

# **PAINT BRUSH HILLS METROPOLITAN DISTRICT**

## **Administrative Offices**

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 · 800-741-3254  
Fax: 303-987-2032

### NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
Kim Griffin	President	2014/May 2014
Calvin Pollard	Vice President	2016/May 2016
Doug Burrer	Treasurer	2016/May 2016
Floyd Roberts	Assistant Secretary	2014/May 2014
John Bruszenski	Assistant Secretary	2014/May 2014

DATE: November 21, 2013  
TIME: 7:00 p.m.  
PLACE: Paint Brush Hills Metropolitan District Office  
9830 Liberty Grove Drive  
Falcon, Colorado 80831

#### I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Approve Agenda.

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C. Ratification of all actions taken by the Board of Directors starting January 1, 2013 – present.

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D. Public Comments. (For items not on the agenda, only. Comments limited to 3 minutes per person and are taken in order listed on the sign-in sheet).

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E. Discuss possible cancellation of the regular meeting on December 19, 2013 and consider scheduling a special meeting on December 12, 2013 at the regular meeting time and location.

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F. Discuss request from resident Scott Doyle for an adjustment to his water bill (enclosure).

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G. CONSENT AGENDA – These items are considered to be routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

- Acknowledge Manager’s Report (to be distributed under separate cover).
  - Acknowledge Staff Report (enclosure).
  - Acknowledge Billing Report (to be distributed).
  - Acknowledge Operations Report (enclosure).
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II. FINANCIAL MATTERS

A. Review and approve the payment of claims for the period ending November 7, 2013, as follows (enclosure):

General Fund:	\$	17,230.20
Debt Service Fund:	\$	-0-
Enterprise Fund:	\$	38,196.96
<b>Total:</b>	<b>\$</b>	<b><u>55,427.16</u></b>

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B. Review and accept unaudited financial statements for the period ending October 31, 2013 (to be distributed).

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C. Consider engagement of Osborne, Parsons & Rosacker, LLP to perform the 2013 Audit for an amount not to exceed \$5,200 (enclosure).

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D. Conduct Public Hearing (if necessary) to consider Amendment to 2013 Budget and adoption of Resolution to Amend the 2013 Budget and Appropriate Expenditures.

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E. Conduct Public Hearing on the proposed 2014 Budget and consider adoption of Resolutions to Adopt the 2014 Budget and Appropriate Sums of Money and Set Mill Levies (for General Fund \_\_\_\_\_, Debt Service Fund \_\_\_\_\_ and Other Fund(s) \_\_\_\_\_ for a total mill levy of \_\_\_\_\_) (enclosures – preliminary assessed valuation and resolutions; draft 2014 Budget – to be distributed).

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- F. Consider authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.
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III. LEGAL MATTERS

- A. Consider adoption of 2014 Annual Administrative Resolution (to be distributed). Discuss 2014 regular meeting dates.
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- B. Consider Approval of Resolution Calling May 6, 2014 Election (to be distributed). Self-Nomination forms are due by February 28, 2014.
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- C. Consider adoption of Public Records Policy (to be distributed).
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- D. Consider adoption of Resolution Providing for Indemnification of Directors and Employees of the District (to be distributed).
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- E. Consider adoption of Resolution to Certify Delinquent Accounts to County Treasurer (to be distributed).
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IV. OTHER BUSINESS

- A. Discuss and consider approval of 2013 Water Supply Report prepared by JDS-Hydro Consultants, Inc. (enclosure).
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- B. Discuss §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2014.
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V. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR DECEMBER 19, 2013.**

Informational Enclosure:

- 2012 Final Audit

**From:** Scott K Doyle [<mailto:scott.doyle@yahoo.com>]  
**Sent:** Thursday, October 17, 2013 1:03 PM  
**To:** Kendra Haubert  
**Subject:** Water Bill Adjustment

Sometime over the weekend of September 27-29 2013, a pipe attached to the side of my residence burst, flooding my basement. I was unfortunately out of town, so the water continued unabated. When my neighbor finally noticed it, he shut off the water and later informed me once I returned on 10/2/2013. I now have extensive flooding and have already filed a claim with my insurance company.

I just received my water bill for the time period, and noticed my water usage for that time period skyrocketed to 28800 from 17600 the previous month, with no change in my normal routine or water use.

If possible, I would like to request an adjustment in my billing as a result of the incident. Please let me know. Thank you.

Scott K Doyle  
ACC# 9718.08

11335 Allendale Drive  
Peyton CO 80831

Cell: 719-287-4602  
Email: [scott.doyle@yahoo.com](mailto:scott.doyle@yahoo.com)

*Scott Doyle*

## PBHMD Staff Update:

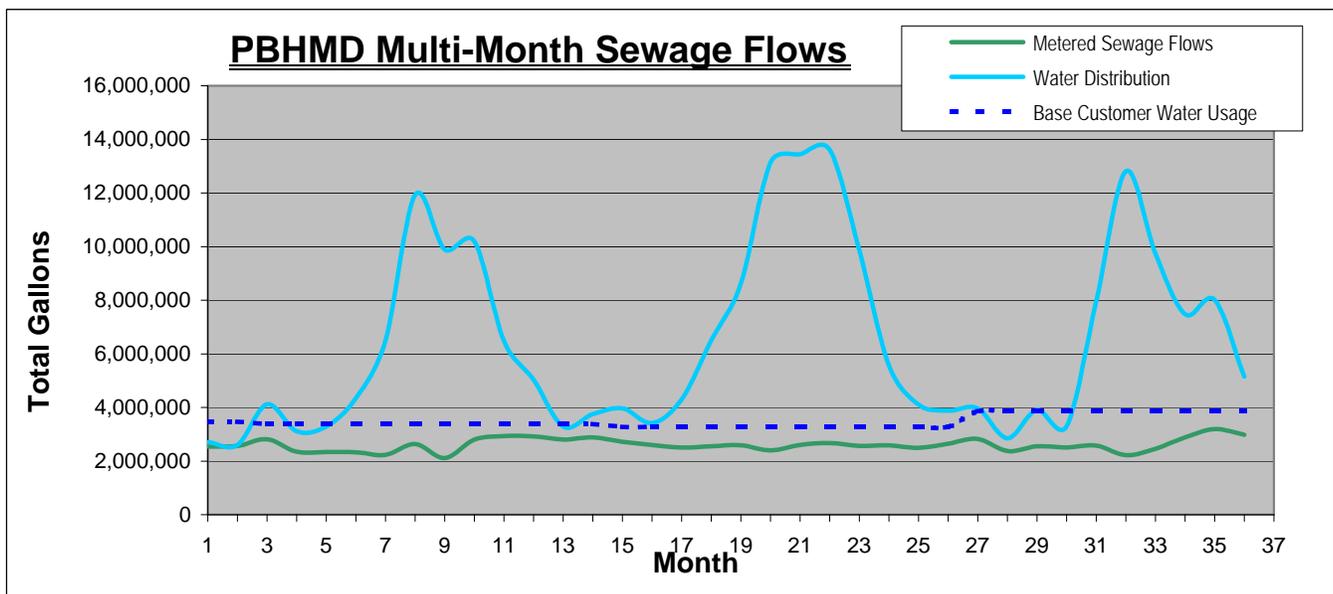
1. Knepper continues to work on a District-wide utilities map which notes the locations of the District's facilities, valves, lines, hydrants, and manholes.
2. Knepper completed the PBHMD Public Water System Monitoring Plan for CDPHE.
3. Smith continues to update the District's curb stop database with information he collected during inspections.
4. The Skid Steer's radiator has been fixed.
5. Knepper finalized a valve exercising program and a hydrant flushing program. Smith has started the valve exercising program while Lindt has started the hydrant flushing program.
6. The District's three Fleet cards have been received from Farmers State Bank and staff has begun utilizing them.
7. Three customers were contacted due to broken metering equipment. Jameson drafted and SDMS approved a notice for current and future customers whose meters have stopped working. Written notices were sent. Knepper/Lindt repaired all affected meters.
8. Lindt responded to and fixed a water meter leak at 9064 Rockingham Drive.
9. Smith submitted the required documents to the SDA Pool for reimbursement of safety equipment.
10. Knepper attended Small System Documentation class.
11. Jameson and Gomes reviewed files pertaining to District Tap Fee administration.
12. Knepper, Lindt and Jameson are reviewing PBHMD's Rules and Regulations.
13. Knepper, with assistance from Jameson, met with a representative from T. Charles Wilson Insurance Service to complete a site visit of the District and determine the values of District property.
14. Lindt built and installed two District bulletin boards at North Manchester Park and Drayton Green Park.
15. Analytical testing of Well #6's ordor has been performed and the samples delivered to the laboratory in Denver.
16. Well #6's Bacteriological tests passed.
17. District irrigation meters were tested. It was discovered that North Manchester Park was being billed for 10 times its actual usage.
18. Peyton Fire Protection District donated five used hoses to PBHMD. Lindt has been using the hoses to water North Manchester Park and Drayton Green Park.
19. Lindt repaired the fencing by Pumphouse #1.
20. Lindt repaired and painted the inside walls of Pumphouse #2.
21. On November 8, District staff responded to an 11:00 a.m. report of a water break at 11435 Allendale Drive. Repairs were made and water restored at approximately 5:00 p.m.
22. Staff sent a special notice to PBHMD residents that routine maintenance of its water distribution system would occur November 14, 2013 at 6:00 p.m.
23. On November 14<sup>th</sup>, staff successfully replaced the pressure assembly that regulates the District's booster pumps with no disruption in service.

# PBHMD 3 Year Sewage Meter Flow Data Summary

Month/Year	Total Flow (gal)	# days/month	Average MGD/Day	Monthly Water Distribution	Base Water Usage
NOV '10	2,543,000	30	0.085	2,704,742	3,468,635
DEC '10	2,561,000	31	0.083	2,598,946	3,468,635
JAN '11	2,813,000	31	0.091	4,120,554	3,378,345
FEB '11	2,349,000	28	0.084	3,104,340	3,378,345
MAR '11	2,344,000	31	0.076	3,288,115	3,378,345
APRIL '11	2,321,000	30	0.077	4,341,041	3,378,345
MAY '11	2,228,000	31	0.083	6,507,255	3,378,345
JUNE '11	2,635,157	30	0.088	11,930,894	3,378,345
JULY '11	2,113,044	31	0.068	9,892,038	3,378,345
AUG '11	2,805,000	31	0.090	10,200,310	3,378,345
SEPT '11	2,931,000	30	0.098	6,479,865	3,378,345
OCT '11	2,920,000	31	0.094	5,031,435	3,378,345
NOV '11	2,799,000	30	0.093	3,290,252	3,378,345
DEC '11	2,881,000	31	0.093	3,752,396	3,378,345
JAN '12	2,722,000	31	0.088	3,958,477	3,277,989
FEB '12	2,600,000	29	0.090	3,413,525	3,277,989
MAR '12	2,500,178	31	0.081	4,296,923	3,277,989
APRIL '12	2,552,000	30	0.085	6,503,553	3,277,989
MAY '12	2,588,000	31	0.083	8,628,004	3,277,989
JUNE '12	2,401,000	30	0.080	13,133,858	3,277,989
JULY '12	2,595,000	31	0.084	13,453,776	3,277,989
AUG '12	2,672,000	31	0.086	13,614,907	3,277,989
SEPT '12	2,562,000	30	0.085	9,867,368	3,277,989
OCT '12	2,588,000	31	0.083	5,570,803	3,277,989
NOV '12	2,492,000	30	0.083	4,112,477	3,277,989
DEC '12	2,650,000	30	0.088	3,879,285	3,277,989
JAN '13	2,824,000	31	0.091	3,958,477	3,855,330
FEB '13	2,370,000	28	0.085	2,852,674	3,855,330
MAR '13	2,557,000	31	0.082	3,912,380	3,855,330
APRIL '13	2,506,000	30	0.084	3,298,140	3,855,330
MAY '13	2,575,000	31	0.083	7,964,820	3,855,330
JUNE '13	2,216,000	30	0.074	12,811,130	3,855,330
JULY '13	2,457,000	31	0.079	9,727,500	3,855,330
AUG '13	2,881,000	31	0.093	7,477,300	3,855,330
SEPT '13	3,192,000	30	0.106	8,014,600	3,855,330
OCT '13	2,980,000	31	0.096	5,153,400	3,855,330
<b>Avg./Month:</b>	<b>2,742,775</b> gal/month	<b>30.4</b>	<b>0.090</b>	<b>(includes 2009/10 data)</b>	
<b>Avg/Day:</b>	<b>90,182</b> gal/day				

NOTE: totalizer non-op for 4 days, normalized data for program self shut-down  
 NOTE: meter operation sporadic -- see 6.11 calculation sheet  
 NOTE: meter operation sporadic -- see 7.11 calculation sheet

NOTE: totalizer non-op for 14 hrs on 3/5, so additional 46,178 gal added



**PBHMD Well Status Report - September 2013**

<u>WELL</u>	<u>APPROX. FLOW</u>	<u>OPERATIONAL</u>	<u>COMMENTS</u>	<u>Well Levels</u>	
				<u>Month/year</u>	<u>feet water over pump</u>
Well #1 (A-1)	60 gpm	Yes	Well working fine	April '10	282
				Aug '10	175
				July '13	140 on 340 off
Well #2 (A-2)	70 gpm	Yes	Well working fine	July '13	150 on 275 off
Well #3 (A-3)	55 gpm	No	Not equipped -- needs to be upsized		
Well #4 (LFH-1)	30-40 gpm	No	Equipment not set for pumping with low water level -- could fail at any time Probably will suck too much air after a few days Well has not been used since September 2007 -- power turned off at PH #3		
Well #5 (LFH-2)	45 gpm	No	Well not approved for public water system use at this time Sucks air after several hours of pumping		
Well #6 (A-4)	75 gpm	Not Yet	Samples reveal methane gas in water, Engineer requested resampling which occurred 11/6/13		
Well #7 (LFH-3)	60 gpm	No	Well #7 no longer connected to power or VFD (which is being used for Well #6) Water has some 'fine air' which dissipates within 30 seconds		
Well #8 (A-5)	75 gpm	Yes	Well working fine	April '10	450
				July '12	178 on 425 off
				July '13	185 on 420 off
Well #9 (LFH-4)	125 gpm	Yes	Well working fine	April '10	450
				April '12	580
				July '12	178 on 425 off
				July '13	185 on 420 off
Well #10 (A-6)	55 gpm	Yes	Well working fine	April '10	687
				April '12	356
				July '12	224 on 380 off
				July '13	230 on 325 off
Well #11 (LFH-5)	100 gpm	Yes	Well working fine	April '10	757
				April '12	640
				July '12	278 on 380 off
				July '13	335 on 600 off
Interconnect	90-200 gpm	Yes	Interconnect pumps are working just fine		

# MONTHLY DISTRIBUTION REPORT

*Paint Brush Hills Metropolitan District -- PWSID #CO0221690*

October 2013	Meter Read 8/31/2013 (gal)	Meter Read 9/30/2013 (gal)	# Days Well 'ON' October	October Distribution (gal)	October Distribution (ac-ft)	YTD TOTAL Distribution (gal)	YTD TOTAL Distribution (ac-ft)
Well #1 (A-1)	95,463,900	95,463,900	1	0	0.00	9,845,300	30.22
Well #2 (A-2)	162,806,000	164,605,500	17	1,799,500	5.52	16,940,600	51.99
Well #3 (A-3)	99,976,880	99,976,880	0	0	0.00	0	0.00
Well #4 (LFH-1)	29,891,300	29,891,300	0	0	0.00	0	0.00
Well #5 (LFH-2)	11,664,500	11,664,500	0	0	0.00	700	0.00
Well #6 (A-4)	24,026,191	24,026,191	0	0	0.00	0	0.00
Well #7 (LFH-3)	1,319,390	1,319,390	0	0	0.00	101	0.00
Well #8 (A-5)	11,912,000	12,102,300	3	190,300	0.58	11,798,253	36.21
Well #9 (LFH-4)	53,695,800	54,158,600	3	462,800	1.42	9,182,800	28.18
Well #10 (A-6)	25,310,400	26,566,300	14	1,255,900	3.85	7,032,100	21.58
Well #11 (LFH-5)	87,349,500	88,173,300	5	823,800	2.53	9,722,930	29.84
MR Interconnect	81,486,100	81,658,100	2	172,000	0.53	2,301,300	7.06
Storage Tank Levels (ft)	25.0	15.0	n/a	449,100	1.38	508,920	1.56
<b>TOTAL PUMPING:</b>	<i>(Well &amp; Interconnect Usage)</i>			<b>4,704,300</b>	<b>14.44</b>	<b>66,824,084</b>	<b>205.09</b>
<b>TOTAL DISTRIBUTION:</b>	<i>(Distribution = Pumping +/- Storage)</i>			<b>5,153,400</b>	<b>15.82</b>	<b>67,333,004</b>	<b>206.65</b>

PUMPING TOTALS:	YTD TOTAL USAGE vs. APPROPRIATIONS TALLIES:
October Well Pumping: <span style="float: right;">4,704,300 gal</span>	Annual Arapahoe (unappropriated): <span style="float: right;">30.22 ac/ft of 90.6 ac/ft</span>
October Well Pumping: <span style="float: right;">14.44 ac/ft</span>	Annual Arapahoe (appropriated): <span style="float: right;">109.78 ac/ft of 182.0 ac/ft</span>
YTD TOTAL Well Pumping: <span style="float: right;">66,824,084 gal</span>	Annual Laramie-Fox Hills (appropriated): <span style="float: right;">58.03 ac/ft of 388.0 ac/ft</span>
YTD TOTAL Well Pumping: <span style="float: right;">205.09 ac/ft</span>	Annual MR Interconnect Water: <span style="float: right;">7.06 ac/ft of 85.0 ac/ft</span>
	<i>(Guthrie alluvial water via Meridian Ranch Water Service Agreement)</i>
	<b>Total Annual Available Water: 745.6 ac/ft</b>

NOTE: Storage tank levels started the year at 31.0 ft.  
Storage capacity approx. 44,910 gal/ft (with both tanks in operation).  
large tank approx. 29,910 gal/ft -- small tank approx. 15,000 gal/ft

# YTD DISTRIBUTION REPORT

**Paint Brush Hills Metropolitan District -- PWSID #CO0221690**

2013	JANUARY Pumping (gal)	FEBRUARY Pumping (gal)	MARCH Pumping (gal)	APRIL Pumping (gal)	MAY Pumping (gal)	JUNE Pumping (gal)	JULY Pumping (gal)	AUGUST Pumping (gal)	SEPTEMBER Pumping (gal)	OCTOBER Pumping (gal)	NOVEMBER Pumping (gal)	DECEMBER Pumping (gal)	YTD TOTAL Pumping (gal)
Well #1 (A-1)	763,400	623,400	1,907,000	881,500	2,183,900	1,552,100	1,290,900	568,400	74,700	0			9,845,300
Well #2 (A-2)	2,364,000	191,100	823,600	905,900	1,562,400	2,526,000	2,540,700	1,405,300	2,822,100	1,799,500			16,940,600
Well #3 (A-3)	0	0	0	0	0	0	0	0	0	0			0
Well #4 (LFH-1)	0	0	0	0	0	0	0	0	0	0			0
Well #5 (LFH-2)	700	0	0	0	0	0	0	0	0	0			700
Well #6 (A-4)	0	0	0	0	0	0	0	0	0	0			0
Well #7 (LFH-3)	0	101	0	0	0	0	0	0	0	0			101
Well #8 (A-5)	900	1,617,595	651,958	778,500	2,147,500	2,379,000	1,617,900	1,033,700	1,380,900	190,300			11,798,253
Well #9 (LFH-4)	1,200	0	721,800	560,000	663,100	2,611,400	2,154,900	1,633,300	374,300	462,800			9,182,800
Well #10 (A-6)	5,200	0	700	159,600	401,500	504,500	626,500	1,517,700	2,060,500	1,755,900			7,032,100
Well #11 (LFH-5)	388,580	207,598	52	2,600	763,900	2,456,600	2,007,100	1,595,400	1,477,300	823,800			9,722,930
MR Interconnect	162,600	153,000	257,000	243,500	292,700	392,700	94,500	238,500	294,800	172,000			2,301,300
Storage Tanks (ft)	299,400	59,880	-449,100	-59,820	-29,910	388,830	-209,370	-29,910	89,820	449,100			508,920
<b>Total Distribution:</b>	3,985,980	2,852,674	3,913,010	3,471,780	7,985,090	12,811,130	10,123,130	7,962,390	8,574,420	5,653,400			67,333,004

NOTE: Gray shading indicates that well is off-line.

\* Added 500,000gal to well 10 due to non-op flow meter in June

General Information for PBHMD's Wells:											
PBHMD Well #	Well #1	Well #2	Well #3	Well #4	Well #5	Well #6	Well #7	Well #8	Well #9	Well #10	Well #11
Aquifer	Araphoe	Araphoe	Araphoe	Laramie-Fox	Laramie-Fox	Araphoe	Laramie-Fox	Araphoe	Laramie-Fox	Araphoe	Laramie-Fox
PBHMD's ID	A-1	A-2	A-3	LFH-1	LFH-2	A-4	LFH-3	A-5	LFH-4	A-6	LFH-5
Well Permit #	17048-F	30593-F	46553-F	47813-F	50877-F	55193-F	55192-F	60862-F	63429-F	64086-F	64084-F

# MONTHLY METER READ DATA

**Paint Brush Hills Metropolitan District -- PWSID #CO0221690**

2013	Meter Read 12/31/2012 (gal)	Meter Read 1/31/2013 (gal)	Meter Read 2/28/2013 (gal)	Meter Read 3/31/2013 (gal)	Meter Read 4/30/2013 (gal)	Meter Read 5/31/2013 (gal)	Meter Read 6/30/2013 (gal)	Meter Read 7/31/2013 (gal)	Meter Read 8/31/2013 (gal)	Meter Read 9/30/2013 (gal)	Meter Read 10/31/2013 (gal)	Meter Read 11/30/2013 (gal)	Meter Read 12/31/13 (gal)
Well #1 (A-1)	85,618,600	86,382,000	87,005,400	88,912,400	89,793,900	91,977,800	93,529,900	94,820,800	95,389,200	95,463,900	95,463,900		
# Days ON	n/a	9	8	22	10	27	24	19	9	1	0		
Well #2 (A-2)	147,664,900	150,028,900	150,220,000	151,043,600	151,949,500	153,511,900	156,037,900	158,578,600	159,983,900	162,806,000	164,605,500		
# Days ON	n/a	23	2	10	9	18	28	29	15	29	17		
Well #3 (A-3)	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880	99,976,880		
# Days ON	n/a	0	0	0	0	0	0	0	0	0	0		
Well #4 (LFH-1)	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300	29,891,300		
# Days ON	n/a	0	0	0	0	0	0	0	0	0	0		
Well #5 (LFH-2)	11,663,800	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500	11,664,500		
# Days ON	n/a	0	0	0	0	0	0	0	0	0	0		
Well #6 (A-4)	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191	24,026,191		
# Days ON	n/a	0	0	0	0	0	0	0	0	0	0		
Well #7 (LFH-3)	1,319,289	1,319,289	1,319,390	1,319,390	1,319,390	1,319,390	1,319,390	1,319,390	1,319,390	1,319,390	1,319,390		
# Days ON	n/a	0	0	0	0	0	0	0	0	0	0		
Well #8 (A-5)	304,047	304,947	1,922,542	2,574,500	3,353,000	5,500,500	7,879,500	9,497,400	10,531,100	11,912,000	12,102,300		
# Days ON	n/a	1	10	6	8	22	22	14	12	12	3		
Well #9 (LFH-4)	44,975,800	44,977,000	44,977,000	45,698,800	46,258,800	46,921,900	49,533,300	51,688,200	53,321,500	53,695,800	54,158,600		
# Days ON	n/a	0	0	4	3	5	18	12	12	3	3		
Well #10 (A-6)	22,034,200	22,039,400	22,039,400	22,040,100	22,199,700	22,601,200	22,605,700	22,732,200	23,749,900	25,310,400	26,566,300		
# Days ON	n/a	1	0	0	2	6		4	14	19	14		
Well #11 (LFH-5)	78,450,370	78,838,950	79,046,548	79,046,600	79,049,200	79,813,100	82,269,700	84,276,800	85,872,200	87,349,500	88,173,300		
# Days ON	n/a	1	1	0	0	5	19	15	12	11	5		
MR Interconnect	80,571,100	80,733,700	80,886,700	81,143,700	80,172,900	80,465,600	80,858,300	80,952,800	81,191,300	81,486,100	81,658,100		
# Days ON	n/a	1	1	2	1	3	5	2	1	2	2		
Storage Tanks (ft)	31.0	21.0	19.0	29.0	31.0	32.0	19.0	26.0	27.0	25.0	15.0		

NOTE: 0.5 Mgal water storage tank was off-line in January & February 2013.

NOTE: 1.0 Mgal water storage taken was taken off-line in early April 2013.

NOTE: 1.0 Mgal water storage on-line as of Sept 2013

NOTE: 4/30/13 MR Interconnect Read was adjusted to the correct flowmeter reading.

# Monthly Distribution Totals (in gallons) for PBHMD for Yearly Comparison:

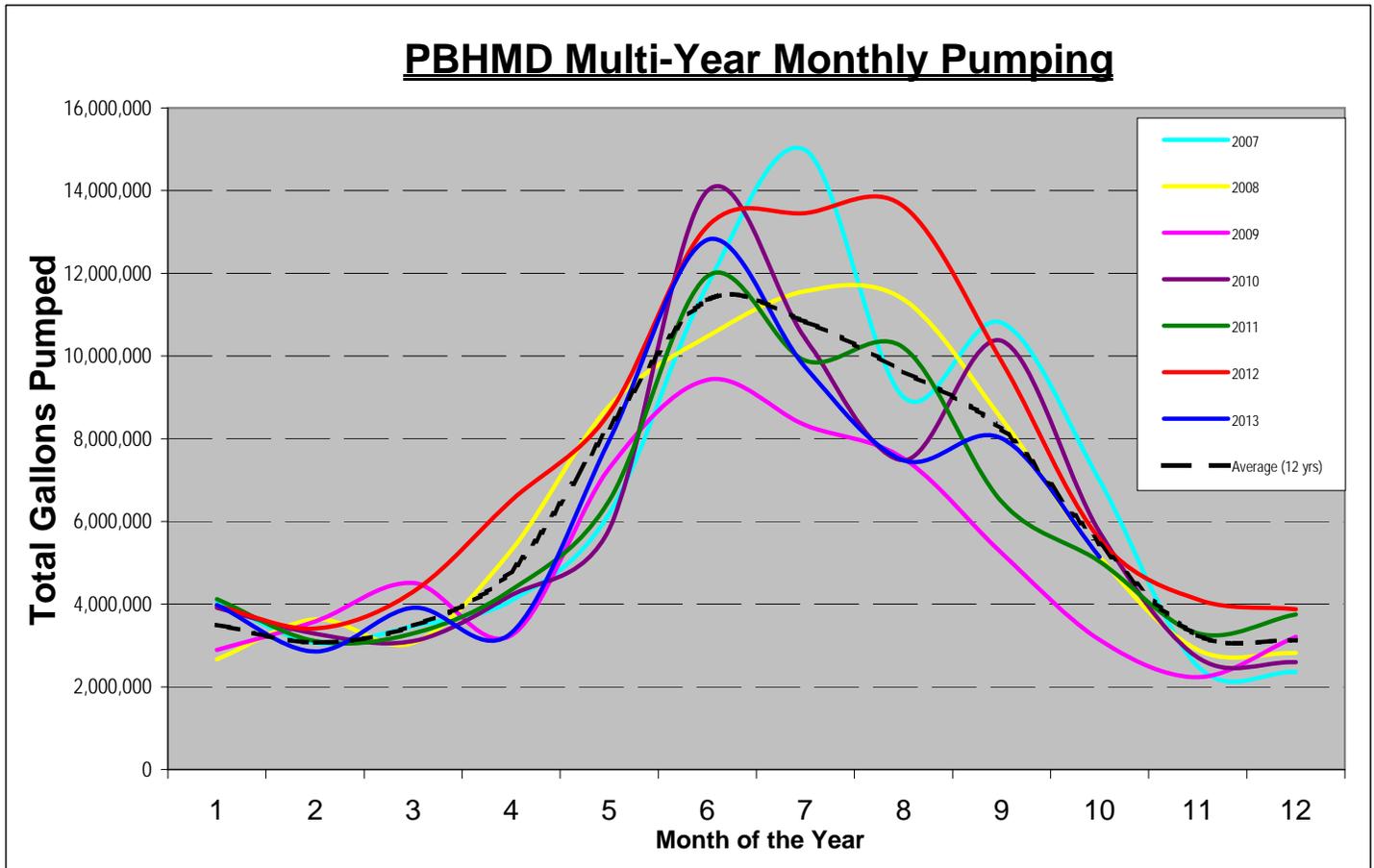
NOTES: Water pumped from the Meridian Ranch Interconnect was included from 2005 forward.

- = record distribution for month
- = highest and lowest historical months (includes record breaking high in July 2007)

YEAR:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
<b>MONTH:</b>													
January	3,037,700	4,599,809	2,035,054	2,796,989	3,923,210	4,074,288	2,660,652	2,893,173	3,915,001	4,120,554	3,958,477	3,981,300	3,499,684
February	2,042,515	3,083,636	2,774,015	2,853,215	3,160,490	3,061,381	3,628,804	3,581,570	3,282,820	3,104,340	3,413,525	2,852,674	3,069,915
March	2,515,482	4,264,053	3,374,575	2,980,660	2,892,455	3,470,617	3,066,080	4,512,660	3,107,474	3,288,115	4,296,923	3,912,380	3,473,456
April	5,899,947	4,701,190	3,955,799	3,946,359	8,029,643	4,080,757	5,295,051	3,240,151	4,219,505	4,341,041	6,503,553	3,298,140	4,792,595
May	9,737,644	9,432,900	9,336,104	8,508,738	11,153,278	6,192,122	8,797,450	7,292,827	5,821,752	6,507,255	8,628,004	7,964,820	8,281,075
June	12,575,351	7,446,620	8,985,243	10,632,692	13,167,769	11,714,135	10,474,426	9,426,593	13,993,541	11,930,894	13,133,858	12,811,130	11,357,688
July	10,350,112	13,329,591	6,441,607	12,647,081	8,807,046	14,982,714	11,571,840	8,328,430	10,415,987	9,892,038	13,453,776	9,727,500	10,828,977
August	13,182,494	11,416,711	6,135,250	8,758,863	9,359,848	9,003,776	11,372,075	7,522,766	7,475,977	10,200,310	13,614,907	7,477,300	9,626,690
September	7,423,228	6,615,088	9,590,502	10,777,685	5,162,126	10,807,434	8,485,059	5,236,884	10,371,727	6,479,865	9,867,368	8,014,600	8,235,964
October	4,909,168	7,579,223	5,868,651	6,066,403	4,195,270	6,992,577	5,147,114	3,134,196	5,741,075	5,031,435	5,570,803	5,143,500	5,448,285
November	2,644,106	3,336,219	2,868,332	5,608,728	3,516,186	2,495,577	2,894,937	2,233,917	2,704,742	3,290,252	4,112,477		3,245,952
December	2,815,689	3,123,835	3,301,643	3,422,020	3,048,170	2,357,129	2,816,928	3,208,084	2,598,946	3,752,396	3,879,285		3,120,375
<b>TOTALS:</b>	<b>77,133,436</b>	<b>78,928,875</b>	<b>64,666,775</b>	<b>78,999,433</b>	<b>76,415,491</b>	<b>79,232,507</b>	<b>76,210,416</b>	<b>60,611,251</b>	<b>73,648,547</b>	<b>71,938,495</b>	<b>90,432,956</b>	<b>65,183,344</b>	<b>74,450,127</b>

December (prior year), January, February & March

BASE USE      3,690,797   2,826,870   2,983,127   3,349,544   3,413,614   2,928,166   3,451,083   3,378,345   3,277,989   3,855,330   3,656,410   3,346,479



Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
20136						
11/07/2013	Century Link	11/2013	Utilities	4-769	30.80	30.80
11/07/2013	Century Link	11/2013	Utilities	4-769	61.44	61.44
11/07/2013	Century Link	11/2013	Telephone	1-695	261.00	261.00
Total 20136:						353.24
20137						
11/07/2013	El Paso County Public Health	10913	Analytical Testing	4-730	60.00	60.00
Total 20137:						60.00
20138						
11/07/2013	Forbush Legal Offices, P.C.	18906	Legal	1-675	1,055.00	1,055.00
Total 20138:						1,055.00
20139						
11/07/2013	Grainger	9270644090	Misc Supplies, Tools	4-732	47.99	47.99
11/07/2013	Grainger	9270774384	Misc Supplies, Tools	4-732	290.50	290.50
11/07/2013	Grainger	9282036285	Misc Supplies, Tools	4-732	116.65	116.65
Total 20139:						455.14
20140						
11/07/2013	Green Thumb Commercial	18433	Parks & Prop-Ground Mt	1-722	2,975.00	2,975.00
Total 20140:						2,975.00
20141						
11/07/2013	Jameson, Theresa	REIMBURSE 11/20	Office Supplies	1-693	19.02	19.02
Total 20141:						19.02
20142						
11/07/2013	John Deere Financial	11/2013	Parks & Prop-Drayton Gr	1-720	29.35	29.35
11/07/2013	John Deere Financial	11/2013	Chemical/Equipment	4-731	77.65	77.65
11/07/2013	John Deere Financial	11/2013	Misc Supplies, Tools	4-732	140.26	140.26
11/07/2013	John Deere Financial	11/2013	Well Repairs-Mtce	4-758	79.37	79.37
11/07/2013	John Deere Financial	11/2013	Storage Tank Repars-Mtc	4-759	16.36	16.36
Total 20142:						342.99
20143						
11/07/2013	Knepper, Steve	11/2013	Vehicle Mtc & Repair -Bri	4-790	92.20	92.20
11/07/2013	Knepper, Steve	REIMBURSE CLAS	OPS Certificaiton and Tra	4-734	30.00	30.00
Total 20143:						122.20
20144						
11/07/2013	Meridian Service Metro District	30943 11/2013	Bulk Water Purchases	4-750	2,366.28	2,366.28
Total 20144:						2,366.28
20145						
11/07/2013	National Meter & Automation, Inc	S104821.001	Radio Meter Readers	4-742	3,626.31	3,626.31
11/07/2013	National Meter & Automation, Inc	S1048935.001	Radio Meter Readers	4-742	10.00	10.00

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
Total 20145:						3,636.31
20146						
11/07/2013	Osborne, Parsons and Rosacker	137726	Audit	1-615	2,000.00	2,000.00
Total 20146:						2,000.00
20147						
11/07/2013	Smith, Don	REIMB 11/2013	Vehicle Mtc & Repair-Don	4-791	11.73	11.73
11/07/2013	Smith, Don	REIMB MILEAGE 1	Vehicle Mtc & Repair-Don	4-791	9.69	9.69
Total 20147:						21.42
20148						
11/07/2013	Treatment Technology	165345	Chemical/Equipment	4-731	1,615.00	1,615.00
Total 20148:						1,615.00
20149						
11/07/2013	USA Blue Book	178568	Chemical/Equipment	4-731	216.12	216.12
11/07/2013	USA Blue Book	178568	Water-Other	4-801	533.50	533.50
11/07/2013	USA Blue Book	178620	Water Infrastructure	4-858	45.95	45.95
11/07/2013	USA Blue Book	942610	Misc Supplies, Tools	4-732	18.00	18.00
Total 20149:						813.57
20150						
11/07/2013	Woodmen Hills Metropolitan Dist	11/2013	Office Utilities	1-691	18.10	18.10
Total 20150:						18.10
1501003						
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 202800	4-770	30.28	30.28
11/07/2013	Mountain View Electric Assn	11/2013	Elect Acct 403400	4-771	2,709.22	2,709.22
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 2835091	4-784	447.34	447.34
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 41492801	4-772	57.47	57.47
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 65984200	4-773	553.99	553.99
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69584300	4-774	2,265.19	2,265.19
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69584500	4-775	30.39	30.39
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69584701	4-776	30.49	30.49
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69586100	4-777	450.00	450.00
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69586300	4-778	127.84	127.84
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69586400	4-779	62.58	62.58
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69586500	4-780	2,621.13	2,621.13
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 69586600	4-781	29.95	29.95
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 103447900	4-782	33.76	33.76
11/07/2013	Mountain View Electric Assn	11/2013	Elect-Acct 103589200	4-783	31.04	31.04
11/07/2013	Mountain View Electric Assn	11/2013	Office Utilities	1-691	98.83	98.83
Total 1501003:						9,579.50
Grand Totals:						43,222.72

Check Issue Date	Check Number	Payee	Amount
10/24/2013	12054	Smith, Donald	906.69
10/24/2013	12055	Jameson, Theresa	1,603.33
10/24/2013	12056	Knepper, Stephen	1,665.36
10/24/2013	12057	Lindt, Calvin	1,450.93
10/24/2013	12058	Jameson, Brian	58.30
11/07/2013	12059	Smith, Donald	946.92
11/07/2013	12060	Jameson, Theresa	1,603.33
11/07/2013	12061	Knepper, Stephen	1,665.36
11/07/2013	12062	Lindt, Calvin	1,737.54
11/07/2013	12063	Jameson, Brian	104.93
11/07/2013	12064	Roberts, Floyd	92.35
11/07/2013	12065	Pollard, Calvin	92.35
11/07/2013	12066	Burrer, Douglas A	92.35
11/07/2013	12067	Griffin, Kim	92.35
11/07/2013	12068	Bruszenski, John	92.35
Grand Totals:			
	<u>15</u>		<u>12,204.44</u>

PBHMD  
November-13

	General	Debt	Enterprise	Totals
Disbursements	\$ 16,768.45	\$ -	\$ 26,454.27	\$ 43,222.72
Payroll - 10/24 and 11/07	\$ 461.75	\$ -	\$ 11,742.69	\$ 12,204.44
	\$ -	\$ -	\$ -	\$ -
<b>Total Disbursements from Checking Acct</b>	<b>\$ 17,230.20</b>	<b>\$ -</b>	<b>\$ 38,196.96</b>	<b>\$ 55,427.16</b>

OSBORNE, PARSONS & ROSACKER, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

720 NORTH TEJON STREET  
COLORADO SPRINGS, COLORADO 80903-1012

JEFFREY S. ROSACKER, CPA – PARTNER  
MITCHELL K. DOWNS, CPA, ABV – PARTNER  
GREGORY P. PARSONS, CPA

TELEPHONE (719) 636-2321  
FAX (719) 636-2517  
WEB WWW.SPRINGSCPA.COM

November 11, 2013

Leon Gomes, District Manager  
Special District Management Services, Inc.  
141 Union Blvd., Suite 150  
Lakewood, CO 80228-1898

RE: Paint Brush Hills Metropolitan District, December 31, 2013 audit

Dear Leon:

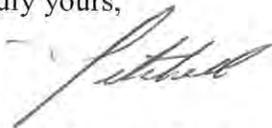
Enclosed please find our proposal to provide professional services to Paint Brush Hills Metropolitan District for the year ended December 31, 2013.

If you accept our proposal, please sign the enclosed two copies of our engagement letter for professional services and return one to us. The remaining copy is for your records.

In addition, enclosed is a preliminary list of materials we will require for the audit. Many of these were discussed with you earlier.

Bank account and note payable confirmation forms will be mailed to you for completion.

Very truly yours,



Mitchell K. Downs, CPA

Enclosures

OSBORNE, PARSONS & ROSACKER, LLP  
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COLORADO SPRINGS, COLORADO 80903-1012

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November 11, 2013

Board of Directors  
Paint Brush Hills Metropolitan District  
c/o Leon Gomes, District Manager  
Special District Management Services, Inc.  
141 Union Blvd., Suite 150  
Lakewood, CO 80228-1898

Ladies and Gentlemen:

Thank you for allowing Osborne Parsons & Rosacker, LLP to submit this proposal to provide auditing services for the Paint Brush Hills Metropolitan District for the year ended December 31, 2013.

Osborne Parsons & Rosacker, LLP, is a local full service CPA firm providing professional accounting, audit, tax, and consulting services to the Pikes Peak Region for nearly 60 years. We are members of the American Institute of Certified Public Accountants' Private Companies Practice Division and its Governmental Audit Quality Control Center and its Employee Benefit Plan Audit Quality Control Center. Our firm is fully committed to providing quality, professional services to our clients.

Because we have served Paint Brush Hills Metropolitan District in the past, we have not included information about the various partners, staff and firm; we know you and you know us.

We are confident that our firm can continue to provide Paint Brush Hills Metropolitan District with the services and expertise needed to meet its needs well into the future.

Our fees for the December 31, 2013, audit services for Paint Brush Hills Metropolitan District would not exceed \$5,200. As with any fee quote of this nature it would be subject to your circumstances remaining relatively unchanged. Should any significant changes take place that could change our estimated fees we would discuss the situation with you in advance.

If you accept our proposal, Paint Brush Hills Metropolitan District will be expected to sign a formal engagement letter authorizing us to proceed.

Again, thank you for including us in this process. If you have any questions, regarding this proposal, or additional information about our firm, please do not hesitate to contact me at 719 636-2321.



Mitchell K. Downs, CPA

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

720 NORTH TEJON STREET  
COLORADO SPRINGS, COLORADO 80903-1012

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WEB WWW.SPRINGSCPA.COM

November 11, 2013

Board of Directors  
Paint Brush Hills Metropolitan District  
Littleton, Colorado

We are pleased to confirm our understanding of the services we are to provide Paint Brush Hills Metropolitan District (District) for the year ended December 31, 2013. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2013. Accounting standards generally accepted in the United States of America 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 who 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. 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 we 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 generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the 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 auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of revenues, expenses, and changes in fund net assets – fiduciary fund, budget (non-GAAP basis) and actual

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements 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 to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest 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.

Management is responsible for establishing and maintaining effective internal controls, 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 U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written 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 government 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 government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that 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 supplementary information.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity.

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 a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. 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.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA 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.

### **Engagement Administration, Fees, and Other**

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.

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

Mitchell K. Downs is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be \$5,200. Our fee 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 discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to the Paint Brush Hills Metropolitan District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

*Osborne, Parsons & Rosacker LLP*

RESPONSE: This letter correctly sets forth the understanding of the Paint Brush Hills Metropolitan District.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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### CERTIFICATION OF VALUATION BY COUNTY ASSESSOR

NAME OF JURISDICTION: PAINT BRUSH HILLS METROPOLITAN NEW ENTITY: ( ) YES (X) NO  
IN EL PASO COUNTY, COLORADO ON AUGUST 23, 2013

#### USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

In accordance with 39-5-121(2)(a) and 39-5-128(1), C.R.S., and no later than August 25, the Assessor certifies the total valuation for assessment for the taxable year 2013:

Previous year's net total taxable assessed valuation:	\$ <u>15,435,880</u>
Current year's gross total taxable assessed valuation: $\delta$	\$ <u>14,961,790</u>
Less TIF district increment, if any:	\$ <u>0</u>
Current year's net total taxable assessed valuation:	\$ <u>14,961,790</u>
New construction: $\lambda$	\$ <u>298,710</u>
Increased production of producing mine: $\Delta$	\$ <u>0</u>
Annexations/Inclusions:	\$ <u>0</u>
Previously exempt federal property: $\Delta$	\$ <u>0</u>
New primary oil or gas production from any producing oil and gas leasehold or land (29-1-301(1)(b), C.R.S.): $\xi$	\$ <u>0</u>
Taxes collected last year on omitted property as of August 1 (29-1-301(1)(a), C.R.S.):	\$ <u>0.00</u>
Taxes abated and refunded as of August 1 (29-1-301(1)(a) and 39-10-114(1)(a)(I)(B), C.R.S.):	\$ <u>407.20</u>

$\delta$  This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution.  
 $\lambda$  New construction is defined as: Taxable real property structures and the personal property connected with the structure.  
 $\Delta$  Jurisdiction must submit a certification to the Division of Local Government in order for a value to be accrued. (DLG 52 & 52A)  
 $\xi$  Jurisdiction must submit an application to the Division of Local Government in order for a value to be accrued. (DLG 52B)

#### USE FOR "TABOR LOCAL GROWTH" CALCULATION ONLY

In accordance with the provision of Article X, Section 20, Colorado Constitution, and 39-5-121(2)(b), C.R.S., the Assessor certifies the total actual valuation for the taxable year 2013:

Current year's total actual value of all real property: $\Phi$	\$ <u>173,608,026</u>
<b>ADDITIONS TO TAXABLE REAL PROPERTY</b>	
Construction of taxable real property improvements: $\Psi$	\$ <u>3,752,691</u>
Increased mining production: $\Omega$	\$ <u>0</u>
Annexations/Inclusions:	\$ <u>0</u>
Previously exempt property:	\$ <u>0</u>
Oil or gas production from a new well:	\$ <u>0</u>
Taxable real property omitted from the previous year's tax warrant: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	\$ <u>0</u>
<b>DELETIONS FROM TAXABLE REAL PROPERTY:</b>	
Destruction of taxable real property improvements:	\$ <u>0</u>
Disconnection/Exclusion:	\$ <u>0</u>
Previously taxable property:	\$ <u>0</u>

$\Phi$  This includes the actual value of all taxable real property plus the actual value of religious, private schools and charitable real property.  
 $\Psi$  Construction is defined as newly constructed taxable real property structures.  
 $\Omega$  Includes production from a new mine and increase in production of an existing producing mine.

In accordance with 39-5-128(1), C.R.S. and no later than August 25, the Assessor certifies to school districts:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	\$ <u>N/A</u>
---	---------------

NOTE: All levies must be certified to the County Commissioners no later than December 15, 2013.

RESOLUTION NO. 2013 - 11 - \_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT  
TO ADOPT THE 2014 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Paint Brush Hills Metropolitan District (“District”) has appointed the District Accountant to prepare and submit a proposed 2014 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2013, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place at the office of the District Manager, interested electors of the District were given the opportunity to file or register any objections to the proposed budget, and a public hearing was held on November 21, 2013 at 9830 Liberty Grove Drive, Falcon, Colorado; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or were planned to be expended from reserve fund balances so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Paint Brush Hills Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Paint Brush Hills Metropolitan District for the 2014 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and filed in accordance with applicable law, and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 21<sup>st</sup> day of November, 2013.

PAINT BRUSH HILLS METROPOLITAN  
DISTRICT, a quasi-municipal corporation  
and political subdivision of the State of  
Colorado

---

Kim Griffin, President

ATTEST:

---

Leon Gomes, Secretary

(SEAL)

**EXHIBIT A**  
(Budget)

**CERTIFICATION:**

I, Leon Gomes, hereby certify that I am the duly appointed Secretary of the Paint Brush Hills Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2014, duly adopted at a meeting of the Board of Directors of the Paint Brush Hills Metropolitan District held on November 21, 2013.

By: \_\_\_\_\_  
Secretary

RESOLUTION NO. 2013 - 11 - \_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT  
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Paint Brush Hills Metropolitan District (“District”) has adopted the 2014 annual budget in accordance with the Local Government Budget Law on November 21, 2013; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2014 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Paint Brush Hills Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2014 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2014 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

*[Signatures on Following Page]*

ADOPTED this 21<sup>st</sup> day of November, 2013.

PAINT BRUSH HILLS METROPOLITAN  
DISTRICT, a quasi-municipal corporation  
and political subdivision of the State of  
Colorado

---

Kim Griffin, President

ATTEST:

---

Leon Gomes, Secretary

(SEAL)

**EXHIBIT A**  
(Certification of Tax Levies)

# 2013 Water Supply Report

For

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**



**NOVEMBER 2013**

**JDS-HYDRO**

CONSULTANTS, INC.

2013 Water Supply Report  
For  
Paint Brush Hills Metropolitan District

November 2013

Prepared for:

Paint Brush Hills Metropolitan District

Prepared by:

JDS-Hydro Consultants, Inc.  
545 East Pikes Peak, Suite 300  
Colorado Springs, CO 80903

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## 1.0 INTRODUCTION AND CONCLUSION

**Introduction:** The Paint Brush Hills Metropolitan District currently includes a service area of approximately 9 square miles. The District has 720 actual taps which equate to about 805 Single Family Equivalent taps. An SFE is defined as the water generally used by a single family detached residence.

PBHMD supply is primarily dependent on the Denver Basin Aquifer which is a non-renewable water source. However, a portion of the District's portfolio is based on a contractual renewable Upper Black Squirrel supply.

An interesting element of this effort is that a significant portion of this district was platted prior to the implementation of the "El Paso County 300 Year Rule" and therefore is not subject to that ruling. Consequently in order to mix 100 year rule subdivisions with 300 year subdivisions, our analysis is performed on a total volumetric basis.

**Conclusion:** This report is in general concurrence with previous reports relative to legal supply except for the very minor deviations and the characterization of the contractual rights.

The findings of this report conclude that PBHMD has adequate legal and physical water supply for existing customers, existing commitments and commitments under consideration which include Filing 13B and the Scenic View at Paint Brush Hills Subdivision of 91 lots.

Excess legal supply beyond that level will support roughly an additional 590 single family units and physical supply would provide for roughly an additional 307 single family units.

Additionally, PBHMD has certain "contingent supplies" which can be developed to further legal and physical supply.

## 2.0 WATER DEMAND ANALYSIS

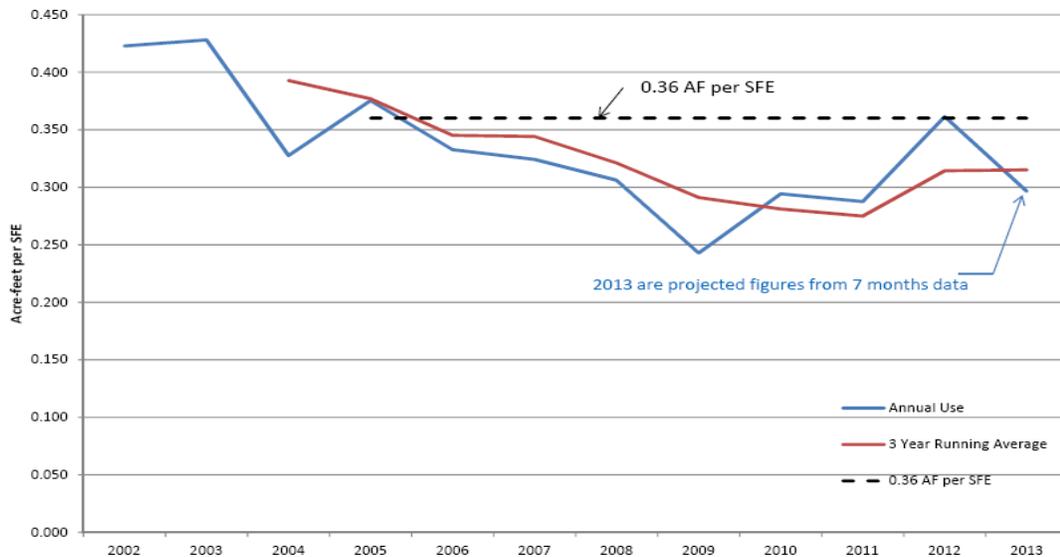
District Water User Characteristics: For the purpose of projecting current and future water needs as well as planning infrastructure, we have performed a brief study of the historical patterns of water use for PBHMD.

Over the recent decade, water consumption per tap or has decreased dramatically along the Front Range. This is due in part to several reasons which are likely to continue into the future:

- Price Elasticity - as entities (including PBHMD) have converted to the inverted block rate, users have responded to the increased cost of water by reducing usage
- Increased water conservation awareness
- Increased use of flow restriction devices, low flow toilets, etc.
- Dramatically decreased lot size/irrigated landscape area; This is especially true in PBHMD where earlier filing covenants required lawn maintenance of a certain minimum size to the current condition where plat restrictions that limit lawn irrigation size.

Currently, the historic figures indicate that PBHMD actually uses dramatically lower annual water user characteristics than committed in the past. Figure 1 below is a presentation of the trend for annual water user characteristics for PBHMD. A factor of 0.36 AF per SFE will be adopted for the purpose of future planning for actual physical source of supply and computation legal supply going forward. We elected to leave the old legal demand allocations for previous subdivisions in place, since formal commitments are attached to those figures.

**Figure 1. Paint Brush Hills Historical User Characteristic**



It is expected that newer lots will continue the trend to smaller lot sizes as Filings 11 and 12 present and to smaller turf and lawn irrigation. Table 1 below is a listing of system user characteristics that will be used for making various projections including adequacy of physical supply.

**Table 1**  
**Paint Brush Hills Metro District Water User Characteristics**

<b>Land Use</b>	<b>Annual<sup>1</sup> Demand (Acre-Feet)</b>	<b>Average Daily Demand (GPD)</b>	<b>Maximum<sup>2</sup> Daily Demand (GPD)</b>	<b>Peak<sup>2</sup> Hour Flow (GPM)</b>
Single Family Unit (SFE)	0.360	321 GPD	642 GPD	0.66 GPM
Indoor Use	0.193			
Irrigation	0.167			
Middle School	22.0	19640 GPD	22,586 GPD	23.2 GPM
Greenbelts	14.0	12,500 GPD	28,125 GPD	58,120 GPD

*Note 1. Annual Demand based on 0.36 AF/SFE per Figure 1*

*Note 2. Residential Peaking Factors*    2.0 MDF/ADF    1.48PHF/MDF  
*Middle School*                            1.15 MDF/ADF    1.48 PHF/MDF  
*Greenbelts*                                 2.25 MDF/ADF    2.75 PHF/MDF

### **3.0 LEGAL WATER SUPPLY**

#### **3.1 Denver Basin Sources:**

PBHMD has adjudicated several Denver Basin rights underlying lands of the District for the purpose of beneficial uses within the District. Some of these rights have been fully developed and are available as physical supply, while some remain as contingent sources, requiring additional efforts to classify as legal source.

The rights currently include Laramie Fox-Hills, Arapahoe, and Denver sources. Additional Dawson water may be made available for legal supply upon completion of the Replacement Plan which is in process.

There are a few miscellaneous contingent rights that are likely to be implemented in the future as well. Appendices A-1, A-2, A-3, and A-4 document the current Denver Basin legal supplies.

A well named A-1 (permit 17048-F) has been withheld from calculation in previous water resource reports because of a potential issue with the Statement of Beneficial Use. A recently adopted State Statute SB 13-72 amends elements of the SBU requirement and directs the State Engineer to issue final permits on various wells within the Denver Basin. This has been something of a “clean-up” of outstanding well permits. The attached letter acknowledges the completion of well A-1 (17048-F) into both Denver and Arapahoe aquifers and acknowledges the water right as per conditional as valid. This resolves the issues related to A-1 and clears up the validity of 130.7 AF Arapahoe and 111.3 AF Denver (100 year basis).

#### **3.2 Contractual Rights**

PBHMD has a contract with Meridian Service Metropolitan District for the perpetual lease of up to 85 annual acre-feet of water. A copy of the contract is attached in Appendix B-1. The contractual right was originally assigned to Six Ninety Nine L. A., LLC on September 8, 2003, but was subsequently assigned over to the PBH District via instrument entitled “Lift Station and Water Assignment” dated April, 2, 2004. This document is also noted in Appendix B-2.

Our review of the documents referenced does not constitute a legal review of the contractual rights, however, in our opinion there are several significant elements;

- The right is clearly enumerated as perpetual and therefor would meet the 300 year standard
- In the recitals, it is implied that the water right is based on alluvial water from the Upper Black Squirrel Creek Designated

Groundwater Basin which is “renewable”. As renewable the name plate (85 annual acre-feet) also meets the 300 year rule as renewable

- The only limiting conditions referenced are specified in paragraph 7 which reference the Supreme Court Decision in Cherokee Water District vs City of Colorado Springs
- It is known that the PBHMD service area is entirely within the Upper Black Squirrel Creek Designated Groundwater Basin

It is our opinion that the 85 acre-feet is perpetual and renewable and therefor may be considered as a renewable supply for the purpose of legal and physical supply for PBHMD.

### 3.3 Decreed Surface Rights

PBHMD is a party to an absolute water rights decree which allows for surface water diversions from an un-named tributary in the Upper Black Squirrel system. A copy of that decree is attached as Appendix C. While PBHMD is a party to the decree the water is currently unavailable for use in the potable system and cannot be classified as a physical supply for the purpose of providing beneficial supply at this time.

### 3.4 Adequacy of Legal Water Supply

Table 2 on the following page is a summary of the Legal Water Supply Inventory for Paint Brush Hills Metropolitan District. This summary presents current legal supply and also delineates certain contingent supplies that are potentially convertible to actual supply. Our findings are somewhat consistent with the findings of Curt Wells (Appendix C) with the exception of the nature of the contractual water supply and the addition of the 17048-F water which has been recently clarified per SEO letter.

Our analysis of the legal demand is slightly different as we have analyzed actual historical use to develop projected needs. We have left the legal demands in place as they were initially projected but we do note that the initial projections indicate that water demands were over-estimated which causes the projected legal supply to be rather conservative.

Filings 4 through 9 within PBHMD were approved prior to the 300 year rule being implemented. Therefore we are presenting our breakdown in a volumetric fashion to account for those differences.

It is our opinion that Paint Brush Hills Metropolitan District has adequate legal supply for its existing customers as well as 21 units in Filing 13B and the proposed Subdivision having 91 single family lot equivalents. In addition to that, we believe that the legal supply has an additional 590 potential single family equivalent capabilities.

**Table 2.**

**Paint Brush Hills Metropolitan District**  
**Legal Water Supply Inventory and Commitment Summary**

Land Formation/Aquifer	Finding/Determination/Decree	Tributary Status	Volume	Annual Allocation 100 Year	Annual Supply 300 Year	Well Permit(s)
<i>Current Legal Sources</i>						
Laramie Fox Hills	47813-F Appendix A-1	NT	38,800	388.00	129.33	LFH-1 (47813-F) LFH-2 (50877-F) LFH-3 (55192-F) LFH-4 (63429-F) LFH-5 (64084-F)
Arapahoe	17048-F Appendix A-2	NT	13070	130.70	43.57	A-1 (17048-F)
	46553-F Appendix A-3	NT	18200	182.00	60.67	A-3 (46553-F) A-4 (55193-F) A-5 (60862-F) A-6 (64086-F)
Denver	17048-F Appendix A-2	NT	11130	111.3	37.1	A-1 (17048-F)
	214-BD Appendix A-4	NNT 4%	29750	297.50	99.17	
85 AF Contractual Right	Contract MSMD Appendix B-1 Appendix B-2	UBSC Alluvium	25500	85.00	85.00	UBSC non-specific source Alluvial Water
<b>Total Current Legal Supply</b>			<b>136,450.00</b>	<b>1,194.50</b>	<b>454.83</b>	
<i>Contingent Sources</i>						
Dawson	719- BD	NNT	23700	237.00	79.00	Requires Completion of Replacement Plan
Dawson (50 acres)	unappropriated	NNT	2000	20.00		Requires Determination and Replace
Denver (50 acres)	unappropriated	NT	2550	25.50		Requires Determination
Arapahoe	30593-F	NT	11300	113.00	37.67	A-2 (30593-F)
Surface Water Diversion Return Flows 02CW 016	05CW043	2 cfs				Allocation is 25% Unavailable for potable supply

**Paint Brush Hills Metropolitan District**  
**Commitment Summary**

Subdivision/User	Commercial		Residential			Basis of Supply (Years)	Volumetric Need (AF)
	SFE	AF	Units (SFE)	Unit User-Char (AF)	AF		
Middle School	44	22				100	4400
Greenbelts	28	14				100	2800
Filing 4			164	0.5	82.00	100	8200
Filing 5			31	0.5	15.50	100	1550
Filing 6			48	0.5	24.00	100	2400
Filing 7			57	0.5	28.50	100	2850
Filing 8			106	0.5	53.00	100	5300
Filing 9			88	0.5	44.00	100	4400
Filing 10			90	0.4	36.00	300	10800
Filing 11			81	0.4	32.40	300	9720
Filing 12			51	0.4	20.40	300	6120
Church	0.5	0.20				300	60
Filing 13A			17	0.4	6.80	300	2040
<b>Current Commitments</b>			<b>805.5</b>				<b>60640</b>
Filing 13B			21	0.36	7.56	300	2268
Scenic View at Paint Brush Hills			91	0.36	32.76	300	9828
			<b>917.5</b>				<b>72736</b>
<i>Net Current Excess</i>			<i>590</i>	<i>0.36</i>	<i>212.40</i>	<i>300</i>	<i>63720</i>
			<b>Total</b>				<b>136456</b>

Pre - 300 Year Rule

Post -300 Year Rule

## **4.0    *PHYSICAL WATER SUPPLY***

### **4.1    *Denver Basin Sources;***

PBHMD has wells in the Arapahoe and Laramie-Fox Hills formations of the Denver Basin Aquifer. We performed a site visit to each supply, analyzed its condition, and capacity, to develop a current assessment of the PBHMD current physical supply capabilities. Table 3 presents a summary of the findings of that review.

### **4.2    *Transfer Station;***

PBHMD has a pumping transfer station which provides the physical supply of the water that is contracted for from Meridian Ranch. The contract has no limit as to instantaneous or monthly limits only the total annual limitation. The supply is only used as a peaking supply because of the costs and therefore is operated only during a few of the summer months to aid in meeting maximum daily needs.

The station is capable of instantaneous flows of 150 gallons per minute but provides a safe daily supply of 125 GPM.

### **4.3    *Adequacy of Physical Supply***

The adequacy of physical supply is analyzed on what is termed the Maximum Daily Demands of the system. Peak hour demands are met by using equalizing storage within the given supply system.

Using the demand factors presented in Table 1, the actual physical needs of the system are compared to the actual physical supply in Table 2. Currently the MDD is projected as 0.521 MGD for the existing system including existing commitments. The projected need at MDD when considering Filing 13B and a proposed 91 lot subdivision is 0.593 MGD.

At 90 % capacity the Maximum Daily Capability is 0.706 MGD leaving excess capacity for about 307 additional units above the commitments under consideration.

**Table 3**  
***Paint Brush Hills Metropolitan District***  
***Physical Water Supply Inventory Summary***

Land Formation/Aquifer	Well Number	Status	Current Instantaneous Flow-rate (Gal/Minute)		Well Permit(s)
<i>Current Sources</i>					
Laramie Fox Hills	Well 4/LFH-1	Unused	0		LFH-1 (47813-F)
Laramie Fox Hills	Well 5/LFH-2	Unused	0		LFH-2 (50877-F)
Laramie Fox Hills	Well 7/LFH-3	Unused	0		LFH-3 (55192-F)
Laramie Fox Hills	Well 9/LFH-4	Good	100		LFH-4 (63429-F)
Laramie Fox Hills	Well 11/LFH-5	Good	125		LFH-5 (64084-F)
Arapahoe	Well 1/A-1	Unused	65		A-1 (17048-F)
Arapahoe	Well 2/A-2	Fair	65		A-2 (46553-F)
Arapahoe	Well 3/A-3	Unused	0		A-3 (46553-F)
Arapahoe	Well 6/A-4	Unused	0		A-4 (55193-F)
Arapahoe	Well 8/A-5	Good	75		A-5 (60862-F)
Arapahoe	Well 10/A-6	Good	55		A-6 (64086-F)
Transfer Station	N/A	Good	125		N/A
<b>Total</b>			<b>610</b>	<b>GPM</b>	
<b>Net at 90 % Instantaneous</b>			<b>549</b>	<b>GPM</b>	
<b>Max Day Capability</b>			<b>790560</b>	<b>GPD</b>	

**Physical Demand**

	Units	User Char GPD/Unit	Average Daily Demand GPD	Maximum Daily Demand GPD	
Greenbelts			12500	28125	
Middle School			19640	22586	
Church	0.5	321	160.5	321	
<b>Residential (Existing Commitments)</b>					
Filing 4	164	321	52644	105288	
Filing 5	31	321	9951	19902	
Filing 6	48	321	15408	30816	
Filing 7	57	321	18297	36594	
Filing 8	106	321	34026	68052	
Filing 9	88	321	28248	56496	
Filing 10	90	321	28890	57780	
Filing 11	81	321	26001	52002	
Filing 12	51	321	16371	32742	
Filing 13 A	17	321	5457	10914	
<b>Existing Total Commitments</b>			<b>267594</b>	<b>521618</b>	
Filing 13B	21	321.00	6741.00	13482	
91 Lots	91	321.00	29211.00	58422	
<b>Proposed Commitment Physical Demand</b>				<b>593522</b>	<b>GPD</b>
<b>Remaining Excess Supply (GPD)</b>				<b>197038</b>	<b>GPD</b>
<b>Remaining Excess Projected (SFE)</b>				<b>307</b>	<b>SFE</b>

*Appendix A-1*

## FINDINGS OF THE COLORADO GROUND WATER COMMISSION

---

IN THE MATTER OF AN APPLICATION FOR A PERMIT TO CONSTRUCT A WELL AND APPROPRIATE GROUND WATER IN THE UPPER BLACK SQUIRREL CREEK DESIGNATED GROUND WATER BASIN.

APPLICANT: PAINT BRUSH HILLS METROPOLITAN DISTRICT

AQUIFER: LARAMIE-FOX HILLS

PERMIT NO.: 47813-F

---

In compliance with Sections 37-90-107(1) and 37-90-111(5), C.R.S., Paint Brush Hills Metropolitan District, (hereinafter "applicant") submitted an application for a permit to construct a well and appropriate ground water from the Laramie-Fox Hills Aquifer. Based on information provided by the applicant and records of the Division of Water Resources, and in accordance with the Designated Basin Rules (2 CCR 410-1), the Ground Water Commission finds as follows:

1. The application was received complete by the Ground Water Commission on September 13, 1996.
2. a. The applicant proposes to appropriate ground water from the Laramie-Fox Hills Aquifer underlying 1440 acres of land generally described as the SE1/4 of Section 23, the S1/2 of Section 24, all of Section 25 and the E1/2 of Section 26, all in Township 12 South, Range 65 West of the 6th Principal Meridian. According to a signed statement dated September 12, 1996, the applicant claims the ownership or control of the ground water in the Laramie-Fox Hills Aquifer underlying this land area, as further described in said affidavit which is attached hereto as Exhibit A. The proposed annual appropriation is 389 acre-feet.  
  
b. The applicant proposes to construct a well in the SW1/4 of the NW1/4 of Section 25, Township 12 South, Range 65 West of the 6th Principal Meridian at a location 2600 feet from the North section line and 50 feet from the West section line of said Section 25. The well would be constructed to divert ground water from the Laramie-Fox Hill Aquifer (hereinafter "aquifer") with a maximum pumping rate of 242 g.p.m.
3. The land area overlying the ground water claimed by the applicant is located within the boundaries of the Upper Black Squirrel Creek Designated Ground Water Basin and Ground Water Management District. The Ground Water Commission has jurisdiction.
4. The applicant proposes to apply the appropriated ground water to the following beneficial uses: municipal use within the service area of the Paint Brush Hills Metropolitan District.
5. The location of the proposed well is more than 600 feet from any existing large-capacity well completed in the aquifer.
6. The applicant will own or control the land on which the well will be constructed.

7. The quantity of water in the aquifer underlying the 1440 acres of land claimed by the applicant is 38,880 acre-feet. This determination was based on the following as specified in the Designated Basin Rules:
  - a. The average specific yield of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 15 percent.
  - b. The average thickness of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 180 feet.
8. At this time, there is no substantial artificial recharge which would affect the aquifer within a 100-year period.
9. Pursuant to Section 37-90-111(5), C.R.S., the Ground Water Commission is required to allocate designated ground water in the aquifer on the basis of landownership and a 100-year aquifer life. Therefore, the maximum annual appropriation which could be allowed pursuant to the data in the paragraphs above for the 1440 acre described land area is 388 acre-feet.
10. The ability of the well, with any additional wells, to withdraw the authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.
11. Withdrawal of ground water from the aquifer underlying the land claimed by the applicant will not, within one hundred years, deplete the flow of a natural stream or its alluvial aquifer at an annual rate greater than one-tenth of one percent of the annual rate of withdrawal and therefore the ground water is nontributary ground water as defined in Rule 4.2.19 of the Designated Basin Rules.
12. A review of the records of the Ground Water Commission has disclosed that none of the water in the aquifer underlying the land claimed by the applicant has been previously appropriated.
13. In accordance with Rules 5.3.8 and 5.3.9 of the Designated Basin Rules, additional wells may be permitted to withdraw the total allowed appropriation together with the proposed well.
14. On August 5, 1996, a letter was sent to the Upper Black Squirrel Creek Ground Water Management District requesting recommendations concerning this application. On September 9, 1996, a letter was received from the board of directors of the district stating that the application met with the board's approval.
15. The Commission Staff has evaluated the application relying on the claims to control of the water in the aquifer made by the applicant.

16. In accordance with Sections 37-90-107(2) and 37-90-112, C.R.S., the application was published in the Gazette Telegraph newspaper on October 31 and November 7, 1996.
17. No objections to the proposed appropriation were received within the time limit set by statute.
18. The Ground Water Commission finds that unreasonable impairment of existing water rights will not occur from approval of the appropriation and issuance of the well permit if the following conditions are complied with:
  - a. The well, and any additional wells approved by the Commission to withdraw this appropriation (hereinafter "additional wells"), must be constructed to withdraw water from only the Laramie-Fox Hills Aquifer. At the proposed well location, the top of the aquifer is located approximately 2235 feet below ground surface and the bottom of the aquifer is located approximately 2520 feet below ground surface. Plain, non-perforated casing must be installed and sealed to prevent diversion of ground water from other aquifers and the movement of ground water between aquifers.
  - b. Well permits for additional wells to withdraw the appropriation shall be available upon application, subject to approval by the Commission.
  - c. The entire depth of the well and any additional wells must be geophysically logged prior to installing the casing as set forth in Rule 9 of the Statewide Nontributary Ground Water Rules, 2 CCR 402-7.
  - d. The maximum annual amount of water to be diverted from the aquifer by the well, together with any additional wells, shall not exceed 388 acre-feet. The Commission may adjust the annual appropriation based on analysis of the geophysical logs if such analysis indicates that the initial estimate of the volume of water in storage was incorrect.
  - e. The use of ground water from the appropriation shall be limited to the following uses: municipal use within the service area of the Paint Brush Hills Metropolitan District.
  - f. No more than 98% of the ground water withdrawn annually from this well and any additional wells shall be consumed. The Commission may require the well owner to demonstrate periodically that no more than 98% of the water withdrawn from the well is being consumed.
  - g. The maximum pumping rate of the well and any additional well shall not exceed 242 g.p.m.
  - h. The well and any additional wells shall be constructed within 200 feet of the location specified on the individual permit application, but must be more than 600 feet from any existing large-capacity well completed in the aquifer. Any additional wells shall be located on the 1440 acre claimed area on land owned or controlled by the well owner.

Applicant: Paint Brush Hills Metropolitan District  
Aquifer: Laramie-Fox Hills  
Permit No.: 47813-F

Page 4

i. A totalizing flow meter shall be installed on the well and any additional wells and maintained by the well owner. Annual diversion records shall be collected and maintained by the well owner and submitted to the Commission upon their request.

j. The well owner shall mark the well and any additional wells in a conspicuous place with the permit number and the name of the aquifer. He shall take necessary means and precautions to preserve these markings.

Dated this 15<sup>th</sup> day of January, 19 97.



Hal D. Simpson  
Executive Director  
Colorado Ground Water Commission

By:   
Craig M. Lis, P.E.  
Supervisor, Designated Basins Branch

Prepared by: RAC



(5) On June 26, 1986, Paint Brush I conveyed by warranty deed to P.B.H.P. Joint Venture, all of Section 25 and the East 1/2 of Section 26 in Township 12 S Range 65 W in El Paso County, State of Colorado, including all of the groundwater and water rights under said land. (This land was approximately 950 Acres or the balance of the land not platted in the Filings 1, 2 and 3 of Paint Brush Hills.)

(6) On November 10, 1987, P.B.H.P. Joint Venture conveyed to Paint Brush Hills Metropolitan District all groundwater and water rights in the Dawson, Denver, Arapahoe and Laramie Fox Hills formations under land owned by it; well permits #17654-F, #17658-F and #17048-4; and the water and water rights in the (Lower Dawson), Denver, Arapahoe and Laramie-Fox Hills formations under all lots in Paint Brush Hills Filings No. 1, 2 and 3 in El Paso County, State of Colorado. (Land = 950 acres; Water underneath = 1,440 acres.)

(7) Commencing on June 20, 1988, P.B.H.P. Joint Venture conveyed to individuals six lots in Paint Brush Hills Filing No.4, reserving to itself all of the groundwater in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(8) On June 4, 1992, P.B.H.P. Joint Venture conveyed to Paint Brush Hills Metropolitan District approximately 100 Acres in a part of Section 25, Township 12 S, Range 65 W (being directly north of Paint Brush Hills Filing No.4) and 158 lots in Paint Brush Hills Filing No. 4 (being the balance of the lots not conveyed in Deed No. 7), including all groundwater and water rights in the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(9) On June 13, 1992, by warranty deed, P.B.H.P. Joint Venture conveyed to Eagle Ranch Development Corp., a Colorado Corporation, all of Section 25 in Township 12 S, Range 65 W, except the 100 acres deeded to Paint Brush Hills Metropolitan District (Deed No. 8) and Paint Brush Hills Filing No. 4, and the East 1/2 of Section 26, Township 12 S, Range 65 W, El Paso County, State of Colorado including all the groundwater and water rights under said land. (Approximately 750 acres.)

(10) Commencing on June 20, 1992 Paint Brush Metropolitan District started conveying lots in Paint Brush Hills Filing No. 4 to Eagle Ranch Development Corp. (and then to Lot Purchases), according to the ruling of the United States Federal District Court for Colorado, as a procedure to pay off the Bond Holders of the Paint Brush Hills Metropolitan District. In such individual deeds, Eagle Ranch Development Corp. reserved all of the groundwater and water rights in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(11) On August 25, 1995 Paint Brush Hills Metropolitan District conveyed to Eagle Ranch Development Corp., 40 Acres of the 100 Acres contained in the Deed of June 4, 1992. (Deed No. 8 herein.)

(12) Also on August 25, 1995 Eagle Ranch Development Corp. conveyed to B.L.P.S. Company, LLC (a sister company of Eagle Ranch Development Corp.) 40 acres (included in Deed No. 11 herein), which then was platted as Paint Brush Hills Filing No. 5, in El Paso County, State of Colorado.

(13) Commencing on December 29, 1995, the B.L.P.S. Company, LLC started conveying to Lot Purchasers, lots in Paint Brush Hills Filing No. 5 reserving to itself all the groundwater and water rights in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

### OWNERSHIP

At the present time, the ownership of rights contained in the History above is as follows:

(1) Eagle Ranch Development Corp. owns (land only) the East 1/2 of Section 26 and all of Section 25, in Township 12 S Range 65 W, El Paso County, Colorado except Paint Brush Hills Filing No.'s 4 and 5, and the 100 acres referred to herein, or a total of 750 acres.

(2) Paint Brush Hills Metropolitan District owns (land and water and water rights) 60 acres in Section 25 in Township 12 S Ranch 65 W, El Paso County, Colorado; and all the water and water rights in the Denver (Lower Dawson), Arapahoe and Laramie-Fox hills formations under Paint Brush Hills Filing No.'s 1, 2 and 3; the water wells under permits #17048-F, #30593-F, #17654 and #17658-F; all of the water and water rights in the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations under the East 1/2 of Section 26 and all of Section 25 (including Paint Brush Hills Filing No.'s 4 and 5), all in El Paso County, State of Colorado.

(3) The B.L.P.S. Company, L.L.C. owns (land only) the unsold lots in Paint Brush Hills Filing No. 5, (40 acres).

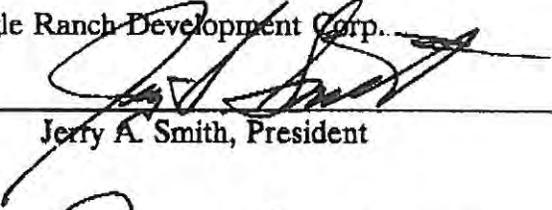
Affiant further deposes and says that Eagle Ranch Development Corp., the B.L.P.S. Company, L.L.C. and Paint Brush Hills Metropolitan District have not given up their right to appropriate the unappropriated non-tributary ground water from the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations underlying the SE 1/4 of Section 23, S 1/2 of Section 24, Section 25, and the E 1/2 of Section 26, in Township 12 S, R 65 West of the 6th Principal Meridian, El Paso County, State of Colorado, except as stated in the above Ownership Statement.

And Eagle Ranch Development Corp. and the B.L.P.S. Company, L.L.C., consent to, and state that Paint Brush Hills Metropolitan District owns all of the unappropriated underground non-tributary water in the Dawson, Denver, Arapahoe and Laramie-Fox hills formations under the above described land, which equates to 1,440 acres.

Further, I claim and say that I have read the statements made herein, know the contents hereof, and the same are true to my own knowledge.

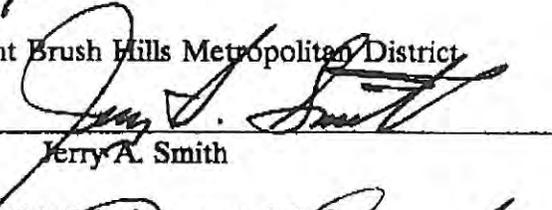
Eagle Ranch Development Corp.

By

  
Jerry A. Smith, President

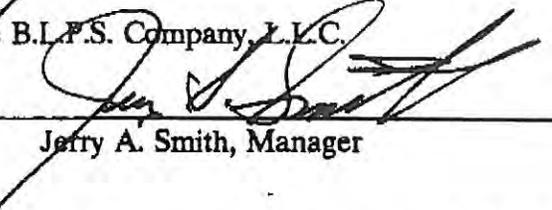
Paint Brush Hills Metropolitan District

By

  
Jerry A. Smith

The B.L.P.S. Company, L.L.C.

By

  
Jerry A. Smith, Manager

Subscribed and sworn to before me on this 12th day of September, 1996 by Jerry A. Smith, to me personally known.

Witness my hand and official seal.

  
Notary Public

My Commission Expires: 8-11-99

RECEIVED

JUL 22 1996

WATER RESOURCES  
STATE ENGINEER  
COLO.

WRJ-5-Rev. 76

COLORADO DIVISION OF WATER RESOURCES  
818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203

PERMIT APPLICATION FORM

Application must be complete where applicable. Type or print in **BLACK INK**. No overstrikes or erasures unless initialed.

- ( X ) A PERMIT TO USE GROUND WATER
- ( X ) A PERMIT TO CONSTRUCT A WELL
- FOR: ( X ) A PERMIT TO INSTALL A PUMP
- ( ) REPLACEMENT FOR NO. \_\_\_\_\_
- ( ) OTHER \_\_\_\_\_
- WATER COURT CASE NO. \_\_\_\_\_

(1) **APPLICANT** - mailing address

NAME Paint Brush Hills Metro District

STREET 3730 Sinton Rd. Suite 250

CITY Colorado Springs CO 80907  
(State) (Zip)

TELEPHONE NO. 719-473-8600

FOR OFFICE USE ONLY: DO NOT WRITE IN THIS COLUMN

Receipt No. \_\_\_\_\_ / \_\_\_\_\_

Basin 4 Dist. 12

CONDITIONS OF APPROVAL

This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of the permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.

(2) **LOCATION OF PROPOSED WELL**

County El Paso

SW  $\frac{1}{4}$  of the NW  $\frac{1}{4}$ , Section 25

Twp. 12 S, Rng. 65 W, 6th P.M.  
(N,S) (E,W)

(3) **WATER USE AND WELL DATA**

Proposed maximum pumping rate (gpm) 242

Average annual amount of ground water to be appropriated (acre-feet): 389

Number of acres to be irrigated: N/A

Proposed total depth (feet): 2500

Aquifer ground water is to be obtained from:  
Laramie Fox Hills

Owner's well designation LFH-1

**GROUND WATER TO BE USED FOR:**

- ( ) HOUSEHOLD USE ONLY - no irrigation (0)
  - ( X ) DOMESTIC (1) ( X ) INDUSTRIAL (5)
  - ( ) LIVESTOCK (2) ( X ) IRRIGATION (6)
  - ( X ) COMMERCIAL (4) ( X ) MUNICIPAL (8)
  - ( ) OTHER (9) All other purposes
- DETAIL THE USE ON BACK IN (11)

APPLICATION APPROVED

PERMIT NUMBER \_\_\_\_\_

DATE ISSUED \_\_\_\_\_

EXPIRATION DATE CHECKS TR#403866 072296 60.00  
DIV OF WATER RESOURCES

\_\_\_\_\_  
(STATE ENGINEER)

(4) **DRILLER**

Name Unknown(licensed)

Street \_\_\_\_\_

City \_\_\_\_\_  
(State) (Zip)

Telephone No. \_\_\_\_\_ Lic. No. \_\_\_\_\_

BY \_\_\_\_\_

I.D. 8-2 COUNTY 21-10

*Appendix A-2*

## **Appendix A-2 Paint Brush Hills Well A-1 (17048-F)**

This well was originally drilled to a depth of 2770 feet and tested. The LFH formation was subsequently bridge plugged at 1900 feet. The original permit was issued March 21, 1973 for 400 acre-feet and 300 gallons per minute. In 1973 the term Dawson included the Arapahoe, Denver, and Dawson formations.

Subsequent documents 46553-F (also attached) excluded certain portions of the Arapahoe reducing the Arapahoe volume to 130.7 AF (100 year basis). This left 111.3 AF (100 year basis) remaining in the Denver formation.

The rights remained somewhat in limbo due to a potential deficiency in the filing of Statement of Beneficial Use (SBU) until a letter was issued October 18, 2013 by the State Engineers Office. The letter attached, is a response to Senate Bill 13 -072 which amended certain rules regarding the issuance of permits in the Denver Basin. In the letter the SEO acknowledges the completion of the well into both the Denver and Arapahoe formations and specifies that the terms of the conditional document apply as final.

Supporting this documentation are supporting documents of SB 13-072 and an email from legal describing the documentation.



DEPARTMENT OF NATURAL RESOURCES

DIVISION OF WATER RESOURCES

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Dick Wolfe, P.E.  
Director/State Engineer

October 18, 2013

Paint Brush Hills Metropolitan District  
9830 Liberty Grove Drive  
Falcon, CO 80831

RE: Well Permit no. 17048-F

Dear Well Owner:

You may have previously received correspondence from our office informing you that we were reviewing permit files in preparation for the issuance of final permits in the Designated Ground Water Basins in Colorado, and asking for information, such as a statement of beneficial use, to assist with such review. Thank you for any responses and information you may have provided.

The Colorado Legislature recently passed Senate Bill 13-072 that changed the laws regarding the need to issue final permits for Denver Basin bedrock aquifer wells. Pursuant to C.R.S. § 37-90-108(3)(a)(II) a final permit is not required to be issued for a well described in a conditional permit to withdraw designated ground water from a Denver Basin bedrock aquifer. For such a well, the statute states a conditional permit, subject to the conditions of issuance of such a permit, shall be considered a final determination of a well's water right if the well is in compliance with all other applicable requirement of Article 90 of Title 37.

The above referenced well permit was issued for construction of a well into the Denver and Arapahoe aquifers and is subject to the above referenced statues. Be advised that we will not be issuing a final permit to the above referenced conditional permit, and that the conditional permit determines the well's water right.

If you have any questions feel free to contact me.

Sincerely,

Keith Vander Horst, P.E.

Designated Basins Team Leader

cc: Upper Black Squirrel Creek GWMD

Office of the State Engineer

1313 Sherman Street, Suite 818 • Denver, CO 80203 • Phone: 303-866-3581 • Fax: 303-866-3589  
www.water.state.co.us

Paul Anderson (pandllc@comcast.net)

John

INBOX CONTACTS CALENDAR Minutes... Tri View... EMC | U... Re: Bapt... SEARCH... Re: CDP...

Compose Delete Move Spam Actions

Inbox (78)

Drafts (12)

Sent

Spam (1)

Trash (19)

FOLDERS

4 Way

Brush (1)

CDOC

CSU Proposal

DWG

Groundwater (2)

Hart Water (1)

Meridian (2)

Notes

PBHM Issues (1)

Personal

Widfield (3)

Woodland Park (5)

Woodmen Hills (4)

MESSANGER

Me Offline

Sign in to Messenger to see who's online

APPLICATIONS

Photos

Attachments

Re: CDPHE Final Permit non-issuance for Wells 1 (from pandllc@comcast.net to you + 6 more)

Oct 25

3 Attachments 249 KB Save all to

PDF 111KB PDF 26KB PDF 111KB

37-90-108 Final permit SB 13-72 copy Final\_permit - Save Save Save

John, after reviewing the statute cited in Keith's letter I think there is no need for a new SBU to be submitted for permit # 17048-F. The statute is attached, but I've pasted the pertinent section here.

(2)(a) If the well or wells described in a conditional permit have been constructed in compliance with subsection (1) of this section, the applicant, within three years after the date of the issuance of said permit, shall furnish by sworn affidavit, in the form prescribed by the commission, evidence that water from such well or wells has been put to beneficial use, except that this paragraph (a) does not apply to a well described in a conditional permit to withdraw designated ground water from the Dawson, Denver, Arapahoe, or LaramieFox Hills aquifers. (emphasis added)

I think the bolded language above seems pretty definitive in eliminating any requirement for a SBU, especially since this particular section was amended by SB 13-72 (copy attached): see the first "editor's note" after the statute "source" section. I checked a prior version of this statute subsection, under that version the SBU would not have been required for wells permitted after 1991 - I've attached a copy of the prior version of the statute here.

So, presuming compliance with all other sections of the statute the conditional permit is the final permit per Keith's letter and the filing of a SBU is no longer required.

Please do not hesitate to contact me with any other questions. Thanks again.

Paul G. Anderson, LLC
P.O. Box 50631
Colorado Springs, CO 80949-0631
(719) 510-9420
pandllc@comcast.net

Please consider the environment before printing this e-mail

CONFIDENTIALITY NOTICE - This email transmission, and any documents, files or previous email messages attached to it, may contain information that is legally privileged or otherwise confidential to include customer and business information. If you are not the intended recipient, or an authorized person for the intended recipient, you are hereby notified that any disclosure, copying or distribution of this information, or any action taken in reliance on the information contained within this email, is strictly prohibited. If you have received this email message in error, please notify the sender and then delete the message (and any attachments) from your computer and/or network. Thank you.

From: "John McGinn" <jmcginn@jds hydro.com>
To: pandllc@comcast.net
Cc: "Tammy Bailey" <tbailey@jds hydro.com>, "Steve Knepper PBHMD" <steve@pbhmd.com>, "Leon Gomes (lgomes@sdmsi.com)" <lgomes@sdmsi.com>, "Teigan Gulliver" <tgulliver@jds hydro.com>
Sent: Thursday, October 24, 2013 11:20:57 AM
Subject: Re: CDPHE Final Permit non-issuance for Wells 1(A-1), 2(A-2), and DA-2

Yes--if it prelude to a pass, I would hate to draw attention to our "Statement of Beneficial Use" issue. Let's talk after you've had a chance to mull it over

John P. McGinn
JDS-Hydro Consultants, Inc
545 East Pikes Peak Ave, Suite 300
Colorado Springs, CO 80903
phone 719 227-0072
fax 719 471-3401

From: "pandllc@comcast.net" <pandllc@comcast.net>
To: John McGinn <jmcginn@jds hydro.com>
Cc: Tammy Bailey <tbailey@jds hydro.com>, Steve Knepper PBHMD <steve@pbhmd.com>, "Leon Gomes (lgomes@sdmsi.com)" <lgomes@sdmsi.com>, Teigan Gulliver <tgulliver@jds hydro.com>, Paul Anderson <pandllc@comcast.net>
Sent: Thursday, October 24, 2013 11:18 AM
Subject: Re: CDPHE Final Permit non-issuance for Wells 1(A-1), 2(A-2), and DA-2

John, I've responded within the text of your message below. Thanks.

Paul G. Anderson, LLC
P.O. Box 50631
Colorado Springs, CO 80949-0631
(719) 510-9420
pandllc@comcast.net

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## Colorado Revised Statutes

- 📁 **Colorado Revised Statutes**
- 📁 **TITLE 37 WATER AND IRRIGATION**
- 📁 **WATER RIGHTS AND IRRIGATION**
- 📁 **Underground Water**
- 📁 **ARTICLE 90 Underground Water**

37-90-108. Final permit – evidence of well construction and beneficial use – limitations.

**\*\*Update Notice: This section has been amended by**

**CHAPTER 30, COLO. SESS. LAWS OF 2013.**

**CHAPTER 35, COLO. SESS. LAWS OF 2013.**

(1)(a) After having received a conditional permit to appropriate designated ground water, the applicant, within one year from the date of the issuance of said permit, shall construct the well or other works necessary to apply the water to a beneficial use.

(b) The applicant, upon completion of the well, shall furnish information to the commission, in the form prescribed by the commission, as to the depth of the well, the water-bearing formations intercepted by the well, and the maximum sustained pumping rate in gallons per minute.

(c) If the well described in the conditional permit is not constructed within one year from the date of the issuance of the conditional permit as provided in this subsection (1), the conditional permit shall expire and be of no force or effect; except that, upon a showing of good cause, the commission may grant one extension of time only for a period not to exceed one year. If the well has been constructed timely but the completion information required by this subsection (1) has not been furnished to the commission, the procedures specified in subsection (6) of this section shall apply.

(2)(a) If the well or wells described in a conditional permit have been constructed in compliance with subsection (1) of this section, the applicant, within three years after the date of the issuance of said permit, shall furnish by sworn affidavit, in the form prescribed by the commission, evidence that water from such well or wells has been put to beneficial use; except that the requirements of this paragraph (a) shall not apply to a well described in a conditional permit issued on or after July 1, 1991, to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(b) Such affidavit shall be prima facie evidence of the matters contained therein but shall be subject to objection by others, including ground water management districts, claiming to be injured thereby and to such verification and inquiry as the commission shall consider appropriate in each particular case.

(c) If such required affidavit is not furnished to the commission within the time and as provided in this subsection (2), the conditional permit shall expire and be of no force or effect except as provided in subsection (4) of this section.

(d) If the well described in a conditional permit issued on or after July 1, 1991, to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers has been constructed in compliance with subsection (1) of this section, the applicant shall file a notice with the commission of commencement of beneficial use on a form prescribed by the commission within thirty days after the first beneficial use of any water withdrawn from such well.

(3)(a) (I) To the extent that the commission finds that water has been put to a beneficial use and that the other terms of the conditional permit have been complied with and after publication of the information required in the final permit, as provided in section **37-90-112**, the commission shall order the state engineer to issue a final permit to use designated

ground water, containing such limitations and conditions as the commission deems necessary to prevent waste and to protect the rights of other appropriators. In determining the extent of beneficial use for the purpose of issuing final permits, the commission may use the same criteria for determining the amount of water used on each acre that has been irrigated that is used in evaluating the amount of water available for appropriation under section 37-90-107. The provisions of this subparagraph (I) shall not apply to a well described in a conditional permit issued on or after July 1, 1991, to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(II) A final permit is not required to be issued for a well described in a conditional permit issued on or after July 1, 1991, to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers. For such a well, a conditional permit, subject to the conditions of issuance of such a permit, shall be considered a final determination of a well's water right if the well is in compliance with all other applicable requirements of this article.

(b) In determining the extent of beneficial use prior to the issuance of a final permit, the commission may either increase or decrease the quantity of water and the amount of irrigated acreage, if any, according to the evidence presented to the commission, but no increase shall be permitted which will increase the quantity of water beyond that authorized by the original decree, conditional permit, registration statement, or other well permit issued prior to basin designation or which otherwise will unreasonably affect the rights of other appropriators.

(c) Any owner of an existing valid conditional permit issued before July 1, 1978, may file with the commission an amended statement of beneficial use, in the form prescribed by the commission, on or before December 31, 1979, and not thereafter, if any such change occurred and was approved on or before August 5, 1977.

(4) The procedural requirement that a statement of beneficial use shall be filed shall apply to all permits wherein the water was put to beneficial use since May 17, 1965. If information pertaining to completion of the well as required in subsection (1) of this section has been received but evidence that water has been placed to beneficial use has not been received as of three years after the date of issuance of the conditional permit, the commission shall so notify the applicant by certified mail. The notice shall give the applicant the opportunity to submit proof that the water was put to beneficial use prior to three years after the date of issuance of the conditional permit. The proof must be received by the commission within twenty days after receipt of the notice by the applicant, and, if the conditional permit was issued on or after July 14, 1975, the proof must be accompanied by a filing fee of thirty dollars. If the commission finds the proof to be satisfactory, the conditional permit shall remain in force and effect. The commission shall consider any records of the commission and any evidence provided to the commission and all other matters set forth in this section in determining whether the conditional permit should remain in force and effect.

(5) All final permits shall set forth the following information as a minimum:

- (a) The priority date;
  - (b) The name of the claimant;
  - (c) The quarter-quarter in which the well is located;
  - (d) The maximum annual volume of the appropriation in acre-feet per year;
  - (e) The maximum pumping rate in gallons per minute; and
  - (f) The maximum number of acres which have been irrigated, if used for irrigation.
- (6) The procedural requirement that the well completion information

required by subsection (1) of this section be furnished to the commission shall apply to all permits issued after May 17, 1965. If the well has been constructed within twenty-four months after the date of issuance of the permit where the permit was issued before June 7, 1979, or within twelve months after the date of issuance of the permit where the permit was issued on or after June 7, 1979, or by the expiration date of the permit, including any extension, but the completion information has not been furnished to the commission within six months after said allowable time for the well completion, the commission shall so notify the applicant by certified mail. The notice shall give the applicant the opportunity to submit proof that the well was completed within the time specified above or by the expiration date of the permit and to submit the information required by subsection (1) of this section and a showing that, due to excusable neglect, inadvertence, or mistake, the applicant failed to submit the evidence and information on time. The proof and information must be received by the commission within twenty days after receipt of the notice by the applicant and must be accompanied by a filing fee of thirty dollars. If the commission finds the proof to be satisfactory, the permit shall remain in force and effect. The commission shall consider any records of the commission and any evidence provided to the commission and all other matters set forth in this section in determining whether the permit should remain in force and effect.

(7) Notwithstanding the amount specified for any fee in this section, the commission by rule or as otherwise provided by law may reduce the amount of one or more of the fees if necessary pursuant to section 24-75-402(3), C.R.S., to reduce the uncommitted reserves of the fund to which all or any portion of one or more of the fees is credited. After the uncommitted reserves of the fund are sufficiently reduced, the commission by rule or as otherwise provided by law may increase the amount of one or more of the fees as provided in section 24-75-402(4), C.R.S.

**Source:** L. 65: R&RE, p. 1251, § 1. C.R.S. 1963: § 148-18-7. L. 71: p. 1314, § 6. L. 75: (3) amended and (4) added, p. 1394, § 1, effective July 14. L. 79: (1) to (3) R&RE, p. 1371, § 2, effective June 7. L. 85: (1) (c), (3) (a), (3) (b), and (4) amended and (5) and (6) added, p. 1172, § 2, effective May 31. L. 86: (6) amended, p. 1221, § 34, effective May 30. L. 92: (4), (5) (c), and (6) amended, p. 2298, § 3, effective March 19. L. 94: (1) (c) and (2) (a) amended and (2) (d) added, p. 1746, § 1, effective July 1. L. 98: (7) added, p. 1344, § 72, effective June 1; (2) (a), (2) (d), (3) (a), (4), and (6) amended, p. 1218, § 7, effective August 5.

#### ANNOTATION

**Law reviews.** For article, "Oil Shale and Water Quality: The Colorado Prospectus Under Federal, State, and International Law", see 58 Den. L.J. 715 (1981).

**Annotator's note.** The following annotations include cases decided under former provision similar to this section.

**The general assembly intended that the extent of beneficial use would limit the ground water appropriator** by providing for the issuance of final permits based upon proof of beneficial use. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

Regardless of the quantity specified in a decree, the amount of water actually applied to beneficial use defines the full extent of the water right. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**The general assembly intended that the commission engage in a confirmatory investigation** and that the issuance of final permits be a meaningful action. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**Where the commission fails to undertake an independent investigation** to determine if the amount of water claimed is put to beneficial use prior to issuing a final permit, the commission procedure is not in compliance

with statutory scheme. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**Commission must implement legislative scheme.** The commission cannot rely upon conditional permits as though they are enforceable "existing claims" without implementing the legislative scheme which includes the issuance of final permits. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**The final permit is essential to the legislative scheme** for the administration of ground water rights. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**Vested right in water not acquired after conditional permit expires.** This article does not contemplate that appropriators may acquire a vested right in water put to beneficial use after their conditional permits have expired. *Berens v. Ground Water Comm'n*, 200 Colo. 170, 614 P.2d 352 (1980).

**Conditional permits do not permit their holders to sleep on water rights** and later expand their use to the full extent of their permits. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978); *Peterson v. Ground Water Comm'n*, 195 Colo. 508, 579 P.2d 629 (1978).

**Conditional permit to last one year.** Conditional permits expire and are of no effect one year after their issuance unless the statutory requirements necessary for the issuance of a final permit have been satisfied, or the commission has extended a conditional permit for a time certain for good cause shown, or the appropriator has submitted well completion data, but has failed to submit proof of beneficial use, where upon the appropriator is entitled to notice and 20 days to provide the missing information. *Peterson v. Ground Water Comm'n*, 195 Colo. 508, 579 P.2d 629 (1978).

Subsection (3) reflects a legislative determination that most designated ground water appropriations can be completed within one year, but also permits the commission to grant extensions upon good cause shown to avoid unjust results. *Kuiper v. Warren*, 195 Colo. 541, 580 P.2d 32, cert. denied, 439 U.S. 984, 99 S.Ct. 575, 58 L.Ed.2d 56 (1978).

**Extension procedure and due diligence doctrine protect conditional ground water appropriators.** The statutory extension procedure of this section and the doctrine of due diligence afford ground water appropriators, who are reasonably proceeding to complete appropriations under conditional rights, protection against loss of their rights. *Kuiper v. Warren*, 195 Colo. 541, 580 P.2d 32, cert. denied, 439 U.S. 984, 99 S.Ct. 575, 58 L.Ed.2d 56 (1978).

**Beneficial uses.** Land reclamation and dust control are proper beneficial uses for appropriations of tributary and nontributary water. *State Dept. of Natural Res. v. Southwestern Colo. Water Conservation Dist.*, 671 P.2d 1294 (Colo. 1983), cert. denied, 466 U.S. 944, 104 S.Ct. 1929, 80 L.Ed.2d 474 (1984).

**Intent to put water to beneficial use must not be speculative.** Anti-speculative doctrine of *Colo. River Water Conservation Dist. v. Vidler Tunnel Water Co.* (197 Colo. 413, 594 P.2d 566 (1979)) requiring more than mere future plans to beneficially use water, applies to appropriations of groundwater in designated ground water basins. *Jaeger v. Colo. Ground Water Comm'n*, 746 P.2d 515 (Colo. 1987).

**When extent of beneficial use is fixed.** Normally, the extent of beneficial use and the measure of the water right is fixed at the time a final decree is entered. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**The procedure set out in this section places the burden on the appropriator** to prove that he has made a valid appropriation consistent with Colorado law. *Thompson v. Colo. Ground Water Comm'n*, 194 Colo. 489, 575 P.2d 372 (1978).

**Applied** in Danielson v. Kerbs AG., Inc., 646 P.2d 363 (Colo. 1982).

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NOTE: The governor signed this measure on 3/15/2013.

# An Act

SENATE BILL 13-072

BY SENATOR(S) Hodge, Baumgardner, Brophy, Giron, Roberts, Schwartz, Carroll;  
also REPRESENTATIVE(S) Sonnenberg, Fischer, Coram, Ginal, Humphrey, Lebsock, McLachlan, Pettersen, Vigil, Young.

CONCERNING THE DELETION OF THE REQUIREMENT FOR A FINAL PERMIT FOR ALL WELLS WITHDRAWING DESIGNATED GROUND WATER FROM THE DENVER BASIN AQUIFERS.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 37-90-108, **amend** (2) (a), (2) (d), and (3) (a) as follows:

**37-90-108. Final permit - evidence of well construction and beneficial use - limitations.** (2) (a) If the well or wells described in a conditional permit have been constructed in compliance with subsection (1) of this section, the applicant, within three years after the date of the issuance of said permit, shall furnish by sworn affidavit, in the form prescribed by the commission, evidence that water from such well or wells has been put to beneficial use; except that ~~the requirements of this paragraph (a) shall~~ DOES not apply to a well described in a conditional permit ~~issued on or after July 1, 1991~~, to withdraw designated ground water from the Dawson,

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(d) If the well described in a conditional permit issued ~~on or after July 1, 1991,~~ to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers has been constructed in compliance with subsection (1) of this section, the applicant shall file a notice with the commission of commencement of beneficial use on a form prescribed by the commission within thirty days after the first beneficial use of any water withdrawn from ~~such~~ THE well.

(3) (a) (I) To the extent that the commission finds that water has been put to a beneficial use and that the other terms of the conditional permit have been complied with and after publication of the information required in the final permit, as provided in section 37-90-112, the commission shall order the state engineer to issue a final permit to use designated ground water, containing such limitations and conditions as the commission deems necessary to prevent waste and to protect the rights of other appropriators. In determining the extent of beneficial use for the purpose of issuing final permits, the commission may use the same criteria for determining the amount of water used on each acre that has been irrigated that is used in evaluating the amount of water available for appropriation under section 37-90-107. ~~The provisions of This subparagraph (I) shall~~ DOES not apply to a well described in a conditional permit issued ~~on or after July 1, 1991,~~ to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(II) A final permit is not required to be issued for a well described in a conditional permit ~~issued on or after July 1, 1991,~~ to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers. For such a well, a conditional permit, subject to the conditions of issuance of such a permit, shall be considered a final determination of a well's water right if the well is in compliance with all other applicable requirements of this article.

**SECTION 2. Act subject to petition - effective date - applicability.** (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or

part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to permits issued for designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers before, on, or after the applicable effective date of this act.

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John P. Morse  
PRESIDENT OF  
THE SENATE

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Mark Ferrandino  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

---

Cindi L. Markwell  
SECRETARY OF  
THE SENATE

---

Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

APPROVED \_\_\_\_\_

---

John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO

**Colorado Revised Statutes**

-  **Colorado Revised Statutes**
-  **TITLE 37 WATER AND IRRIGATION**
-  **WATER RIGHTS AND IRRIGATION**
-  **Underground Water**
-  **ARTICLE 90 Underground Water**

**37-90-108. Final permit – evidence of well construction and beneficial use – limitations.**

(1) (a) After having received a conditional permit to appropriate designated ground water, the applicant, within one year from the date of the issuance of said permit, shall construct the well or other works necessary to apply the water to a beneficial use.

(b) The applicant, upon completion of the well, shall furnish information to the commission, in the form prescribed by the commission, as to the depth of the well, the water-bearing formations intercepted by the well, and the maximum sustained pumping rate in gallons per minute.

(c) If the well described in the conditional permit is not constructed within one year from the date of the issuance of the conditional permit as provided in this subsection (1), the conditional permit shall expire and be of no force or effect; except that, upon a showing of good cause, the commission may grant one extension of time only for a period not to exceed one year. If the well has been constructed timely but the completion information required by this subsection (1) has not been furnished to the commission, the procedures specified in subsection (6) of this section shall apply.

(2) (a) If the well or wells described in a conditional permit have been constructed in compliance with subsection (1) of this section, the applicant, within three years after the date of the issuance of said permit, shall furnish by sworn affidavit, in the form prescribed by the commission, evidence that water from such well or wells has been put to beneficial use; except that this paragraph (a) does not apply to a well described in a conditional permit to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(b) Such affidavit shall be prima facie evidence of the matters contained therein but shall be subject to objection by others, including ground water management districts, claiming to be injured thereby and to such verification and inquiry as the commission shall consider appropriate in each particular case.

(c) If such required affidavit is not furnished to the commission within the time and as provided in this subsection (2), the conditional permit shall expire and be of no force or effect except as provided in subsection (4) of this section.

(d) If the well described in a conditional permit issued to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers has been constructed in compliance with subsection (1) of this section, the applicant shall file a notice with the commission of commencement of beneficial use on a form prescribed by the commission within thirty days after the first beneficial use of any water withdrawn from the well.

(3) (a) (I) To the extent that the commission finds that water has been put to a beneficial use and that the other terms of the conditional permit have been complied with and after publication of the information required in the final permit, as provided in section [37-90-112](#), the commission shall order the state engineer to issue a final permit to use designated ground water, containing such limitations and conditions as the commission deems necessary to prevent waste and to protect the rights of other appropriators. In determining the extent of beneficial use for the purpose of issuing final permits, the commission may use the same criteria

for determining the amount of water used on each acre that has been irrigated that is used in evaluating the amount of water available for appropriation under section [37-90-107](#). This subparagraph (I) does not apply to a well described in a conditional permit issued to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers.

(II) A final permit is not required to be issued for a well described in a conditional permit to withdraw designated ground water from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers. For such a well, a conditional permit, subject to the conditions of issuance of such a permit, shall be considered a final determination of a well's water right if the well is in compliance with all other applicable requirements of this article.

(b) In determining the extent of beneficial use prior to the issuance of a final permit, the commission may either increase or decrease the quantity of water and the amount of irrigated acreage, if any, according to the evidence presented to the commission, but no increase shall be permitted which will increase the quantity of water beyond that authorized by the original decree, conditional permit, registration statement, or other well permit issued prior to basin designation or which otherwise will unreasonably affect the rights of other appropriators.

(c) Any owner of an existing valid conditional permit issued before July 1, 1978, may file with the commission an amended statement of beneficial use, in the form prescribed by the commission, on or before December 31, 1979, and not thereafter, if any such change occurred and was approved on or before August 5, 1977.

(4) The procedural requirement that a statement of beneficial use shall be filed shall apply to all permits wherein the water was put to beneficial use since May 17, 1965. If information pertaining to completion of the well as required in subsection (1) of this section has been received but evidence that water has been placed to beneficial use has not been received as of three years after the date of issuance of the conditional permit, the commission shall so notify the applicant by certified mail. The notice shall give the applicant the opportunity to submit proof that the water was put to beneficial use prior to three years after the date of issuance of the conditional permit. The proof must be received by the commission within twenty days after receipt of the notice by the applicant, and, if the conditional permit was issued on or after July 14, 1975, the proof must be accompanied by a filing fee of thirty dollars. If the commission finds the proof to be satisfactory, the conditional permit shall remain in force and effect. The commission shall consider any records of the commission and any evidence provided to the commission and all other matters set forth in this section in determining whether the conditional permit should remain in force and effect.

(5)(a) All final permits must set forth the following information as a minimum:

(I) The priority date;

(II) The name of the claimant;

(III) The quarter-quarter in which the well is located;

(IV) The maximum annual volume of the appropriation in acre-feet per year;

(V) The maximum pumping rate in gallons per minute; and

(VI) The maximum number of acres that have been irrigated, if used for irrigation.

(b) Notwithstanding any rule of law to the contrary other than a change of use case under section [37-90-111](#)(1)(g), once the state engineer issues a final permit for the withdrawal of designated groundwater pursuant to this section, a reduction in the amount of water used pursuant to the

permit due to the conservation of water is not grounds to reduce:

(I) The maximum annual volume of the appropriation in acre-feet per year;

(II) The maximum pumping rate in gallons per minute; or

(III) The maximum number of acres that have been irrigated, if used for irrigation.

(6) The procedural requirement that the well completion information required by subsection (1) of this section be furnished to the commission shall apply to all permits issued after May 17, 1965. If the well has been constructed within twenty-four months after the date of issuance of the permit where the permit was issued before June 7, 1979, or within twelve months after the date of issuance of the permit where the permit was issued on or after June 7, 1979, or by the expiration date of the permit, including any extension, but the completion information has not been furnished to the commission within six months after said allowable time for the well completion, the commission shall so notify the applicant by certified mail. The notice shall give the applicant the opportunity to submit proof that the well was completed within the time specified above or by the expiration date of the permit and to submit the information required by subsection (1) of this section and a showing that, due to excusable neglect, inadvertence, or mistake, the applicant failed to submit the evidence and information on time. The proof and information must be received by the commission within twenty days after receipt of the notice by the applicant and must be accompanied by a filing fee of thirty dollars. If the commission finds the proof to be satisfactory, the permit shall remain in force and effect. The commission shall consider any records of the commission and any evidence provided to the commission and all other matters set forth in this section in determining whether the permit should remain in force and effect.

(7) Notwithstanding the amount specified for any fee in this section, the commission by rule or as otherwise provided by law may reduce the amount of one or more of the fees if necessary pursuant to section [24-75-402](#)(3), C.R.S., to reduce the uncommitted reserves of the fund to which all or any portion of one or more of the fees is credited. After the uncommitted reserves of the fund are sufficiently reduced, the commission by rule or as otherwise provided by law may increase the amount of one or more of the fees as provided in section [24-75-402](#)(4), C.R.S.

**Source:** L. 65: R&RE, p. 1251, § 1. C.R.S. 1963: § 148-18-7. L. 71: p. 1314, § 6. L. 75: (3) amended and (4) added, p. 1394, § 1, effective July 14. L. 79: (1) to (3) R&RE, p. 1371, § 2, effective June 7. L. 85: (1)(c), (3)(a), (3)(b), and (4) amended and (5) and (6) added, p. 1172, § 2, effective May 31. L. 86: (6) amended, p. 1221, § 34, effective May 30. L. 92: (4), (5)(c), and (6) amended, p. 2298, § 3, effective March 19. L. 94: (1)(c) and (2)(a) amended and (2)(d) added, p. 1746, § 1, effective July 1. L. 98: (7) added, p. 1344, § 72, effective June 1; (2)(a), (2)(d), (3)(a), (4), and (6) amended, p. 1218, § 7, effective August 5. L. 2013: (2)(a), (2)(d), and (3)(a) amended, (SB 13-072), ch. 30, p. 73, § 1, effective August 7; (5) amended, (SB 13-075), ch. 35, p. 101, § 1, effective August 7.

**Editor's note:** (1) Section 2 of chapter [30](#), Session Laws of Colorado 2013, provides that the act amending subsections (2)(a), (2)(d), and (3)(a) applies to permits issued for designated groundwater from the Dawson, Denver, Arapahoe, or Laramie-Fox Hills aquifers before, on, or after August 7, 2013.

(2) Section 2 of chapter [35](#), Session Laws of Colorado 2013, provides that the act amending subsection (5) applies to determinations of water volume, water rate, and acreage occurring on or after August 7, 2013.

#### ANNOTATION

**Law reviews.** For article, "Oil Shale and Water Quality: The Colorado Prospectus Under Federal, State, and International Law", see 58 Den. L.J. 715 (1981).

**Annotator's note.** The following annotations include cases decided under former provision similar to this section.

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**Commission must implement legislative scheme.** The commission cannot rely upon conditional permits as though they are enforceable "existing claims" without implementing the legislative scheme which includes the issuance of final permits. *Thompson v. Colo. Ground Water Comm'n*, [194 Colo. 489](#), [575 P.2d 372](#) (1978).

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**Conditional permit to last one year.** Conditional permits expire and are of no effect one year after their issuance unless the statutory requirements necessary for the issuance of a final permit have been satisfied, or the commission has extended a conditional permit for a time certain for good cause shown, or the appropriator has submitted well completion data, but has failed to submit proof of beneficial use, where upon the appropriator is entitled to notice and 20 days to provide the missing information. *Peterson v. Ground Water Comm'n*, [195 Colo. 508](#), [579 P.2d 629](#) (1978).

Subsection (3) reflects a legislative determination that most designated ground water appropriations can be completed within one year, but also permits the commission to grant extensions upon good cause shown to avoid unjust results. *Kuiper v. Warren*, [195 Colo. 541](#), [580 P.2d 32](#), cert. denied, 439 U.S. 984, 99 S.Ct. 575, 58 L.Ed.2d 56 (1978).

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**When extent of beneficial use is fixed.** Normally, the extent of beneficial use and the measure of the water right is fixed at the time a final decree is entered. Thompson v. Colo. Ground Water Comm'n, [194 Colo. 489](#), [575 P.2d 372](#) (1978).

**The procedure set out in this section places the burden on the appropriator** to prove that he has made a valid appropriation consistent with Colorado law. Thompson v. Colo. Ground Water Comm'n, [194 Colo. 489](#), [575 P.2d 372](#) (1978).

**Applied** in Danielson v. Kerbs AG., Inc., [646 P.2d 363](#) (Colo. 1982).

*Appendix A-3*

## FINDINGS OF THE COLORADO GROUND WATER COMMISSION

---

IN THE MATTER OF AN APPLICATION FOR A PERMIT TO CONSTRUCT A WELL AND APPROPRIATE GROUND WATER IN THE UPPER BLACK SQUIRREL CREEK DESIGNATED GROUND WATER BASIN.

APPLICANT: PAINT BRUSH HILLS METROPOLITAN DISTRICT

AQUIFER: ARAPAHOE

PERMIT NO.: 46553-F

---

In compliance with Sections 37-90-107(1) and 37-90-111(5), C.R.S., Paint Brush Hills Metropolitan District, (hereinafter "applicant") submitted an application for a permit to construct a well and appropriate ground water from the Arapahoe Aquifer. Based on information provided by the applicant and records of the Division of Water Resources, and in accordance with the Designated Basin Rules (2 CCR 410-1), the Ground Water Commission finds as follows:

1. The application was received complete by the Ground Water Commission on March 12, 1996.
2. a. The applicant proposes to appropriate ground water from the Arapahoe Aquifer underlying 1440 acres of land generally described as the SE1/4 of Section 23, the S1/2 of Section 24, all of Section 25 and the E1/2 of Section 26, all in Township 12 South, Range 65 West of the 6th Principal Meridian. According to a signed statement dated February 28, 1996, the applicant claims the ownership or control of the ground water in the Arapahoe Aquifer underlying this land area, as further described in said affidavit which is attached hereto as Exhibit A. The proposed annual appropriation is 302 acre-feet.  
  
b. The applicant proposes to construct a well in the SE1/4 of the NE1/4 of Section 26, Township 12 South, Range 65 West of the 6th Principal Meridian at a location 2600 feet from the North section line and 100 feet from the East section line of said Section 26. The well would be constructed to divert ground water from the Arapahoe Aquifer (hereinafter "aquifer") with a maximum pumping rate of 200 g.p.m.
3. The land area overlying the ground water claimed by the applicant is located within the boundaries of the Upper Black Squirrel Creek Designated Ground Water Basin and Ground Water Management District. The Ground Water Commission has jurisdiction.
4. The applicant proposes to apply the appropriated ground water to the following beneficial uses: municipal use within the service area of the Paint Brush Hills Metropolitan District.
5. The location of the proposed well is more than 600 feet from any existing large-capacity well completed in the aquifer.
6. The applicant will own or control the land on which the well will be constructed.

7. The quantity of water in the aquifer underlying the 1440 acres of land claimed by the applicant is 35,740 acre-feet. This determination was based on the following as specified in the Designated Basin Rules:
  - a. The average specific yield of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 17 percent.
  - b. The average thickness of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 146 feet, based on the geophysical log for the well with permit number 30593-F.
8. At this time, there is no substantial artificial recharge which would affect the aquifer within a 100-year period.
9. Pursuant to Section 37-90-111(5), C.R.S., the Ground Water Commission is required to allocate designated ground water in the aquifer on the basis of landownership and a 100-year aquifer life. Therefore, the maximum annual appropriation which could be allowed pursuant to the data in the paragraphs above for the 1440 acre described land area is 357 acre-feet.
10. The ability of the well, with any additional wells, to withdraw the authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.
11. Withdrawal of ground water from the aquifer underlying the land claimed by the applicant will not, within one hundred years, deplete the flow of a natural stream or its alluvial aquifer at an annual rate greater than one-tenth of one percent of the annual rate of withdrawal and therefore the ground water is nontributary ground water as defined in Rule 4.2.19 of the Designated Basin Rules.
12. A review of the records of the Ground Water Commission has disclosed that the issuance of the requested permit would result in unreasonable impairment of existing water rights unless terms and conditions are included to prevent such injurious effect. The well permit numbers, rate of diversion, and other relevant data concerning such rights are set forth in the attached Exhibit B. To prevent material injury to such existing water rights, the quantity of water claimed by the applicant underlying the land area described in Exhibit A, which is considered unappropriated, has been reduced to a maximum annual amount of 182 acre-feet. This reduction is partially based on a calculation of the area necessary to provide a quantity of water underlying such lands as would be sufficient for the persons entitled to divert water under existing claimed rights to divert the maximum (average) annual amount of water from the aquifer for the minimum useful life of the aquifer (100 years). The effect of this calculation is to effectively reduce the land available for calculating the quantity of water underlying the land owned and claimed by the applicant to be served to 1192 acres. Additional reduction is based on the claimed prior appropriation of 113 acre-feet per year of the available ground water in the aquifer underlying the 1440 acre tract.

357  
(1192 / 1440) x 10



295  
- 113  
-----  
182

13. In accordance with Rules 5.3.8 and 5.3.9 of the Designated Basin Rules, additional wells may be permitted to withdraw the total allowed appropriation together with the proposed well.
14. On July 23, 1993, a letter was sent to the Upper Black Squirrel Creek Ground Water Management District requesting recommendations concerning this application. A letter from the district dated August 11, 1993, requested more complete information and more time to review the application. A letter from the district dated November 17, 1993, indicated that processing of the application should not proceed until questions regarding the ownership of lands claimed by the applicants were resolved. The application as originally submitted to the Commission claimed the control of ground water in the Arapahoe Aquifer partially based on the consent of landowners and also on the control of ground water in the aquifer underlying described land areas which had been separated from landownership. The resubmitted application, received complete by the Commission on March 12, 1996, clarified the basis of the claim for the proposed appropriation.
15. The Commission Staff has evaluated the application relying on the claims to control of the water in the aquifer made by the applicant.
16. In accordance with Sections 37-90-107(2) and 37-90-112, C.R.S., the application was published in the Gazette Telegraph newspaper on March 21 and 28, 1996.
17. No objections to the proposed appropriation were received within the time limit set by statute.
18. The Ground Water Commission finds that unreasonable impairment of existing water rights will not occur from approval of the appropriation and issuance of the well permit if the following conditions are complied with:
  - a. The well, and any additional wells approved by the Commission to withdraw this appropriation (hereinafter "additional wells"), must be constructed to withdraw water from only the Arapahoe Aquifer. At the proposed well location, the top of the aquifer is located approximately 1435 feet below ground surface and the bottom of the aquifer is located approximately 1915 feet below ground surface. Plain, non-perforated casing must be installed and sealed to prevent diversion of ground water from other aquifers and the movement of ground water between aquifers.
  - b. Well permits for additional wells to withdraw the appropriation shall be available upon application, subject to approval by the Commission.
  - c. The entire depth of the well and any additional wells must be geophysically logged prior to installing the casing as set forth in Rule 9 of the Statewide Nontributary Ground Water Rules, 2 CCR 402-7.
  - d. The maximum annual amount of water to be diverted from the aquifer by the well, together with any additional wells, shall not exceed 182 acre-feet. The Commission may adjust the annual appropriation based on analysis of the geophysical logs if such analysis indicates that the initial estimate of the volume of water in storage was incorrect.

Applicant: Paint Brush Hills Metropolitan District  
Aquifer: Arapahoe  
Permit No.: 46553-F

Page 4

- e. The use of ground water from the appropriation shall be limited to the following uses: municipal use within the service area of the Paint Brush Hills Metropolitan District.
- f. No more than 98% of the ground water withdrawn annually from this well and any additional wells shall be consumed. The Commission may require the well owner to demonstrate periodically that no more than 98% of the water withdrawn from the well is being consumed.
- g. The maximum pumping rate of the well and any additional well shall not exceed 200 g.p.m.
- h. The well and any additional wells shall be constructed within 200 feet of the location specified on the individual permit application, but must be more than 600 feet from any existing large-capacity well completed in the aquifer. Any additional wells shall be located on the 1440 acre claimed area on land owned or controlled by the well owner.
- i. A totalizing flow meter shall be installed on the well and any additional wells and maintained by the well owner. Annual diversion records shall be collected and maintained by the well owner and submitted to the Commission upon their request.
- j. The well owner shall mark the well and any additional wells in a conspicuous place with the permit number and the name of the aquifer. He shall take necessary means and precautions to preserve these markings.

Dated this 14th day of May, 19 96.



Hal D. Simpson  
Executive Director  
Colorado Ground Water Commission

By:   
Craig M. Lis, P.E.  
Supervisor, Designated Basins Branch

Prepared by: RAC

RECEIVED

MAR 13 '88

WATER RESOURCES  
STATE ENGINEER  
COLORADO

Statement of Land and Water Ownership

State of Colorado )  
                          ) ss.  
County of El Paso )

The Affiant, Jerry A. Smith, is the President of Eagle Ranch Development Corp., a Colorado Corporation; Manager of the B.L.P.S. Company, L.L.C., a Colorado Limited Liability Company; and President of Paint Brush Hills Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado.

After first being duly sworn upon oath, deposes and states as follows:

HISTORY

(1) On January 31, 1980, Paint Brush I, a Colorado Limited Partnership received title to the Southeast 1/4 of Section 23; the South 1/2 of Section 24; all of Section 25; and the East 1/2 of Section 26 all in Township 12 S Range 65 W, in El Paso County, State of Colorado, including all the groundwater under said land and the water rights in and to the well permits No.17348-F, 17654-F and 17658-F. (Approximately 1,440 acres.)

(2) Commencing on December 31, 1980, by various warranty deeds, Paint Brush I conveyed 2-1/2 acre parcels to Purchasers in Paint Brush Hills Filing No.1, reserving to itself all groundwater and water rights in and to the Lower Dawson Arkose, Arapahoe and Laramie-Fox Hills Aquifers. (Approximately 163 acres.)

(3) Commencing on October 29, 1982, by various warranty deeds, Paint Brush I conveyed 2-1/2 acre parcels to Purchasers in Paint Brush Hills Filing No. 2, reserving to itself all groundwater and water rights in and to the Lower Dawson Arkose, Arapahoe and Laramie-Fox Hills Aquifers. (Approximately 163 acres.)

(4) Commencing on February 23, 1984, by various warranty deeds, Paint Brush I conveyed 2-1/2 acre parcels to Purchasers in Paint Brush Hills Filing No. 3, reserving to itself all groundwater and water rights in and to the Denver, Arapahoe and Laramie-Fox Hills Aquifers. (Approximately 163 acres.)

(5) On June 26, 1986, Paint Brush I conveyed by warranty deed to P.B.H.P. Joint Venture, all of Section 25 and the East 1/2 of Section 26 in Township 12 S Range 65 W in El Paso County, State of Colorado, including all of the groundwater and water rights under said land. Also conveyed was all of the groundwater and water rights reserved by Paint Brush I in deeds in Paint Brush Hills Filings 1, 2, and 3. (This land was approximately 950 Acres or the balance of the land not platted in the Filings 1, 2 and 3 of Paint Brush Hills.)

(6) On November 10, 1987, P.B.H.P. Joint Venture conveyed to Paint Brush Hills Metropolitan District all groundwater and water rights in the Dawson, Denver, Arapahoe and Laramie Fox Hills formations under land owned by it; well permits #17654-F, #17658-F and #17048-F; and the water and water rights in the (Lower Dawson), Denver, Arapahoe and Laramie-Fox Hills formations under all lots in Paint Brush Hills Filings No. 1, 2 and 3 in El Paso County, State of Colorado. (Land = 950 acres; Water underneath = 1,440 acres.) This deed also included and conveyed to the District 190.2 acre feet of water from the Arapahoe Aquifer which covered the water in Permit No. 30593-F.

(7) Commencing on June 20, 1988, P.B.H.P. Joint Venture conveyed to individuals six lots in Paint Brush Hills Filing No.4, reserving to itself all of the groundwater in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(8) On June 4, 1992, P.B.H.P. Joint Venture conveyed to Paint Brush Hills Metropolitan District approximately 100 Acres in a part of Section 25, Township 12 S, Range 65 W (being directly north of Paint Brush Hills Filing No.4) and 158 lots in Paint Brush Hills Filing No. 4 (being the balance of the lots not conveyed in Deed No. 7), including all groundwater and water rights in the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(9) On June 13, 1992, by warranty deed, P.B.H.P. Joint Venture conveyed to Eagle Ranch Development Corp., a Colorado Corporation, all of Section 25 in Township 12 S, Range 65 W, except the 100 acres deeded to Paint Brush Hills Metropolitan District (Deed No. 8) and Paint Brush Hills Filing No. 4, and the East 1/2 of Section 26, Township 12 S, Range 65 W, El Paso County, State of Colorado including all the groundwater and water rights under said land. (Approximately 750 acres.)

(10) Commencing on June 20, 1992 Paint Brush Metropolitan District started conveying lots in Paint Brush Hills Filing No. 4 to Eagle Ranch Development Corp. (and then to Lot Purchases), according to the ruling of the United States Federal District Court for Colorado, as a procedure to pay off the Bond Holders of the Paint Brush Hills Metropolitan District. In such individual deeds, Eagle Ranch Development Corp. reserved all of the groundwater and water rights in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

(11) On August 25, 1995 Paint Brush Hills Metropolitan District conveyed to Eagle Ranch Development Corp., 40 Acres of the 100 Acres contained in the Deed of June 4, 1992. (Deed No. 8 herein.)

(12) Also on August 25, 1995 Eagle Ranch Development Corp. conveyed to B.L.P.S. Company, LLC (a sister company of Eagle Ranch Development Corp.) 40 acres (included in Deed No. 11 herein), which then was platted as Paint Brush Hills Filing No. 5, in El Paso County, State of Colorado.

(13) Commencing on December 29, 1995, the B.L.P.S. Company, LLC started conveying to Lot Purchasers, lots in Paint Brush Hills Filing No. 5 reserving to itself all the groundwater and water rights in and to the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations.

### OWNERSHIP

At the present time, the ownership of rights contained in the History above is as follows:

(1) Eagle Ranch Development Corp. owns (land only) the East 1/2 of Section 26 and all of Section 25, in Township 12 S Range 65 W, El Paso County, Colorado except Paint Brush Hills Filing No.'s 4 and 5, and the 100 acres referred to herein, or a total of 750 acres.

(2) Paint Brush Hills Metropolitan District owns (land and water and water rights) 60 acres in Section 25 in Township 12 S Ranch 65 W, El Paso County, Colorado; and all the water and water rights in the Denver (Lower Dawson), Arapahoe and Laramie-Fox hills formations under Paint Brush Hills Filing No.'s 1, 2 and 3; the water wells under permits #17048-F, #30593-F, #17654-F and 17658-F; all of the water and water rights in the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations under the East 1/2 of Section 26 and all of Section 25 (including Paint Brush Hills Filing No.'s 4 and 5), all in El Paso County, State of Colorado.

(3) The B.L.P.S. Company, L.L.C. owns (land only) the unsold lots in Paint Brush Hills Filing No. 5, (40 acres).

Affiant further deposes and says that Eagle Ranch Development Corp., the B.L.P.S. Company, L.L.C. and Paint Brush Hills Metropolitan District have not given up their right to appropriate the unappropriated non-tributary ground water from the Dawson, Denver, Arapahoe and Laramie-Fox Hills formations underlying the SE 1/4 of Section 23, S 1/2 of Section 24, Section 25, and the E 1/2 of Section 26, in Township 12 S, R 65 West of the 6th Principal Meridian, El Paso County, State of Colorado, except as stated in the above

EXHIBIT B

APPLICANT: Paint Brush Hills Metropolitan District

AQUIFER: Arapahoe

WELL #1

PERMIT NUMBER	<u>1/4</u>	<u>1/4</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>AF</u>	<u>ST</u>	<u>SY</u>	<u>RADIUS</u>	<u>AREA</u>
17048-F	SW	SE	25	12S	65W	130.7	215	17	2235	248

AF = THE AMOUNT OF ANNUAL APPROPRIATION OF THE WELL, FROM THE ARAPAHOE AQUIFER, IN ACRE-FEET \*

ST = THICKNESS OF THE SATURATED AQUIFER MATERIAL AT THE WELL LOCATION IN FEET, SB-5 DATA

SY = SPECIFIC YIELD OF THE SATURATED AQUIFER MATERIAL AT THE WELL LOCATION AS A PERCENT

RADIUS = IS THE RADIUS OF THE CYLINDER OF APPROPRIATION IN FEET

AREA = THE AREA OF THE APPLICANTS' LAND THAT IS OVERLAPPED BY THE CYLINDER OF APPROPRIATION IN ACRES.

\* The well with Permit No. 17048-F is completed 46 percent in the Denver Aquifer and 54 percent in the Arapahoe Aquifer. Based on a claimed annual appropriation of 242 acre-feet, the annual amount of appropriation for the Arapahoe Aquifer was calculated to be 130.7 acre-feet. The cylinder is centered at the permit location for the well: a point 800 feet from the south section line and 1900 feet from the east section line of Section 25. The permit was issued on March 21, 1973, and is subject to Rule 5.3.3 of the Designated Basin Rules. The cylinder protects the claimed appropriation for this well. The amount of appropriation is based on the well owner's statements and is subject to verification by the Ground Water Commission and publication before issuance of a final permit.

WELL #2

PERMIT NUMBER	<u>1/4</u>	<u>1/4</u>	<u>SEC</u>	<u>TWP</u>	<u>RNG</u>	<u>AF</u>
30593-F	SW	NE	25	12S	65W	113

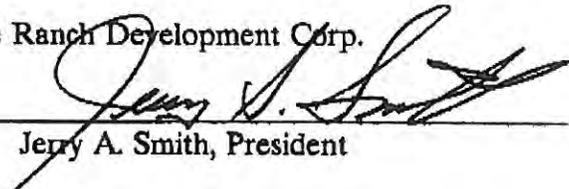
The well with Permit No. 30593-F has previously appropriated 113 acre-feet per year of the available ground water in the Arapahoe Aquifer underlying the 1440 acre land area described in Exhibit A. The amount of appropriation is based on the well owner's statements and is subject to verification by the Ground Water Commission and publication before issuance of a final permit.

And Eagle Ranch Development Corp. and the B.L.P.S. Company, L.L.C., consent to, and state that Paint Brush Hills Metropolitan District owns all of the unappropriated underground non-tributary water in the Dawson, Denver, Arapahoe and Laramie-Fox hills formations under the above described land, which equates to 1,440 acres.

Further, I claim and say that I have read the statements made herein, know the contents hereof, and the same are true to my own knowledge.

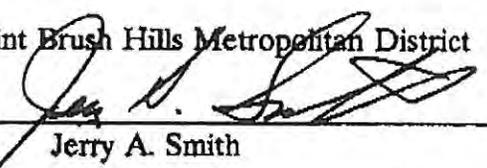
Eagle Ranch Development Corp.

By

  
Jerry A. Smith, President

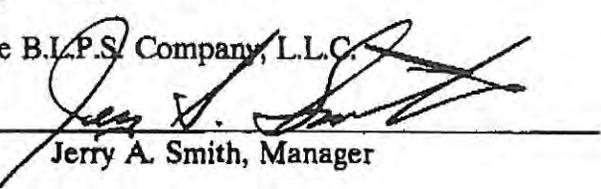
Paint Brush Hills Metropolitan District

By

  
Jerry A. Smith

The B.L.P.S. Company, L.L.C.

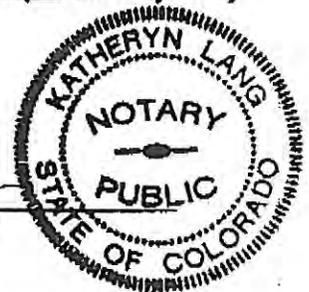
By

  
Jerry A. Smith, Manager

Subscribed and sworn to before me on this 28th day of February, 1996 by Jerry A. Smith, to me personally known.

Witness my hand and official seal.

  
Notary Public



My Commission Expires: November 26, 1996

*Appendix B-1*

## WATER SERVICE CONTRACT

This Contract is made and entered into effective the 8<sup>TH</sup> day of September, 2003, by and between Meridian Service Metropolitan District (the "District") and Six Ninety Nine L.A., LLC, a Colorado limited liability company ("Purchaser").

### RECITALS

- A. District is a quasi-municipal corporation and political subdivision of the state of Colorado with its principal office in El Paso County, Colorado.
- B. Purchaser is the owner of certain real property known as Falcon Hills which is serviced by the Paint Brush Hills Metropolitan District ("PBHMD").
- C. Portions of Purchaser's property are subject to the El Paso County 300 year water policy.
- D. The District receives some of its water from Cherokee Metropolitan District ("Cherokee") which takes water from the alluvium of the Upper Black Squirrel Creek Designated Ground Water Basin which water is considered to be "renewable water" pursuant to the El Paso County 300 year water policy and thus is exempt from the policy. Cherokee obtains its water from a series of municipal wells located in the boundaries of the Black Squirrel.
- E. Purchaser desires to purchase water from the District and the District desires to sell the same all on the terms and conditions as contained herein.

NOW, THEREFORE, based on the mutual promises and considerations contained herein, the parties agree as follows:

1. **CONTRACT FOR DELIVERY OF WATER.** The District hereby sells to Purchaser the right to receive up to 85 Acre Feet ("AF") of water delivered on an annual basis.
2. **PURCHASE PRICE.** Purchaser shall pay to the District the sum of \$5,000 per AF which price shall increase annually commencing on January 1, 2004 in relationship to the increase, if any, in the Denver-Boulder CPI, and, if not available, the nearest equivalent CPI. The price shall be paid at the time Purchaser requests delivery. Following purchase, Purchaser shall pay the District the actual costs of pumping the water conveyed pursuant to this agreement, which costs shall include electricity and reasonable wear and tear on equipment.
3. **DELIVERY.** Delivery shall be made available at a point on the District's municipal system mutually agreeable to the District and Purchaser. All costs of connection, including pumps, pipes, one-way check valves, and related equipment shall be done at the sole cost and expense of the Purchaser and shall be designed and constructed pursuant to the standards set by the District.
4. **PUMPING COSTS.** In addition to the Purchase Price, the Purchaser shall pay all reasonable and necessary pumping costs on a monthly basis in an amount to be mutually agreed

to by the parties at the time of delivery and taking into account the District's historic pumping costs.

5. LEASE. At any time that Purchaser takes delivery of all or part of the 85 AF of water, at the option of Purchaser, Purchaser may either (1) purchase said water as set forth in Section 2, or (2) lease the same. If leased, the lease price shall be at the same rate as the sale of bulk water by the District to the golf course located in and adjacent to the District's boundaries. On December 31, 2006, should the Purchaser have been leasing all or a portion of the water prior to that date, at the option of the District, the District can require Purchaser to purchase the amount of water which is being leased and the purchase price shall be as set forth in Section 2 above. Unless otherwise agreed by the parties hereto, should the District not exercise this purchase requirement, Purchaser may continue to lease up to 85 acre feet of water perpetually, subject to the terms and conditions of this Agreement.

6. TERM. This Agreement shall terminate at such time as Purchaser determines that it no longer needs this commitment for water.

7. PERPETUAL AGREEMENT. Insofar as this Contract affects water and water rights, it is the intention of the parties hereto that this Contract and obligation to deliver water be perpetual in nature according to the Colorado Supreme Court's decision in Cherokee Water District v. City of Colorado Springs.

8. MISCELLANEOUS.

a. This Contract shall be interpreted by and governed by the laws of the State of Colorado.

b. In the eventuality of any dispute over this Contract, the same shall be settled by binding and mandatory arbitration before one, mutually-agreed-to arbitrator in El Paso County, Colorado. The arbitrator shall make all decisions with regard to procedure and discovery and shall have the authority to issue injunctive relief. Should the parties be unable to agree on the arbitrator, the same shall be appointed by a District Court Judge, El Paso County, Colorado.

c. In the eventuality of any dispute over this Contract, the prevailing party shall be entitled to an award of all attorney fees and costs.

Entered the year and day first above written.

**MERIDIAN SERVICE METROPOLITAN DISTRICT**

BY: Jay H. Harris, VICE PRESIDENT  
**SIX NINETY NINE L.A., LLC**

BY: [Signature]

*Appendix B-2*

**LIFT STATION AND WATER AGREEMENT**

**1. Parties.** Paint Brush Hills Metropolitan District (the "District") is a quasi-municipal corporation and political subdivision of the state of Colorado which provides the water, sewer, and related services to the Falcon Hills development, and Six Ninety Nine Properties, LLC (the "Developer") is in the business of developing lots for sale to builders in Falcon Hills. As of December \_\_, 2003, the District and Developer agree as follows:

**2. Lift Station.** The District recently completed the construction of a lift station and related force main (collectively referred to below as the "lift station"). However, as the area served by the lift station builds out, it might be necessary to add additional storage to the lift station. Developer had previously promised to pay a portion of the cost of the lift station although the amount and timing of its payments had not been finalized. Developer hereby agrees to pay the District \$100,000 on or before February 1, 2004, an additional \$100,000 on or before February 1, 2005, and an additional \$200,000 on or before December 31, 2006, for a total payment of \$400,000, for the lift station.

**3. Water Service Contract.** Six Ninety Nine LA, LLC has assigned Developer its rights under the Water Service Contract dated September 8, 2003 between Six Ninety Nine LA, LLC and Meridian Service Metropolitan District, as a result of which Developer has the right to acquire and use up to 85 acre feet of water per year from Meridian Service Metropolitan District. A copy of the Water Service Contract is attached hereto as Exhibit A. Developer hereby assigns its rights under the Water Service Contract to the District in return for the payment of \$180,000 by the District to Developer on or before December 31, 2006; provided, however, that unless Developer gives its prior written consent to the contrary, the above-referenced 85 acre feet of water shall only be used to service customers within the present physical boundaries of the District and for plat approval purposes only for plats submitted by Developer or a related company.

**4. Assignability.** The water rights which Developer agrees to assign to the District pursuant to Section 3, above, may not be reassigned by the District except to a similar quasi-municipal corporation providing water and sewer services to Falcon Hills. In all other respects, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

**5. Modification; Entire agreement.** This Agreement may not be modified without the agreement of both parties and constitutes the entire agreement between the parties relating to payments for the lift station and the Water Service Contract. Any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this Agreement, but any and all other agreements between or relating to the District and Developer are hereby ratified and confirmed.

**District:**  
Paint Brush Hills Metropolitan District  
9548 Waterbury Dr.  
Peyton, CO 80831

by Ellen Robley 4/2/04  
Ellen Robley, District Administrator

**Developer:**  
Six Ninety Nine Properties, LLC  
545 E. Pikes Peak, Ste. 207  
Colorado Springs, CO 80903

by Harold Fong 4/2/04  
Harold Fong, Manager

*Appendix C*



Wm. CURTIS WELLS & CO. / consulting geologists  
4361 east sandia street / ahwatukee, az 85044  
telephone (480) 339-9475 / curt@curtwells.com

February 26, 2013

Ms. Ellen Robley  
Paint Brush Hills Metropolitan District  
9830 Liberty Grove Drive  
Falcon, CO 80831

All via E-mail

Re: Continued Ground Water Consultation, Paint Brush Hills Metropolitan District, Water Supply,  
Proposed Filing 13a, El Paso County, Colorado.  
Job No. 6770

Dear Ellen:

I understand the District Board of Directors are soon to consider water service to the proposed 17-lot, Filing 13a. I am advised that the 17 proposed homes may be a part of a larger 550± homesite development, but for the purpose of this letter report, I am just considering the proposed filing. The objective of this report is to update the County on the District's water supply obligations and water rights portfolio. The water use estimates described herein match a 2003 agreement with the Colorado Division of Water Resources concerning which of the District's filing would be allocated water use at rates of 0.4 and 0.5 acre feet per year per residential unit. Currently, District's Filings 4 through 12 contain 719 dwellings and the water demands of these homeowners are listed on the attached Table I.

The general framework of Table I is essentially the same as the last water supply report that I prepared in 2004. The table has been updated to include additional wells tapping the Arapahoe and Laramie Fox Hills formations. Also water supply record keeping has vastly improved such that District records now illustrate the middle school (formerly Falcon High School) requires significantly more water than was previously estimated. For completeness, the water use table now lists park and greenbelt irrigation water supplied by the District.

Table I lists the District's water rights and the amount of ground water that currently can be used without further review by the Colorado Ground Water Commission. As shown on the table with or without the legally available Denver aquifer ground water, the District has water rights to service the proposed Filing 13a. Beyond this commitment and without the Denver aquifer there should be an excess

24,000 acre feet. This amount of water, if appropriated over 300 years at a rate of 0.4 acre feet per year per home, equals 200 future SFE's.

At build out of the proposed Filing 13a, the District's water supply planning number would be about 330 acre feet per year. This includes 736 homeowners using water at a rate of 0.4<sup>1</sup> acre feet per year plus 22 acre feet for the middle school, 14 acre feet for park irrigation and 0.2 acre feet to the church. Based on the current water supply records the District proves 15 percent of its supply in the warmest month of the year. This means 360 gallons per minute would have to be generated during this summer month to supply the existing filings along with Filing 13a. During August of 2012, the District provided 300± gallons per minute while operating only 7 of the 11 District wells, along with water delivered through the District's connection with Meridian Service Metropolitan District and this information is shown on the attached Table 2. By equipping some combination of Wells A-3, A-4, LFH-1 and LFH-2 the District should easily be able to supply water to the proposed filing.

I trust this information satisfies your immediate needs. If you have questions, please call.

Very truly yours,

Wm. Curtis Wells & Co.

*Wm. Curtis Wells*

Wm. Curtis Wells CPG  
Consulting Ground Water Geologist

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<sup>1</sup> Current water supply rate

Table 1  
Paint Brush Hills Metropolitan District  
Water Supply Summary  
As of February 2013

Aquifer or Water Source	Determination or Permit No.	Ground Water Appropriation (af/yr)	Ground Water Storage (af)	Ground Water Currently Available For Appropriation (af)	Wells Currently Appropriating Supply
Dawson	719-BD	237(1)	23700	0	
Dawson, 50-Ac. (2)	unappropriated	20	2000	0	
Denver	214-BD	298	29800	29800	
Denver, 50-Ac. (2)	unappropriated	25.5	2550	0	
Arapahoe	46553-F	182	18200	18200	A-2(30593-F) A-6 (64086-F) A-3 (46553-F) A-4 (55193-F) A-5(60862-F)
Arapahoe	unappropriated	90.6(2)	9060	0	
Laramie Fox Hills	47413-F	388	38800	38800	LFFH-1 (47813-F) LFFH-2 (30877-F) LFFH-3 (55192-F) LFFH-4 (63429-F)
Quinnie Alluvial via Meridian MD	Findings(4)	85	25500(5)	25500	612-RFP-R
Total		1327	149610	112300	27554-FP-R

Water Demand At Build-out	Use/House (af/yr/mt)	Homes/SFEs	Years	Amount (af)
Middle School	22	100	100	2200
District Greenbelt/Park Jr.	14	100	1400	1400
Filling 4	0.5	164	100	8200
Filling 5	0.5	31	100	1550
Filling 6	0.5	48	100	2400
Filling 7	0.5	57	100	2850
Filling 8	0.5	109	100	5450
Filling 9	0.5	88	100	4400
Filling 10	0.4	90	300	10800
Filling 11	0.4	81	300	9720
Filling 12	0.4	51	300	6120
Filling 13a	0.4	17	300	2040
Church	0.2		300	60
Total		736		57190
Excess Ground Water Supply				
With Denver Aquifer				55110
Without Denver Aquifer				25310

Notes:

- (1) - Cannot be used until Dawson Aquifer Replacement Plan approved
- (2) - Area represents parks and greenbelts in District.
- (3) - Will be available once Well A-1 permit is canceled and Well A-1 is re-permitted and re-drilled as an Arapahoe structure
- (4) - Finding of the Commission date May 5, 1983; inter-governmental agreement between Paint Brush and Meridian Ranch Metro. Districts
- (5) - Delivery pipeline interconnect, value represents 85 af/yr times 300 years

***PAINT BRUSH HILLS METROPOLITAN DISTRICT***

***FINANCIAL STATEMENTS***

***WITH***

***INDEPENDENT AUDITORS' REPORT***

***DECEMBER 31, 2012***

**OSBORNE, PARSONS & ROSACKER, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

720 NORTH TEJON STREET  
COLORADO SPRINGS, COLORADO 80903-1012

JEFFREY S. ROSACKER, CPA – PARTNER  
MITCHELL K. DOWNS, CPA, ABV – PARTNER  
GREGORY P. PARSONS, CPA

TELEPHONE (719) 636-2321  
FAX (719) 636-2517  
WEB WWW.SPRINGSCPA.COM

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Paint Brush Hills Metropolitan District  
Peyton, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Paint Brush Hills Metropolitan District (District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's responsibility for the financial statements**

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITORS' REPORT - CONTINUED

Page 2

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund balance of the District as of December 31, 2012, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other matters

### *Required Supplementary Information*

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

*Osborne, Parsons & Mosacher LLP*

Colorado Springs, Colorado  
October 15, 2013

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	<b>Primary Government</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 448,275	\$ 448,275
Cash restricted	-	250,000	250,000
Accounts receivable - service fees	-	52,193	52,193
Account receivable - property tax	-	332,480	332,480
Land	-	669,455	669,455
Capital assets net of accumulated depreciation	-	7,052,673	7,052,673
Water rights net of accumulated amortization	-	3,023,384	3,023,384
Internal balance	5,592	(5,592)	-
<b>Total assets</b>	<u>5,592</u>	<u>11,822,868</u>	<u>11,828,460</u>
<b>Liabilities</b>			
Accounts payable	-	6,986	6,986
Accrued interest	-	1,596	1,596
Capital lease obligations	-	2,497,106	2,497,106
<b>Total liabilities</b>	<u>-</u>	<u>2,505,688</u>	<u>2,505,688</u>
<b>Deferred inflow of resources</b>	<u>-</u>	<u>332,480</u>	<u>332,480</u>
<b>Net position</b>			
Invested in capital assets, water rights net of of related debt	-	8,248,406	8,248,406
Restricted			
Debt service	-	250,000	250,000
Conservation Trust Fund	5,592	-	5,592
Emergency reserve	-	34,000	34,000
Unrestricted	-	452,294	452,294
<b>Total net position</b>	<u>\$ 5,592</u>	<u>\$ 8,984,700</u>	<u>\$ 8,990,292</u>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

Functions/programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Governmental activities</b>							
Conservation Trust Fund	\$ 10,438	\$ -	\$ 10,310	\$ -	\$ (128)	\$ -	\$ (128)
<b>Total governmental activities</b>	<u>10,438</u>	<u>-</u>	<u>10,310</u>	<u>-</u>	<u>(128)</u>	<u>-</u>	<u>(128)</u>
<b>Business-type activities</b>							
Water and wastewater funds	1,110,439	899,667	-	-	-	(210,772)	(210,772)
<b>Total business-type activities</b>	<u>1,110,439</u>	<u>899,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,772)</u>	<u>(210,772)</u>
<b>Total activities</b>	<u>\$ 1,120,877</u>	<u>\$ 899,667</u>	<u>\$ 10,310</u>	<u>\$ -</u>	<u>(128)</u>	<u>(210,772)</u>	<u>(210,900)</u>
<b>General revenues</b>							
Property tax					-	328,259	328,259
Specific ownership tax					-	31,756	31,756
Investment income					-	1,308	1,308
Other income					-	25,542	25,542
Total general revenues					-	386,865	386,865
<b>Change in net position</b>					(128)	176,093	175,965
<b>Net position - beginning</b>					5,720	8,808,607	8,814,327
<b>Net position - ending</b>					<u>\$ 5,592</u>	<u>\$ 8,984,700</u>	<u>\$ 8,990,292</u>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2012**

	<u>Conservation trust fund</u>	<u>Total governmental funds</u>
<b>ASSETS</b>		
Internal balances	<u>\$ 5,592</u>	<u>\$ 5,592</u>
<b>Total assets</b>	<u><u>\$ 5,592</u></u>	<u><u>\$ 5,592</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Fund balance restricted	<u>\$ 5,592</u>	<u>\$ 5,592</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 5,592</u></u>	<u><u>\$ 5,592</u></u>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

Total fund balance - governmental fund	\$ 5,592
There are no differences between the fund balance and the net position	<u>-</u>
<b>Total net position - governmental activities</b>	<b><u><u>\$ 5,592</u></u></b>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2012**

	<b>Conservation trust fund</b>	<b>Total governmental funds</b>
<b>Revenues</b>		
State contributions	\$ 10,310	\$ 10,310
<b>Total revenues</b>	10,310	10,310
<b>Expenditures</b>		
Parks general maintenance	10,438	10,438
<b>Total expenditures</b>	10,438	10,438
<b>Net change in fund balance</b>	(128)	(128)
<b>Fund balance - beginning</b>	5,720	5,720
<b>Fund balance - ending</b>	\$ 5,592	\$ 5,592

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2012**

Net change in fund balance - governmental fund	\$ (128)
There are no differences between the government fund and the governmental fund	<u>-</u>
<b>Change in net position - governmental activities</b>	<b><u><u>\$ (128)</u></u></b>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITIAN DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2012**

	<u>Water and wastewater fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 448,275
Cash restricted	250,000
Accounts receivable - service fees	52,193
Accounts receivable - property tax	332,480
Land	669,455
Capital assets net of accumulated depreciation	7,052,673
Water rights net of accumulated amortization	3,023,384
Internal balance	(5,592)
<b>Total assets</b>	<u><u>\$ 11,822,868</u></u>
<b>Liabilities</b>	
Accounts payable	6,986
Accrued interest	1,596
Capital lease obligation	2,497,106
<b>Total liabilities</b>	<u>2,505,688</u>
<b>Deferred inflow of resources</b>	<u>332,480</u>
<b>Net position</b>	
Invested in capital assets and water rights net of related debt	8,248,406
Restricted	
Debt service	250,000
Emergency reserve	34,000
Unrestricted	452,294
<b>Total net position</b>	<u><u>\$ 8,984,700</u></u>

see notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURE AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Water and wastewater fund</u>
<b>Operating revenue</b>	
Base fee	\$ 235,110
Wastewater services	152,342
Water services	512,215
<b>Total operating revenue</b>	<u>899,667</u>
 <b>Operating expenses</b>	
Wastewater/water	407,975
Administration, parks and general	236,279
Depreciation	237,926
<b>Total operating expenses</b>	<u>882,180</u>
 <b>Total operating income</b>	<u>17,487</u>
 <b>Non-operating revenue (expense)</b>	
Property taxes	328,259
Specific ownership taxes	31,756
Interest earnings	1,308
Miscellaneous income	25,542
Interest expense	(117,031)
Amortization expense	(56,228)
Bad debts	(55,000)
<b>Total non-operating revenue (expense)</b>	<u>158,606</u>
 <b>Change in net position</b>	176,093
 <b>Net position - beginning</b>	<u>8,808,607</u>
 <b>Net position - ending</b>	<u><u>\$ 8,984,700</u></u>

see notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES AND EXPENSES WATER AND WASTEWATER FUND  
BUDGET VS. ACTUAL (NON-GAAP) BASIS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Original and final budget</u>	<u>Actual (non-GAAP) basis</u>	<u>Variance with final budget positive (negative)</u>
<b>Revenue</b>			
Base fees	\$ 252,000	\$ 235,110	\$ (16,890)
Wastewater services	148,606	152,342	3,736
Water services	384,340	512,215	127,875
Inclusion and inspection fees	22,600	4,054	(18,546)
Property tax	329,312	328,259	(1,053)
Investment earnings	2,000	1,308	(692)
Specific ownership tax	30,000	31,756	1,756
Tap fee	6,205	12,411	6,206
Other	3,600	9,077	5,477
<b>Total revenue</b>	<u>1,178,663</u>	<u>1,286,532</u>	<u>107,869</u>
<b>Expenditures</b>			
<b>Wastewater/water</b>			
Analytical, chemicals, equipment	20,000	15,144	4,856
Billing, software, meters	23,000	26,971	(3,971)
Bulk water purchases	32,800	35,536	(2,736)
Collection system	20,000	29,442	(9,442)
Pumphouse and well maintenance	22,000	43,065	(21,065)
Roadway and waterline repairs	10,000	5,665	4,335
Storage tank maintenance	140,000	-	140,000
Utilities	135,000	149,470	(14,470)
Vehicle fuel and maintenance	16,000	10,025	5,975
Wastewater operations	43,850	18,958	24,892
Water operations	84,800	73,699	11,101
<b>Total wastewater/water</b>	<u>547,450</u>	<u>407,975</u>	<u>139,475</u>

Continued on page 12

see notes to financial statements

continued from page 11

	<u>Original and final budget</u>	<u>Actual (non-GAAP) basis</u>	<u>Variance with final budget positive (negative)</u>
<b>Expenditures - continued</b>			
<b>Administration, parks and general</b>			
Audit & accounting	5,700	5,700	-
Bank charges	1,500	325	1,175
Board meeting & elections	8,000	7,734	266
Dues & subscriptions	2,100	1,343	757
General engineering	10,000	-	10,000
Legal counsel	60,000	40,402	19,598
Management, bookkeeping & general office	87,400	62,854	24,546
Office rent	-	8,374	(8,374)
Tap fees	-	4,000	(4,000)
Office equipment, supplies & phone	28,580	18,698	9,882
Parks maintenance & repair	42,000	79,970	(37,970)
Property and liability insurance	18,500	6,879	11,621
<b>Total administration, parks and general</b>	<u>263,780</u>	<u>236,279</u>	<u>27,501</u>
<b>Capital</b>			
Capital assets	299,850	202,024	97,826
Capital obligation principal payments	149,475	149,202	273
Capital obligation interest payment	116,475	117,031	(556)
<b>Total capital expenditures</b>	<u>565,800</u>	<u>468,257</u>	<u>97,543</u>
<b>Total expenditures</b>	<u>1,377,030</u>	<u>1,112,511</u>	<u>264,519</u>
<b>Excess of revenues over (under) expenses</b>	<u>\$ (198,367)</u>	<u>174,021</u>	<u>\$ 372,388</u>
<b>GAAP adjustments</b>			
Capital assets		202,024	
Depreciation		(237,926)	
Amortization of loan issuance costs		(19,539)	
Amortization of water rights		(36,689)	
Capital obligation principal payments		149,202	
Allowance for doubtful accounts		(55,000)	
<b>Total GAAP adjustments</b>		<u>2,072</u>	
<b>Change in net position</b>		<u>\$ 176,093</u>	

see notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2012**

	<u>Water and wastewater fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 924,359
Cash payments to suppliers for goods and services	(425,380)
Cash payments to staff for services	(221,036)
<b>Net cash provided by operating activities</b>	<u>277,943</u>
<b>Cash flows from non-capital financing activities</b>	
Property taxes	328,259
Specific ownership taxes	31,756
Advance made to other funds	(127)
<b>Net cash provided by non-capital financing activities</b>	<u>359,888</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(202,024)
Principal paid on capital lease obligation	(149,202)
Interest paid on lease obligation	(116,743)
<b>Net cash (used) by capital and related financing activities</b>	<u>(467,969)</u>
<b>Cash flows from investing activities</b>	
Interest received	1,308
<b>Net cash provided by investing activities</b>	<u>1,308</u>
<b>Net increase in cash and cash equivalents</b>	171,170
<b>Cash and cash equivalents - January 1</b>	<u>277,105</u>
<b>Cash and cash equivalents - December 31</b>	<u>\$ 448,275</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 17,487
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation	237,926
Miscellaneous income	25,542
Changes in assets/liabilities	
Accounts receivable	(850)
Accounts payable	(2,162)
<b>Net cash provided by operating activities</b>	<u>\$ 277,943</u>

See notes to financial statements

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies used in the preparation of these financial statements follows.

**Organization** - Paint Brush Hills Metropolitan District (District) is a political subdivision of the State of Colorado. The District was organized by recorded order and decree of the District Court of the County of El Paso in 1986 and is governed pursuant to provisions of the Colorado Special District Act. The District operates under a service plan approved by El Paso County. The District's service area is located within the unincorporated portion of El Paso County. The District provides water, wastewater and parks services to residents of the District.

The District was established to coordinate the acquisition and financing of public improvements within the District boundaries. After construction of the public improvements was completed, such assets were transferred to El Paso County for ownership and operations and maintenance. The District has retained its responsibility for providing water and wastewater service and maintaining parks services for and to the residents of the District

The District has no employees and all operations and administrative functions are contracted outside parties.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Financial reporting entity** - The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

**Government-wide financial statements** - The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities are financed to a significant extent by fees and charges.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting and financial statement presentation** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

**Fund financial statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in proprietary funds statements. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

**Conservation Trust Fund** - Activity in the Conservation Trust Fund is reflected in this set of accounts

The District reports the following major proprietary funds:

**Enterprise Fund** - An Enterprise Fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has one Enterprise Fund, the Water and Wastewater Fund. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as programs revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and cash equivalents** - Cash and cash equivalents include cash on hand and in the bank, money market fund with original maturities of three months or less from the date of acquisition including restricted cash and investments. Investments are stated at fair value.

**Receivables** - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Due to and from other funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds". In the government-wide financial statements, all internal balances have been substantially eliminated.

**Restricted cash and investments** - The use of certain cash of the District is restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

**Capital assets** - Capital assets, which include property, plant, equipment and vehicles, are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Buildings, improvements, vehicles, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Plant	40 years
Park improvements	20 years
Other items	4-5 years
Water rights exhaustible	100 years
Water rights inexhaustible	not depreciated

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

**Deferred outflows and inflows of resources** - Deferred outflow and inflow of resources are a consumption or acquisition of net assets that is applicable to a future reporting period.

**Long-term liabilities** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Issuance costs are expensed as incurred.

**Fund balance classification** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

- *Assigned* - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the *Board* of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.
- *Unassigned* - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use *Restricted* fund balances first, followed by *Committed* resources, and then *Assigned* resources, as appropriate opportunities arise, but reserves the right to selectively spend *Unassigned* resources first to defer the use of these other classified funds.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**New accounting pronouncements** - During the year ended December 31, 2012, the District implemented new GASB standards as follows:

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989, GASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of this standard had no material effect on the District's financial reporting as of and for the year ended December 31, 2012.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. This effect of this standard essentially renamed the government-wide statement of net assets and the proprietary funds' statement of net assets to the statement of net position. In addition, the proprietary funds' statement of revenues, expenses and changes in fund net assets was also renamed to the statement of revenues, expenses and changes in fund net position.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement, which is a companion standard to GASB 63, is to specifically identify certain items that were previously reported as assets or liabilities and now report those items as deferred outflows of resources or deferred inflows of resources. The effective date of this statement was for the year ended December 31, 2013, but the District elected to early implement this standard to correspond to the implementation date for GASB 63. The effect of this statement for the District was to reclassify from deferred revenue to a deferred inflow of resources the 2012 property taxes that were levied for 2013.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Budget information** - The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted by the District to obtain taxpayer comments.
- C. Prior to December 15, the budget is legally approved.
- D. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- E. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds
- F. The budget for the General and Parks Funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- G. The budget for the Water and Wastewater Fund are prepared on a basis of accounting other than generally accepted accounting principles, which is normal for proprietary funds. The primary differences are that long term debt proceeds are treated as a budget source, capital expenditures and principal payments are treated as a budget use.
- H. Budgeted amounts are as originally adopted or amended.
- I. All annual appropriations lapse at the end of the year.

**NOTE 1 – DEPOSITS**

Reconciliation of cash and cash equivalents to the government-wide financial statements at December 31, 2012:

	<b>Cash and cash equivalents</b>	<b>Restricted cash and cash equivalents</b>	<b>Total</b>
Business-type activities	\$ 448,275	\$ 250,000	\$ 698,275

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2012, the carrying amount of the District's deposits was \$698,275 and the bank balances were \$734,347. Of the bank balances, \$501,155 was covered by federal depository insurance and \$233,192 falls under the provisions of the Colorado Public Deposit Protection Act, which is collateralized in single institution pools.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – INVESTMENTS**

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2012, consisted of the following:

User fees	\$	107,193
Less allowance for doubtful accounts		(55,000)
<b>Total</b>		<b>\$ 52,193</b>

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Internal balances** - Inter-fund receivable and payables are created in conjunction with the District's pooled cash, and are paid back within a reasonable time. As of December 31, 2012, internal balances receivable and payables were:

	<b>Due from other funds</b>	<b>Due to other funds</b>
Conservation Trust Fund	\$ 5,592	\$ -
Water & wastewater fund	-	5,592
<b>Total</b>	<b>\$ 5,592</b>	<b>\$ 5,592</b>

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS**

Business- type capital asset activity for the year ended December 31, 2012 was:

	<u>Balance 1/1/12</u>	<u>Additions</u>	<u>Transfer</u>	<u>Deletions</u>	<u>Balance 12/31/12</u>
<b>Capital assets not being depreciated</b>					
Land	\$ 669,455	\$ -	\$ -	\$ -	\$ 669,455
Construction in progress	85,057	-	(85,057)	-	-
<b>Total capital assets not being depreciated</b>	<u>754,512</u>	<u>-</u>	<u>(85,057)</u>	<u>-</u>	<u>669,455</u>
<b>Capital assets being depreciated</b>					
Plant	8,856,745	198,247	-	-	9,054,992
Parks	222,232	3,777	85,057	-	311,066
Other	31,102	-	-	-	31,102
<b>Total capital assets being depreciated</b>	<u>9,110,079</u>	<u>202,024</u>	<u>85,057</u>	<u>-</u>	<u>9,397,160</u>
<b>Less accumulated depreciation</b>					
Plant	(2,024,080)	(226,689)	-	-	(2,250,769)
Parks	(52,124)	(11,112)	-	-	(63,236)
Other	(30,357)	(125)	-	-	(30,482)
<b>Total accumulated depre- ciation</b>	<u>(2,106,561)</u>	<u>(237,926)</u>	<u>-</u>	<u>-</u>	<u>(2,344,487)</u>
<b>Total capital assets being depreciated - net</b>	7,003,518	(35,902)	85,057	-	7,052,673
<b>Total capital assets - net</b>	<u>\$ 7,758,030</u>	<u>\$ (35,902)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,722,128</u>

Depreciation charged to business-type activities expense was \$237,926.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – WATER RIGHTS**

An analysis of water rights activity for the year ended December 31, 2012, is as follows:

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
<b>Business-type activities</b>				
Water rights				
Original water rights (a)	\$ 3,574,200	\$ -	\$ -	\$ 3,574,200
Denver and Dawson (a)	713,400	-	-	713,400
Meridian (b)	180,000	-	-	180,000
<b>Total water rights</b>	<u>4,467,600</u>	<u>-</u>	<u>-</u>	<u>4,467,600</u>
Less accumulated amortization				
Original water rights (a)	(1,357,589)	(29,555)	-	(1,387,144)
Denver and Dawson (a)	(49,938)	(7,134)	-	(57,072)
Meridian (b)	-	-	-	-
<b>Total accumulated amortization</b>	<u>(1,407,527)</u>	<u>(36,689)</u>	<u>-</u>	<u>(1,444,216)</u>
<b>Total water rights, net</b>	<u>\$ 3,060,073</u>	<u>\$ (36,689)</u>	<u>\$ -</u>	<u>\$ 3,023,384</u>

- (a) Amortized over an estimated useful life of 100 years  
(b) Considered to be inexhaustible and are not being amortized

Amortization changed to business-type activities expense was \$36,689.

**NOTE 7 – DEFERRED INFLOW AND OUTFLOW OF RESOURCES**

At December 31, 2012, deferred inflow of resources in the wastewater/water fund consists of deferred property tax revenue.

**NOTE 8 – CAPITAL LEASE OBLIGATION**

Annual debt service requirements to maturity for the capital lease are as follows:

<u>Years ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 159,433	\$ 106,512	\$ 265,945
2014	168,527	97,418	265,945
2015	175,934	90,012	265,946
2016	183,427	82,518	265,945
2017	191,728	74,217	265,945
Thereafter	1,618,057	261,849	1,879,906
	<u>\$ 2,497,106</u>	<u>\$ 712,526</u>	<u>\$ 3,209,632</u>

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – CAPITAL LEASE OBLIGATION – Continued**

Changes in capital lease obligations consist of:

	<u>Balance 1/1/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/12</u>	<u>Due within one year</u>
Business-type activities					
Capital lease obligations	\$ 2,646,308	\$ -	\$ (149,202)	\$ 2,497,106	\$ 159,433

The capital lease obligation calls for the District to maintain certain levels of insurance coverage on assets covered by the lease obligation. The District did not maintain the required level of insurance coverage during the year ended December 31, 2012.

**NOTE 9 – NET POSITION**

The District has net position consisting of three components:

- Invested in capital assets, net of related debt and water rights
- Restricted
- Unrestricted

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets amounts invested in water rights. As of December 31, 2012, the District had invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt	
Capital assets, net of depreciation	\$ 7,722,128
Less: related debt	<u>(2,497,106)</u>
Total invested in capital assets, net of related debt	5,225,022
Invested in water rights net of amortization	<u>3,023,384</u>
Total invested in capital assets and water rights	<u>\$ 8,248,406</u>

Restricted net position includes amounts restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2012, the District had restricted net position as follows:

Restricted for	
Debt service	\$ 250,000
Emergency reserve	34,000
Conservation trust funds	<u>5,592</u>
Total restricted net position	<u>\$ 289,592</u>

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Colorado Special District's Property and Liability Pool. This pool is an organization created by intergovernmental agreement to provide property, liability, public official liability and workmen's compensation coverage to its members. Settled claims have not exceeded the coverage in any of the last three years.

**NOTE 11 – AMENDMENT TO COLORADO CONSTITUTION**

In November 1992, the voters of Colorado approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 12 – RELATED PARTIES**

During 2012, the District rented administrative office space from the district manager at a cost of \$7,800.

**NOTE 13 – WATER AND SEWER TAP CONNECTIONS**

The District acquired its water rights in 1987 when it entered into an agreement to issue water and sewer tap connections to the original developer of Falcon Hills in exchange for the developer's water rights that were valued at \$3,574,200. The unsold connection rights were acquired by a third party in 1999 when they purchased the undeveloped portion of Falcon Hills. The purchaser of the remaining connection rights was a related party to the District until 2009 when the last remaining beneficial owner resigned from the District Board of Directors. In 2009, the District entered into an agreement with the subsequent developer to split the sale of future connections 60% to the developer and 40% to the District. In 2012, two connections were sold leaving a total of 453 unsold connections.

**NOTE 14 – CONTINGENCIES**

The District has contracted with outside parties for a review of District compliance with the complex TABOR requirements.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 15, 2013, the date on which the financial statements were available to be issued.