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Accountant's Compilation Report

Board of Directors
Gold Hill Mesa Metropolitan District No. 3
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Gold Hill Mesa Metropolitan District No. 3 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. 3.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 22, 2017

GOLD HILL MESA METRO DISTRICT NO. 3
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/22/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 6,754	\$ 9,395	\$ 11,985
REVENUES			
1 Property taxes	3,644	3,644	3,644
2 Specific ownership taxes	420	478	473
3 Net investment income	109	36	36
4 Other income	-	-	500
Total revenues	4,173	4,158	4,653
Total funds available	10,927	13,553	16,638
EXPENDITURES			
5 General and administration			
6 Contingency	-	-	500
7 County Treasurer's fees	56	55	55
8 Intergovernmental expenditure - No. 1	1,476	1,513	1,508
Total expenditures	1,532	1,568	2,063
Total expenditures and transfers out requiring appropriation	1,532	1,568	2,063
ENDING FUND BALANCES	\$ 9,395	\$ 11,985	\$ 14,575

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

GOLD HILL MESA METRO DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/22/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - EL PASO			
Vacant Land	\$ 104,120	\$ 104,120	\$ 104,120
Certified Assessed Value	<u>\$ 104,120</u>	<u>\$ 104,120</u>	<u>\$ 104,120</u>
MILL LEVY			
GENERAL FUND	10.000	10.000	10.000
DEBT SERVICE FUND	25.000	25.000	25.000
Total Mill Levy	<u>35.000</u>	<u>35.000</u>	<u>35.000</u>
PROPERTY TAXES			
GENERAL FUND	\$ 1,041	\$ 1,041	\$ 1,041
DEBT SERVICE FUND	2,603	2,603	2,603
Budgeted Property Taxes	<u>\$ 3,644</u>	<u>\$ 3,644</u>	<u>\$ 3,644</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 1,041	\$ 1,041	\$ 1,041
DEBT SERVICE FUND	2,603	2,603	2,603
	<u>\$ 3,644</u>	<u>\$ 3,644</u>	<u>\$ 3,644</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 METRO DISTRICT NO. 3
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/22/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	1,041	1,041	1,041
2 Specific ownership taxes	120	137	135
3 Net investment income	31	10	10
4 Other income	-	-	250
Total revenues	1,192	1,188	1,436
Total funds available	1,192	1,188	1,436
EXPENDITURES			
General and administration			
5 Contingency	-	-	250
6 County Treasurer's fees	16	16	16
7 Intergovernmental expenditure - No. 1	1,176	1,172	1,170
Total expenditures	1,192	1,188	1,436
Total expenditures and transfers out requiring appropriation	1,192	1,188	1,436
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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

GOLD HILL MESA METRO DISTRICT NO. 3
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/22/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 6,754	\$ 9,395	\$ 11,985
REVENUES			
1 Property taxes	2,603	2,603	2,603
2 Specific ownership taxes	300	341	338
3 Net investment income	78	26	26
4 Other income	-	-	250
Total revenues	2,981	2,970	3,217
Total funds available	9,735	12,365	15,202
EXPENDITURES			
General and administration			
5 Contingency	-	-	250
6 County Treasurer's fees	40	39	39
7 Intergovernmental expenditure - No. 1	300	341	338
Total expenditures	340	380	627
Total expenditures and transfers out requiring appropriation	340	380	627
ENDING FUND BALANCES	\$ 9,395	\$ 11,985	\$ 14,575

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. 3
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Gold Hill Mesa Metropolitan District No. 3 (“District No. 3”), 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 December 5, 2006, 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 a commercial development known as Gold Hill Mesa. The District was organized in conjunction with two other related districts, Gold Hill Mesa Metropolitan District No. 1 (“District No. 1”), the Operating District, and Gold Hill Mesa Metropolitan District No. 2 (“District No. 2”), the Residential and Financing District. District No. 1 will own (subject to dedication of improvements to the City), operate, maintain 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 7, 2006. 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 \$56,000,000 for refinancing of District debt. The election approved an annual increase in taxes of \$750,000 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 presented in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Property Taxes

The calculation of the taxes levied is displayed on page 3 at the adopted mill levy of 35.000, with 10.000 mills for operations and 25.000 mills for debt service.

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 3
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 13% of the total property taxes collected.

Expenditures

Intergovernmental Expenditures

All administrative expenditures such as legal, accounting, management, insurance, including the costs of snow removal and landscape maintenance, are paid through and by District No. 1, the Operating District. The District will transfer net revenues collected from its operational mill levy, as well as the current, unpledged revenue from its debt service fund, to District No. 1 to cover a portion of these costs.

Debt and Leases

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

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all three Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's 2018 Budget.

This information is an integral part of the accompanying budget.