

**El Paso County Special Districts  
Annual Report and Disclosure Form**

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|---|---|
| 1. Name of the District                                       | Falcon Highlands Metropolitan District  |
| 2. Report for Calendar Year                                   | 2023  |
| 3. Contact Information  | <p>Josh Miller<br/>121 South Tejon Street, Suite 1100<br/>Colorado Springs, CO 80903<br/>719-635-0330<br/>Josh.Miller@claconnect.com</p> <p>Website: <a href="http://www.falconhighlandsmetro.com">www.falconhighlandsmetro.com</a></p> <p>Note: District water office is located at<br/>7464 Antelope Meadows Circle<br/>Peyton, CO 80831.</p>                             |
| 4. Meeting Information  | The District meets on the second Monday of every month at 5:30 p.m. at the Falcon Fire Department Community Room, 7030 or 7020 Old Meridian Road, Peyton, CO 80831. Additional information can be found at: <a href="http://www.falconhighlandsmetro.com">www.falconhighlandsmetro.com</a> .  |
| 5. Type of District / Unique Representational Issues (if any) | The District is a single conventional Title 32 Special Metropolitan District. All property owners within the boundaries of this District who are otherwise eligible as electors within the State of Colorado have the opportunity to fully participate in future elections of the District and are eligible to run for District positions when these positions become open. |
| 6. Authorized Purposes of the District                        | The Service Plan authorizes all allowable purposes for Title 32 Special Districts except for fire protection. For additional details, please contact the District Manager at 719-635-0330.  |
| 7. Active Purposes of the District(s)                         | The primary purpose of the District is to provide water, maintain the District owned infrastructure, and provide services allowable in the District's Service Plan as necessary for the better of the community. For additional details, please contact the District Manager at 719-635-0330.   |
| 8. Current Certified Mill Levies                              |   |
| a. Debt Service   | a. 33.127 mills   |
| b. Operational  | b. 5.521 mills  |
| c. Other – Refund & Abatements                                | c. 0.107 mills  |

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| d. Total   | d. 38.755 mills  |
| 9. Sample Calculation of Current Mill Levy for a Residential and Commercial Property (as applicable).  | <p>Residential Property:<br/>Assumptions:</p> <p>\$250,000 is the market value</p> <p>Calculation at Current Mill Levy of 38.755</p> <p><math>\\$250,000 \times .067 = \\$16,750</math> (Assessed Valuation)</p> <p><math>\\$16,750 / 1000 \times 38.755 \text{ mills} = \\$649</math> per year in taxes owed solely to the Special District</p> <p>Commercial Property:<br/>Assumptions:</p> <p>\$500,000 is the market value</p> <p>Calculation at Current Mill Levy of 38.755</p> <p><math>\\$500,000 \times 0.279 = \\$145,000</math> (Assessed Valuation)</p> <p><math>\\$139,500 / 1000 \times 38.755 \text{ mills} = \\$5,406</math> per year in taxes owed solely to the Special District.</p> |
| <p>10. Maximum Authorized Mill Levy Caps (Note: these are maximum allowable mill levies which could be certified in the future unless there was a change in state statutes or Board of County Commissioners approvals)</p> <p>a. Debt Service<br/>b. Operational<br/>c. Other<br/>d. Total</p> | <p>a. 33.127 mills, gallagherized<br/>b. 5.7521 mills, gallagherized<br/>c. 0.107 mills, gallagherized<br/>d. 38.755 mills, gallagherized</p>  |
| 11. Sample Calculation of Mill Levy Cap for a Residential and  | Residential Property:<br>Assumptions:  |

|   |   |
|---|---|
| <p>Commercial Property (as applicable).</p>   | <p>\$250,000 is the market value</p> <p>Mill levy cap is 38.755 mills, gallagherized</p> <p>Calculation at Mill Levy Cap of 38.755</p> <p><math>\\$250,000 \times .067 = \\$16,750</math> (Assessed Valuation)</p> <p><math>\\$16,750 / 1000 \times 38.755</math> mills = \$649 per year in taxes owed solely to the Special District</p> <p>Commercial Property:<br/>Assumptions:</p> <p>\$500,000 is the market value</p> <p>Mill levy cap is 38.755 mills</p> <p>Calculation at Mill Levy Cap of 38.755</p> <p><math>\\$500,000 \times 0.279 = \\$139,500</math> (Assessed Valuation)</p> <p><math>\\$139,500 / 1000 \times 38.755</math> mills = \$5,406 per year in taxes owed solely to the Special District.</p> |
| <p>12. Current Outstanding Debt of the District (as of the end of year of this report)</p>        | <p>General Obligation Limited Tax Senior Bonds Series 2022 - \$5,665,000</p> <p>General Obligation Limited Tax Subordinate Bonds Series 2007 - \$4,935,000</p>  |
| <p>13. Total voter-authorized debt of the District (including current debt)</p>                   | <p>At formation, \$40,750,000 in debt was voter authorized by the District. Some or all of this money may be issued by an affirmative vote of the Board of Directors in the future without the necessity of a District-wide vote.</p>   |
| <p>14. Debt proposed to be issued, reissued or otherwise obligated in the coming year.</p>        | <p>None</p>   |
| <p>15. Major facilities/ infrastructure improvements initiated or completed in the prior year</p> | <p>There was no new construction in 2023.</p>   |

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| 16. Summary of major property exclusion or inclusion activities in the past year.   | In 2023, the District did not have boundary changes.  |
| <b>The following information is provided pursuant to the annual report requirements in § 32-1-207(3)(c), C.R.S.</b>                             |   |
| 17. Boundary changes made.  | See Section 16.   |
| 18. Intergovernmental agreements entered into or terminated with other governmental entities.   | The District entered into an Amendment to IGA with Woodmen Hills Metropolitan District for water and landscape operations. This amendment extended the termination date of the IGA from December 31, 2022 through March 31, 2023. The District entered into an IGA with Woodmen Hills Metro District for water operation and maintenance services dated March 27, 2023. |
| 19. Access information to obtain a copy of the rules and regulations adopted by the board.  | For a copy of the rules and regulations adopted by the Board, if any, contact its legal counsel:<br><br>Seter, Vander Wall & Mielke, P.C.<br>7400 E Orchard Rd., Suite 3300<br>Greenwood, CO, 303.770.2700<br>svw@svwpc.com   |
| 20. A summary of litigation involving public improvements owned by the special district.  | As of December 31, 2023 there was no litigation involving public improvements owned by the District.  |
| 21. The status of the construction of public improvements by the special district.  | There were no public improvements constructed during 2023.  |
| 22. A list of the facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality. | There were no facilities or improvements conveyed or dedicated to El Paso County during 2023.   |
| 23. The final assessed valuation of the special district as of December 31 of the reporting year.   | The District has received a certification of valuation from El Paso County that reports a taxable assessed valuation for the District for 2023 of \$29,207,410, for collection in 2024. The District certified a  |

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|  | mill levy of 38.755 mills to be assessed against the properties within the District |
| 24. A copy of the current year's budget.   | The 2024 Budget is attached as <b>Exhibit A</b> .                                   |
| 25. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law," part 6 of article 1 of title 29, or the application for exemption from audit, as applicable. | The 2023 Audit will be provided upon completion.                                    |
| 26. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district.   | None.   |
| 27. Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.   | None.   |

**EXHIBIT A**  
2024 Budget

**FALCON HIGHLANDS METROPOLITAN DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2024**

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
SUMMARY  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

|   | ACTUAL<br>2022      | ESTIMATED<br>2023   | BUDGET<br>2024      |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES   | \$ 2,597,486        | \$ 3,055,336        | \$ 2,506,852        |
| REVENUES  |                     |                     |                     |
| Property taxes  | 1,091,108           | 925,612             | 1,131,933           |
| Specific ownership taxes  | 115,354             | 94,102              | 113,193             |
| Interest income   | 50,493              | 136,500             | 155,600             |
| Maintenance fees  | 132,578             | 135,000             | 140,000             |
| Other revenue   | 57,368              | 3,881               | 6,000               |
| Conservation Trust proceeds                                     | 7,674               | 8,900               | 9,000               |
| Bond proceeds   | 5,880,000           | -                   | -                   |
| Facility fees   | 68,264              | -                   | -                   |
| Water treatment fees  | 117,231             | 119,000             | 121,000             |
| Administrative fees   | 84,007              | 83,500              | 85,500              |
| Water usage fees  | 238,526             | 200,000             | 264,000             |
| Penalties   | 3,690               | 1,000               | 5,000               |
| Meter fees  | 2,001               | -                   | -                   |
| Water tap fees  | 70,000              | -                   | -                   |
| O&M fees  | 1,219               | -                   | -                   |
| Inspection fees   | 135                 | -                   | -                   |
| Total revenues  | <u>7,919,648</u>    | <u>1,707,495</u>    | <u>2,031,226</u>    |
| TRANSFERS IN  | <u>62,000</u>       | <u>51,000</u>       | <u>51,000</u>       |
| Total funds available   | <u>10,579,134</u>   | <u>4,813,831</u>    | <u>4,589,078</u>    |
| EXPENDITURES  |                     |                     |                     |
| General Fund  | 151,942             | 233,500             | 846,000             |
| Debt Service Fund   | 6,877,863           | 1,476,395           | 995,232             |
| Special Revenue Fund  | -                   | 17,459              | 9,600               |
| Enterprise Fund   | 431,993             | 528,525             | 696,000             |
| Total expenditures  | <u>7,461,798</u>    | <u>2,255,879</u>    | <u>2,546,832</u>    |
| TRANSFERS OUT   | <u>62,000</u>       | <u>51,100</u>       | <u>51,000</u>       |
| Total expenditures and transfers out<br>requiring appropriation | <u>7,523,798</u>    | <u>2,306,979</u>    | <u>2,597,832</u>    |
| ENDING FUND BALANCES  | <u>\$ 3,055,336</u> | <u>\$ 2,506,852</u> | <u>\$ 1,991,246</u> |
| EMERGENCY RESERVE   | \$ 13,900           | \$ 14,100           | \$ 15,500           |
| AVAILABLE FOR OPERATIONS  | 1,720,605           | 1,902,770           | 1,520,264           |
| O&M RESERVE   | 22,750              | 22,750              | 22,750              |
| TOTAL RESERVE   | <u>\$ 1,757,255</u> | <u>\$ 1,939,620</u> | <u>\$ 1,558,514</u> |

No assurance provided. See summary of significant assumptions.



**FALCON HIGHLANDS METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

| ACTUAL | ESTIMATED | BUDGET |
|--------|-----------|--------|
| 2022   | 2023      | 2024   |

**ASSESSED VALUATION**

|                          |               |               |               |
|--------------------------|---------------|---------------|---------------|
| Residential              | \$ 10,523,920 | \$ 10,237,040 | \$ 12,801,940 |
| Commercial               | 10,069,500    | 10,247,650    | 13,405,450    |
| Agricultural             | 4,100         | -             |               |
| State assessed           | 664,210       | 633,420       | 539,820       |
| Vacant land              | 2,017,020     | 1,763,820     | 2,460,200     |
| Certified Assessed Value | \$ 23,278,750 | \$ 22,881,930 | \$ 29,207,410 |

**MILL LEVY**

|                       |        |        |        |
|-----------------------|--------|--------|--------|
| General               | 6.596  | 5.708  | 5.521  |
| Debt Service          | 39.574 | 34.248 | 33.127 |
| Refund and abatements | 1.488  | 0.757  | 0.107  |
| Total mill levy       | 47.658 | 40.713 | 38.755 |

**PROPERTY TAXES**

|                                |              |            |              |
|--------------------------------|--------------|------------|--------------|
| General                        | \$ 153,547   | \$ 130,610 | \$ 161,254   |
| Debt Service                   | 921,233      | 783,660    | 967,554      |
| Refund and abatements          | 34,639       | 17,322     | 3,125        |
| Levied property taxes          | 1,109,419    | 931,592    | 1,131,933    |
| Adjustments to actual/rounding | (905)        | -          | -            |
| Refunds and abatements         | (17,406)     | (5,980)    | -            |
| Budgeted property taxes        | \$ 1,091,108 | \$ 925,612 | \$ 1,131,933 |

**BUDGETED PROPERTY TAXES**

|                     |                     |                   |                     |
|---------------------|---------------------|-------------------|---------------------|
| <b>General</b>      | <b>\$ 185,091</b>   | <b>\$ 146,982</b> | <b>\$ 161,701</b>   |
| <b>Debt Service</b> | <b>906,017</b>      | <b>778,630</b>    | <b>970,232</b>      |
|                     | <b>\$ 1,091,108</b> | <b>\$ 925,612</b> | <b>\$ 1,131,933</b> |

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
GENERAL FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

|   | ACTUAL<br>2022      | ESTIMATED<br>2023   | BUDGET<br>2024      |
|---|---------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES   | \$ 1,485,557        | \$ 1,734,505        | \$ 1,916,870        |
| REVENUES  |                     |                     |                     |
| Property taxes  | 185,080             | 146,982             | 161,701             |
| Specific ownership taxes  | 115,354             | 94,102              | 113,193             |
| Interest income   | 29,328              | 90,000              | 100,000             |
| Maintenance fees  | 132,578             | 135,000             | 140,000             |
| Other revenue   | 550                 | 881                 | 1,000               |
| Total revenues  | <u>462,890</u>      | <u>466,965</u>      | <u>515,894</u>      |
| Total funds available   | <u>1,948,447</u>    | <u>2,201,470</u>    | <u>2,432,764</u>    |
| EXPENDITURES  |                     |                     |                     |
| General and administrative                                      |                     |                     |                     |
| Accounting  | 22,922              | 30,000              | 40,000              |
| Auditing  | 8,500               | 8,500               | 9,300               |
| County Treasurer's fee  | 2,823               | 2,219               | 2,426               |
| Directors' fees   | 2,600               | 3,000               | 3,000               |
| Insurance and bonds   | 9,127               | 10,268              | 12,000              |
| District management   | 52,162              | 60,000              | 69,000              |
| Legal services  | 28,941              | 45,000              | 49,000              |
| Miscellaneous   | 146                 | 1,000               | 5,000               |
| Payroll wages and taxes   | 199                 | 230                 | 230                 |
| Election expense  | 2,260               | 2,283               | -                   |
| Repairs and maintenance   | -                   | 5,000               | 10,000              |
| Professional Services   | -                   | 2,500               | 5,000               |
| Landscape maintenance   | 7,869               | 20,000              | 22,000              |
| Park improvements   | -                   | 5,000               | 10,000              |
| General improvements  | -                   | 6,000               | 12,000              |
| Utilities   | 14,393              | 15,000              | 25,000              |
| Operating expense   | -                   | -                   | -                   |
| Equipment expense   | -                   | 2,500               | 10,000              |
| Trail maintenance   | -                   | 2,500               | 10,000              |
| Storm drainage  | -                   | 12,500              | 25,000              |
| Contingency   | -                   | -                   | 527,044             |
| Total expenditures  | <u>151,942</u>      | <u>233,500</u>      | <u>846,000</u>      |
| TRANSFERS OUT   |                     |                     |                     |
| Transfers to other fund   | <u>62,000</u>       | <u>51,100</u>       | <u>51,000</u>       |
| Total expenditures and transfers out<br>requiring appropriation | <u>213,942</u>      | <u>284,600</u>      | <u>897,000</u>      |
| ENDING FUND BALANCES  | <u>\$ 1,734,505</u> | <u>\$ 1,916,870</u> | <u>\$ 1,535,764</u> |
| EMERGENCY RESERVE   | <u>\$ 13,900</u>    | <u>\$ 14,100</u>    | <u>\$ 15,500</u>    |
| TOTAL RESERVE   | <u>\$ 13,900</u>    | <u>\$ 14,100</u>    | <u>\$ 15,500</u>    |

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

|   | ACTUAL<br>2022  | ESTIMATED<br>2023 | BUDGET<br>2024 |
|---|-----------------|-------------------|----------------|
| BEGINNING FUND BALANCES   | \$ 301          | \$ 8,059          | \$ -           |
| REVENUES  |                 |                   |                |
| Conservation Trust proceeds                                     | 7,674           | 8,900             | 9,000          |
| Interest income   | 84              | 500               | 600            |
| Total revenues  | <u>7,758</u>    | <u>9,400</u>      | <u>9,600</u>   |
| <br>  |                 |                   |                |
| Total funds available   | <u>8,059</u>    | <u>17,459</u>     | <u>9,600</u>   |
| EXPENDITURES  |                 |                   |                |
| Repairs and maintenance   | -               | 17,459            | 9,600          |
| Total expenditures  | <u>-</u>        | <u>17,459</u>     | <u>9,600</u>   |
| <br>  |                 |                   |                |
| Total expenditures and transfers out<br>requiring appropriation | <u>-</u>        | <u>17,459</u>     | <u>9,600</u>   |
| ENDING FUND BALANCES  | <u>\$ 8,059</u> | <u>\$ -</u>       | <u>\$ -</u>    |

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

|   | ACTUAL<br>2022 | ESTIMATED<br>2023 | BUDGET<br>2024 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES   | \$ 728,939     | \$ 676,765        | \$ -           |
| <b>REVENUES</b>   |                |                   |                |
| Property taxes  | 906,028        | 778,630           | 970,232        |
| Interest income   | 14,661         | 21,000            | 25,000         |
| Other revenue   | 25,000         | -                 | -              |
| Bond proceeds   | 5,880,000      | -                 | -              |
| Total revenues  | 6,825,689      | 799,630           | 995,232        |
| Total funds available   | 7,554,628      | 1,476,395         | 995,232        |
| <b>EXPENDITURES</b>   |                |                   |                |
| County Treasurer's fee  | 13,821         | 11,755            | 14,553         |
| Miscellaneous   | 27,400         | -                 | -              |
| Paying agent fees   | 28,750         | 7,500             | 7,500          |
| Refunded bond escrow  | 5,880,000      | -                 | -              |
| Bond issue costs  | 483,900        | -                 | -              |
| Contingency   | -              | -                 | 10,202         |
| Bond interest Series 2004                                       | 224,175        | -                 | -              |
| Bond interest Series 2022                                       | 49,817         | 285,250           | 283,000        |
| Bond interest Series 2007                                       | -              | 1,126,890         | 629,977        |
| Bond principal Series 2022                                      | 170,000        | 45,000            | 50,000         |
| Total expenditures  | 6,877,863      | 1,476,395         | 995,232        |
| Total expenditures and transfers out<br>requiring appropriation | 6,877,863      | 1,476,395         | 995,232        |
| ENDING FUND BALANCES  | \$ 676,765     | \$ -              | \$ -           |

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
ENTERPRISE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/24

|   | ACTUAL<br>2022 | ESTIMATED<br>2023 | BUDGET<br>2024 |
|---|----------------|-------------------|----------------|
| BEGINNING FUNDS AVAILABLE                                       | \$ 382,689     | \$ 636,007        | \$ 589,982     |
| <b>REVENUES</b>   |                |                   |                |
| Facility fees   | 68,264         | -                 | -              |
| Interest income   | 6,420          | 25,000            | 30,000         |
| Other revenue   | 31,818         | 3,000             | 5,000          |
| Water treatment fees  | 117,231        | 119,000           | 121,000        |
| Administrative fees   | 84,007         | 83,500            | 85,500         |
| Water usage fees  | 238,526        | 200,000           | 264,000        |
| Penalties   | 3,690          | 1,000             | 5,000          |
| Meter fees  | 2,001          | -                 | -              |
| Water tap fees  | 70,000         | -                 | -              |
| O&M fees  | 1,219          | -                 | -              |
| Inspection fees   | 135            | -                 | -              |
| Total revenues  | 623,311        | 431,500           | 510,500        |
| <b>TRANSFERS IN</b>   |                |                   |                |
| Transfers from other funds                                      | 62,000         | 51,000            | 51,000         |
| Total funds available   | 1,068,000      | 1,118,507         | 1,151,482      |
| <b>EXPENDITURES</b>   |                |                   |                |
| General and administrative                                      |                |                   |                |
| Accounting  | 28,721         | 30,000            | 50,000         |
| Dues and membership   | 845            | 872               | 1,500          |
| Insurance and bonds   | 13,691         | 15,403            | 16,500         |
| District management   | 67,069         | 75,000            | 86,250         |
| Legal / litigation  | 37,946         | 62,000            | 62,000         |
| Miscellaneous   | 1,000          | -                 | 2,500          |
| Security  | 6,369          | 7,500             | 7,500          |
| Repairs and maintenance   | 12,775         | 10,000            | 25,000         |
| Professional Services   | 36,962         | 30,000            | 50,000         |
| Utilities   | 81,986         | 75,000            | 105,000        |
| Operating expense   | 22,732         | 35,000            | 35,000         |
| Supplies treatment facility                                     | 12,750         | 10,000            | 15,000         |
| Utility billing   | 54,014         | 85,000            | 85,000         |
| Telephone   | 886            | 1,500             | 1,500          |
| Utility locates   | 3,874          | 1,250             | 5,000          |
| Woodman Hills contract  | 44,371         | 65,000            | 65,000         |
| Bond issue costs  | -              | -                 | -              |
| Capital outlay  | 6,002          | 25,000            | 75,000         |
| Contingency   | -              | -                 | 8,250          |
| Total expenditures  | 431,993        | 528,525           | 696,000        |
| Total expenditures and transfers out<br>requiring appropriation | 431,993        | 528,525           | 696,000        |
| ENDING FUNDS AVAILABLE  | \$ 636,007     | \$ 589,982        | \$ 455,482     |
| O&M RESERVE   | \$ 22,750      | \$ 22,750         | \$ 22,750      |
| TOTAL RESERVE   | \$ 22,750      | \$ 22,750         | \$ 22,750      |

No assurance provided. See summary of significant assumptions.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
2024 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  
2024 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.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

| <b>Category</b>           | <b>Rate</b> |  | <b>Category</b>       | <b>Rate</b> |  | <b>Actual Value Reduction</b> | <b>Amount</b> |
|---------------------------|-------------|--|-----------------------|-------------|--|-------------------------------|---------------|
| Single-Family Residential | 6.70%       |  | Agricultural Land     | 26.40%      |  | Single-Family Residential     | \$55,000      |
| Multi-Family Residential  | 6.70%       |  | Renewable Energy Land | 26.40%      |  | Multi-Family Residential      | \$55,000      |
| Commercial                | 27.90%      |  | Vacant Land           | 27.90%      |  | Commercial                    | \$30,000      |
| Industrial                | 27.90%      |  | Personal Property     | 27.90%      |  | Industrial                    | \$30,000      |
| Lodging                   | 27.90%      |  | State Assessed        | 27.90%      |  | Lodging                       | \$30,000      |
|                           |             |  | Oil & Gas Production  | 87.50%      |  |                               |               |

**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 2024.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**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 2024.

**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**

Principal and interest payments on the District's senior obligations are provided based on the Schedule of Senior Debt Service Requirements to Maturity. The District anticipates issuing revenue bonds in 2024.



**FALCON HIGHLANDS METROPOLITAN DISTRICT  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**\$5,880,000 General Obligation Refunding Bonds, Series 2022**

On September 30, 2022, the District issued the Series 2022 Senior Bonds, in the amount of \$5,880,000. Proceeds from the sale of the Series 2022 Senior Bonds were used to refund the 2004A Senior Bonds. The Series 2022 Senior Bonds bears interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on December 1, 2022. Annual mandatory fund principal payments are due on December 1, beginning on December 1, 2022. The Series 2022 Senior Bonds mature on December 1, 2052. To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate borne by the Series 2022 Senior Bond. To the extent interest on any Series 2022 Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date, at the rate then borne by the Series 2022 Senior Bond. All of Series 2022 Senior Bonds and interest thereon are to be deemed to be paid and discharged on December 2, 2061 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date.

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

On February 27, 2007, the District issued the \$4,935,000 General Obligation Limited Tax Subordinate Bonds, Series 2007 (the Series 2007 Bonds). The Indenture of Trust dated June, 1 2004 was amended and restated on September 1, 2022. The Series 2007 Bonds were issued for the following purposes: (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 20 months of capitalized interest on the Series 2007 Bonds; and (iv) to pay the issuance expenses and underwriter's fees with respect to the Series 2007 Bonds.

On September 1, 2022, the District entered into the Amended and Restated Indenture of Trust related to the Series 2007 Subordinate Bonds. The details related to the Amended and Restated Indenture of Trust are as follows:

The Bonds are dated February 27, 2007, bear interest at 8.50% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable, to the extent of Subordinate Pledged Revenue available, semi-annually on June 15 and December 15. The first interest payment date on the Bonds following the Amended and Restated Indenture of Trust is on December 15, 2022. The Bonds mature on December 15, 2036.

To the extent principal of any Bond is not paid when due, principal shall remain outstanding until the earlier of its payment or the Termination Date and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bond.

The Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 16, 2047 (the Termination Date), regardless of the principal and interest amounts remaining unpaid.

The annual debt service requirements on the Series 2007 Bonds are not currently determinable since they are paid only from available Subordinate Pledged Revenue.

The District has no material operating or capital leases.

**FALCON HIGHLANDS METROPOLITAN DISTRICT  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

|                              | Balance at<br>December 31,<br>2022 | Additions           | Reductions          | Balance at<br>December 31,<br>2023  |
|------------------------------|------------------------------------|---------------------|---------------------|-------------------------------------|
| Series 2007 Bond             | \$ 4,935,000                       | \$ -                | \$ -                | \$ 4,935,000                        |
| Series 2007 Accrued Interest | 11,071,462                         | 1,358,220           | 1,126,890           | 11,302,792                          |
| Total                        | <u>\$ 16,006,462</u>               | <u>\$ 1,358,220</u> | <u>\$ 1,126,890</u> | <u>\$ 16,237,792</u>                |
|                              | Balance at<br>December 31,<br>2023 | Additions           | Reductions          | Balance at<br>December 31,<br>2024* |
| Series 2007 Bond             | \$ 4,935,000                       | \$ -                | \$ -                | \$ 4,935,000                        |
| Series 2007 Accrued Interest | 11,302,792                         | 1,370,383           | 629,977             | 12,043,198                          |
| Total                        | <u>\$ 16,237,792</u>               | <u>\$ 1,370,383</u> | <u>\$ 629,977</u>   | <u>\$ 16,978,198</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 2024, 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, 2024**

**\$5,880,000**  
**General Obligation Refunding Bonds**  
**Dated September 30, 2022**  
**Series 2022**  
**Interest Rate of 5.000%**  
**June 1 and December 1**

| <b>Year Ending<br/>December 31,</b> | <b>Principal</b>    | <b>Interest</b>     | <b>Total</b>         |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2024                                | \$ 50,000           | \$ 283,250          | \$ 333,250           |
| 2025                                | 60,000              | 280,750             | 340,750              |
| 2026                                | 70,000              | 277,750             | 347,750              |
| 2027                                | 75,000              | 274,250             | 349,250              |
| 2028                                | 85,000              | 270,500             | 355,500              |
| 2029                                | 85,000              | 266,250             | 351,250              |
| 2030                                | 100,000             | 262,000             | 362,000              |
| 2031                                | 105,000             | 257,000             | 362,000              |
| 2032                                | 115,000             | 251,750             | 366,750              |
| 2033                                | 120,000             | 246,000             | 366,000              |
| 2034                                | 135,000             | 240,000             | 375,000              |
| 2035                                | 140,000             | 233,250             | 373,250              |
| 2036                                | 155,000             | 226,225             | 381,225              |
| 2037                                | 160,000             | 218,500             | 378,500              |
| 2038                                | 175,000             | 210,500             | 385,500              |
| 2039                                | 185,000             | 201,750             | 386,750              |
| 2040                                | 200,000             | 192,500             | 392,500              |
| 2041                                | 210,000             | 182,500             | 392,500              |
| 2042                                | 230,000             | 172,000             | 402,000              |
| 2043                                | 240,000             | 160,500             | 400,500              |
| 2044                                | 260,000             | 148,500             | 408,500              |
| 2045                                | 270,000             | 135,500             | 405,500              |
| 2046                                | 290,000             | 122,000             | 412,000              |
| 2047                                | 305,000             | 107,500             | 412,500              |
| 2048                                | 330,000             | 92,250              | 422,250              |
| 2049                                | 345,000             | 75,750              | 420,750              |
| 2050                                | 370,000             | 58,500              | 428,500              |
| 2051                                | 390,000             | 40,000              | 430,000              |
| 2052                                | 410,000             | 20,500              | 430,500              |
|                                     | <u>\$ 5,665,000</u> | <u>\$ 5,507,725</u> | <u>\$ 11,172,725</u> |

No assurance provided. See summary of significant assumptions.