



GOLD HILL MESA METROPOLITAN DISTRICT NOS. 1 and 2

Regular Joint Board Meeting

Thursday, November 21, 2024 – 9:00 a.m.

142 S Raven Mine Dr, Ste 200
Colorado Springs, Colorado 80905

And

This meeting will also be held via video-conferencing and can be joined through the directions below:

<https://video.cloudoffice.avaya.com/join/471819234>

United States: [+1 \(213\) 463-4500](tel:+12134634500)

Access Code: 471-819-234

Gold Hill Mesa Metropolitan District No. 1

Board of Director	Title	Term
Stephanie Edwards	President	May 2027
John Olson	Secretary/ Treasurer	May 2027
VACANT	Assistant Secretary	May 2027
Barry Brinton	Assistant Secretary	May 2025
VACANT	Assistant Secretary	May 2025

Gold Hill Mesa Metropolitan District No. 2

Board of Director	Title	Term
Stephanie Edwards	President	May 2027
John Olson	Secretary/ Treasurer	May 2027
Thomas Barnish	Assistant Secretary	May 2025
Barry Brinton	Assistant Secretary	May 2025
Justin Burns	Assistant Secretary	May 2025

AGENDA

1. Call to Order
2. Declaration of Quorum/ Director Qualifications/ Disclosure Matters
3. Approval of Agenda
4. Approval of Special Board meeting minutes from September 19, 2024 (enclosed)
5. Financial Matters
 - a. Review the October 31, 2024, Unaudited Financial Statements (enclosed)
 - b. Raity and Approve Payables through November 21, 2024 (enclosed)
 - c. Conduct Public Hearing on District No. 1 and No. 2, 2024 Amended and 2025 Budget
 - i. Review and consider adoption of Resolution to Amend the District No. 2 2024 Budget (enclosure)
 - ii. Review and consider adoption of District No. 1 and District No. 2, 2025 Budget Resolution and Mill levy certification (enclosed)
6. Public Comment for Items Not on the Agenda (3-minute limit per person)

7. Management Matters
 - a. Discuss District 1 dissolution
 - b. Discuss Tract Split
 - c. Community Center purchase

8. Legal Matters
 - a. Discuss and determine the 2025 Board meeting schedule
 - b. Review and consider the adoption of the Resolution calling the May 6, 2025 election (enclosed)
 - c. Review and consider acceptance of 2025 WSDM – District Manager engagement letter (under separate cover)
 - d. Review and consider acceptance of the 2024 Audit engagement letter (enclosed)

9. Landscape Matters
 - a. Review and consider acceptance of District No. 2 Sow Removal Contract (under separate cover)
 - b. Review and consider acceptance to tree wrap for a not to exceed \$10,000
 - c. Discuss the additional cost to repair electrical issues for the irrigation system
 - d. Discuss the backflow valve at 142 S Raven Mine Dr

10. Adjourn:
 - a. Next Regular Meeting Date – January 16, 2025, at 9:00 am. Tentatively scheduled Annual Town Hall for December 5, 2024, at 5:30 pm.



**JOINT MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
GOLD HILL MESA METROPOLITAN DISTRICT NOS. 1 AND 2
HELD SEPTEMBER 19, 2024
AT 9:00 AM**

Pursuant to posted notice, the special meetings of the Board of Directors of the Gold Hill Mesa Metropolitan District Nos. 1 and 2 were held on Thursday, September 19, 2024, at 9:00 a.m., via tele/videoconference: <https://video.cloudoffice.avaya.com/join/471819234>.

Attendance

In attendance were Directors:

Stephanie Edwards
John Olson
Barry Brinton
Thomas Barnish
Justin Burns (Absent)

Also in attendance were:

Pete Susemihl, Susemihl, McDermott, & Downie, P.C.
Rebecca Harris, WSDM District Managers
Beth Diana, WSDM District Managers
Tim Daugherty

Combined Meeting: The Board of Directors of the Districts have determined to hold a joint meeting of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

1. Call to Order: The meeting was called to order by President Edwards at 9:10 a.m.
2. Declaration of Quorum/Director Qualifications/ Disclosure Matters: Ms. Harris confirmed a quorum was present. Mr. Susemihl confirmed the disclosures were properly filed.
3. Approval of Agenda: Director Brinton moved to approve the Agenda as written; seconded by Director Olson. Motion passed unanimously.
4. Approval of Special Board Meeting Minutes from July 18, 2024: After review, Director Olson moved to approve the Meeting Minutes; seconded by Director Brinton. Motion passed unanimously.
5. Financial Matters
 - a. Review the August 31, 2024, Unaudited Financial Statements: Ms. Harris presented the August 31, 2024 Unaudited Financial Statements. After review, Director Olson moved to approve the August 31, 2024 Financial Statements as presented; seconded by Director Brinton. Motion passed unanimously.
 - b. Ratify and Approve Payables through September 19, 2024: Ms. Harris presented the Payables through September 19, 2024. After review, Director Brinton moved to approve the Payables through September 19, 2024; seconded by Director Olson. Motion passed unanimously.
6. Public Comment:

Mr. Daugherty brought to the board that he would like to makes sure the Board keeps on their radar for the Budget not just the tree replacement but flower bed repairs for missing shrubs and mulch replenishment. He also shared that the Association is utilizing King tree on a tree replacement as they are offering a maximum cost for number of days not trees.

7. Management Matters
 - a. Discuss District No. 1 Dissolution: President Edwards discussed wanting to get a schedule together with WSDM, the District Legal Counsel, and the Developer to discuss the outstanding concerns and questions on the developer side.
 - b. Discuss Tract Split: President Edwards discussed scheduling a meeting with Director Burns and the new City Planner.
8. Legal Matters: There were no legal matters.
9. Landscape Matters
 - a. Discuss status of turf replacement project: Ms. Harris stated she is just waiting on the updated proposal from the landscapers. The Board discussed the plan to install 3/8th inch on the small strip along Cresson Mine.
 - b. Discuss Filling 10 Tree Replacements: Ms. Harris informed the Board that the proposed plan to the Developer was rejected. President Edwards stated she plans to include this as part of her dissolution discussion between the Developer, District, and District Legal Counsel.
10. Discuss the Community Center purchase: The Board discussed keeping this on the agenda as an ongoing discussion and the potential of the Metropolitan District looking to purchase the Community Center from the Developer. Ms. Harris stated we just need to look at our service plan make sure there is no restriction in commercial revenue. Mr. Susemihl informed the Board we would have to reach out to bond counsel as the community center was considered on the tax roll for revenue generating.
11. Adjourn: President Edwards moved to adjourn the meeting at 10:16 a.m.; seconded by Director Brinton. Motion passed unanimously.
 - a. Next Regular Meeting Date – November 21, 2024, at 9:00 a.m.

Respectfully Submitted,

By: Recording Secretary



Gold Hill Mesa Metropolitan District No. 1

Balance Sheet

As of October 31, 2024

	<u>Oct 31, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
First Bank Checking	178,465.61
Total Checking/Savings	<u>178,465.61</u>
Other Current Assets	
Suspense	-0.60
Due From Other Districts	39,724.00
Total Other Current Assets	<u>39,723.40</u>
Total Current Assets	<u>218,189.01</u>
TOTAL ASSETS	<u>218,189.01</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	3,560.70
Total Accounts Payable	<u>3,560.70</u>
Total Current Liabilities	<u>3,560.70</u>
Total Liabilities	3,560.70
Equity	
Fund Balance - O&M	249,065.92
Retained Earnings	-75,082.96
Net Income	40,645.35
Total Equity	<u>214,628.31</u>
TOTAL LIABILITIES & EQUITY	<u>218,189.01</u>

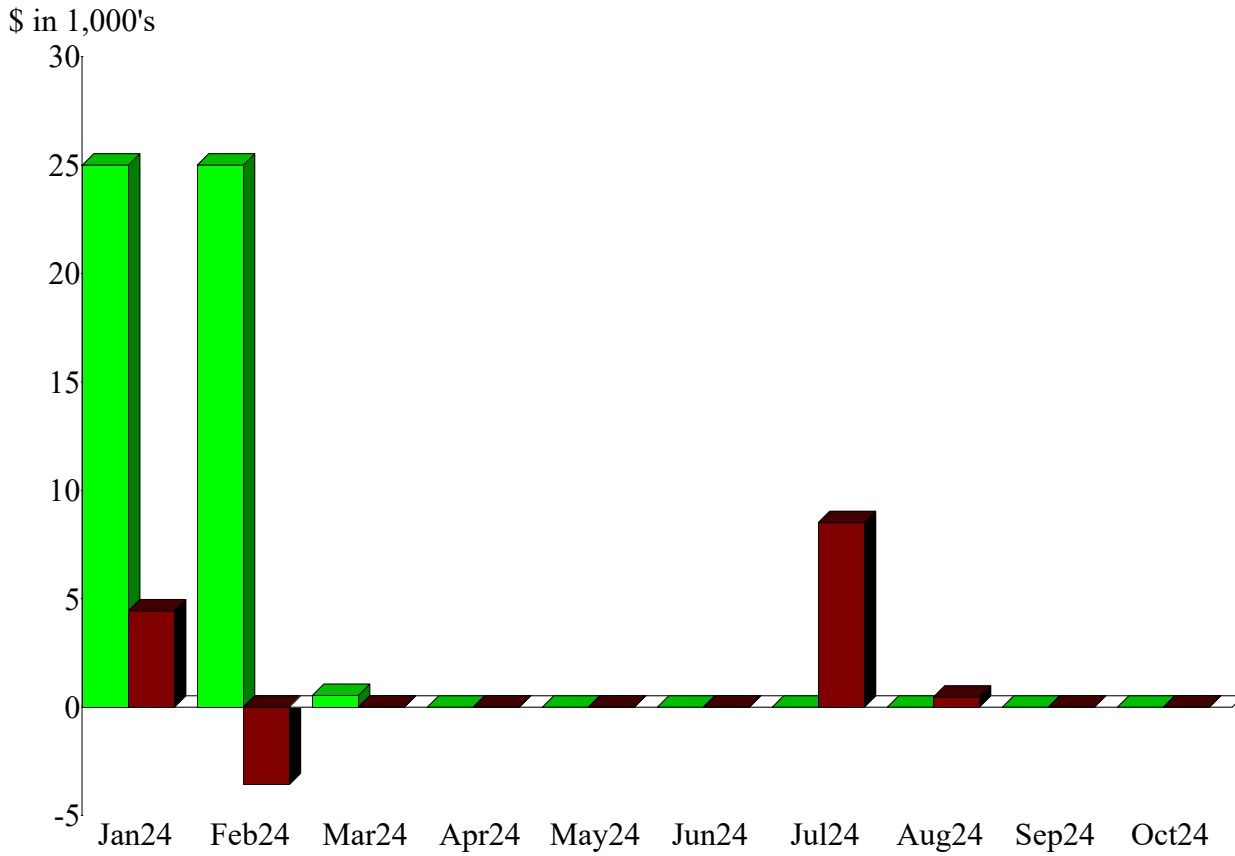
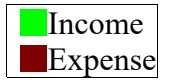
Gold Hill Mesa Metropolitan District No. 1

Profit & Loss Budget vs. Actual

January through October 2024

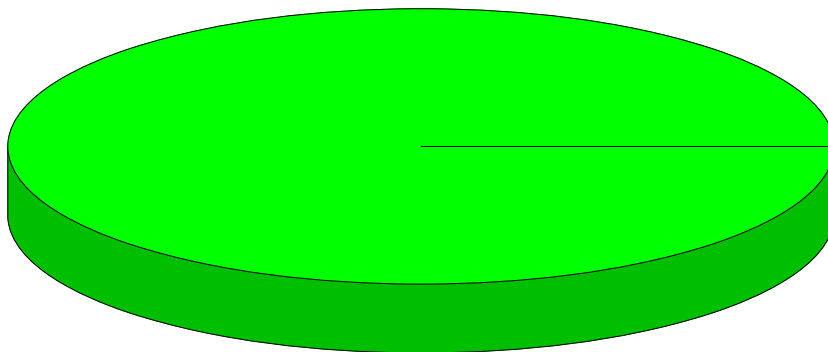
	Jan - Oct 24	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Homeowners Fee	50,549.70			
Total Income	50,549.70			
Expense				
General & Administrative				
Accounting	0.00	8,500.00	-8,500.00	0.0%
Audit	8,500.00			
Bank Fees	100.04			
Contingency	0.00	10,000.00	-10,000.00	0.0%
Insurance	4,406.00	1,500.00	2,906.00	293.7%
Legal	0.00	10,000.00	-10,000.00	0.0%
Repaymt - Dev Advance	0.00	100,000.00	-100,000.00	0.0%
SDA Dues	375.00			
Total General & Administrative	13,381.04	130,000.00	-116,618.96	10.3%
Operations & Maintenance				
Storm Water Fees	26.55			
Utilities	-3,503.24			
Total Operations & Maintenance	-3,476.69			
Total Expense	9,904.35	130,000.00	-120,095.65	7.6%
Net Ordinary Income	40,645.35	-130,000.00	170,645.35	-31.3%
Net Income	40,645.35	-130,000.00	170,645.35	-31.3%

Income and Expense by Month
January through October 2024



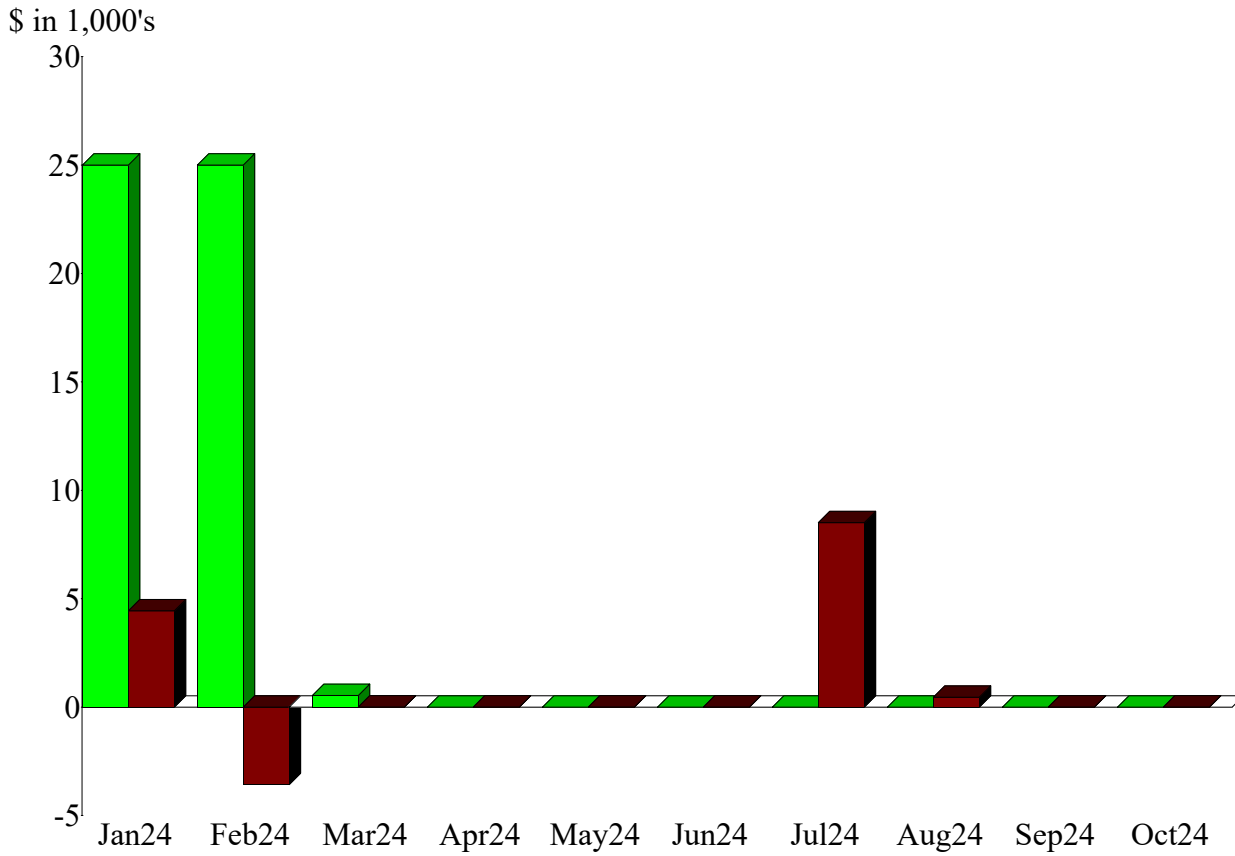
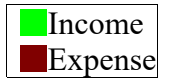
Income Summary
January through October 2024

Homeowners Fee	100.00%
Total	\$50,549.70



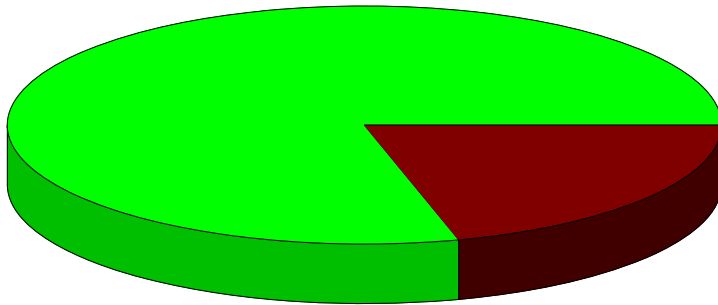
By Account

Income and Expense by Month
January through October 2024



Expense Summary
January through October 2024

General & Administrative	100.00%
Operations & Maintenance	\$-3,476.69
Sub-Total	\$9,904.35



By Account

Gold Hill Mesa Metropolitan District No. 2

Balance Sheet

11/16/24

As of October 31, 2024

Accrual Basis

	<u>Oct 31, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
Bill.com Money In Clearing	-540.10
First Bank Checking	1,197,136.28
UMB Senior Bond Fund - 8486.1	567,831.47
UMB Reserve Fund - 8486.2	1,025,841.81
UMB Bank Revenue Funds 486.4	12,396.43
UMB Sub Bond 8487-1	13,617.59
UMB Sub Project Fund - 8487.2	2,023.34
Total Checking/Savings	<u>2,818,306.82</u>
Accounts Receivable	
Accounts Receivable	0.60
Total Accounts Receivable	<u>0.60</u>
Other Current Assets	
Property Tax Receivable - O&M	1,918.91
Property Tax Receivable - Debt	5,755.57
Total Other Current Assets	<u>7,674.48</u>
Total Current Assets	<u>2,825,981.90</u>
TOTAL ASSETS	<u><u>2,825,981.90</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	14,615.98
Total Accounts Payable	<u>14,615.98</u>
Other Current Liabilities	
Due to District 1	39,723.75
Deferred Prop Tax Rev - O&M	1,918.91
Deferred Prop Tax Rev - Debt	5,755.57
Total Other Current Liabilities	<u>47,398.23</u>
Total Current Liabilities	<u>62,014.21</u>
Total Liabilities	62,014.21
Equity	
Fund Balance - Debt	1,367,383.08
Retained Earnings	558,736.32
Net Income	837,848.29
Total Equity	<u>2,763,967.69</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,825,981.90</u></u>

Gold Hill Mesa Metropolitan District No. 2

Profit & Loss Budget vs. Actual

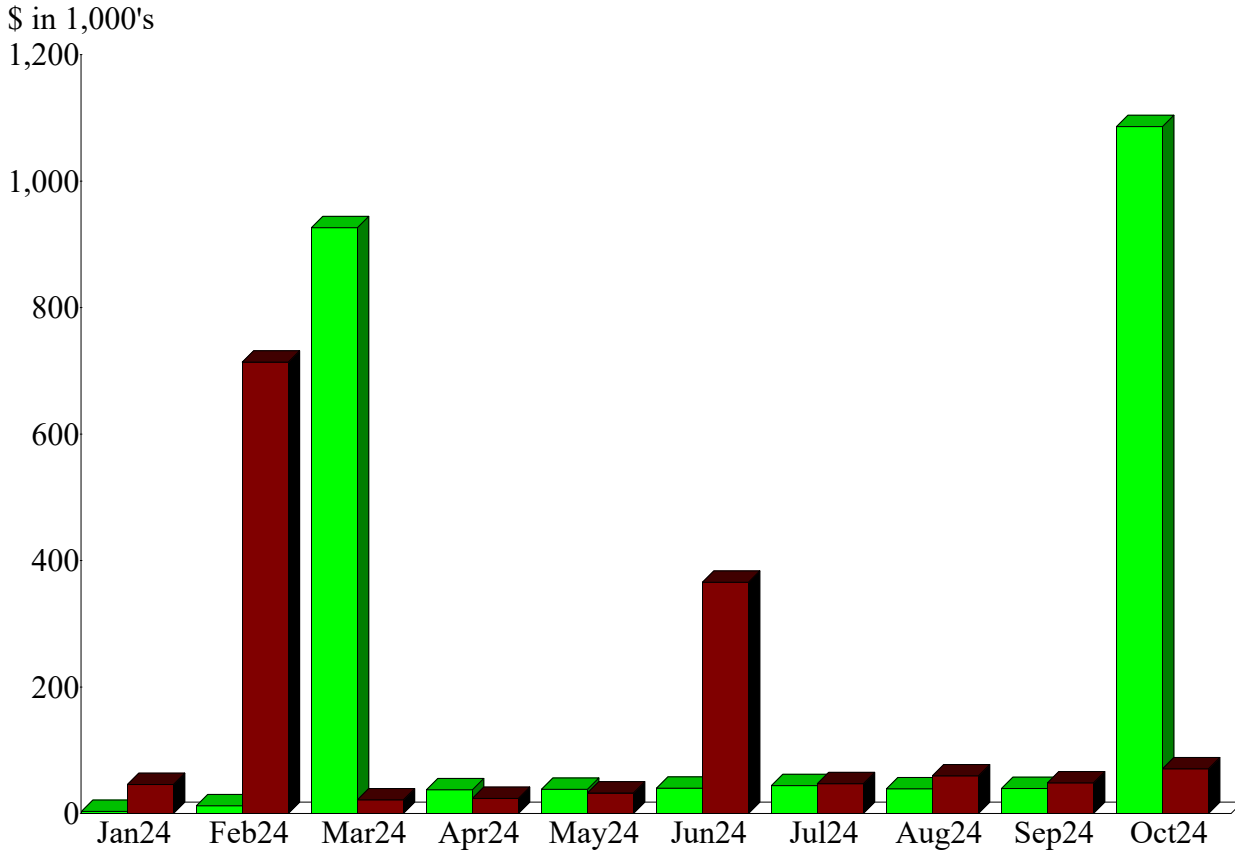
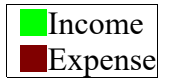
January through October 2024

11/16/24

Accrual Basis

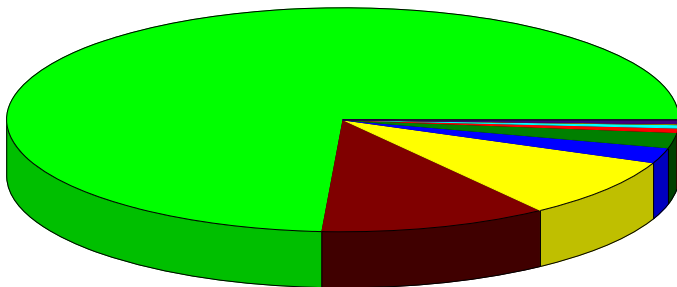
	Jan - Oct 24	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Grant Income	427.51			
Interest Abatement - Debt	-5.22			
Interest Abatement - O&M	-1.74			
Urban Renewal TIF - Debt	1,678,759.77	1,748,598.00	-69,838.23	96.0%
Urban Renewal TIF O&M	251,752.82	263,343.00	-11,590.18	95.6%
Interest Income - Debt	52,109.84			
Homeowners Fee	199,498.30	300,000.00	-100,501.70	66.5%
CY Property Tax - O&M	3,912.40	3,843.00	69.40	101.8%
Delinquent Interest - O&M	1.36			
Specific Ownership Tax - O&M	17,289.61	18,703.00	-1,413.39	92.4%
CY Property Tax - Debt	11,737.55	11,528.00	209.55	101.8%
Delinquent Interest - Debt	4.07			
Specifice Ownership Tax - Debt	51,870.29	807.00	51,063.29	6,427.5%
Total Income	2,267,356.56	2,346,822.00	-79,465.44	96.6%
Expense				
Audit	9,400.00	9,400.00	0.00	100.0%
Bank Fees	7,100.00	200.00	6,900.00	3,550.0%
District Management	55,548.01	96,000.00	-40,451.99	57.9%
Dues & Licenses	1,196.00	1,500.00	-304.00	79.7%
Insurance	14,431.00	13,000.00	1,431.00	111.0%
Landscaping	175,251.24	150,000.00	25,251.24	116.8%
Landscape - Tree Replacement	39,102.00	45,000.00	-5,898.00	86.9%
Legal	6,458.75	20,000.00	-13,541.25	32.3%
Repairs & Maintenance	8,383.25	70,000.00	-61,616.75	12.0%
SDA Dues	1,237.50			
Snow Removal	1,717.50	10,000.00	-8,282.50	17.2%
Storm Water Fees	2,866.91			
Treasurer Collection Fee - O&M	58.69	192.00	-133.31	30.6%
Treasurer Collection Fee - Debt	176.04	173.00	3.04	101.8%
Underdrainage	3,960.00	68,120.00	-64,160.00	5.8%
Utilities	131,567.28	150,000.00	-18,432.72	87.7%
Bond Expense				
Paying Agent Fee	0.00	7,000.00	-7,000.00	0.0%
Bond Interest - Series 2022A	291,412.50	582,825.00	-291,412.50	50.0%
Bond Principal Series 2022A	0.00	640,000.00	-640,000.00	0.0%
Bond Interest - Series 2022B(3)	583,641.60	326,900.00	256,741.60	178.5%
Bond Principal Series 2022B	96,000.00	140,000.00	-44,000.00	68.6%
Total Bond Expense	971,054.10	1,696,725.00	-725,670.90	57.2%
Total Expense	1,429,508.27	2,330,310.00	-900,801.73	61.3%
Net Ordinary Income	837,848.29	16,512.00	821,336.29	5,074.2%
Net Income	837,848.29	16,512.00	821,336.29	5,074.2%

Income and Expense by Month
January through October 2024



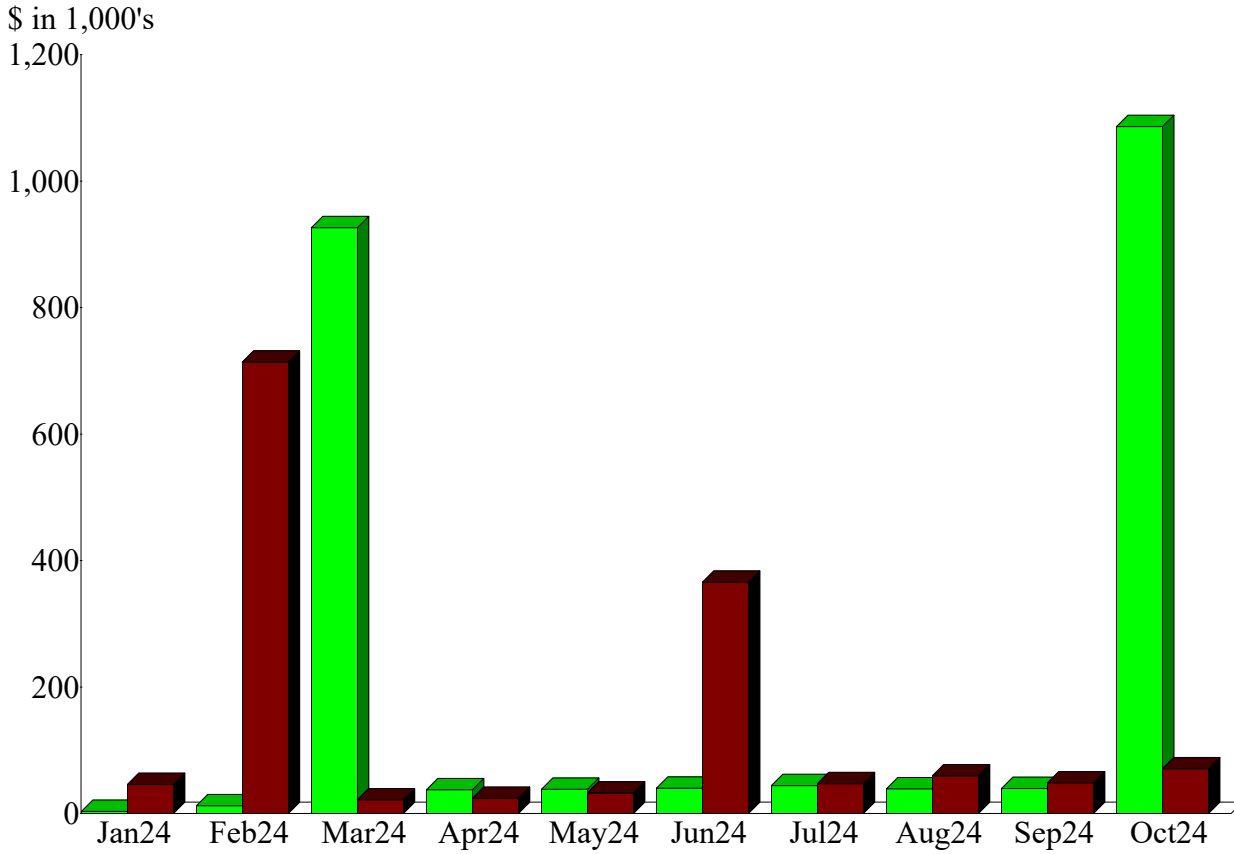
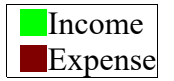
Income Summary
January through October 2024

Urban Renewal TIF - Debt	74.04%
Urban Renewal TIF O&M	11.10
Homeowners Fee	8.80
Interest Income - Debt	2.30
Specific Ownership Tax - Debt	2.29
Specific Ownership Tax - O&M	0.76
CY Property Tax - Debt	0.52
CY Property Tax - O&M	0.17
Grant Income	0.02
Interest Abatement - Debt	\$-5.22
Other	0.01
Sub-Total	\$2,267,356.56



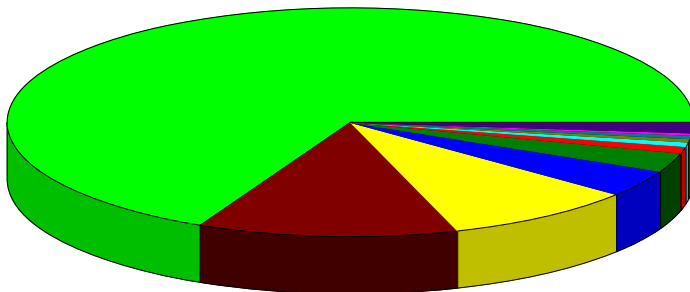
By Account

Income and Expense by Month
January through October 2024



Expense Summary
January through October 2024

Bond Expense	67.93%
Landscaping	12.26
Utilities	9.20
District Management	3.89
Landscape - Tree Replacement	2.74
Insurance	1.01
Audit	0.66
Repairs & Maintenance	0.59
Bank Fees	0.50
Legal	0.45
Other	0.78
Total	\$1,429,508.27



By Account



Gold Hill Mesa Metropolitan District #2
PAYABLES
11/21/2024
GENERAL FUND ACCOUNT

Company	Invoice	Date	Amount	Comments
City of Colorado Springs	110124	11/1/2024	\$ 404.10	
Colorado Springs Utilities	8242523332	11/5/2024	\$ 20,442.43	
UNCC	224100652	10/31/2024	\$ 29.67	
Weisburg Landscape Maintenance	56655	8/27/2024	\$ 2,722.00	
Weisburg Landscape Maintenance	57306	10/21/2024	\$ 735.50	
Weisburg Landscape Maintenance	57318	10/21/2024	\$ 1,642.50	
Weisburg Landscape Maintenance	57319	10/21/2024	\$ 175.00	
Weisburg Landscape Maintenance	57320	10/21/2024	\$ 586.00	
Weisburg Landscape Maintenance	57321	10/21/2024	\$ 497.00	
Weisburg Landscape Maintenance	57345	10/22/2024	\$ 55.00	
Weisburg Landscape Maintenance	57404	10/24/2024	\$ 95.00	
Weisburg Landscape Maintenance	57422	10/29/2024	\$ 1,671.21	
Weisburg Landscape Maintenance	57445	10/31/2024	\$ 705.50	
Weisburg Landscape Maintenance	57480	11/5/2024	\$ 1,671.21	
Weisburg Landscape Maintenance	57575	11/30/2024	\$ 11,750.00	
WSDM District Managers	472	10/31/2024	\$ 4,505.60	
TOTAL			\$ 47,687.72	

DEBT SERVICE FUND ACCOUNT

Company	Invoice	Date	Amount	Comments
UMB Bank	111024	11/10/2024	\$ 6,672.10	Pledged Rev Prop Taxes
TOTAL			\$ 6,672.10	

Total Payables \$ 54,359.82

First Bank Checking	\$ 1,229,841.15
Payable	<u>\$ (54,359.82)</u>
First Bank Checking After Draw	\$ 1,175,481.33



**GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
2025 BUDGET**

GENERAL FUND

	2023 ACTUAL	2024 ACTUAL 9/30/2024	2024 BUDGET	2025 BUDGET
GENERAL FUND: BEGINNING BALANCE	\$ 318,555	\$ 73,773	\$ 316,443	\$ 24,438
REVENUE				
OTHER REVENUE				
IGA REVENUE - DISTRICT #2				
HOMWONERS FEE	\$ 378,281	\$ 50,550		
INSURANCE PROCEEDS				
TOTAL REVENUES	\$ 378,281	\$ 50,550	\$ -	\$ -
TOTAL REVENUE & FUND BALANCE	\$ 696,836	\$ 124,322	\$ 316,443	\$ 24,438
EXPENDITURES				
GENERAL & ADMINISTRATIVE				
ACCOUNTING	\$ 13,131		\$ 8,500	
BANK FEES		\$ 80		
AUDIT	\$ 16,624	\$ 8,500		\$ 9,100
DUES & LICENSES	\$ 1,258	\$ 375	\$ -	\$ 450
INSURANCE	\$ 12,030	\$ 4,406	\$ 1,500	\$ 3,000
DISTRICT MANAGEMENT	\$ 82,868			
LEGAL SERVICES	\$ 15,275		\$ 10,000	\$ 10,000
MISCELLANEOUS	\$ 156		\$ -	
ELECTION EXPENSE			\$ -	
CONTINGENCY			\$ 10,000	
REPAYMENT OF DEVELOPER ADVANCE	\$ 100,000		\$ 100,000	
OPERATIONS & MAINTNEANCE				
REPAIRS & MAINTNEANCE	\$ 90,692			
LANDSCAPE - TREE REPLACEMENT				
LANDSCAPE MAINTNEANCE	\$ 182,659			
UTILITIES	\$ 107,482	\$ (3,503)		
SNOW REMOVAL	\$ 888			
STORM WATER FEES		\$ 27		
UNDERDRAINAGE				
TOTAL EXPENDITURES	\$ 623,063	\$ 9,884	\$ 130,000	\$ 22,550
TRANSFERS OUT			\$ 48,000	
TOTAL EXPENDITURES & TRANSFERS OUT	\$ 623,063	\$ 9,884	\$ 178,000	\$ 22,550
GENERAL FUND: ENDING BALANCE	\$ 73,773	\$ 114,438	\$ 138,443	\$ 1,888
EMERGENCY RESERVE	\$ 18,692	\$ 297	\$ 3,900	\$ 677
OPERATIONS RESERVE (6 MONTHS OF 2024 ESTIMATED EXPENDITURES)			\$ 65,000	\$ 11,275
TOTAL RESERVE			\$ 68,900	\$ 11,952

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GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

2025 BUDGET

CAPITAL RESERVE FUND

	2023 ACTUAL	2024 ACTUAL	2024 BUDGET	2025 BUDGET
REVENUE FUND 1: BEGINNING BALANCE			\$ -	\$ -
REVENUES				
DEVELOPER ADVANCE				
IGA REVENUE DISTRICT NO. 2				
TOTAL REVENUES			\$ -	\$ -
TOTAL REVENUE & FUND BALANCE			\$ -	\$ -
EXPENDITURES				
CAPITAL PROJECTS				
REPAY DEVELOPER ADVANCE				
CAPITAL OUTLAY				
TOTAL EXPENDITURES			\$ -	
REVENUE FUND: ENDING BALANCE			\$ -	\$ -

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BUDGET MESSAGE
(Pursuant to § 29-1-103(1) (e), C.R.S.)

Gold Hill Mesa Metropolitan District No. 1

The attached 2025 Budget for Gold Hill Mesa Metropolitan District No. 1 includes these important features:

- No source of Revenue to be coming in
- Payment to Developer Reimbursement Agreement
- Preparation of dissolution in 2025

The Budgetary basis of accounting timing measurement method used is:

- Cash basis
- Modified accrual basis
- Encumbrance basis
- Accrual basis

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the district's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The services to be provided/ delivered during the budget year are the following:

- Contracted legal and management services including state required reporting, financial and accounting reports.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 2

2025 BUDGET

GENERAL FUND

	2023 ACTUAL	2024 ACTUAL 9/30/2024	2024 BUDGET	2025 BUDGET
GENERAL FUND: BEGINNING BALANCE	\$ -	\$ 2	\$ -	\$ 93,071
REVENUE				
PROPERTY TAX	\$ 3,572	\$ 3,912	\$ 3,843	\$ 3,838
SPECIFIC OWNERSHIP TAX	\$ 21,344	\$ 15,243	\$ 18,703	\$ 18,664
DELINQUENT TAX & INTEREST ABATEMENT	\$ 1	\$ (2)		
URBAN RENEWAL TIF	\$ 225,886	\$ 251,753	\$ 263,343	\$ 262,796
GRANT INCOME		\$ 428		
HOMEOWNERS FEE		\$ 199,498	\$ 300,000	
UNDERDRAIN MAINTENANCE				
UTILITIES				\$ 55,200
LANDSCAPE MAINTENANCE				\$ 194,805
INTEREST INCOME	\$ 2			
OTHER REVENUE (transfer from District 1)			\$ 48,000	
TOTAL REVENUES	\$ 250,805	\$ 470,833	\$ 633,889	\$ 535,303
TOTAL REVENUE & FUND BALANCE	\$ 250,805	\$ 470,835	\$ 633,889	\$ 628,375
EXPENDITURES				
GENERAL & ADMINISTRATIVE				
AUDIT		\$ 9,400	\$ 9,400	\$ 10,250
BANK FEES	\$ 158	\$ 80	\$ 200	\$ 200
COUNTY TREASURER'S FEE	\$ 54	\$ 59	\$ 192	\$ 192
DISTRICT MANAGEMENT		\$ 45,952	\$ 96,000	\$ 96,000
DUES & LICENSES		\$ 1,238	\$ 1,500	\$ 1,500
IGA EXPENSE - DISTRICT #1	\$ 247,640			
INSURANCE	\$ 2,951	\$ 14,431	\$ 13,000	\$ 15,000
LEGAL SERVICES		\$ 6,009	\$ 20,000	\$ 20,000
CONTINGENCY				
OPERATIONS & MAINTENANCE				
REPAIRS & MAINTENANCE		\$ 45,110	\$ 70,000	\$ 50,000
LANDSCAPE - TREE REPLACEMENT		\$ 39,102	\$ 45,000	\$ 60,000
LANDSCAPE MAINTENANCE		\$ 133,727	\$ 150,000	\$ 150,000
UTILITIES		\$ 86,211	\$ 150,000	\$ 125,000
SNOW REMOVAL		\$ 1,718	\$ 10,000	\$ 15,000
STORM WATER		\$ 2,416		\$ 4,000
UNDERDRAINAGE		\$ 3,960	\$ 68,120	\$ 68,120
TOTAL EXPENDITURES	\$ 250,803	\$ 389,413	\$ 633,412	\$ 615,262
TRANSFERS OUT				
TOTAL EXPENDITURES & TRANSFERS OUT	\$ 250,803	\$ 389,413	\$ 633,412	\$ 615,262
GENERAL FUND: ENDING BALANCE	\$ 2	\$ 81,422	\$ 477	\$ 13,113
EMERGENCY RESERVE (TABOR 3%)	\$ 7,524.09	\$ 11,682.38	\$ 19,002.36	\$ 18,457.86
OPERATIONS RESERVE (6 MONTHS OF 2024 ESTIMATED EXPENDITURES)	\$ 125,402	\$ 194,706	\$ 316,706	\$ 307,631
TOTAL RESERVE	\$ 132,926	\$ 206,389	\$ 335,708	\$ 326,089
ASSESSED VALUATION (000'S)	17,933,930	\$ 21,067,440	\$ 21,067,440	\$ 21,023,690
TIF ADJUSTED AV	284,810	\$ 326,590	\$ 326,590	\$ 326,170
MILL LEVY - O&M	11.366	11.766	11.766	11.766
MILL LEVY - DEBT	34.099	35.299	35.299	35.299
MILL LEVY - TOTAL	45.465	47.065	47.065	47.065

DRAFT



**GOLD HILL MESA METROPOLITAN DISTRICT NO. 2
2025 BUDGET**

DEBT SERVICE FUND

	2023 ACTUAL	2024 ACTUAL	2024 PROJECTED	2024 BUDGET	2025 BUDGET
REVENUE FUND 1: BEGINNING BALANCE	\$ 1,082,190	\$ 1,457,814	\$ 1,457,814	\$ 1,062,783	\$ 1,291,235
REVENUES					
PROPERTY TAXES	\$ 10,718	\$ 11,738	\$ 11,738	\$ 11,528	\$ 11,513
SPECIFIC OWNERSHIP	\$ 64,033	\$ 45,729	\$ 45,729	\$ 807	\$ 806
DELINQUENT INTERST & TAXES	\$ 5	\$ 4	\$ 4		
INTEREST INCOME	\$ 48,720	\$ 39,788	\$ 40,000		\$ 10,000
ABATEMENT		\$ (5)	\$ (5)		
FACILITITIES FEES	\$ -				
URBAN RENEWAL TIF	\$ 1,511,699	\$ 1,678,760	\$ 1,748,598	\$ 1,748,598	\$ 1,744,964
BOND PROCEEDS					
TOTAL REVENUES	\$ 1,635,175	\$ 1,776,014	\$ 1,846,064	\$ 1,760,933	\$ 1,767,283
TOTAL REVENUE & FUND BALANCE	\$ 2,717,365	\$ 3,233,828	\$ 3,303,878	\$ 2,823,716	\$ 3,058,519
EXPENDITURES					
GENERAL ADMINISTRATIVE					
COUNTY TREASURER'S FEES	\$ 171	\$ 176	\$ 176	\$ 173	\$ 173
MISCELLANEOUS					
IGA EXPENSE - DISTRICT #1					
PAYING AGENT FEES			\$ 7,000	\$ 7,000	\$ 7,000
DEBT SERVICE					
BOND INTEREST - SERIES 2022A	\$ 613,075	\$ 291,413	\$ 582,825	\$ 582,825	\$ 550,825
BOND INTEREST - SERIES 2022B		\$ 583,642	\$ 583,642	\$ 326,900	\$ 312,970
BOND PRINCIPAL - SERIES 2022A	\$ 605,000		\$ 640,000	\$ 640,000	\$ 675,000
BOND PRINCIPAL - SERIES 2022B	\$ -	\$ 96,000	\$ 199,000	\$ 140,000	\$ 225,000
BOND ISSUANCE COSTS					
CONTINGENCY					
TOTAL EXPENDITURES	\$ 1,218,246.47	\$ 971,230.16	\$ 2,012,643	\$ 1,696,898	\$ 1,770,968
REVENUE FUND: ENDING BALANCE	\$ 1,499,118	\$ 2,262,598	\$ 1,291,235	\$ 1,126,818	\$ 1,287,551
DEBT SERVICE RESERVE					
TOTAL RESERVE	\$ -	\$ -	\$ -	\$ -	\$ -
ASSESSED VALUATION	17,933,930	\$ 21,067,440	\$ 21,067,440	\$ 21,067,440	\$ 21,023,660
TIF ADJUSTED AV	284,810	\$ 326,590	\$ 326,590	\$ 326,590	\$ 326,170
MILL LEVY - O&M	11.366	11.766	11.766	11.766	11.766
MILL LEVY - DEBT	34.099	35.299	35.299	35.299	35.299
MILL LEVY - TOTAL	45.465	47.065	47.065	47.065	47.065

DRAFT



BUDGET MESSAGE
(Pursuant to § 29-1-103(1) (e), C.R.S.)

Gold Hill Mesa Metropolitan District No. 2

The attached 2025 Budget for Gold Hill Mesa Metropolitan District No. 2 includes these important features:

- The primary sources of revenue for the district are tax revenues and Home Owner revenues paid by the Associations per a standing Memorandum of Understanding
- Funding of a significant amount of Tree Replacement through out the community, per a discussed three year plan starting in 2024
- Funding of landscape maintenance, including any possible repairs
- Payment of debt service obligations

The Budgetary basis of accounting timing measurement method used is:

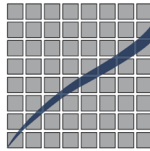
- Cash basis
- Modified accrual basis
- Encumbrance basis
- Accrual basis

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the district's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The services to be provided/ delivered during the budget year are the following:

- Contracted legal and management services including state required reporting, financial and accounting reports, billing and other services.





BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

October 17, 2024

Board of Directors

Gold Hill Mesa Metropolitan District No. 1

El Paso County, Colorado

We are pleased to confirm our understanding of the services we are to provide for Gold Hill Mesa Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2024. Accounting principles generally accepted in the United States of America ("US GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A") to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures, but will not be audited:

- You have informed us that the MD&A will be omitted. Our report will be modified accordingly.

We have also been engaged to report on supplementary information ("SI") other than RSI that accompanies the District's financial statements, as applicable. We will subject the SI to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS, and will provide an opinion on it in relation to the basic financial statements as a whole.

- Schedule(s) of revenues, expenditures, and changes in fund balances – budget and actual for governmental funds, as applicable

In connection with our audit of the basic financial statements, we will read any other information included with the financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with US

GAAP; and report on the fairness of the SI referred to above when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Users of the Financial Statements

We understand that these financial statements will be used by the State of Colorado and El Paso County to assist with regulatory oversight, and by management to provide assurance on the financial statements to enhance management decision-making. You agree that you will discuss the suitability of this presentation with us if you intend to submit these financial statements to other users or to any of the identified users for different purposes.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with US GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with US GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

If circumstances occur which, in our professional judgment, prevent us from completing the audit or forming opinions on the financial statements, we retain the right to withdraw from the engagement without issuing opinions or a report, as permitted by our professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your

confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the District and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance any matters related to internal control that are required to be communicated under professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the entity in conformity with US GAAP based on information provided by you. We will perform the services in accordance with applicable professional standards.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with US GAAP with the oversight of those charged with governance.

Management is responsible for making drafts of the financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

With regard to including the auditor's report in an offering document, you agree that the aforementioned auditor's report, or reference to BiggsKofford, P.C., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an offering document, including an agreement to provide permission or consent, will be a separate engagement.

You are responsible for the preparation of the SI in conformity with US GAAP. You agree to include our report on the SI in any document that contains, and indicates that we have reported on, the SI. You also agree to include the audited financial statements with any presentation of the SI that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for the presentation of the SI in accordance with US GAAP; (2) you believe the SI, including its form and content, is fairly presented in accordance with US GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the SI.

You agree to assume all management responsibilities for the other services listed above and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You are responsible to notify us in advance of your intent to reproduce our report for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report before its issuance. Such notification does not constitute an acknowledgement on our part of any third party's intent to rely on the financial statements. With regard to financial statements published electronically or on your internet website(s), you understand that electronic sites are a means to reproduce and distribute information. We are not required to read the information contained in your sites, or to consider the consistency of other information in the electronic site with the original document.

You agree that you will not use our firm's name or the name of an employee of the firm in a communication containing a financial presentation without the written permission of our firm. If you do use our firm name or the name of an employee of the firm in a communication containing a financial presentation, you agree to include an "accountant's report" or a "disclaimer" on the financial presentation(s) which we specify. Further, you agree to provide us with printers' proofs or masters of any document that contains our firm name or the name of an employee of the firm and a financial presentation for our review and approval before printing/publishing of the document. You also agree to provide us with a copy of the final reproduced material that contains either our firm's name and/or the name of an employee of the firm and a financial presentation for our approval before it is distributed.

We value each and every one of our clients as well as each and every one of our employees. We have spent a great deal of time and resources to locate, train, and retain our employees. We respectfully request that you not solicit our employees to work for you. You agree that if you or your agents do hire one of our employees within three months of when they last worked for BiggsKofford, P.C., we will be due a finder's fee equal to 50% of the greater of the annual salary they were earning as of their last day of employment or their starting salary with the District. Payment will be due within 10 days of your receipt of our invoice. To ensure that our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement principal before entering into any substantive employment discussions with any of our personnel.

You understand that we provide clients with services specifically focused on identifying and addressing deficiencies in internal controls, and on searching for the existence of fraud within the entity. If you would like us to perform

these services, we would be happy to discuss that opportunity with you. However, you acknowledge that those services are outside the scope of this engagement and are not included in the fees detailed below.

It is our policy to retain engagement documentation for a period of at least five years, after which time we may commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement. The balance of our engagement file, other than the compiled financial statement, which we will provide you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony related to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates for the time we expend in connection with such response, and to reimburse us for all related out-of-pocket costs incurred.

You and BiggsKofford, P.C. both agree that any dispute that may arise from this engagement will, prior to resorting to litigation, be submitted for mediation before the American Arbitration Association. Both parties further agree that any such mediation shall be administered within El Paso County, Colorado, and the results of any such mediation shall be binding upon agreement of each party to be bound. Further, both parties agree that any potential legal action between you and BiggsKofford, P.C. shall be resolved in El Paso County District Court according to Colorado law. Our engagement ends on delivery of our audit report and any claim made concerning our services will be limited to the fees charged for those services. You agree to indemnify, defend, and hold BiggsKofford and its owners, heirs, executors, personal representatives, successors, and assigns harmless from any liability and costs resulting from knowing misrepresentations by management.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all parties.

We want you to clearly understand that this type of financial statement presentation is not designed for, and should not be used for, any purpose subject to regulation by the United States Securities and Exchange Commission ("SEC") or the securities division of any state.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of BiggsKofford, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Colorado Office of the State Auditor or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of BiggsKofford, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to Colorado Office of the State Auditor or its designee. The Colorado Office of the State Auditor or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Chris Jorgensen is the engagement principal and is responsible for supervising the engagement and for signing the report or authorizing another individual to sign it.

Our fees for this engagement are not contingent on the results of our services. We estimate that our fees for these services will be \$9,100. You will also be billed for any travel or other out-of-pocket expenses. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. Our invoices for these fees will be rendered when we begin final field work, and are payable on presentation. Any remaining balance will be due upon delivery of your financial statements. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or for any other reason provided for in this letter, our engagement will be deemed to have been

completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of the termination. This engagement letter was drafted under the assumption that WSDM District Managers is the manager for the District. In the event this is not the case, the terms of this engagement letter are subject to revision. This engagement letter is valid for 30 days from the date of this letter and is subject to revision or withdrawal if an executed copy is not received by BiggsKofford, P.C. within that timeframe.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the board of directors of the District. Circumstances may arise in which our report may differ from its expected content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report or, if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, **PLEASE INITIAL EACH PAGE, SIGN THE LAST PAGE**, and return a copy to us.

Sincerely,

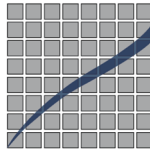
BiggsKofford, P.C.

BiggsKofford, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Gold Hill Mesa Metropolitan District No. 1.

Officer signature: _____ Title: _____ Date: _____



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

October 17, 2024

Board of Directors

Gold Hill Mesa Metropolitan District No. 2

El Paso County, Colorado

We are pleased to confirm our understanding of the services we are to provide for Gold Hill Mesa Metropolitan District No. 2 ("District") as of and for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2024. Accounting principles generally accepted in the United States of America ("US GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A") to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures, but will not be audited:

- You have informed us that the MD&A will be omitted. Our report will be modified accordingly.

We have also been engaged to report on supplementary information ("SI") other than RSI that accompanies the District's financial statements, as applicable. We will subject the SI to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS, and will provide an opinion on it in relation to the basic financial statements as a whole.

- Schedule(s) of revenues, expenditures, and changes in fund balances – budget and actual for governmental funds, as applicable

In connection with our audit of the basic financial statements, we will read any other information included with the financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with US

GAAP; and report on the fairness of the SI referred to above when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Users of the Financial Statements

We understand that these financial statements will be used by the State of Colorado and El Paso County to assist with regulatory oversight, and by management to provide assurance on the financial statements to enhance management decision-making. You agree that you will discuss the suitability of this presentation with us if you intend to submit these financial statements to other users or to any of the identified users for different purposes.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with US GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with US GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

If circumstances occur which, in our professional judgment, prevent us from completing the audit or forming opinions on the financial statements, we retain the right to withdraw from the engagement without issuing opinions or a report, as permitted by our professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your

confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the District and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance any matters related to internal control that are required to be communicated under professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the entity in conformity with US GAAP based on information provided by you. We will perform the services in accordance with applicable professional standards.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with US GAAP with the oversight of those charged with governance.

Management is responsible for making drafts of the financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

With regard to including the auditor's report in an offering document, you agree that the aforementioned auditor's report, or reference to BiggsKofford, P.C., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an offering document, including an agreement to provide permission or consent, will be a separate engagement.

You are responsible for the preparation of the SI in conformity with US GAAP. You agree to include our report on the SI in any document that contains, and indicates that we have reported on, the SI. You also agree to include the audited financial statements with any presentation of the SI that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for the presentation of the SI in accordance with US GAAP; (2) you believe the SI, including its form and content, is fairly presented in accordance with US GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the SI.

You agree to assume all management responsibilities for the other services listed above and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You are responsible to notify us in advance of your intent to reproduce our report for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report before its issuance. Such notification does not constitute an acknowledgement on our part of any third party's intent to rely on the financial statements. With regard to financial statements published electronically or on your internet website(s), you understand that electronic sites are a means to reproduce and distribute information. We are not required to read the information contained in your sites, or to consider the consistency of other information in the electronic site with the original document.

You agree that you will not use our firm's name or the name of an employee of the firm in a communication containing a financial presentation without the written permission of our firm. If you do use our firm name or the name of an employee of the firm in a communication containing a financial presentation, you agree to include an "accountant's report" or a "disclaimer" on the financial presentation(s) which we specify. Further, you agree to provide us with printers' proofs or masters of any document that contains our firm name or the name of an employee of the firm and a financial presentation for our review and approval before printing/publishing of the document. You also agree to provide us with a copy of the final reproduced material that contains either our firm's name and/or the name of an employee of the firm and a financial presentation for our approval before it is distributed.

We value each and every one of our clients as well as each and every one of our employees. We have spent a great deal of time and resources to locate, train, and retain our employees. We respectfully request that you not solicit our employees to work for you. You agree that if you or your agents do hire one of our employees within three months of when they last worked for BiggsKofford, P.C., we will be due a finder's fee equal to 50% of the greater of the annual salary they were earning as of their last day of employment or their starting salary with the District. Payment will be due within 10 days of your receipt of our invoice. To ensure that our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement principal before entering into any substantive employment discussions with any of our personnel.

You understand that we provide clients with services specifically focused on identifying and addressing deficiencies in internal controls, and on searching for the existence of fraud within the entity. If you would like us to perform

these services, we would be happy to discuss that opportunity with you. However, you acknowledge that those services are outside the scope of this engagement and are not included in the fees detailed below.

It is our policy to retain engagement documentation for a period of at least five years, after which time we may commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement. The balance of our engagement file, other than the compiled financial statement, which we will provide you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony related to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates for the time we expend in connection with such response, and to reimburse us for all related out-of-pocket costs incurred.

You and BiggsKofford, P.C. both agree that any dispute that may arise from this engagement will, prior to resorting to litigation, be submitted for mediation before the American Arbitration Association. Both parties further agree that any such mediation shall be administered within El Paso County, Colorado, and the results of any such mediation shall be binding upon agreement of each party to be bound. Further, both parties agree that any potential legal action between you and BiggsKofford, P.C. shall be resolved in El Paso County District Court according to Colorado law. Our engagement ends on delivery of our audit report and any claim made concerning our services will be limited to the fees charged for those services. You agree to indemnify, defend, and hold BiggsKofford and its owners, heirs, executors, personal representatives, successors, and assigns harmless from any liability and costs resulting from knowing misrepresentations by management.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all parties.

We want you to clearly understand that this type of financial statement presentation is not designed for, and should not be used for, any purpose subject to regulation by the United States Securities and Exchange Commission ("SEC") or the securities division of any state.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of BiggsKofford, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Colorado Office of the State Auditor or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of BiggsKofford, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to Colorado Office of the State Auditor or its designee. The Colorado Office of the State Auditor or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Chris Jorgensen is the engagement principal and is responsible for supervising the engagement and for signing the report or authorizing another individual to sign it.

Our fees for this engagement are not contingent on the results of our services. We estimate that our fees for these services will be \$10,250. You will also be billed for any travel or other out-of-pocket expenses. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. Our invoices for these fees will be rendered when we begin final field work, and are payable on presentation. Any remaining balance will be due upon delivery of your financial statements. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or for any other reason provided for in this letter, our engagement will be deemed to have been

completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of the termination. This engagement letter was drafted under the assumption that WSDM District Managers is the manager for the District. In the event this is not the case, the terms of this engagement letter are subject to revision. This engagement letter is valid for 30 days from the date of this letter and is subject to revision or withdrawal if an executed copy is not received by BiggsKofford, P.C. within that timeframe.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the board of directors of the District. Circumstances may arise in which our report may differ from its expected content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report or, if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, **PLEASE INITIAL EACH PAGE, SIGN THE LAST PAGE**, and return a copy to us.

Sincerely,

BiggsKofford, P.C.

BiggsKofford, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Gold Hill Mesa Metropolitan District No. 2.

Officer signature: _____ Title: _____ Date: _____