

FALCON HIGHLANDS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**FALCON HIGHLANDS METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 1,958,435	\$ 2,268,033	\$ 2,433,443
REVENUES			
Property taxes	856,958	890,460	1,109,419
Specific ownership taxes	97,053	102,346	110,942
Interest income	12,491	1,355	3,705
Bond proceeds	-	-	8,720,000
Other revenue	61,104	55,000	6,000
Maintenance fees	131,636	131,000	131,000
Conservation trust proceeds	4,745	5,858	6,500
Facility fees	-	29,126	-
Water treatment fees	116,393	117,000	117,000
Water usage fees	261,305	200,000	260,000
Penalties	1,020	2,100	2,500
Meter fees	-	1,460	-
Water tap fees	-	80,000	-
O&M fees	-	812	-
Inspection fees	-	90	-
Administrative fees	82,730	81,500	81,500
Total revenues	<u>1,625,435</u>	<u>1,698,107</u>	<u>10,548,566</u>
TRANSFERS IN	<u>46,000</u>	<u>52,700</u>	<u>46,600</u>
Total funds available	<u>3,629,870</u>	<u>4,018,840</u>	<u>13,028,609</u>
EXPENDITURES			
General Fund	195,442	271,609	319,000
Debt Service Fund	713,435	708,689	6,885,000
Conservation Trust Fund	-	13,106	7,060
Enterprise Fund	406,960	425,185	809,600
Total expenditures	<u>1,315,837</u>	<u>1,418,589</u>	<u>8,020,660</u>
TRANSFERS OUT	<u>46,000</u>	<u>52,700</u>	<u>46,600</u>
Total expenditures and transfers out requiring appropriation	<u>1,361,837</u>	<u>1,471,289</u>	<u>8,067,260</u>
ENDING FUND BALANCES	<u>\$ 2,268,033</u>	<u>\$ 2,547,551</u>	<u>\$ 4,961,349</u>
EMERGENCY RESERVE	\$ 12,700	\$ 12,200	\$ 13,000
SERIES 2004 A REQUIRED RESERVE (\$936,650)	678,445	728,250	-
SERIES 2022 A REQUIRED RESERVE (\$447,000)	-	-	447,000
O&M RESERVE	22,750	22,750	22,750
TOTAL RESERVE	<u>\$ 713,895</u>	<u>\$ 763,200</u>	<u>\$ 482,750</u>

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
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ASSESSED VALUATION

Residential	\$ 9,432,700	\$ 9,432,790	\$ 10,523,920
Commercial	8,961,470	8,813,290	10,069,500
Industrial	10,090	6,960	-
Agricultural	3,930	3,930	4,100
Vacant land	1,648,730	1,622,540	2,017,020
State assessed	668,430	672,970	664,210
Certified Assessed Value	\$ 20,725,350	\$ 20,552,480	\$ 23,278,750

MILL LEVY

General	6.140	6.147	6.596
Debt Service	36.839	36.881	39.574
Refund and abatements	0.103	0.252	1.488
Total mill levy	43.082	43.280	47.658

PROPERTY TAXES

General	\$ 127,254	\$ 126,336	\$ 153,547
Debt Service	763,501	757,996	921,233
Refund and abatements	2,135	5,179	34,639
Levied property taxes	892,890	889,511	1,109,419
Adjustments to actual/rounding	(3,911)	-	-
Refunds and abatements	(32,021)	949	-
Budgeted property taxes	\$ 856,958	\$ 890,460	\$ 1,109,419

BUDGETED PROPERTY TAXES

General	\$ 124,182	\$ 132,464	\$ 188,186
Debt Service	732,776	757,996	921,233
	\$ 856,958	\$ 890,460	\$ 1,109,419

**FALCON HIGHLANDS METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1,191,915	\$ 1,372,371	\$ 1,454,629
REVENUES			
Property taxes	124,182	132,464	188,186
Specific ownership taxes	97,053	102,346	110,942
Interest income	7,923	757	1,400
Maintenance fees	131,636	131,000	131,000
Other revenue	61,104	40,000	1,000
Total revenues	<u>421,898</u>	<u>406,567</u>	<u>432,528</u>
Total funds available	<u>1,613,813</u>	<u>1,778,938</u>	<u>1,887,157</u>
EXPENDITURES			
General and administrative			
Accounting	17,151	25,000	40,000
Auditing	8,500	8,500	8,700
County Treasurer's fee	1,935	1,973	2,823
Directors' fees	1,200	2,000	2,100
Insurance and bonds	7,499	9,438	11,000
District management	48,282	50,000	52,000
Legal services	83,787	68,000	47,000
Miscellaneous	824	500	5,000
Payroll - wages and taxes	92	198	161
Election expense	737	-	2,000
Contingency	-	-	26,716
Operations and maintenance			
Repairs and maintenance	1,986	5,000	10,000
Professional Services	-	2,500	5,000
Landscape maintenance	11,904	2,500	9,000
Trail maintenance	-	5,000	10,000
Park improvements	-	55,000	10,000
General improvements	-	6,000	12,000
Fuel	36	-	-
Utilities	11,509	20,000	30,000
Operating expense	-	-	500
Equipment expense	-	5,000	10,000
Storm drainage	-	5,000	25,000
Total expenditures	<u>195,442</u>	<u>271,609</u>	<u>319,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>46,000</u>	<u>52,700</u>	<u>46,600</u>
Total expenditures and transfers out requiring appropriation	<u>241,442</u>	<u>324,309</u>	<u>365,600</u>
ENDING FUND BALANCE	<u>\$ 1,372,371</u>	<u>\$ 1,454,629</u>	<u>\$ 1,521,557</u>
EMERGENCY RESERVE	<u>\$ 12,700</u>	<u>\$ 12,200</u>	<u>\$ 13,000</u>
TOTAL RESERVE	<u>\$ 12,700</u>	<u>\$ 12,200</u>	<u>\$ 13,000</u>

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 2022 BUDGET
 WITH 2020 ACTUAL AND 2021 ESTIMATED
 For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 3,006	\$ 7,799	\$ 555
REVENUES			
Conservation Trust proceeds	4,745	5,858	6,500
Interest income	48	4	5
Total revenues	<u>4,793</u>	<u>5,862</u>	<u>6,505</u>
Total funds available	<u>7,799</u>	<u>13,661</u>	<u>7,060</u>
EXPENDITURES			
General and administrative			
Repairs and maintenance	-	13,106	7,060
Total expenditures	<u>-</u>	<u>13,106</u>	<u>7,060</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>13,106</u>	<u>7,060</u>
ENDING FUND BALANCE	<u>\$ 7,799</u>	<u>\$ 555</u>	<u>\$ -</u>

**FALCON HIGHLANDS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 655,176	\$ 678,445	\$ 614,142
REVENUES			
Property taxes	732,776	757,996	921,233
Bond proceeds	-	-	5,990,000
Interest income	3,928	498	800
Total revenues	<u>736,704</u>	<u>758,494</u>	<u>6,912,033</u>
Total funds available	<u>1,391,880</u>	<u>1,436,939</u>	<u>7,526,175</u>
EXPENDITURES			
Debt Service			
Bond interest	480,756	465,125	-
Bond interest - Series 2022	-	-	299,500
Bond principal	205,000	220,000	-
Bond principal - Series 2022	-	-	45,000
County Treasurer's fee	11,417	11,564	13,818
Paying agent fees	16,262	12,000	12,000
Bond issue costs	-	-	269,800
Refunded bond escrow	-	-	6,236,953
Contingency	-	-	7,929
Total expenditures	<u>713,435</u>	<u>708,689</u>	<u>6,885,000</u>
Total expenditures and transfers out requiring appropriation	<u>713,435</u>	<u>708,689</u>	<u>6,885,000</u>
ENDING FUND BALANCE	<u>\$ 678,445</u>	<u>\$ 728,250</u>	<u>\$ 641,175</u>
SERIES 2004 A REQUIRED RESERVE (\$936,650)	\$ 678,445	\$ 728,250	\$ -
SERIES 2022 A REQUIRED RESERVE (\$447,000)	-	-	447,000
TOTAL RESERVE	<u>\$ 678,445</u>	<u>\$ 728,250</u>	<u>\$ 447,000</u>

**FALCON HIGHLANDS METROPOLITAN DISTRICT
ENTERPRISE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUNDS AVAILABLE	\$ 108,338	\$ 209,418	\$ 364,117
REVENUES			
Facility fees	-	29,126	-
Water treatment fees	116,393	117,000	117,000
Administrative fees	82,730	81,500	81,500
Water usage fees	261,305	200,000	260,000
Penalties	1,020	2,100	2,500
Meter fees	-	1,460	-
Water tap fees	-	80,000	-
O&M fees	-	812	-
Inspection fees	-	90	-
Bond proceeds	-	-	2,730,000
Interest income	592	96	1,500
Total revenues	<u>462,040</u>	<u>527,184</u>	<u>3,197,500</u>
TRANSFERS IN			
Transfers from other funds	<u>46,000</u>	<u>52,700</u>	<u>46,600</u>
Total funds available	<u>616,378</u>	<u>789,302</u>	<u>3,608,217</u>
EXPENDITURES			
General and administrative			
Accounting	21,439	30,000	50,000
Dues and membership	1,434	1,149	1,500
Insurance and bonds	11,249	14,157	16,500
District management	62,767	65,000	67,000
Legal / litigation	111,716	90,000	62,000
Miscellaneous	906	999	2,500
Contingency	-	-	5,000
Operations and maintenance			
Professional Services	17,247	30,000	50,000
Utilities	72,792	80,000	100,000
Fuel	36	-	-
Small tools and supplies	-	-	1,500
Operating expense	14,859	5,200	10,000
Woodman Hills contract	33,637	37,000	50,000
Supplies - treatment facility	7,626	8,500	10,000
SCADA system inspection	3,680	2,500	2,500
Repairs and maintenance	6,622	5,000	25,000
Utility billing	31,001	38,000	40,000
Telephone	910	1,300	1,500
Utility locates	967	780	1,000
Equipment expense	-	-	500
Security	5,604	5,600	7,500
Permits - fees	-	-	1,000
Bond issue costs	-	-	229,600
Capital Projects			
Capital outlay	2,468	10,000	75,000
Total expenditures	<u>406,960</u>	<u>425,185</u>	<u>809,600</u>
Total expenditures and transfers out requiring appropriation	<u>406,960</u>	<u>425,185</u>	<u>809,600</u>
ENDING FUNDS AVAILABLE	<u>\$ 209,418</u>	<u>\$ 364,117</u>	<u>\$ 2,798,617</u>
O&M RESERVE	<u>\$ 22,750</u>	<u>\$ 22,750</u>	<u>\$ 22,750</u>
TOTAL RESERVE	<u>\$ 22,750</u>	<u>\$ 22,750</u>	<u>\$ 22,750</u>

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2022 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
2022 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 ratio from 7.20% to 7.15% in 2019 allowed the District to adjust its mill levy to offset the decrease in revenues. Accordingly, the District adjusted its mill levy to 6.596 for operation and 39.574 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 10% 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 2022.

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 2022.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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.

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

The District anticipates issuing refinancing bonds and revenue bonds in 2022.

**FALCON HIGHLANDS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District has no material operating or capital leases.

	Balance at December 31, 2021*	Additions	Reductions	Balance at December 31, 2022*
Series 2004A Discount	\$ 31,051	\$ -	\$ 31,051	\$ -
Series 2004A Accrued Interest	19,380	464,426	483,806	-
Series 2007 Accrued Interest	10,222,095	1,374,072	11,596,167	-
Series 2004 B-1 Subordinate Notes	1,000,000	-	1,000,000	-
Series 2004 B-1 Accrued Interest	654,500	-	654,500	-
Series 2006 B-2 Subordinate Notes	1,500,000	-	1,500,000	-
Series 2006 B-2 Accrued Interest	879,417	-	879,417	-
Series 2006 B-3 Subordinate Notes	440,000	-	440,000	-
Series 2006 B-3 Accrued Interest	257,962	-	257,962	-
Cygnnet, LLC - Note Payable	4,025,291	-	4,025,291	-
RDS, LLC - Note Payable	128,682	-	128,682	-
Tamlin Ventures, LLC - Note Payable	447,534	-	447,534	-
Cygnnet, LLC - Letter of Credit	265,000	-	265,000	-
Total	<u>\$ 19,870,912</u>	<u>\$ 1,838,498</u>	<u>\$ 21,709,410</u>	<u>\$ -</u>
*The above are based on estimates				

Reserve Funds

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 2022, as defined under TABOR.

This information is an integral part of the accompanying budget.