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Accountant's Compilation Report

Board of Directors
Gold Hill Mesa Metropolitan District No. 1
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Gold Hill Mesa Metropolitan District No. 1 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement 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 budget 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 the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to the Gold Hill Mesa Metropolitan District No. 1.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 26, 2017

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (5,612)	\$ (32,370)	\$ 28,754
REVENUES			
1 Developer advance	83,107	223,000	115,500
2 Other income	20	-	-
3 Intergovernmental revenue - No. 2	74,169	88,573	116,053
4 Intergovernmental revenue - No. 3	1,476	1,513	1,508
5 Homeowners fees	129,189	118,038	125,000
Total revenues	287,961	431,124	358,061
Total funds available	282,349	398,754	386,815
EXPENDITURES			
6 General and administration			
7 Accounting	40,983	40,000	40,000
8 Audit	7,800	8,000	8,000
9 Contingency	-	2,538	5,345
10 District management	22,996	14,000	20,000
11 Dues and membership	1,026	1,108	1,500
12 Election	-	-	10,000
13 Insurance	10,158	9,314	9,780
14 Legal	7,505	5,000	10,000
15 Miscellaneous	190	40	1,000
16 Operations and maintenance			
17 Dog waste stations	-	-	1,375
18 Landscaping	140,429	135,000	148,000
19 Repairs and maintenance	228	70,000	10,000
20 Security Services	297	-	-
21 Utilities	83,107	85,000	93,500
Total expenditures	314,719	370,000	358,500
Total expenditures and transfers out requiring appropriation	314,719	370,000	358,500
ENDING FUND BALANCES	\$ (32,370)	\$ 28,754	\$ 28,315
EMERGENCY RESERVE	\$ 6,200	\$ 6,300	\$ 7,300
TOTAL RESERVE	\$ 6,200	\$ 6,300	\$ 7,300

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - EL PASO			
Vacant Land	\$ 290	\$ 290	\$ 290
	290	290	290
Adjustments	(280)	-	-
Certified Assessed Value	<u>\$ 10</u>	<u>\$ 290</u>	<u>\$ 290</u>
MILL LEVY			
PROPERTY TAXES			
Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED PROPERTY TAXES			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/26/2017

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BEGINNING FUND BALANCES	\$ (5,612)	\$ (32,370)	\$ 28,754
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**GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Gold Hill Mesa Metropolitan District No. 1 (“District No. 1”), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on November 8, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Preliminary Consolidated Service Plan, approved by the City of Colorado Springs on September 14, 2004, formed the Gold Hill Mesa Metropolitan Districts Nos 1 – 3 (“The Districts”) as ‘shell districts’ which could not operate until an amended service plan was approved. The Amended Consolidated Service Plan was approved by the City on July 11, 2006.

The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for residential and commercial development known as Gold Hill Mesa. The District was organized in conjunction with two other related Financing Districts, Gold Hill Mesa Metropolitan District No. 2 (“District No. 2”), the Residential District, and Gold Hill Mesa Metropolitan District No. 3 (“District No. 3”), the Commercial District. District No. 1 will own (subject to dedication of improvements to the City), operate, maintain, finance and construct facilities benefiting all three Districts, and District No. 2 and District No. 3 will contribute to the costs of construction, operation and maintenance of such facilities. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District’s voters held an election on November 2, 2004. The election approved general obligation indebtedness of \$30,000,000 for street improvements, \$5,000,000 for water facilities, \$10,000,000 for wastewater facilities, \$1,000,000 for traffic and safety controls, \$8,000,000 for parks and recreational facilities, \$500,000 for mosquito control, \$1,000,000 for television relay, \$500,000 for transportation system and \$57,000,000 for refinancing of District debt. The election approved an annual increase in taxes of \$1,000,000 for general operations and maintenance. The election also allows the District to retain all revenues without regard to the limitation contained in Article X, Section 20 of the Colorado constitution or any other law.

Pursuant to the Service Plan, the Districts are permitted to collectively issue bond indebtedness of up to \$57,000,000.

The District has no employees and all administrative functions are contractual.

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.

Revenues

Intergovernmental Revenue

The three Districts’ administrative expenditures such as legal, accounting, management, insurance, including costs of snow removal and landscape maintenance, are being paid by the District. The District anticipates receiving net revenues collected from District No. 2 and District No. 3’s operational mill levy assessment to cover a portion of these costs.

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Developer Advance

The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Homeowners Fee

The District collects a monthly fee from the homeowners to pay for water, and landscape costs in order to assure the maintenance of a quality appearance of the common areas, hence preserving the property values in the community.

Expenditures

Administrative and Operations and Maintenance Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, landscaping, utilities, and other administrative expenses.

Debt and Leases

The District has no outstanding debt. The District has no operating or capital leases.

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.