Accounts as monies are available.

\$4,935,000 General Obligation Limited Tax Subordinate Bonds, Series 2007

On February 26, 2007, the District issued the \$4,935,000 General Obligation Limited Tax Subordinate Bonds, Series 2007 (the “Series 2007 Bonds”). The Series 2007 Bonds were issued for the purposes of (i) to construct certain infrastructure improvements within the District; (ii) to reimburse the Developer for construction of certain infrastructure improvements completed, (iii) to pay a portion of approximately twenty months of capitalized interest on the Series 2007 Bonds; (iv) to pay the issuance expenses and Underwriter’s fees with respect to the Series 2007 Bonds.

The Series 2007 Bonds bear interest at 8.500%, payable semi-annually on June 15 and December 15, beginning on June 15, 2007. To the extent interest on the Series 2007 Bonds is not paid when due, such interest shall compound semi-annually on June 15 and December 15 at the rate of the bonds. The

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Series 2007 Bonds are subject to optional and extraordinary redemption. The Series 2007 Bonds are subordinate in all respects to the District's 2004A Bonds; but senior to the payment of debt service on the Notes. Principal of, and interest on the Series 2007 Bonds payable on any interest payment date will be made only to the extent that the District has revenue in excess of debt service requirements of the Series 2004A Bonds or from sources not pledged to the payment of the Series 2004A Bonds. Unpaid principal and interest on the Series 2007 Bonds due on any date will accrue until such time as the Series 2004A Bonds are no longer outstanding or the District's revenues exceed then current debt service on the Series 2004A Bonds.

Furthermore, owners of the Series 2007 Bonds will have no power to exercise, or to direct the Trustee to exercise, any remedy upon default or otherwise while the Series 2004A Bonds are outstanding.

The Series 2007 Bonds share the same pledged revenue sources as the 2004A Bonds and the Notes. In addition to said pledged revenue; the Series 2007 Bonds and the Notes are also payable from drainage and other credits (if, and to the extent received by the District, the "Credits") paid to the District by El Paso County, Colorado, which Credits are not pledged to the payment of debt service on the Series 2004A Bonds.

The District has no material operating or capital leases.

Reserve Funds

Debt Service Reserve

The Debt Service Reserve Fund requirement is \$936,650 for the senior 2004 Series Bonds. The 2020 budget anticipates replenishing the reserve funds during 2020, leaving an anticipated remaining balance of \$671,888.

Operations and Maintenance Reserve

The District collects an Operations and Maintenance Reserve Fee at the time of water and sewer tap sale. These fees are held in reserve for future operation and maintenance needs of the District's water and sewer system.

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of general government fiscal year spending for 2020, as defined under TABOR.

This information is an integral part of the accompanying budget.

FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF SENIOR DEBT REQUIREMENTS TO MATURITY
December 31, 2019

\$9,465,000
General Obligation Limited Tax Bonds
Dated June 22, 2004
Series 2004A
Interest Rate of 7.625%
June 15 and December 15

Year Ending December 31,	Principal	Interest	Total
2020	\$ 205,000	\$ 480,756	\$ 685,756
2021	220,000	465,125	685,125
2022	235,000	448,350	683,350
2023	255,000	430,431	685,431
2024	270,000	410,988	680,988
2025	295,000	390,400	685,400
2026	315,000	367,906	682,906
2027	340,000	343,888	683,888
2028	365,000	317,963	682,963
2029	395,000	290,131	685,131
2030	425,000	260,013	685,013
2031	455,000	227,606	682,606
2032	490,000	192,913	682,913
2033	525,000	155,550	680,550
2034	1,515,000	115,519	1,630,519
	<u>\$ 6,305,000</u>	<u>\$ 4,897,539</u>	<u>\$ 11,202,539</u>

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FALCON HIGHLANDS METROPOLITAN DISTRICT

Schedule of Cash Position

September 30, 2020

Updated as of November 2, 2020

	General Fund	Conservation Trust Fund	Debt Service Fund	Enterprise Fund	Total
<u>1st Bank - Checking</u>					
Balance as of September 30, 2020	\$ 55,791.92	\$ -	\$ -	\$ 117,544.07	\$ 173,335.99
Subsequent activities:					
10/07/20 - Bill.com Payment	-	-	-	(50.00)	(50.00)
10/13/20 - Bill.com Payment	(10,937.70)	-	-	(22,906.78)	(33,844.48)
10/15/20 - Void Bill.com Payment	38.97	-	-	-	38.97
10/19/20 - Bill.com Payment	-	-	-	(860.30)	(860.30)
10/23/20 - Transfer from CSAFE	15,000.00	-	-	-	15,000.00
10/29/20 - Bill.com Payment	(25,781.11)	-	-	(37,586.68)	(63,367.79)
October Service Receipts	-	-	-	55,555.48	55,555.48
Anticipated Balance	34,112.08	-	-	111,695.79	145,807.87
<u>CSAFE</u>					
Balance as of September 30, 2020	1,333,187.50	6,563.86	329,385.95	137,027.88	1,806,165.19
Subsequent activities:					
10/10/20 - Property/SO Taxes	8,450.21	-	1,363.82	-	9,814.03
10/23/20 - Transfer to 1st Bank	(15,000.00)	-	-	-	(15,000.00)
Anticipated transfer to US Bank	-	-	(330,749.77)	-	(330,749.77)
Anticipated Balance	1,326,637.71	6,563.86	-	137,027.88	1,470,229.45
<u>US Bank Series 2004 Bond Fund</u>					
Balance as of September 30, 2020	-	-	170,150.83	-	170,150.83
Subsequent activities:					
Anticipated Transfer from CSAFE	-	-	330,749.77	-	330,749.77
Anticipated Balance	-	-	500,900.60	-	500,900.60
<u>US Bank Series 2004 Reserve Fund</u>					
Balance as of September 30, 2020	-	-	639,465.82	-	639,465.82
Subsequent activities:					
Anticipated Balance	-	-	639,465.82	-	639,465.82
<u>US Bank Series 2004 Construction Fund</u>					
Balance as of September 30, 2020	-	-	707.43	-	707.43
Subsequent activities:					
Anticipated Balance	-	-	707.43	-	707.43
<u>US Bank Series 2004 Escrow Fund</u>					
Balance as of September 30, 2020	-	-	733.53	-	733.53
Subsequent activities:					
Anticipated Balance	-	-	733.53	-	733.53
<u>US Bank Series 2007 Sub Bond Capitalized Interest</u>					
Balance as of September 30, 2020	-	-	10,579.55	-	10,579.55
Subsequent activities:					
Anticipated Balance	-	-	10,579.55	-	10,579.55
<u>US Bank Series 2007 Sub Bond Construction Fund</u>					
Balance as of September 30, 2020	-	-	34.15	-	34.15
Subsequent activities:					
Anticipated Balance	-	-	34.15	-	34.15
Anticipated Balances	\$ 1,360,749.79	\$ 6,563.86	\$ 1,152,421.08	\$ 248,723.67	\$ 2,768,458.40

Yield information (as of 9/30/20):

US Bank MM - .01%

CSAFE - .11%

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FALCON HIGHLANDS METROPOLITAN DISTRICT
Property Taxes Reconciliation
2020

Current Year											Prior Year		
Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County	Special Assessment	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received		
								Monthly	Y-T-D		Monthly	Y-T-D	
\$ 8,764.18	\$ -	\$ 9,025.37	\$ -	\$ (131.46)	-	-	\$ 17,658.09	0.98%	0.98%	\$ 26,083.80	2.33%	2.33%	
371,077.87	-	7,966.66	-	(5,566.17)	-	2,516.96	375,995.32	41.56%	42.54%	300,108.68	38.39%	40.72%	
54,636.98	-	6,547.62	-	(819.55)	-	-	60,365.05	6.12%	48.66%	38,707.63	4.14%	44.86%	
41,966.19	-	6,250.13	-	(629.49)	-	-	47,586.83	4.70%	53.36%	87,353.52	10.60%	55.46%	
62,827.42	-	7,207.47	-	(942.41)	-	-	69,092.48	7.04%	60.40%	53,574.18	6.04%	61.50%	
285,123.00	-	8,052.38	-	(4,276.85)	-	1,336.64	290,235.17	31.93%	92.33%	273,663.16	34.72%	96.22%	
7,820.88	-	8,879.71	-	(117.31)	-	-	16,583.28	0.88%	93.20%	8,796.71	0.08%	96.30%	
37,355.97	-	9,483.78	-	(560.34)	-	-	46,279.41	4.18%	97.39%	7,827.32	0.00%	96.30%	
1,619.23	-	8,219.09	-	(24.29)	-	-	9,814.03	0.18%	97.57%	1,616.28	-0.72%	95.58%	
-	-	-	-	-	-	-	-	0.00%	97.57%	30,743.69	2.64%	98.22%	
-	-	-	-	-	-	-	-	0.00%	97.57%	7,963.94	0.00%	98.22%	
-	-	-	-	-	-	-	-	0.00%	97.57%	15,412.41	0.86%	99.08%	
\$ 871,191.72	\$ -	\$ 71,632.21	\$ -	\$ (13,067.87)	\$ -	\$ 3,853.60	\$ 933,609.66	97.57%	97.57%	\$ 851,851.32	99.08%	99.08%	

Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
\$ 129,389	14.49%	\$ 126,244.69	97.57%
763,501	85.51%	744,947.03	97.57%
892,890	100.00%	\$ 871,191.72	97.57%

Property Tax

General Fund
Debt Service Fund
Total

Specific Ownership Tax

General Fund
Total

Treasurer's Fees

General Fund
Debt Service Fund
Total

98,218	100.00%	\$ 71,632.21	72.93%
98,218	100.00%	\$ 71,632.21	72.93%

1,941	14.49%	\$ 1,893.67	97.56%
11,453	85.51%	11,174.20	97.57%
\$ 13,394	100.00%	\$ 13,067.87	97.57%

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