

**Resolution No. 2016-12-02**

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

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The Board of Directors of Paint Brush Hills Metropolitan District, as the ex officio board members of the Paint Brush Hills Metropolitan District Subdistrict A (the "Board"), County of El Paso, Colorado (the "District") held a regular meeting at 9830 Liberty Grove Drive, Falcon, Colorado, on Tuesday, December 6, 2016, at the hour of 7:00 P.M.

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

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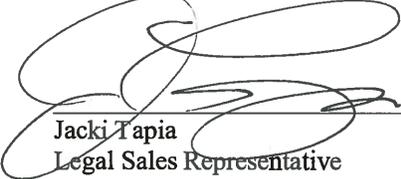
NOTICE AS TO PROPOSED 2017 BUDGET

# AFFIDAVIT OF PUBLICATION

STATE OF COLORADO  
COUNTY OF EL PASO

I, Jacki Tapia, being first duly sworn, deposes and says that she is the Legal Sales Representative of THE COLORADO SPRINGS GAZETTE, LLC., a corporation, the publishers of a daily public newspaper, which is printed and published daily in whole at the city of Colorado Springs in the County of El Paso, and the State of Colorado, and which is called The Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper **1 time(s) to wit, November 23, 2016.**

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

  
\_\_\_\_\_  
Jacki Tapia  
Legal Sales Representative

Subscribed and sworn to me this **November 23, 2016**, at said City of Colorado Springs, El Paso County, Colorado. My commission expires **November 2, 2018.**

  
\_\_\_\_\_  
Tina L. Goheen  
Notary Public

The Gazette

TINA L. GOHEEN  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID # 20064045127  
MY COMMISSION EXPIRES NOVEMBER 02, 2018

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

## NOTICE OF PUBLIC HEARING ON THE PROPOSED 2017 BUDGET

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

Such proposed budget will be considered at a public hearing during a Special Meeting of the Board of Directors to be held at 9830 Liberty Grove Drive, Falcon, Colorado on Tuesday, December 6, 2016 at 7:00 PM. Any interested elector of the Paint Brush Hills Metropolitan District Subdistrict A may inspect the proposed budget and file or register any objections thereto at any time prior to the final adoption of the budget.

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

By /s/ Leon Gomes  
District Manager

PUBLISHED IN: The Colorado Springs Gazette  
PUBLISHED ON: November 23, 2016

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

RESOLUTION

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

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

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

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on Tuesday, December 6, 2016, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

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

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

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

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2017. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2017 budget year, there is hereby levied a tax of forty (40.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

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

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

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners

of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

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

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

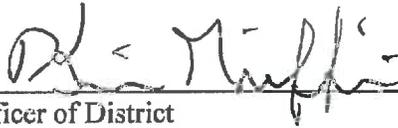
Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Pollard.

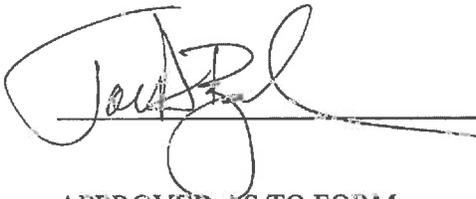
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ADOPTED THIS 6<sup>TH</sup> DAY OF DECEMBER, 2016.

PAINT BRUSH HILLS METROPOLITAN DISTRICT  
SUBDISTRICT A

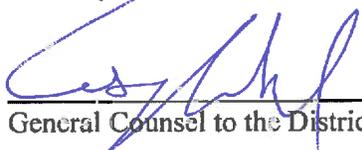
  
\_\_\_\_\_  
Officer of District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

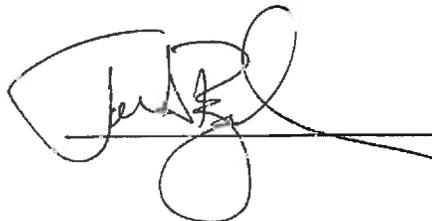
WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

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

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Tuesday, December 6, 2016, at 9830 Liberty Grove Drive, Falcon, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6<sup>th</sup> day of December, 2016.

  
\_\_\_\_\_

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**



**SCHILLING & COMPANY, INC.**

*Certified Public Accountants*

P.O. Box 631579  
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086  
FAX: 720.348.2920

### **Accountant's Compilation Report**

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

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

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

The actual historical information for the year 2015 is presented for comparative purposes only.

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

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

*SCHILLING & COMPANY, INC.*

Schilling & Company, Inc.  
December 14, 2016

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

	<b>Actual 2015</b>	<b>Estimated 2016</b>	<b>Adopted Budget 2017</b>
<b>Assessed Valuation</b>	\$ -	\$ -	\$ 223,230
<b>Mill Levy</b>			
Debt Service Fund	-	-	40.000
<b>Total Mill Levy</b>	-	-	40.000
<b>Property Taxes</b>			
Debt Service Fund	\$ -	\$ -	\$ 8,929
<b>Actual/Budgeted Property Taxes</b>	\$ -	\$ -	\$ 8,929

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT SUBDISTRICT A  
GENERAL FUND**

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

	<b>Actual 2015</b>	<b>Estimated 2016</b>	<b>Adopted Budget 2017</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -
<b>REVENUE</b>			
Developer Advances	-	25,000	25,000
Bond Issuance Proceeds	-	-	2,500,000
<b>TOTAL REVENUE</b>	-	25,000	2,525,000
<b>TOTAL FUNDS AVAILABLE</b>	-	25,000	2,525,000
<b>EXPENDITURES</b>			
Infrastructure Improvements	-	-	2,500,000
Accounting	-	2,500	2,500
Legal	-	21,500	21,500
Miscellaneous	-	1,000	1,000
<b>TOTAL EXPENDITURES</b>	-	25,000	2,525,000
<b>EXPENDITURES REQUIRING APPROPRIATION</b>	-	25,000	2,525,000
<b>ENDING FUND BALANCE</b>	\$ -	\$ -	\$ -

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

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

	<b>Actual 2015</b>	<b>Estimated 2016</b>	<b>Adopted Budget 2017</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -
<b>REVENUE</b>			
Property Taxes	-	-	8,929
Specific Ownership Taxes	-	-	982
<b>TOTAL REVENUE</b>	-	-	9,911
<b>TOTAL FUNDS AVAILABLE</b>	-	-	9,911
<b>EXPENDITURES</b>			
County Treasurer's Fees	-	-	134
<b>TOTAL EXPENDITURES</b>	-	-	134
<b>EXPENDITURES REQUIRING APPROPRIATION</b>	-	-	134
<b>ENDING FUND BALANCE</b>	\$ -	\$ -	\$ 9,777

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

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

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

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

**SERVICES PROVIDED**

The Paint Brush Hills Metropolitan District Subdistrict A was formed in 2015 by the Board of Directors of the Paint Brush Hills Metropolitan District for the purpose of providing water, sanitary sewer, storm sewer and drainage, streets, street lights, traffic signals, bridges, mosquito control, safety protection and parks and recreation services. The District currently serves customers in the service area which is located in El Paso County. No change in the level of service is anticipated during 2017.

**BUDGETARY BASIS OF ACCOUNTING**

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

**FUND SUMMARIES**

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

**Debt Service Fund** is used to account for accumulation of property taxes and specific ownership taxes for the payment of debt service on bonds or other long-term obligations that are anticipated to be issued by the District in 2017 or future periods.

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

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

**REVENUE**

***Property Taxes***

For 2017 the District's assessed valuation is \$223,230. The District is levying a property tax mill levy of 40.000 mills to be used for payment of debt service on bonds or other long-term obligations to be issued in 2017 or future periods.

***Specific Ownership Taxes***

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

***Developer Advances***

The District anticipates receiving developer advances during 2017 to provide funding to pay for general operational expenditures related to the operation of the District.

**EXPENDITURES**

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

**DEBT AND LEASES**

The District does not have any outstanding bonds, leases or other long-term obligations.

**EMERGENCY RESERVE**

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

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