

**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 2022	ESTIMATED 2023	BUDGET 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 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 2022	ESTIMATED 2023	BUDGET 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 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 2022	ESTIMATED 2023	BUDGET 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>
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>
Total expenditures and transfers out 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 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 728,939	\$ 676,765	\$ -
REVENUES			
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
EXPENDITURES			
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 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 2022	ESTIMATED 2023	BUDGET 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 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 December 31, 2022	Additions	Reductions	Balance at December 31, 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 December 31, 2023	Additions	Reductions	Balance at December 31, 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**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.