

**Falcon Highlands Metropolitan District  
Financial Statement Variances  
February 28, 2017**

**Accounts Receivable as of 02/28/17 totals \$41,392 with past due amounts of:**

- Over 90 days - \$5,070 made up of 20 customers
- Over 60 days - \$987 made up of 9 customers
- Credit balances – (\$4,243) made up of 29 customers

**Property Taxes Collected**

1. The 2017 collections through February are at 42.43% of the total amount levied compared to 41.71% at this time last year.

**General Fund**

1. Annual insurance premiums were paid in full for year.
2. Overall, the total General Fund expenditures are at 11% of budget.

**Conservation Trust Fund**

1. As of February 28, 2017, the District has not received any 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 were paid and are on budget.
2. Overall, the total Enterprise Fund expenditures are at 14% of budget.

**Cash and Investments**

As of April 5, 2017 the available cash and investments are as follows:

1. General Fund: \$551,731.22
2. Debt Service Fund: \$1,092,580.61 of which \$852,593.68 is the Reserve Fund
3. Enterprise Fund: \$305,148.34
4. Conservation Trust Fund: \$9,792.61

FALCON HIGHLANDS METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

FEBRUARY 28, 2017

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CliftonLarsonAllen LLP  
CLAconnect.com

## Accountant's Compilation Report

Board of Directors  
Falcon Highlands Metropolitan District  
El Paso County, Colorado

Management is responsible for the accompanying financial statements of Falcon Highlands Metropolitan District, which comprise the balance sheet - governmental funds and the Enterprise Fund presented as governmental fund as of February 28, 2017, and the related statement of revenues, expenditures and changes in fund balances - budget and actual for the period from January 01, 2017 through February 28, 2017, for the General Fund in accordance with accounting principles generally accepted in the United States of America, presented as comparative information in the statement of revenues, expenditures, and changes in fund balances - budget and actual for the General Fund. We have performed a compilation engagement of the historical financial statements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the historical financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these historical financial statements.

The accompanying annual budget information of Falcon Highlands Metropolitan District for the year ending December 31, 2017, that is presented in comparison with the historical statement of revenues, expenditures and changes in fund balance has not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on it.

Management has elected to omit the government-wide financial statements, the statement of revenues, expenditures and changes in fund balances - governmental funds, the statement of net position, the statement of revenues, expenses and changes in net position, the management discussion and analysis, the statement of cash flows, and substantially all of the disclosures required by accounting principles generally accepted in the United States of America for historical financial statements and the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted statements and disclosures were included in the historical financial statements, and the omitted summaries were included in the annual budget information, they might influence the user's conclusions about the district's financial position, results of operations, and budgeted revenues and expenditures. Accordingly, these historical financial statements and the annual budget information are not designed for those who are not informed about such matters.

The supplementary information and the supplementary budget information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on the supplementary information and the supplementary budget information.

We are not independent with respect to Falcon Highlands Metropolitan District.

Greenwood Village, Colorado  
April 06, 2017

FALCON HIGHLANDS METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
FEBRUARY 28, 2017

	General	Debt Service	Conservation Trust	Enterprise	Total
<b>ASSETS</b>					
Bond Fund - Series 2004A	\$ -	\$ 28	\$ -	\$ -	\$ 28
C - Safe	478,218	6,211	-	48,639	533,068
Capitalized Interest - Series 2007 Subordinate	-	10,142	-	-	10,142
Cash - 1st Bank	19,516	-	-	-	19,516
Cash - Checking	25,055	-	8,802	269,309	303,166
Construction Fund - Series 2004A	-	678	-	-	678
Construction Fund - Series 2007 Subordinate	-	33	-	-	33
Escrow Fund - Series 2004A	-	703	-	-	703
Reserve Fund - Series 2004A	-	852,594	-	-	852,594
Accounts receivable	12,131	-	-	29,261	41,392
Receivable from County Treasurer	43,413	222,193	-	-	265,606
Accumulated depreciation	-	-	-	(2,424,536)	(2,424,536)
Equipment and systems	-	-	-	5,928,006	5,928,006
Vehicles	-	-	-	40,659	40,659
Water rights	-	-	-	402,786	402,786
<b>TOTAL ASSETS</b>	<b><u>\$ 578,333</u></b>	<b><u>\$ 1,092,582</u></b>	<b><u>\$ 8,802</u></b>	<b><u>\$ 4,294,124</u></b>	<b><u>\$ 5,973,841</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ 11,329	\$ -	\$ -	\$ 47,887	\$ 59,216
<b>TOTAL LIABILITIES</b>	<b><u>11,329</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>47,887</u></b>	<b><u>59,216</u></b>
<b>FUND BALANCES</b>					
Fund balances	<u>567,004</u>	<u>1,092,582</u>	<u>8,802</u>	<u>4,246,237</u>	<u>5,914,625</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 578,333</u></b>	<b><u>\$ 1,092,582</u></b>	<b><u>\$ 8,802</u></b>	<b><u>\$ 4,294,124</u></b>	<b><u>\$ 5,973,841</u></b>

These financial statements should be read only in connection with the accompanying accountant's compilation report.

FALCON HIGHLANDS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2017

GENERAL FUND

	Annual Budget	Year to Date Actual	Variance
<b>REVENUE</b>			
Interest income	\$ 3,500	\$ 651	\$ (2,849)
Maintenance fees	131,000	21,753	(109,247)
Property taxes	91,089	38,647	(52,442)
Specific ownership taxes	70,138	12,851	(57,287)
<b>TOTAL REVENUE</b>	<u>295,727</u>	<u>73,902</u>	<u>(221,825)</u>
<b>EXPENDITURES</b>			
Accounting	32,000	5,597	26,403
Auditing	8,500	-	8,500
Bond council	30,000	-	30,000
Contingency	10,903	-	10,903
County Treasurer's fee	1,366	580	786
Directors' fees	4,000	800	3,200
District management	25,000	6,600	18,400
Engineering	5,000	-	5,000
Equipment expense	10,000	-	10,000
Fuel	1,200	176	1,024
General improvements	20,000	-	20,000
Insurance and bonds	8,800	8,057	743
John Deere Mower 2013 - Interest	65	16	49
John Deere Mower 2013 - Principal	1,666	273	1,393
Landscape maintenance	2,000	-	2,000
Legal services	40,000	7,253	32,747
Miscellaneous	3,000	754	2,246
Monuments	30,000	-	30,000
Parks equipment	20,000	-	20,000
Payroll - wages and taxes	28,000	3,939	24,061
Repairs and maintenance	10,000	-	10,000
Sidewalk improvements	20,000	-	20,000
Utilities - street lights	15,500	2,282	13,218
<b>TOTAL EXPENDITURES</b>	<u>327,000</u>	<u>36,327</u>	<u>290,673</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(31,273)</b>	<b>37,575</b>	<b>68,848</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(31,273)</b>	<b>37,575</b>	<b>68,848</b>
<b>FUND BALANCE - BEGINNING</b>	<u>466,721</u>	<u>529,427</u>	<u>62,706</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 435,448</u>	<u>\$ 567,002</u>	<u>\$ 131,554</u>

These financial statements should be read only in connection with the accompanying accountant's compilation report.

FALCON HIGHLANDS METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2017

CONSERVATION TRUST FUND

	Annual Budget	Year to Date Actual	Variance
REVENUE			
Conservation Trust proceeds	\$ 6,000	\$ -	\$ (6,000)
TOTAL REVENUE	6,000	-	(6,000)
EXPENDITURES			
Contingency	15,027	-	15,027
TOTAL EXPENDITURES	15,027	-	15,027
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(9,027)	-	9,027
OTHER FINANCING SOURCES (USES)			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(9,027)	-	9,027
FUND BALANCE - BEGINNING	9,027	8,802	(225)
FUND BALANCE - ENDING	\$ -	\$ 8,802	\$ 8,802

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FALCON HIGHLANDS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2017

	Year to Date Actual	Prior Year to Date Actual	Variance
<b>OPERATING REVENUES</b>			
Administrative fees	\$ 13,599	\$ 13,695	\$ (96)
Other revenue	-	348	(348)
Penalties	980	1,000	(20)
Water treatment fees	19,219	19,383	(164)
Water usage fees	23,415	21,964	1,451
Total operating revenues	<u>57,213</u>	<u>56,390</u>	<u>823</u>
<b>OPERATING EXPENDITURES</b>			
Accounting	6,996	5,691	(1,305)
Depreciation expense	20,879	34,356	13,477
District management	9,239	6,933	(2,306)
Dues and membership	275	275	-
Engineering	12,640	13,426	786
Fuel	219	38	(181)
Insurance and bonds	12,817	13,032	215
Legal services	6,425	6,550	125
Operating expense	3,818	707	(3,111)
Payroll - wages and taxes	8,582	7,972	(610)
Repairs and maintenance	5,484	41	(5,443)
Security	1,019	945	(74)
Supplies - treatment facility	915	582	(333)
Telephone	515	450	(65)
Utilities - street lights	8,046	6,169	(1,877)
Utility billing	8,186	4,474	(3,712)
Utility locates	45	34	(11)
Total operating expenses	<u>106,100</u>	<u>101,675</u>	<u>(4,425)</u>
Operating income (loss)	(48,887)	(45,285)	3,602
<b>OTHER FINANCING SOURCES (USES)</b>			
Total non-operating revenues (expenses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>CHANGE IN NET POSITION</b>	(48,887)	(45,285)	3,602
<b>TOTAL NET POSITION - BEGINNING</b>	<u>4,295,123</u>	<u>4,401,217</u>	<u>106,094</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 4,246,236</u>	<u>\$ 4,355,932</u>	<u>\$ 109,696</u>

This financial information should be read only in connection with the accompanying accountant's compilation report.

SUPPLEMENTARY INFORMATION

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FALCON HIGHLANDS METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2017

DEBT SERVICE FUND

	Annual Budget	Year to Date Actual	Variance
REVENUE			
Interest income	\$ 2,500	\$ 470	\$ (2,030)
Property taxes	546,533	231,881	(314,652)
TOTAL REVENUE	549,033	232,351	(316,682)
EXPENDITURES			
Bond interest	521,169	-	521,169
Bond principal	165,000	-	165,000
Contingency	3,633	-	3,633
County Treasurer's fee	8,198	3,478	4,720
Paying agent fees	15,000	-	15,000
TOTAL EXPENDITURES	713,000	3,478	709,522
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(163,967)	228,873	392,840
OTHER FINANCING SOURCES (USES)			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(163,967)	228,873	392,840
FUND BALANCE - BEGINNING	857,381	863,709	6,328
FUND BALANCE - ENDING	\$ 693,414	\$ 1,092,582	\$ 399,168

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FALCON HIGHLANDS METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND AVAILABLE - BUDGET AND ACTUAL  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2017

ENTERPRISE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Administrative fees	\$ 81,500	\$ 13,599	\$ (67,901)
Penalties	6,000	980	(5,020)
Water treatment fees	115,500	19,219	(96,281)
Water usage fees	<u>260,000</u>	<u>23,415</u>	<u>(236,585)</u>
<b>TOTAL REVENUE</b>	<u>463,000</u>	<u>57,213</u>	<u>(405,787)</u>
<b>EXPENDITURES</b>			
Accounting	40,000	6,996	33,004
Capital outlay	100,000	-	100,000
Contingency	6,400	-	6,400
District management	35,000	9,239	25,761
Dues and membership	1,000	275	725
Engineering	90,000	12,640	77,360
Equipment expense	500	-	500
Fuel	1,500	219	1,281
Insurance and bonds	14,000	12,817	1,183
Legal services	74,000	6,425	67,575
Miscellaneous	1,000	-	1,000
Operating expense	12,000	3,818	8,182
Payroll - wages and taxes	61,000	8,582	52,418
Permits - fees	1,000	-	1,000
Repairs and maintenance	30,000	5,484	24,516
Security	6,100	1,019	5,081
Small tools and supplies	1,500	-	1,500
Supplies - treatment facility	20,000	915	19,085
Telephone	3,000	515	2,485
Utilities - street lights	85,000	8,046	76,954
Utility billing	35,000	8,186	26,814
Utility locates	<u>1,000</u>	<u>45</u>	<u>955</u>
<b>TOTAL EXPENDITURES</b>	<u>619,000</u>	<u>85,221</u>	<u>533,779</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	(156,000)	(28,008)	127,992
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	_____	_____	_____
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	(156,000)	(28,008)	127,992
<b>FUNDS AVAILABLE - BEGINNING</b>	<u>254,899</u>	<u>327,329</u>	<u>(72,430)</u>
<b>FUNDS AVAILABLE - ENDING</b>	<u>\$ 98,899</u>	<u>\$ 299,321</u>	<u>\$ 55,562</u>

This supplementary information should be read only in connection with the accompanying accountant's compilation report.

**FALCON HIGHLANDS METROPOLITAN DISTRICT**  
**Schedule of Cash Position**  
**February 28, 2017**  
**Updated as of April 5, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Conservation Trust Fund</u>	<u>Total</u>
<b><u>Wells Fargo - Checking</u></b>					
Balance as of February 28, 2017	\$ 25,055.44	\$ -	\$ 269,308.54	\$ 8,801.50	\$ 303,165.48
<i>Subsequent activities:</i>					
March directors fees and taxes	(907.65)	-	-	-	(907.65)
March payroll and taxes	(1,810.67)	-	(4,224.89)	-	(6,035.56)
March service receipts	-	-	40,243.18	-	40,243.18
March vouchers payable	(11,329.14)	-	(48,817.97)	-	(60,147.11)
March CTF deposit	-	-	-	991.11	991.11
<b>Anticipated Balance</b>	<u>11,007.98</u>	<u>-</u>	<u>256,508.86</u>	<u>9,792.61</u>	<u>277,309.45</u>
<b><u>CSAFE</u></b>					
Balance as of February 28, 2017	478,218.16	6,210.54	48,639.48	-	533,068.18
<i>Subsequent activities:</i>					
03/10/17 - February property/SO taxes	43,412.52	222,192.61	-	-	265,605.13
Anticipated transfer to UMB	-	(228,403.15)	-	-	(228,403.15)
<b>Anticipated Balance</b>	<u>521,630.68</u>	<u>-</u>	<u>48,639.48</u>	<u>-</u>	<u>570,270.16</u>
<b><u>1st Bank - Debit Card</u></b>					
Balance as of February 28, 2017	19,515.78	-	-	-	19,515.78
<i>Subsequent activities:</i>					
03/16/17 - El Paso County Health	(84.00)	-	-	-	(84.00)
03/22/17 - Vehicle Registration	(177.68)	-	-	-	(177.68)
03/24/17 - Blue Star Recyclers	(161.54)	-	-	-	(161.54)
<b>Anticipated Balance</b>	<u>19,092.56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,092.56</u>
<b><u>US Bank Series 2004 Reserve Fund</u></b>					
Balance as of February 28, 2017	-	852,593.68	-	-	852,593.68
<b>Anticipated Balance</b>	<u>-</u>	<u>852,593.68</u>	<u>-</u>	<u>-</u>	<u>852,593.68</u>
<b><u>US Bank Series 2004 Bond Fund</u></b>					
Balance as of February 28, 2017	-	28.09	-	-	28.09
<i>Subsequent activities:</i>					
Anticipated transfer from CSAFE	-	228,403.15	-	-	228,403.15
<b>Anticipated Balance</b>	<u>-</u>	<u>228,431.24</u>	<u>-</u>	<u>-</u>	<u>228,431.24</u>
<b><u>US Bank Series 2004 Construction Fund</u></b>					
Balance as of February 28, 2017	-	678.11	-	-	678.11
<b>Anticipated Balance</b>	<u>-</u>	<u>678.11</u>	<u>-</u>	<u>-</u>	<u>678.11</u>
<b><u>US Bank Series 2004 Escrow Fund</u></b>					
Balance as of February 28, 2017	-	703.15	-	-	703.15
<b>Anticipated Balance</b>	<u>-</u>	<u>703.15</u>	<u>-</u>	<u>-</u>	<u>703.15</u>
<b><u>US Bank Series 2007 Sub Bond Capitalized Interest</u></b>					
Balance as of February 28, 2017	-	10,141.70	-	-	10,141.70
<b>Anticipated Balance</b>	<u>-</u>	<u>10,141.70</u>	<u>-</u>	<u>-</u>	<u>10,141.70</u>
<b><u>US Bank Series 2007 Sub Bond Construction Fund</u></b>					
Balance as of February 28, 2017	-	32.73	-	-	32.73
<b>Anticipated Balance</b>	<u>-</u>	<u>32.73</u>	<u>-</u>	<u>-</u>	<u>32.73</u>
<b>Anticipated Balances</b>	<u>\$ 551,731.22</u>	<u>\$ 1,092,580.61</u>	<u>\$ 305,148.34</u>	<u>\$ 9,792.61</u>	<u>\$ 1,959,252.78</u>

**Yield information (as of 02/28/17):**

US Bank MM - 0.02%

CSAFE - 0.80%

**FALCON HIGHLANDS METROPOLITAN DISTRICT**  
**Property Taxes Reconciliation**  
**2017**

	Current Year							Prior Year				
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
								Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 7,355.96	\$ -	\$ 6,471.00	\$ -	\$ (110.34)	-	\$ 13,716.62	1.15%	1.15%	\$ 8,159.54	0.38%	0.38%
February	263,172.37	-	6,380.35	-	(3,947.59)	-	265,605.13	41.27%	42.43%	267,387.32	41.34%	41.71%
March	-	-	-	-	-	-	-	0.00%	42.43%	31,173.50	3.94%	45.66%
April	-	-	-	-	-	-	-	0.00%	42.43%	44,780.35	6.17%	51.83%
May	-	-	-	-	-	-	-	0.00%	42.43%	132,477.60	19.99%	71.81%
June	-	-	-	-	-	-	-	0.00%	42.43%	155,815.86	23.66%	95.48%
July	-	-	-	-	-	-	-	0.00%	42.43%	20,913.14	2.29%	97.76%
August	-	-	-	-	-	-	-	0.00%	42.43%	19,792.00	2.04%	99.81%
September	-	-	-	-	-	-	-	0.00%	42.43%	6,353.89	0.00%	99.81%
October	-	-	-	-	-	-	-	0.00%	42.43%	7,444.76	0.06%	99.87%
November	-	-	-	-	-	-	-	0.00%	42.43%	6,527.46	0.00%	99.87%
December	-	-	-	-	-	-	-	0.00%	42.43%	6,422.95	0.00%	99.87%
	\$ 270,528.33	\$ -	\$ 12,851.35	\$ -	\$ (4,057.93)	\$ -	\$ 279,321.75	42.43%	42.43%	\$ 707,248.37	99.87%	99.87%

Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
\$ 91,089	14.29%	\$ 38,646.96	42.43%
546,533	85.71%	231,881.37	42.43%
<b>637,622</b>	<b>100.00%</b>	<b>\$ 270,528.33</b>	<b>42.43%</b>

**Property Tax**

General Fund	\$ 91,089	14.29%	\$ 38,646.96	42.43%
Debt Service Fund	546,533	85.71%	231,881.37	42.43%
<b>Total</b>	<b>637,622</b>	<b>100.00%</b>	<b>\$ 270,528.33</b>	<b>42.43%</b>

**Specific Ownership Tax**

General Fund	70,138	100.00%	\$ 12,851.35	18.32%
<b>Total</b>	<b>70,138</b>	<b>100.00%</b>	<b>\$ 12,851.35</b>	<b>18.32%</b>

**Treasurer's Fees**

General Fund	1,366	14.29%	\$ 579.71	42.44%
Debt Service Fund	8,198	85.71%	3,478.22	42.43%
<b>Total</b>	<b>\$ 9,564</b>	<b>100.00%</b>	<b>\$ 4,057.93</b>	<b>42.43%</b>