

Falcon Highlands Metropolitan District
Financial Statement Variances
July 31, 2016

Current month variances:

Note to reader: Budget variances assume an annual budget divided by 12 months. Therefore, as of July 2016, the District should be at 58.33% of the total budget for 2016.

Property Taxes Collected

1. The 2016 collections through July are at 97.83% of the total amount levied compared to 92.46% at this time last year.

General Fund

1. Insurance expenditures are on budget as the annual premiums were paid in full in January.
2. District management is currently tracking ahead of budget but should be within budget at year end.
3. Miscellaneous expenditures are tracking ahead of budget mainly due to bank service fees that are being charged periodically.
4. Legal expenditures are tracking ahead of budget. Additional increase is due to attorney work for bond refunding.
5. Election expenditures are over budget.
6. Overall, the total General Fund expenditures are at 44.46% of budget.

Conservation Trust Fund

1. As of July 31, 2016, the District has received \$2,608 in Conservation Trust Fund proceeds for the year.

Enterprise Fund

1. Insurance expenditures are over budget as mentioned in the General Fund section.
2. District management is currently tracking ahead of budget as mentioned in the General Fund section.
3. Legal expenditures are tracking ahead of budget as mentioned in the General Fund section.
4. Overall, the total Enterprise Fund expenditures are at 41.95% of budget.

Cash and Investments

As of September 7, 2016 the available cash and investments are as follows:

1. General Fund: \$499,631.52
2. Debt Service Fund: \$1,276,639.35 of which \$900,896.63 is the Reserve Fund
3. Enterprise Fund: \$332,115.23
4. Conservation Trust Fund: \$6,634.66

FALCON HIGHLANDS METROPOLITAN DISTRICT
FINANCIAL STATEMENTS

JULY 31, 2016

DRAFT

**FALCON HIGHLANDS METROPOLITAN DISTRICT
BALANCE SHEET - ALL FUND TYPES AND SCHEDULE OF
CAPITAL ASSETS AND LONG-TERM DEBT
JULY 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	\$ 529,424	\$ 236,936	\$ 6,635	\$ 327,669	\$ 1,100,664	\$ -
Cash - Series 2004 Bonds	-	1,016,770	-	-	1,016,770	-
Cash - Series 2007 Bonds	-	10,164	-	-	10,164	-
Accounts receivable	12,125	-	-	50,372	62,497	-
Due from County	8,144	12,770	-	-	20,914	-
Capital assets, net	-	-	-	3,965,178	3,965,178	1,348,423
TOTAL ASSETS	<u>\$ 549,693</u>	<u>\$ 1,276,640</u>	<u>\$ 6,635</u>	<u>\$ 4,343,219</u>	<u>\$ 6,176,187</u>	<u>\$ 1,348,423</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 36,250	\$ -	\$ -	\$ 61,948	\$ 98,198	\$ -
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>36,250</u>	<u>-</u>	<u>-</u>	<u>61,948</u>	<u>98,198</u>	<u>\$ 25,789,996</u>
FUND BALANCES						
Fund balance	<u>513,443</u>	<u>1,276,640</u>	<u>6,635</u>	<u>4,281,271</u>	<u>6,077,989</u>	
TOTA: LIABILITIES AND FUND BALANCES	<u>\$ 549,693</u>	<u>\$ 1,276,640</u>	<u>\$ 6,635</u>	<u>\$ 4,343,219</u>	<u>\$ 6,176,187</u>	

FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE SEVEN MONTHS ENDED JULY 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	\$ 89,834	\$ (1,993)	97.83%
Specific ownership taxes	70,707	41,249	(29,458)	58.34%
Maintenance fees	130,500	76,515	(53,985)	58.63%
Interest income	700	1,804	1,104	257.71%
Total revenue	<u>293,734</u>	<u>209,402</u>	<u>(84,332)</u>	<u>71.29%</u>
EXPENDITURES				
Accounting	30,000	13,983	16,017	46.61%
Audit	8,500	8,500	-	100.00%
County Treasurer's fees	1,377	1,348	29	97.89%
District management	25,000	22,584	2,416	90.34%
Directors fees	-	900	(900)	0.00%
Election expense	2,000	4,640	(2,640)	232.00%
Engineering expense	5,000	-	5,000	0.00%
Insurance & bonds	5,800	6,414	(614)	110.59%
Landscape maintenance	3,000	-	3,000	0.00%
Legal	30,000	27,242	2,758	90.81%
Payroll - wages and taxes	26,000	14,384	11,616	55.32%
Repairs and maintenance	9,000	3,742	5,258	41.58%
Park Equipment	20,000	-	20,000	0.00%
Equipment expense	10,000	-	10,000	0.00%
Fuel	2,000	220	1,780	11.00%
Utilities	12,750	8,712	4,038	68.33%
Miscellaneous expenses	2,000	1,920	80	96.00%
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	-	20,000	0.00%
John Deere Mower 2013 - Principal	1,597	918	679	57.48%
John Deere - CY interest	134	92	42	68.66%
Total expenditures	<u>260,000</u>	<u>115,599</u>	<u>144,401</u>	<u>44.46%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	33,734	93,803	60,069	
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	93,803	60,069	
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>\$ 513,441</u>	<u>\$ 73,749</u>	<u>116.77%</u>

**FALCON HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE SEVEN MONTHS ENDED JULY 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	\$ -	\$ (10)	0.00%
Conservation trust fund proceeds	<u>4,500</u>	<u>2,608</u>	<u>(1,892)</u>	<u>57.96%</u>
Total revenue	<u>4,510</u>	<u>2,608</u>	<u>(1,902)</u>	<u>57.83%</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)	2,608	6,841	57.83%
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)	2,608	6,841	(61.61)%
FUND BALANCE - BEGINNING				
	<u>4,233</u>	<u>4,027</u>	<u>(206)</u>	<u>95.13%</u>
FUND BALANCE - ENDING				
	<u>\$ -</u>	<u>\$ 6,635</u>	<u>\$ 6,635</u>	<u>0.00%</u>

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

ENTERPRISE FUND

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>
OPERATING REVENUES			
Water usage fees	\$ 121,101	\$ 119,774	\$ 1,327
Water treatment fees	67,588	67,136	452
Administrative fees	47,799	47,518	281
Penalties	3,580	3,890	(310)
Water meters	-	790	(790)
Inspection fees	-	90	(90)
O&M reserve fee	-	500	(500)
Total operating revenues	<u>240,068</u>	<u>239,698</u>	<u>370</u>
OPERATING EXPENSES			
Accounting	25,715	25,748	33
Depreciation	134,308	139,932	5,624
District management	29,359	16,442	(12,917)
Utility billing	19,289	21,341	2,052
Dues and subscriptions	275	1,388	1,113
Engineering expense	25,996	31,543	5,547
Insurance & bonds	13,271	11,538	(1,733)
Legal	33,599	24,311	(9,288)
Security	3,383	3,431	48
Small tools and supplies	-	598	598
Permits - fees	310	555	245
Payroll - wages and taxes	31,533	29,708	(1,825)
Supplies - Treatment facility	4,360	9,254	4,894
Repairs and maintenance	3,011	2,637	(374)
Operating expense	3,060	6,286	3,226
Telephone	1,612	1,424	(188)
Fuel	330	860	530
Utilities	30,550	25,442	(5,108)
Utility locates	233	292	59
John Deere - CY interest	-	7	7
Miscellaneous expenses	169	156	(13)
Allocation of lease expense	-	(1,687)	(1,687)
Total operating expenditures	<u>360,363</u>	<u>351,206</u>	<u>(9,157)</u>
OPERATING INCOME (LOSS)	(120,295)	(111,508)	(8,787)

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

ENTERPRISE FUND

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Water tap fees	-	12,250	(12,250)
Sewer tap fees	-	13,050	(13,050)
Miscellaneous income	348	-	348
Woodmen Hills sewer tap fees	-	(11,000)	11,000
Total other revenues and expenses	<u>348</u>	<u>14,300</u>	<u>(13,952)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSE	(119,947)	(97,208)	(22,739)
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	<u>-</u>	<u>(12,250)</u>	<u>12,250</u>
Total other financing sources (uses)	<u>-</u>	<u>(12,250)</u>	<u>12,250</u>
NET INCOME (LOSS)	(119,947)	(109,458)	(10,489)
BEGINNING NET POSITION	<u>4,401,217</u>	<u>4,500,621</u>	<u>(99,404)</u>
ENDING NET POSITION	<u>\$ 4,281,270</u>	<u>\$ 4,391,163</u>	<u>\$ (109,893)</u>

SUPPLEMENTARY INFORMATION

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**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE SEVEN MONTHS ENDED JULY 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	\$ 539,000	\$ (11,961)	97.83%
Interest income	<u>1,500</u>	<u>306</u>	<u>(1,194)</u>	<u>20.40%</u>
Total revenue	<u>552,461</u>	<u>539,306</u>	<u>(13,155)</u>	<u>97.62%</u>
EXPENDITURES				
County Treasurer's fees	8,264	8,086	178	97.85%
Bond interest	532,606	266,303	266,303	50.00%
Bond principal	150,000	-	150,000	0.00%
Paying agent/trustee fees	<u>16,500</u>	<u>-</u>	<u>16,500</u>	<u>0.00%</u>
Total expenditures	<u>707,370</u>	<u>274,389</u>	<u>432,981</u>	<u>38.79%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(154,909)	264,917	419,826	136.41%
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)	264,917	419,826	(171.01)%
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>\$ 1,276,637</u>	<u>\$ 494,896</u>	<u>163.31%</u>

**FALCON HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE- BUDGET AND ACTUAL
FOR THE SEVEN MONTHS ENDED JULY 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	\$ 121,101	\$(138,899)	46.58%
Water treatment fees	115,500	67,588	(47,912)	58.52%
Administrative fees	81,500	47,799	(33,701)	58.65%
Penalties	6,000	3,580	(2,420)	59.67%
Miscellaneous income	-	348	348	0.00%
Total revenue	<u>463,000</u>	<u>240,416</u>	<u>(222,584)</u>	<u>51.93%</u>
EXPENDITURES				
Accounting	55,000	25,715	29,285	46.75%
District management	32,500	29,359	3,141	90.34%
Utility billing	40,000	19,289	20,711	48.22%
Dues and subscriptions	1,400	275	1,125	19.64%
Engineering expense	90,000	25,996	64,004	28.88%
Insurance & bonds	12,000	13,271	(1,271)	110.59%
Legal	37,000	33,599	3,401	90.81%
Security	6,000	3,383	2,617	56.38%
Small tools and supplies	1,500	-	1,500	0.00%
Permits - fees	700	310	390	44.29%
Payroll - wages and taxes	57,000	31,533	25,467	55.32%
Supplies - Treatment facility	28,000	4,360	23,640	15.57%
Repairs and maintenance	25,000	3,011	21,989	12.04%
Operating expense	12,000	3,060	8,940	25.50%
Telephone	3,000	1,612	1,388	53.73%
Equipment expense	500	-	500	0.00%
Fuel	3,000	330	2,670	11.00%
Utilities	60,000	30,550	29,450	50.92%
Utility locates	1,000	233	767	23.30%
Miscellaneous expenses	1,000	169	831	16.90%
Contingency	4,400	-	4,400	0.00%
Capital Outlay	100,000	13,504	86,496	13.50%
Total expenditures	<u>571,000</u>	<u>239,559</u>	<u>331,441</u>	<u>41.95%</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(108,000)	857	108,857	(0.79)%
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>\$ 316,092</u>	<u>\$ 160,532</u>	<u>203.20%</u>

FALCON HIGHLANDS METROPOLITAN DISTRICT
Schedule of Cash Position
July 31, 2016
Updated as of September 7, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Conservation Trust Fund</u>	<u>Total</u>
<u>Wells Fargo - Checking</u>					
Balance as of July 31, 2016	\$ 33,675.40	\$ -	\$ 279,029.99	\$ 6,634.66	\$ 319,340.05
<i>Subsequent activities:</i>					
August payroll and taxes	(2,493.87)	-	(5,819.03)	-	(8,312.90)
August service receipts	-	-	60,097.72	-	60,097.72
August vouchers payable	(27,298.52)	-	(51,832.93)	-	(79,131.45)
08/11/16 - Co. Spgs Guns & Amo Deposit	-	-	2,000.00	-	2,000.00
<i>Anticipated Balance</i>	<u>3,883.01</u>	<u>-</u>	<u>283,475.75</u>	<u>6,634.66</u>	<u>293,993.42</u>
<u>CSAFE</u>					
Balance as of July 31, 2016	495,748.51	236,935.85	48,639.48	-	781,323.84
<i>Subsequent activities:</i>					
08/10/16 - July property/SO taxes	8,143.56	12,769.58	-	-	20,913.14
08/24/16 - Transfer to US Bank	-	(249,705.43)	-	-	(249,705.43)
<i>Anticipated Balance</i>	<u>495,748.51</u>	<u>-</u>	<u>48,639.48</u>	<u>-</u>	<u>552,531.55</u>
<u>US Bank Series 2004 Bond Fund</u>					
Balance as of July 31, 2016	-	114,494.16	-	-	114,494.16
<i>Subsequent activities:</i>					
08/24/16 - Transfer from CSAFE	-	249,705.43	-	-	249,705.43
<i>Anticipated Balance</i>	<u>-</u>	<u>364,199.59</u>	<u>-</u>	<u>-</u>	<u>364,199.59</u>
<u>US Bank Series 2004 Reserve Fund</u>					
Balance as of July 31, 2016	-	900,896.63	-	-	900,896.63
<i>Anticipated Balance</i>	<u>-</u>	<u>900,896.63</u>	<u>-</u>	<u>-</u>	<u>900,896.63</u>
<u>US Bank Series 2004 Construction Fund</u>					
Balance as of July 31, 2016	-	677.37	-	-	677.37
<i>Anticipated Balance</i>	<u>-</u>	<u>677.37</u>	<u>-</u>	<u>-</u>	<u>677.37</u>
<u>US Bank Series 2004 Escrow Fund</u>					
Balance as of July 31, 2016	-	702.37	-	-	702.37
<i>Anticipated Balance</i>	<u>-</u>	<u>702.37</u>	<u>-</u>	<u>-</u>	<u>702.37</u>
<u>US Bank Series 2007 Sub Bond Capitalized Interest</u>					
Balance as of July 31, 2016	-	10,130.70	-	-	10,130.70
<i>Anticipated Balance</i>	<u>-</u>	<u>10,130.70</u>	<u>-</u>	<u>-</u>	<u>10,130.70</u>
<u>US Bank Series 2007 Sub Bond Construction Fund</u>					
Balance as of July 31, 2016	-	32.69	-	-	32.69
<i>Anticipated Balance</i>	<u>-</u>	<u>32.69</u>	<u>-</u>	<u>-</u>	<u>32.69</u>
<i>Anticipated Balances</i>	<u>\$ 499,631.52</u>	<u>\$ 1,276,639.35</u>	<u>\$ 332,115.23</u>	<u>\$ 6,634.66</u>	<u>\$ 2,123,164.32</u>

Yield information (as of 08/31/16):

US Bank MM - 0.02%

CSAFE - 0.59%

FALCON HIGHLANDS METROPOLITAN DISTRICT
Property Taxes Reconciliation
2016

	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	\$ 2,436.48	\$ -	\$ 5,759.61	\$ -	\$ (36.55)	\$ -	\$ 8,159.54	0.38%	0.38%	\$ 13,107.96	1.22%	1.22%
February	265,702.06	-	5,670.79	-	(3,985.53)	-	267,387.32	41.34%	41.71%	240,942.53	38.85%	40.07%
March	25,332.30	-	6,221.18	-	(379.98)	-	31,173.50	3.94%	45.66%	28,225.81	3.70%	43.77%
April	39,661.83	-	5,713.45	-	(594.93)	-	44,780.35	6.17%	51.83%	52,143.88	7.69%	51.46%
May	128,474.93	-	5,929.79	-	(1,927.12)	-	132,477.60	19.99%	71.81%	63,452.04	9.53%	60.98%
June	152,101.62	-	5,938.44	58.20	(2,282.40)	-	155,815.86	23.66%	95.48%	196,930.39	31.47%	92.45%
July	14,698.78	425.94	6,015.29	-	(226.87)	-	20,913.14	2.35%	97.83%	6,066.21	0.01%	92.46%
August							-	0.00%	97.83%	38,812.24	5.18%	97.63%
September							-	0.00%	97.83%	20,316.63	2.28%	99.91%
October							-	0.00%	97.83%	6,775.82	0.06%	99.97%
November							-	0.00%	97.83%	5,319.79	0.00%	99.97%
December							-	0.00%	97.83%	6,120.15	0.00%	99.97%
	\$ 628,408.00	\$ 425.94	\$ 41,248.55	\$ 58.20	\$ (9,433.38)	\$ -	\$ 660,707.31	97.83%	97.83%	\$ 678,213.45	99.97%	99.97%

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
Property Tax				
General Fund	\$ 91,827	14.29%	\$ 89,833.56	97.83%
Debt Service Fund	550,961	85.71%	539,000.38	97.83%
Total	642,788	100.00%	\$ 628,833.94	97.83%

Specific Ownership Tax

General Fund	70,707	100.00%	\$ 41,248.55	58.34%
Total	70,707	100.00%	\$ 41,248.55	58.34%

Treasurer's Fees

General Fund	1,377	14.29%	\$ 1,347.63	97.87%
Debt Service Fund	8,264	85.71%	8,085.75	97.84%
Total	\$ 9,641	100.00%	\$ 9,433.38	97.85%