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Accountant's Compilation Report

Board of Directors
Gold Hill Mesa Metropolitan District No. 1

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, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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
January 14, 2019



An independent member of Nexia International

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

01/14/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (32,370)	\$ (2,531)	\$ 24,793
REVENUES			
Homeowners fee	114,587	127,015	177,000
Developer advance	290,644	193,001	65,000
Intergovernmental Revenue - District No. 3	1,529	1,403	1,472
Other revenue	-	82	100
Intergovernmental Revenue - District No. 2	88,939	114,527	126,379
Total revenues	<u>495,699</u>	<u>436,028</u>	<u>369,951</u>
TRANSFERS IN	<u>85</u>	<u>599</u>	<u>-</u>
Total funds available	<u>463,414</u>	<u>434,096</u>	<u>394,744</u>
EXPENDITURES			
General Fund	384,402	407,104	374,700
Capital Projects Fund	81,458	1,600	-
Total expenditures	<u>465,860</u>	<u>408,704</u>	<u>374,700</u>
TRANSFERS OUT	<u>85</u>	<u>599</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>465,945</u>	<u>409,303</u>	<u>374,700</u>
ENDING FUND BALANCES	<u>\$ (2,531)</u>	<u>\$ 24,793</u>	<u>\$ 20,044</u>
EMERGENCY RESERVE	<u>\$ 6,200</u>	<u>\$ 7,300</u>	<u>\$ 9,200</u>
TOTAL RESERVE	<u>\$ 6,200</u>	<u>\$ 7,300</u>	<u>\$ 9,200</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
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

01/14/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSED VALUATION

Vacant land	\$	290	\$	290	\$	290
Certified Assessed Value	\$	290	\$	290	\$	290

MILL LEVY

Total mill levy	0.000	0.000	0.000
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PROPERTY TAXES

Budgeted property taxes	\$	-	\$	-	\$	-
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BUDGETED PROPERTY TAXES

	\$	-	\$	-	\$	-
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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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

01/14/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (32,370)	\$ (2,531)	\$ 24,793
REVENUES			
Developer advance	209,271	192,000	65,000
Other revenue	-	82	100
Intergovernmental Revenue - District No. 2	88,939	114,527	126,379
Intergovernmental Revenue - District No. 3	1,529	1,403	1,472
Homeowners fee	114,587	127,015	177,000
Total revenues	414,326	435,027	369,951
Total funds available	381,956	432,496	394,744
EXPENDITURES			
General and administrative			
Accounting	43,461	42,000	43,000
Audit	8,000	8,000	8,400
Dues and licenses	1,108	1,045	1,500
Insurance and bonds	9,314	10,411	11,000
District management	12,634	20,000	15,000
Legal services	7,809	4,000	4,000
Miscellaneous	568	100	300
Election expense	-	1,873	-
Contingency	-	-	-
Operations and maintenance			
Repairs and maintenance	106,174	70,000	40,000
Landscape maintenance	118,506	123,300	130,000
Utilities	76,828	125,000	120,000
Dog waste stations	-	1,375	1,500
Total expenditures	384,402	407,104	374,700
TRANSFERS OUT			
Transfers to other fund	85	599	-
Total expenditures and transfers out requiring appropriation	384,487	407,703	374,700
ENDING FUND BALANCE	\$ (2,531)	\$ 24,793	\$ 20,044
EMERGENCY RESERVE	\$ 6,200	\$ 7,300	\$ 9,200
TOTAL RESERVE	\$ 6,200	\$ 7,300	\$ 9,200

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
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

01/14/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	81,373	1,001	-
Total revenues	81,373	1,001	-
TRANSFERS IN			
Transfers from other funds	85	599	-
Total funds available	81,458	1,600	-
EXPENDITURES			
General and Administrative			
Accounting	85	500	-
Contingency	-	-	-
Capital Projects			
Engineering	-	1,100	-
Capital outlay	81,373	-	-
Total expenditures	81,458	1,600	-
Total expenditures and transfers out requiring appropriation	81,458	1,600	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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
2019 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 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 between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

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.