

**FALCON HIGHLANDS METROPOLITAN DISTRICT
BALANCE SHEET - ALL FUND TYPES AND SCHEDULE OF
CAPITAL ASSETS AND LONG-TERM DEBT
DECEMBER 31, 2016**

	<u>Governmental Funds</u>			<u>Business - Type Funds</u>	<u>Total</u>	<u>Schedule of Capital Assets and Long-Term Debt</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Conservation Trust Fund</u>	<u>Enterprise Fund</u>		
ASSETS						
Cash	\$ 522,462	\$ -	\$ 8,802	\$ 322,714	\$ 853,978	\$ -
Cash - Series 2004 Bonds	-	853,540	-	-	853,540	-
Cash - Series 2007 Bonds	-	10,170	-	-	10,170	-
Accounts receivable	12,532	-	-	30,634	43,166	-
Prepaid insurance	-	-	-	20,009	20,009	-
Prepaid expense	1,122	-	-	6,880	8,002	-
Due from County	6,423	-	-	-	6,423	-
Property taxes receivable	91,089	546,533	-	-	637,622	-
Capital assets, net	-	-	-	3,967,794	3,967,794	1,348,423
TOTAL ASSETS	<u>\$ 633,628</u>	<u>\$ 1,410,243</u>	<u>\$ 8,802</u>	<u>\$ 4,348,031</u>	<u>\$ 6,400,704</u>	<u>\$ 1,348,423</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 13,112	\$ -	\$ -	\$ 52,907	\$ 66,019	\$ -
Deferred tax revenue	91,089	546,533	-	-	637,622	-
LONG-TERM LIABILITIES						
Series 2004 Bonds	-	-	-	-	-	6,985,000
Series 2004 A - original issue discount	-	-	-	-	-	(48,897)
Series 2007 Subordinate Bonds	-	-	-	-	-	4,935,000
Series 2004 B-1 Notes	-	-	-	-	-	1,000,000
Series 2006 B-2 Notes	-	-	-	-	-	1,500,000
Series 2006 B-3 Notes	-	-	-	-	-	440,000
Series 2004 B-1 Notes - accrued interest	-	-	-	-	-	394,500
Series 2006 B-2 Notes - accrued interest	-	-	-	-	-	504,417
Series 2006 B-3 Notes - accrued interest	-	-	-	-	-	147,962
Series 2007 Sub Bonds - accrued interest	-	-	-	-	-	5,061,670
Letter of Credit - Cygnet LLC	-	-	-	-	-	265,000
Cygnet, LLC - notes payable	-	-	-	-	-	4,025,291
RDS, LLC - notes payable	-	-	-	-	-	128,682
John Deer Mower Note	-	-	-	-	-	3,837
Tamlin Ventures - notes payable	-	-	-	-	-	447,534
Total liabilities	<u>104,201</u>	<u>546,533</u>	<u>-</u>	<u>52,907</u>	<u>703,641</u>	<u>\$ 25,789,996</u>
FUND BALANCES						
Fund balance	<u>529,427</u>	<u>863,710</u>	<u>8,802</u>	<u>4,295,124</u>	<u>5,697,063</u>	
TOTA: LIABILITIES AND FUND BALANCES	<u>\$ 633,628</u>	<u>\$ 1,410,243</u>	<u>\$ 8,802</u>	<u>\$ 4,348,031</u>	<u>\$ 6,400,704</u>	

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 TWELVE MONTHS ENDED DECEMBER 31, 2016

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>	<u>% of Budget</u>
REVENUES				
Property taxes	\$ 91,827	\$ 91,703	\$ (124)	99.86%
Specific ownership taxes	70,707	73,965	3,258	104.61%
Maintenance fees	130,500	130,988	488	100.37%
Interest income	700	3,381	2,681	483.00%
Total revenue	<u>293,734</u>	<u>300,037</u>	<u>6,303</u>	<u>102.15%</u>
EXPENDITURES				
Accounting	30,000	29,551	449	98.50%
Audit	8,500	8,500	-	100.00%
County Treasurer's fees	1,377	1,378	(1)	100.07%
District management	25,000	28,080	(3,080)	112.32%
Directors fees	-	3,100	(3,100)	0.00%
Election expense	2,000	2,640	(640)	132.00%
Engineering expense	5,000	-	5,000	0.00%
Insurance & bonds	5,800	6,414	(614)	110.59%
Landscape maintenance	3,000	1,021	1,979	34.03%
Legal	30,000	45,136	(15,136)	150.45%
Payroll - wages and taxes	26,000	25,260	740	97.15%
Repairs and maintenance	9,000	5,012	3,988	55.69%
Park Equipment	20,000	-	20,000	0.00%
Equipment expense	10,000	-	10,000	0.00%
Fuel	2,000	899	1,101	44.95%
Utilities	12,750	14,571	(1,821)	114.28%
Miscellaneous expenses	2,000	2,557	(557)	127.85%
Contingency	5,842	-	5,842	0.00%
Monuments	30,000	-	30,000	0.00%
Sidewalk repairs	10,000	-	10,000	0.00%
Bond council	20,000	14,409	5,591	72.05%
John Deere Mower 2013 - Principal	1,597	1,586	11	99.31%
John Deere - CY interest	134	134	-	100.00%
Total expenditures	<u>260,000</u>	<u>190,248</u>	<u>69,752</u>	<u>73.17%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	33,734	109,789	76,055	
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	33,734	109,789	76,055	
FUND BALANCE - BEGINNING	<u>405,958</u>	<u>419,638</u>	<u>13,680</u>	<u>103.37%</u>
FUND BALANCE - ENDING	<u>\$ 439,692</u>	<u>\$ 529,427</u>	<u>\$ 89,735</u>	<u>120.41%</u>

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 TWELVE MONTHS ENDED DECEMBER 31, 2016**

CONSERVATION TRUST FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>	<u>% of Budget</u>
REVENUES				
Interest income	\$ 10	\$ 36	\$ 26	360.00%
Conservation trust fund proceeds	<u>4,500</u>	<u>4,739</u>	<u>239</u>	<u>105.31%</u>
Total revenue	<u>4,510</u>	<u>4,775</u>	<u>265</u>	<u>105.88%</u>
EXPENDITURES				
Contingency	<u>8,743</u>	<u>-</u>	<u>8,743</u>	<u>0.00%</u>
Total expenditures	<u>8,743</u>	<u>-</u>	<u>8,743</u>	<u>0.00%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(4,233)	4,775	9,008	105.88%
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	(4,233)	4,775	9,008	(112.80)%
FUND BALANCE - BEGINNING				
	<u>4,233</u>	<u>4,027</u>	<u>(206)</u>	<u>95.13%</u>
FUND BALANCE - ENDING				
	<u>\$ -</u>	<u>\$ 8,802</u>	<u>\$ 8,802</u>	<u>0.00%</u>

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015**

ENTERPRISE FUND

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>
OPERATING REVENUES			
Water usage fees	\$ 244,446	\$ 251,324	\$ (6,878)
Water treatment fees	115,719	115,415	304
Administrative fees	81,844	82,084	(240)
Penalties	6,300	6,855	(555)
Water meters	-	790	(790)
Inspection fees	-	90	(90)
O&M reserve fee	-	500	(500)
Total operating revenues	<u>448,309</u>	<u>457,058</u>	<u>(8,749)</u>
OPERATING EXPENSES			
Accounting	48,592	42,297	(6,295)
Depreciation	144,528	202,490	57,962
District management	49,700	27,263	(22,437)
Utility billing	34,011	37,001	2,990
Dues and subscriptions	275	1,388	1,113
Engineering expense	70,741	55,356	(15,385)
Insurance & bonds	13,271	11,538	(1,733)
Legal	51,819	33,588	(18,231)
Security	5,931	5,534	(397)
Small tools and supplies	-	604	604
Permits - fees	850	555	(295)
Payroll - wages and taxes	55,243	51,566	(3,677)
Supplies - Treatment facility	8,776	15,116	6,340
Repairs and maintenance	3,815	2,906	(909)
Operating expense	9,329	11,998	2,669
Telephone	2,879	2,658	(221)
Equipment expense	-	306	306
Fuel	1,349	1,549	200
Utilities	69,212	55,279	(13,933)
Utility locates	332	412	80
John Deere - CY interest	-	7	7
Miscellaneous expenses	213	280	67
Allocation of lease expense	-	(1,182)	(1,182)
Total operating expenditures	<u>570,866</u>	<u>558,509</u>	<u>(12,357)</u>
OPERATING INCOME (LOSS)	(122,557)	(101,451)	(21,106)

(Continued)

**FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015**

ENTERPRISE FUND

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>
(Continued)			
NON-OPERATING REVENUES AND (EXPENSES)			
Water tap fees	-	12,250	(12,250)
Sewer tap fees	-	13,050	(13,050)
Miscellaneous income	16,463	-	16,463
Woodmen Hills sewer tap fees	-	(11,000)	11,000
Total other revenues and expenses	<u>16,463</u>	<u>14,300</u>	<u>2,163</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSE	(106,094)	(87,151)	(18,943)
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	-	(12,250)	12,250
Total other financing sources (uses)	<u>-</u>	<u>(12,250)</u>	<u>12,250</u>
NET INCOME (LOSS)	(106,094)	(99,401)	(6,693)
BEGINNING NET POSITION	<u>4,401,217</u>	<u>4,500,621</u>	<u>(99,404)</u>
ENDING NET POSITION	<u>\$ 4,295,123</u>	<u>\$ 4,401,220</u>	<u>\$ (106,097)</u>

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SUPPLEMENTARY INFORMATION

**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>	<u>% of Budget</u>
REVENUES				
Property taxes	\$ 550,961	\$ 550,220	\$ (741)	99.87%
Interest income	<u>1,500</u>	<u>1,813</u>	<u>313</u>	<u>120.87%</u>
Total revenue	<u>552,461</u>	<u>552,033</u>	<u>(428)</u>	<u>99.92%</u>
EXPENDITURES				
County Treasurer's fees	8,264	8,267	(3)	100.04%
Bond interest	532,606	532,606	-	100.00%
Bond principal	150,000	150,000	-	100.00%
Paying agent/trustee fees	<u>16,500</u>	<u>9,171</u>	<u>7,329</u>	<u>55.58%</u>
Total expenditures	<u>707,370</u>	<u>700,044</u>	<u>7,326</u>	<u>98.96%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(154,909)	(148,011)	6,898	198.88%
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	(154,909)	(148,011)	6,898	95.55%
FUND BALANCE - BEGINNING				
	<u>936,650</u>	<u>1,011,720</u>	<u>75,070</u>	<u>108.01%</u>
FUND BALANCE - ENDING				
	<u>\$ 781,741</u>	<u>\$ 863,709</u>	<u>\$ 81,968</u>	<u>110.49%</u>

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE- BUDGET AND ACTUAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016**

ENTERPRISE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>	<u>% of Budget</u>
REVENUES				
Water usage fees	\$ 260,000	\$ 244,446	\$ (15,554)	94.02%
Water treatment fees	115,500	115,719	219	100.19%
Administrative fees	81,500	81,844	344	100.42%
Penalties	6,000	6,300	300	105.00%
Miscellaneous income	-	16,463	16,463	0.00%
Total revenue	<u>463,000</u>	<u>464,772</u>	<u>1,772</u>	<u>100.38%</u>
EXPENDITURES				
Accounting	55,000	48,592	6,408	88.35%
District management	32,500	49,700	(17,200)	152.92%
Utility billing	40,000	34,011	5,989	85.03%
Dues and subscriptions	1,400	275	1,125	19.64%
Engineering expense	90,000	70,741	19,259	78.60%
Insurance & bonds	12,000	13,271	(1,271)	110.59%
Legal	37,000	51,819	(14,819)	140.05%
Security	6,000	5,931	69	98.85%
Small tools and supplies	1,500	-	1,500	0.00%
Permits - fees	700	850	(150)	121.43%
Payroll - wages and taxes	57,000	55,243	1,757	96.92%
Supplies - Treatment facility	28,000	8,776	19,224	31.34%
Repairs and maintenance	25,000	3,815	21,185	15.26%
Operating expense	12,000	9,329	2,671	77.74%
Telephone	3,000	2,879	121	95.97%
Equipment expense	500	-	500	0.00%
Fuel	3,000	1,349	1,651	44.97%
Utilities	60,000	69,212	(9,212)	115.35%
Utility locates	1,000	332	668	33.20%
Miscellaneous expenses	1,000	213	787	21.30%
Contingency	4,400	-	4,400	0.00%
Capital Outlay	100,000	26,340	73,660	26.34%
Total expenditures	<u>571,000</u>	<u>452,678</u>	<u>118,322</u>	<u>79.28%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(108,000)	12,094	120,094	(11.20)%
BEGINNING FUNDS AVAILABLE	<u>263,560</u>	<u>315,235</u>	<u>51,675</u>	<u>119.61%</u>
O&M reserve fee	37,500	22,750	14,750	8,000.00%
Unassigned funds available	<u>226,060</u>	<u>292,485</u>	<u>36,925</u>	<u>129.38</u>
TOTAL ENDING FUNDS AVAILABLE	<u>\$ 155,560</u>	<u>\$ 327,329</u>	<u>\$ 171,769</u>	<u>210.42%</u>

This supplementary information should be read connection with accompanying accountant's report.