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Accountant's Compilation Report

Board of Directors
Gold Hill Mesa Metropolitan District No. 3

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, 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. 3.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 14, 2019



An independent member of Nexia International

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 3
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	\$ 9,395	\$ 11,986	\$ 14,550
REVENUES			
Property taxes	3,644	3,644	3,644
Specific ownership tax	494	428	437
Interest income	38	-	-
Investment Income	-	-	36
Other revenue	-	-	500
Total revenues	<u>4,176</u>	<u>4,072</u>	<u>4,617</u>
Total funds available	<u>13,571</u>	<u>16,058</u>	<u>19,167</u>
EXPENDITURES			
General Fund	1,193	1,163	1,426
Debt Service Fund	392	345	601
Total expenditures	<u>1,585</u>	<u>1,508</u>	<u>2,027</u>
Total expenditures and transfers out requiring appropriation	<u>1,585</u>	<u>1,508</u>	<u>2,027</u>
ENDING FUND BALANCES	<u>\$ 11,986</u>	<u>\$ 14,550</u>	<u>\$ 17,140</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. 3
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	104,120	104,120	104,120
Certified Assessed Value	\$ 104,120	\$ 104,120	\$ 104,120

MILL LEVY

General	10.000	10.000	10.000
Debt Service	25.000	25.000	25.000
Total mill levy	35.000	35.000	35.000

PROPERTY TAXES

General	\$ 1,041	\$ 1,041	\$ 1,041
Debt Service	2,603	2,603	2,603
Budgeted property taxes	\$ 3,644	\$ 3,644	\$ 3,644

BUDGETED PROPERTY TAXES

General	\$ 1,041	\$ 1,041	\$ 1,041
Debt Service	2,603	2,603	2,603
	\$ 3,644	\$ 3,644	\$ 3,644

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
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	\$ -	\$ -	\$ -
REVENUES			
Property taxes	1,041	1,041	1,041
Specific ownership tax	141	122	125
Interest income	11	-	-
Other revenue	-	-	250
Investment Income	-	-	10
Total revenues	<u>1,193</u>	<u>1,163</u>	<u>1,426</u>
Total funds available	<u>1,193</u>	<u>1,163</u>	<u>1,426</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	16	16	16
Banking fees	-	50	50
Contingency	-	-	200
Intergovernmental expenditure - District No. 1	1,177	1,097	1,160
Total expenditures	<u>1,193</u>	<u>1,163</u>	<u>1,426</u>
Total expenditures and transfers out requiring appropriation	<u>1,193</u>	<u>1,163</u>	<u>1,426</u>
ENDING FUND BALANCE	<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. 3
DEBT SERVICE 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	\$ 9,395	\$ 11,986	\$ 14,550
REVENUES			
Property taxes	2,603	2,603	2,603
Specific ownership tax	353	306	312
Investment Income	-	-	26
Interest income	27	-	-
Other revenue	-	-	250
Total revenues	2,983	2,909	3,191
Total funds available	12,378	14,895	17,741
EXPENDITURES			
General and administrative			
County Treasurer's fee	40	39	39
Intergovernmental expenditure - District No. 1	352	306	312
Contingency	-	-	250
Total expenditures	392	345	601
Total expenditures and transfers out requiring appropriation	392	345	601
ENDING FUND BALANCE	\$ 11,986	\$ 14,550	\$ 17,140

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
2019 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 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 disclosed herein are those that the District believes are significant to the budget. There will usually be differences 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. 3
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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 12% 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.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections.

Debt and Leases

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

**GOLD HILL MESA METROPOLITAN DISTRICT NO. 3
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 2019 Budget.

This information is an integral part of the accompanying budget.