

Resolution No. 2016-11-02

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS
(2017)**

The Board of Directors of Paint Brush Hills Metropolitan District (the "Board"), County of El Paso, Colorado (the "District") held a regular meeting at 9830 Liberty Grove Drive, Falcon, Colorado, on Thursday, November 17, 2016, at the hour of 7:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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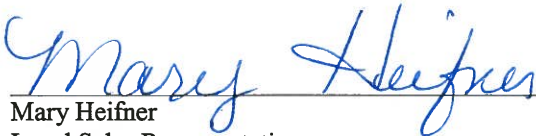
NOTICE AS TO PROPOSED 2017 BUDGET

AFFIDAVIT OF PUBLICATION

STATE OF COLORADO
COUNTY OF EL PASO

I, Mary Heifner, being first duly sworn, deposes and says that she is the Legal Sales Representative of THE COLORADO SPRINGS GAZETTE, LLC., a corporation, the publishers of a daily public newspaper, which is printed and published daily in whole at the city of Colorado Springs in the County of El Paso, and the State of Colorado, and which is called The Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper **1 time(s) to wit, October 26, 2016.**

That said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of at least six consecutive months next prior to the first issue thereof containing this notice; that said newspaper has a general circulation and that it has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879 and any amendment thereof, and is a newspaper duly qualified for the printing of legal notices and advertisement within the meaning of the laws of the State of Colorado.



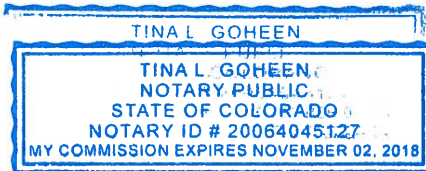
Mary Heifner
Legal Sales Representative

Subscribed and sworn to me this **October 26 2016**, at said City of Colorado Springs, El Paso County, Colorado. My commission expires **November 2, 2018.**



Tina L. Goheen
Notary Public

The Gazette



**PAINT BRUSH HILLS
METROPOLITAN DISTRICT**
9830 Liberty Grove Drive
Falcon, Colorado 80831

**NOTICE OF PUBLIC HEARING ON THE
PROPOSED 2017 BUDGET AND
NOTICE OF PUBLIC HEARING ON THE
AMENDED 2016 BUDGET**

NOTICE is hereby given that a proposed budget has been submitted to the Board of Directors for the ensuing year of 2017, a copy of such proposed budget has been filed in the office of the Paint Brush Hills Metropolitan District, 9830 Liberty Grove Drive, Falcon, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2016 budget has been submitted to the Board of Directors; a copy of such proposed amended budget has been filed in the office of the Paint Brush Hills Metropolitan District, 9830 Liberty Grove Drive, Falcon, Colorado, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a public hearing during a Regular Meeting of the Board of Directors to be held at 9830 Liberty Grove Drive, Falcon, Colorado on Thursday, November 17, 2016 at 7:00 PM. Any interested elector of the Paint Brush Hills Metropolitan District may inspect the proposed budget or amended budget and file or register any objections thereto at any time prior to the final adoption of the budget and amended budget.

BY ORDER OF THE
BOARD OF DIRECTORS:
PAINT BRUSH HILLS
METROPOLITAN DISTRICT

By /s/ Leon Gomes
District Manager

Published in CS Gazette October 26, 2016

Thereupon, Director Griffin introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2017 AND ENDING ON THE LAST DAY OF DECEMBER 2017.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on Thursday, November 17, 2016, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2017 Revenues and 2017 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2017, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2017. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2017 budget year, there is hereby levied a tax of eighteen and sixty-three thousandths (18.063) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Olney.

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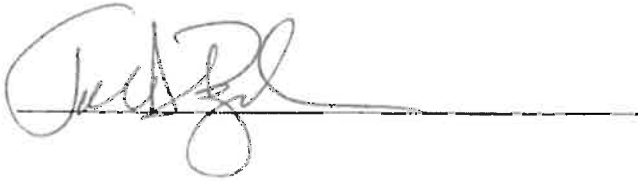
ADOPTED THIS 17TH DAY OF NOVEMBER, 2016.

PAINT BRUSH HILLS METROPOLITAN DISTRICT



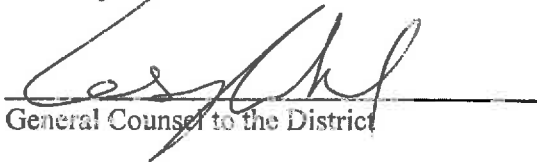
Officer of District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF EL PASO
PAINT BRUSH HILLS METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Thursday, November 17, 2016, at 9830 Liberty Grove Drive, Falcon, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17th day of November, 2016.

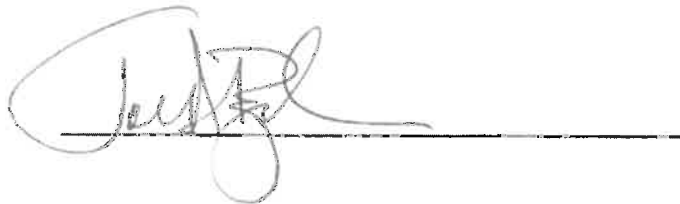


EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Accountant's Compilation Report

Board of Directors
Paint Brush Hills Metropolitan District
El Paso County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances/available for the General Fund, Conservation Trust Fund, Capital Projects Fund and the Enterprise Fund of Paint Brush Hills Metropolitan District (District) for the year ending December 31, 2017, including forecasted estimates of comparative information for the year ending December 31, 2016, and the schedule of debt service requirements to maturity which is presented for additional analysis purposes only, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenues, expenditures and fund balances or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2015 is presented for comparative purposes only. Such information was taken from the audited financial statements for the year ended December 31, 2015. The financial statements for the year ended December 31, 2015, were audited by Osborne, Parsons & Rosacker, LLP and they expressed unmodified opinions on them in their report dated July 27, 2016.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Paint Brush Hills Metropolitan District.

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.
December 14, 2016

PAINT BRUSH HILLS METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information
For the Years Ended and Ending December 31,

	Actual 2015	Estimated 2016	Adopted Budget 2017
Assessed Valuation	\$ 14,886,810	\$ 16,488,770	\$ 17,681,870
Mill Levy			
General Fund	22.107	22.107	22.107
Temporary Mill Levy Reduction - Rebate	-	-	(1.598)
Temporary Mill Levy Reduction - Current Year	-	-	(2.446)
Total Mill Levy	<u>22.107</u>	<u>22.107</u>	<u>18.063</u>
Property Taxes			
General Fund	\$ 329,103	\$ 364,517	\$ 390,893
Temporary Mill Levy Reduction - Rebate	-	-	(28,255)
Temporary Mill Levy Reduction - Current Year	-	-	(43,250)
Actual/Budgeted Property Taxes	<u>\$ 329,103</u>	<u>\$ 364,517</u>	<u>\$ 319,388</u>

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
GENERAL FUND
Forecasted 2017 Budget as Adopted
With 2015 Actual and 2016 Estimated
For the Years Ended and Ending December 31,**

	Actual 2015	Estimated 2016	Adopted Budget 2017
BEGINNING FUND BALANCE	\$ 130,429	\$ 113,749	\$ 115,494
REVENUE			
Property Tax Revenue	329,103	364,517	319,389
Specific Ownership Taxes	37,190	40,101	35,136
Interest Income	454	355	350
Reimbursement Sub District Expenditures	10,000	18,332	-
Insurance Reimbursement	-	30,000	-
Miscellaneous Income	875	249	249
TOTAL REVENUE	377,622	453,554	355,124
TOTAL FUNDS AVAILABLE	508,051	567,303	470,618
EXPENDITURES			
Audit	5,599	5,600	5,600
Director's Fees	6,300	4,400	8,000
District Manager	16,533	60,000	75,000
Employee Wages	28,266	9,600	15,000
Payroll Taxes	4,520	6,001	11,000
457b Plan Contributions	-	3,000	2,800
Payroll Processing	2,503	3,682	3,100
Health Insurance	15,144	14,529	13,000
District Manager Phone Allowance	207	616	780
Employee Training	-	-	6,000
Election/Board Meetings	24	41,024	1,500
Insurance	28,651	30,334	31,000
Legal	73,430	95,063	57,000
Management	62,239	158	-
Miscellaneous	18,974	16,460	1,500
Bank Charges	709	660	700
Dues/Subscriptions/Conferences	3,710	2,006	2,500
Office Rent and Expense	18,736	20,300	11,600
Office Utilities	3,331	2,820	5,600
Office Equipment	1,650	10,081	8,500
Office Supplies	7,270	6,875	7,500
Postage	1,028	2,542	750
Telephone	2,031	2,976	3,000
Accounting	30,919	25,320	15,000
Office Techology/Website			10,000
Treasurer's Fees	4,938	5,468	4,791
Sub District Expenditures	18,490	-	-
Parks & Prop-Ground Mtce	26,607	26,828	27,000
Parks Mtce and Repairs	2,465	7,354	2,000
Parks & Prop Landscaping	4,082	13,316	7,000
Park and Rec Fac Improvements	5,946	-	-
Storm Water Facilities Mtce	-	34,796	-
TOTAL EXPENDITURES	394,302	451,809	337,221
EXPENDITURES REQUIRING APPROPRIATION	394,302	451,809	337,221
ENDING FUND BALANCE	\$ 113,749	\$ 115,494	\$ 133,397

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 Forecasted 2017 Budget as Adopted
 With 2015 Actual and 2016 Estimated
 For the Years Ended and Ending December 31,**

	Actual 2015	Estimated 2016	Adopted Budget 2017
BEGINNING FUND BALANCE	\$ 21,245	\$ 31,579	\$ 45,181
REVENUE			
Conservation Trust Revenue	10,334	13,602	13,000
TOTAL REVENUE	<u>10,334</u>	<u>13,602</u>	<u>13,000</u>
TOTAL FUNDS AVAILABLE	<u>31,579</u>	<u>45,181</u>	<u>58,181</u>
EXPENDITURES			
Conservation Trust Expenditure	-	-	58,181
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>58,181</u>
EXPENDITURES REQUIRING APPROPRIATION	<u>-</u>	<u>-</u>	<u>58,181</u>
ENDING FUND BALANCE	<u>\$ 31,579</u>	<u>\$ 45,181</u>	<u>\$ -</u>

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
Forecasted 2017 Budget as Adopted
With 2015 Actual and 2016 Estimated
For the Years Ended and Ending December 31,**

	Actual 2015	Estimated 2016	Adopted Budget 2017
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 960,964
TOTAL REVENUE	-	-	-
TRANSFERS AND OTHER FINANCING SOURCES			
Lease Purchase Proceeds	-	841,360	-
Transfer from Enterprise Fund	-	200,000	145,159
TOTAL TRANSFERS AND OTHER FINANCING SOURCES	-	1,041,360	145,159
TOTAL FUNDS AVAILABLE	-	1,041,360	1,106,123
EXPENDITURES			
Cost of Issuance - Lease Purchase	-	32,360	-
Legal	-	9,273	5,000
Engineering/Project Management	-	37,534	72,560
Construction	-	1,229	1,028,563
TOTAL EXPENDITURES	-	80,396	1,106,123
EXPENDITURES REQUIRING APPROPRIATION	-	80,396	1,106,123
ENDING FUND BALANCE	\$ -	\$ 960,964	\$ -

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND**

**Forecasted 2017 Budget as Adopted
With 2015 Actual and 2016 Estimated
For the Years Ended and Ending December 31,**

	Actual 2015	Estimated 2016	Adopted Budget 2017
BEGINNING FUNDS AVAILABLE	\$ 544,464	\$ 376,307	\$ 462,388
REVENUE			
Base Fees	261,938	272,000	270,000
Builder Fees	820	3,000	-
Wastewater-Church	372	450	450
Wasterwater-Residential	148,785	155,000	54,000
Wastewater-School	4,950	5,500	5,500
Underdrain	-	373	-
Street Lighting	-	26	-
Penalties	-	1,770	-
Water-Church	2,232	3,000	3,000
Water-Residential	311,060	312,028	375,000
Water-School	45,896	46,800	50,000
Stormwater Maintenance Fee	-	-	30,000
Meters	2,800	20,500	2,000
Inspection Fees	-	5,000	5,000
Tap Fees	71,835	496,780	106,400
Transfer Fees	14,373	4,044	5,000
Interest	884	1,641	1,600
Tank Rental-Antennas	5,278	5,399	5,700
Bulk Water Sales	21,892	2,403	-
Insurance Reimbursement	23,155	-	-
Other Operating Revenue	1,628	1,553	-
TOTAL REVENUE	917,898	1,337,267	913,650
TOTAL FUNDS AVAILABLE	1,462,362	1,713,574	1,376,038
EXPENDITURES			
Employee Wages	182,199	184,886	175,840
Payroll Taxes	12,885	16,440	12,500
457b Plan Contributions	-	9,300	5,000
Health Insurance	12,951	27,386	30,000
Operator Phone Allowance	2,786	1,600	2,900
Employee Training			9,000
Legal	15,377	11,686	10,000
Miscellaneous Expense	2,083	5,984	2,000
Engineer	-	50,756	25,000
Engineer - (Capitalized)	80,489	-	-
Analytical Testing	12,622	6,782	10,000
Chemical/Equipment	3,840	7,788	11,000
Misc Supplies, Tools	10,421	1,750	25,000
Safety Equipment		-	5,000
OPS Certification and Training	142	892	2,000
Billing Expense	18,129	31,325	7,500
Meters-Residential Repairs & Replacement	12,600	16,650	30,000

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND**

**Forecasted 2017 Budget as Adopted
With 2015 Actual and 2016 Estimated
For the Years Ended and Ending December 31,**

	Actual 2015	Estimated 2016	Adopted Budget 2017
Bulk Water Purchases	29,892	29,080	31,000
Tap Fees	20,000	130,000	28,000
Collection System Repairs, Mtce	33,811	286	30,000
Collection System Repairs, Mtce - (Capitalized)	14,217	-	-
Storage & Port-O-Let Fees (Pumphouse)	1,044	2,168	300
Pumphouse Mtce	8,463	1,146	5,000
Well Repairs-Mtce	1,317	1,108	25,000
Well Repairs-Mtce - (Capitalized)	33,060	-	-
Storage Tank Repars-Mtce	-	-	50,000
Roadway and Waterline Repairs	732	52,325	25,000
Utilities	123,857	139,000	139,000
Vehicle Mtc & Repair	10,852	4,458	10,000
Wastewater-Collection Expense	1,648	-	-
Capital-Heavy Equip.Vehicles	-	26,500	-
Pumphouses	1,546	-	-
Storage Tanks, SCADA & Booster	-	10,779	-
Well Construction/Rehab	6,316	-	-
Well Construction - (Capitalized)	199,640	-	-
FSB Lease Purchase - Building - Principal	6,412	-	21,011
FSB Lease Purchase - Building - Interest	22,561	-	24,382
FSB Lease Purchase-Principal	125,434	193,187	199,063
FSB Lease Purchase-Interest	48,276	58,841	52,965
2015 Lease COI	30,453	-	-
2015 Truck LP - FSB - Principal	-	28,422	-
2015 Truck LP - FSB - Interest	-	661	-
Tank Painting	-	-	25,000
TOTAL EXPENDITURES	1,086,055	1,051,186	1,028,461
TRANSFERS AND OTHER FINANCING USES			
Transfer to Capital Projects Fund	-	200,000	145,159
EXPENDITURES REQUIRING APPROPRIATION	1,086,055	1,251,186	1,173,620
ENDING FUNDS AVAILABLE	\$ 376,307	\$ 462,388	\$ 202,418

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by management, are those that are believed to be significant as of the date of the compilation report and are not intended to be all-inclusive. The disclosures are intended to describe assumptions used during the preparation of the 2017 annual budget. Actual results may differ from the prospective results contained in the budget.

The 2017 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2016 fiscal year based on available revenues. This budget provides for the general operation of the District, a business like enterprise for the wastewater collection, water distribution and conservation trust revenue and expenditures.

SERVICES PROVIDED

The District was formed in 1986 for the purpose of providing water, sanitary sewer, storm sewer and drainage, streets, street lights, traffic signals, bridges, mosquito control, safety protection and parks and recreation services. The District currently serves customers in the service area which is located in El Paso County. No change in the level of service is anticipated during 2017.

In 2015 the Board of Directors of the District formed the Paint Brush Hills Metropolitan District Subdistrict A. Paint Brush Hills Metropolitan District Subdistrict A prepares budget in accordance with Local Budget Law of Colorado that is separate from the District's budget.

BUDGETARY BASIS OF ACCOUNTING

The District uses funds to budget and report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions. The various funds determine the total District budget. District's General Fund, Conservation Trust Fund and Capital Projects Fund are considered Governmental Funds and are budgeted using the current financial resources measurement focus and the modified accrual basis of accounting. For the modified accrual basis of accounting revenues are recognized as soon as they are both measurable and available. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Expenditures (including capital asset additions and improvements), other than long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. The District's Enterprise Fund is also budgeting using the current financial resources measurement focus and the modified accrual basis of accounting, with the exception that revenues are recognized when earned.

FUND SUMMARIES

General Fund is used to account for resources traditionally associated with government such as property taxes, and specific ownership tax. Expenditures which include district administration, legal services, park services and other expenses related to statutory operations of a local government. The General Fund's primary sources of revenue are property taxes and specific ownership taxes.

This information is an integral part of the accompanying forecasted budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Conservation Trust Fund is used to account for disbursements of allocated state lottery revenue from the Colorado Department of Local Affairs, based on the District's census. The funds are restricted until such time as the District incurs expenditures for allowable public improvements, including acquisition, development or maintenance of public areas.

Capital Projects Fund is to account for revenue and expenditures related to construction of a new office building and maintenance shop.

Enterprise Fund accounts for the operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs of providing services to the public on a continuing basis be financed primarily through user charges. The Enterprise Fund's primary services are water, sanitary sewer and storm water services.

REVENUE

Water and Sanitation Fees

District residents are charged monthly for water and sanitation service. The water charges consist of base fees plus fees per 1,000 gallons of water used. Sanitation charges consist of a base fee. The District customers consist of residential, school district and church customers.

Property Taxes

For 2017 the District's assessed valuation increased by 7.2% to \$17,681,870. The District is levying a property tax mill levy of 18.063 mills upon all taxable property within the District to be used to defray the operational costs of the District. The mill levy consists of a General Fund mill levy of 22.107, which has temporarily reduced by 1.598 mills to rebate 2016 property taxes received in excess of the amounts allowed by TABOR and a temporary reduction of 2.446 mills for 2017 taxes to avoid collection of taxes in excess of the amounts allowed by TABOR in 2017.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by the County. The amounts estimated for 2017 are based on historical collections.

Conservation Trust Fund Revenue

The District receives an allocation of the Conservation Trust Fund (Colorado Lottery) proceeds. The amounts estimated for 2017 are based on historical collections.

Tap Fees

The District receives tap fees related to development of property within the District's boundaries. The District has estimated the tap fees based on anticipated residential construction to begin in 2017.

This information is an integral part of the accompanying forecasted budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Other Revenues

The District receives income on the investment of District funds. Interest income is based on historical interest earnings (2017 rates are expected to be comparable to 2016) and cash balances.

EXPENDITURES

District expenditures are forecasted based on prior years' amounts expended adjusted for known variations. The District has budgeted inflationary increases for 2017 with no significant changes in the level of services provided.

Capital Outlay

During 2016 the District began the process of constructing a new office and maintenance building. The District's 2017 budget anticipates significant capital outlay to complete the construction and equipping of the new building.

Debt Service

Debt service payments have been budgeted based on the scheduled debt service requirements on the respective debt obligations outstanding.

DEBT AND LEASES

The District has entered into a \$2,174,855.84 Lease Purchase Agreement dated March 31, 2015 to refinance an existing lease purchase agreement. The agreement requires monthly payments of \$21,002.30 which began on May 1, 2015, including interest at 3.00%. The final payment and maturity of the agreement is on April 1, 2025. The agreement is subject to annual appropriation by the District.

The District has entered into a \$28,421.92 Lease/Purchase Agreement dated October 15, 2015 for the purchase of a maintenance vehicle. The agreement requires annual payments of \$15,029.28 which began on October 15, 2016, including interest at 3.75%. The final payment and maturity of the agreement is on October 15, 2017. The agreement is subject to annual appropriation by the District.

The District has entered into a \$624,244.00 Lease Purchase Agreement dated September 1, 2016 for financing the acquisition, construction, improvement and equipping of an office facility and maintenance shop. The agreement requires monthly payments of \$3,782.80, which began on October 1, 2016, including interest at 4.00%. The agreement matures on September 1, 2036. The agreement is subject to annual appropriation by the District.

The District has entered into a \$218,274.00 amendment to the Lease Purchase Agreement (originally dated September 1, 2016), with an amendment dated December 9, 2016. The amended agreement requires additional monthly payments of \$1,332.56 beginning on January 1, 2017, including interest at 4.00%. The amended agreement continues to mature on September 1, 2036. The agreement is subject to annual appropriation by the District.

This information is an integral part of the accompanying forecasted budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

EMERGENCY RESERVE

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.

This information is an integral part of the accompanying forecasted budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

Year	\$2,174,855.84 Lease Purchase Agreement dated 3/31/2015 with interest at 3.00% and Maturing 4/1/2025			\$28,421.92 Lease/Purchase Agreement Dated 10/15/2015 with Interest at 3.75% and Maturing 10/15/2017			\$624,244.00 Lease Purchase Agreement Dated 9/1/2016 with Interest at 4.00% and Maturing 9/1/2036			\$218,274.00 Lease Purchase Agreement Amendment Dated 12/9/2016 with Interest at 4.00% and Maturing 9/1/2036			Total		
	Payments	Interest	Principal	Payment	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal
2017	\$ 252,027.60	\$ 52,964.75	\$ 199,062.85	\$ 15,029.28	\$ 552.31	\$ 14,476.97	\$ 45,393.60	\$ 24,382.42	\$ 21,011.18	\$ 15,990.72	\$ 8,412.35	\$ 7,578.37	\$ 328,441.20	\$ 86,311.83	\$ 242,129.37
2018	252,027.60	46,910.05	205,117.55	-	-	-	45,393.60	23,526.39	21,867.21	15,990.72	8,287.62	7,703.10	297,421.20	70,436.44	226,984.76
2019	252,027.60	40,671.22	211,356.38	-	-	-	45,393.60	22,635.49	22,758.11	15,990.72	7,973.79	8,016.93	297,421.20	63,306.71	234,114.49
2020	252,027.60	34,242.61	217,784.99	-	-	-	45,393.60	21,708.30	23,685.30	15,990.72	7,647.16	8,343.56	297,421.20	55,950.91	241,470.29
2021	252,027.60	27,618.46	224,409.14	-	-	-	45,393.60	20,743.29	24,650.31	15,990.72	7,307.25	8,683.47	297,421.20	48,361.75	249,059.45
2022	252,027.60	20,792.85	231,234.75	-	-	-	45,393.60	19,739.00	25,654.60	15,990.72	6,953.44	9,037.28	297,421.20	40,531.85	256,889.35
2023	252,027.60	13,759.62	238,267.98	-	-	-	45,393.60	18,693.81	26,699.79	15,990.72	6,585.28	9,405.44	297,421.20	32,453.43	264,967.77
2024	252,027.60	6,512.47	245,515.13	-	-	-	45,393.60	17,606.01	27,787.59	15,990.72	6,202.08	9,788.64	297,421.20	24,118.48	273,302.72
2025	84,009.20	522.98	83,486.22	-	-	-	45,393.60	16,473.90	28,919.70	15,990.72	5,803.26	10,187.46	129,402.80	16,996.88	112,405.92
2026	-	-	-	-	-	-	45,393.60	15,295.65	30,097.95	15,990.72	5,388.23	10,602.49	45,393.60	15,295.65	30,097.95
2027	-	-	-	-	-	-	45,393.60	14,069.42	31,324.18	15,990.72	4,956.26	11,034.46	45,393.60	14,069.42	31,324.18
2028	-	-	-	-	-	-	45,393.60	12,793.25	32,600.35	15,990.72	4,506.69	11,484.03	45,393.60	12,793.25	32,600.35
2029	-	-	-	-	-	-	45,393.60	11,465.06	33,928.54	15,990.72	4,038.82	11,951.90	45,393.60	11,465.06	33,928.54
2030	-	-	-	-	-	-	45,393.60	10,082.75	35,310.85	15,990.72	3,551.87	12,438.85	45,393.60	10,082.75	35,310.85
2031	-	-	-	-	-	-	45,393.60	8,644.12	36,749.48	15,990.72	3,045.08	12,945.64	45,393.60	8,644.12	36,749.48
2032	-	-	-	-	-	-	45,393.60	7,146.91	38,246.69	15,990.72	2,517.67	13,473.05	45,393.60	7,146.91	38,246.69
2033	-	-	-	-	-	-	45,393.60	5,588.67	39,804.93	15,990.72	1,968.75	14,021.97	45,393.60	5,588.67	39,804.93
2034	-	-	-	-	-	-	45,393.60	3,966.96	41,426.64	15,990.72	1,397.48	14,593.24	45,393.60	3,966.96	41,426.64
2035	-	-	-	-	-	-	45,393.60	2,279.18	43,114.42	15,990.72	802.95	15,187.77	45,393.60	2,279.18	43,114.42
2036	-	-	-	-	-	-	34,045.20	562.02	33,483.18	11,993.04	196.69	11,796.35	34,045.20	562.02	33,483.18
	<u>\$ 2,100,230.00</u>	<u>\$ 243,995.01</u>	<u>\$ 1,856,234.99</u>	<u>\$ 15,029.28</u>	<u>\$ 552.31</u>	<u>\$ 14,476.97</u>	<u>\$ 896,523.60</u>	<u>\$ 277,402.60</u>	<u>\$ 619,121.00</u>	<u>\$ 315,816.72</u>	<u>\$ 97,542.72</u>	<u>\$ 218,274.00</u>	<u>\$ 3,027,773.60</u>	<u>\$ 530,362.27</u>	<u>\$ 2,497,411.33</u>

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