

Resolution No. 2017-11-01

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2018)

The Board of Directors of Paint Brush Hills Metropolitan District (the “Board”), County of El Paso, Colorado (the “District”) held a special meeting at 9985 Towner Avenue, Falcon, Colorado, on November 15, 2017, 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.

[Remainder of Page Intentionally Left Blank.]

NOTICE AS TO PROPOSED 2018 BUDGET

AFFIDAVIT OF PUBLICATION

STATE OF COLORADO
 COUNTY OF El Paso

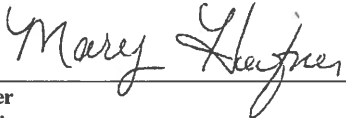
I, Rachel Johnson, being first duly sworn, deposes and says that she is the Legal Sales Representative of The Colorado Springs Gazette, LLC., a corporation, the publishers of a daily/weekly public newspapers, which is printed and published daily/weekly in whole at the city of Colorado Springs in the County of El Paso, and the State of Colorado, and which is called Colorado Springs 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 11/14/2017**

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.



Rachel Johnson
 Sales Center Agent

Subscribed and sworn to me this 11/29/2017, at said City of Colorado Springs, El Paso County, Colorado.
 My commission expires November 1, 2020.



Mary Heifner
 Notary Public
 The Gazette

MARY HEIFNER
 NOTARY PUBLIC
 STATE OF COLORADO
 NOTARY ID 20164041634
 MY COMMISSION EXPIRES NOV. 1, 2020

PAINT BRUSH HILLS
 METROPOLITAN DISTRICT
 9985 Towner Avenue
 Falcon, Colorado 80831

**NOTICE OF PUBLIC HEARING ON THE
 PROPOSED 2018 BUDGET
 AND
 NOTICE OF PUBLIC HEARING ON THE
 AMENDED 2017 BUDGET**

NOTICE is hereby given that a proposed budget has been submitted to the Board of Directors for the ensuing year of 2018; a copy of such proposed budget has been filed in the office of the Paint Brush Hills Metropolitan District, 9985 Towner Avenue, Falcon, Colorado, where the same is open for public inspection.
 NOTICE IS FURTHER GIVEN that an amendment to the 2017 budget has been submitted to the Board of Directors. A copy of the proposed amended budget has been filed in the office of the Paint Brush Hills Metropolitan District, 9985 Towner Avenue, Falcon, Colorado, where the same is open for public inspection.
 Such proposed budget and amended budget will be considered at a public hearing during a Special Meeting of the Board of Directors to be held at 9985 Towner Avenue, Falcon, Colorado on Wednesday, November 15, 2017 at 7:00 PM. Any interested elector of the Paint Brush Hills Metropolitan District may inspect the proposed budget or amended budget and file or register any objections thereto at any time prior to the final adoption of the budget and amended budget.

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

By: Leon Gomes
 District Manager

Published In The CS Gazette Nov. 14, 2017.

Thereupon, Director Olney 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 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

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 November 15, 2017, 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 2018 Revenues and 2018 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2018, 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 2018.

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 2018 budget year, there is hereby levied a tax of nineteen and eight hundred and thirteen thousandths (19.813) 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 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 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 2018 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.

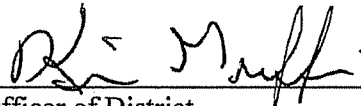
Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Pollard.

[Remainder of page intentionally left blank.]

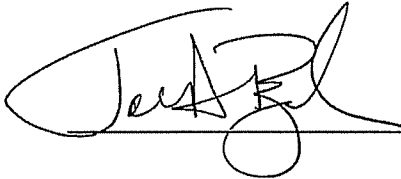
ADOPTED THIS 15TH DAY OF NOVEMBER, 2017.

PAINT BRUSH HILLS METROPOLITAN DISTRICT



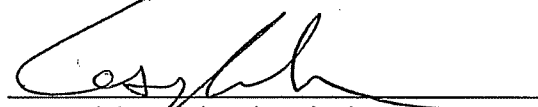
Officer of District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

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

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Wednesday, November 15, 2017, at 9985 Towner Avenue, Falcon, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of November, 2017.

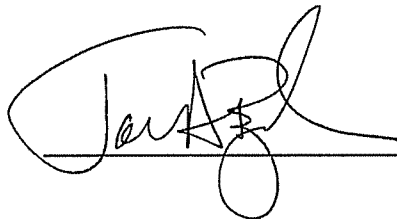


EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. BOX 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Accountant's Compilation Report

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

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Paint Brush Hills Metropolitan District (District), for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format required by Colorado Revised Statutes 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not examine or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The actual comparative information for the year ending December 31, 2016 is presented for comparative purposes as required by Colorado Revised Statutes 29-1-105. Such information is taken from the audited financial statements of the District for the year ended December 31, 2016. Osborne, Parsons & Rosacker, LLP audited the financial statements for the year ended December 31, 2016, whose report was dated September 21, 2017.

The budget is presented in accordance with the requirements of Colorado Revised Statutes 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

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

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.
December 20, 2017

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

	Actual 2016	Estimated 2017	Adopted Budget 2018
Assessed Valuation	\$ 16,488,770	\$ 17,681,870	\$ 19,105,130
Mill Levy			
General Fund	22.107	22.107	22.107
Temporary Mill Levy Reduction - Rebate	-	(1.598)	-
Temporary Mill Levy Reduction - Current Year	-	(2.446)	(2.294)
Total Mill Levy	<u>22.107</u>	<u>18.063</u>	<u>19.813</u>
Property Taxes			
General Fund	\$ 364,517	\$ 390,893	\$ 422,357
Temporary Mill Levy Reduction - Rebate	-	(28,255)	-
Temporary Mill Levy Reduction - Current Year	-	(43,250)	(43,827)
Actual/Budgeted Property Taxes	<u>\$ 364,517</u>	<u>\$ 319,388</u>	<u>\$ 378,530</u>

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
GENERAL FUND
2018 Budget as Adopted
With 2016 Actual and 2017 Estimated
For the Years Ended and Ending December 31,**

	Actual 2016	Estimated 2017	Adopted Budget 2018
BEGINNING FUND BALANCE	\$ 113,749	\$ 112,459	\$ 167,643
REVENUE			
Property Tax Revenue	364,957	319,389	378,530
Specific Ownership Taxes	41,944	43,178	51,173
Interest Income	327	750	350
Insurance Reimbursement	-	33,941	-
Miscellaneous Income	8,291	104	249
TOTAL REVENUE	415,519	397,362	430,302
TOTAL FUNDS AVAILABLE	529,268	509,821	597,945
EXPENDITURES			
Audit	7,237	5,400	5,600
Director's Fees	4,500	5,500	8,000
Contract Staffing	-	13,741	-
District Manager	64,782	63,769	38,000
Employee Wages	9,600	11,524	43,680
Payroll Taxes	6,239	6,300	11,000
457b Plan Contributions	1,500	2,284	2,800
Payroll Processing	2,952	2,558	3,100
Health Insurance	12,145	12,725	13,715
District Manager Phone Allowance	621	716	780
Employee Training	-	-	6,000
Election/Board Meetings	38,156	298	1,500
Insurance	30,376	8,178	31,000
Legal	95,504	37,091	50,000
Management	158	-	-
Miscellaneous	11,957	12,841	1,500
Bank Charges	595	588	700
Dues/Subscriptions/Conferences	2,154	4,010	2,500
Office Rent and Expense	17,647	9,836	-
Office Utilities	2,685	4,862	5,600
Office Equipment	12,146	28,133	8,500
Office Supplies	5,969	10,256	7,500
Postage	1,560	646	1,250
Telephone	2,521	2,238	3,000
Accounting	22,240	15,023	24,000
Office Techology/Website	-	18,826	10,000
Admin Building Mtce	-	1,625	2,700
Treasurer's Fees	5,470	4,792	5,678
Parks and Property Grounds Maintenance	26,273	29,851	27,000
Parks Maintenance and Repairs	6,634	5,213	2,000
Parks and Property Landscaping	9,801	5,265	7,000
Park and Recreation Facility Improvements	471	15,619	50,000
Storm Water Facilities Maintenance	14,916	2,040	30,000
Contingency	-	-	40,000
Suspense	-	430	-
EXPENDITURES REQUIRING APPROPRIATION	416,809	342,178	444,103
ENDING FUND BALANCE	\$ 112,459	\$ 167,643	\$ 153,842

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 2018 Budget as Adopted
 With 2016 Actual and 2017 Estimated
 For the Years Ended and Ending December 31,**

	Actual 2016	Estimated 2017	Adopted Budget 2018
BEGINNING FUND BALANCE	\$ 31,579	\$ 43,874	\$ 2,671
REVENUE			
Conservation Trust Revenue	12,262	10,480	11,000
Interest Income	33	257	-
TOTAL REVENUE	<u>12,295</u>	<u>10,737</u>	<u>11,000</u>
TOTAL FUNDS AVAILABLE	<u>43,874</u>	<u>54,611</u>	<u>13,671</u>
EXPENDITURES			
Bank Charges	-	25	-
Conservation Trust Expenditure	-	51,915	13,671
EXPENDITURES REQUIRING APPROPRIATION	<u>-</u>	<u>51,940</u>	<u>13,671</u>
ENDING FUND BALANCE	<u>\$ 43,874</u>	<u>\$ 2,671</u>	<u>\$ -</u>

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2018 Budget as Adopted
With 2016 Actual and 2017 Estimated
For the Years Ended and Ending December 31,**

	Actual 2016	Estimated 2017	Adopted Budget 2018
BEGINNING FUND BALANCE	\$ -	\$ 720,912	\$ -
REVENUE			
Interest Income	-	-	-
TOTAL REVENUE	-	-	-
TRANSFERS AND OTHER FINANCING SOURCES			
Lease Purchase Proceeds	842,518	-	-
Transfer from Enterprise Fund	150,000	389,344	-
TOTAL TRANSFERS AND OTHER FINANCING SOURCES	992,518	389,344	-
TOTAL FUNDS AVAILABLE	992,518	1,110,256	-
EXPENDITURES			
Legal	5,662	39	-
Cost of Issuance - Lease Purchase	12,274	21,244	-
Engineering/Project Management	70,275	90,560	-
Construction	183,395	998,413	-
EXPENDITURES REQUIRING APPROPRIATION	271,606	1,110,256	-
ENDING FUND BALANCE	\$ 720,912	\$ -	\$ -

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND
2018 Budget as Adopted
With 2016 Actual and 2017 Estimated
For the Years Ended and Ending December 31,**

	Actual 2016	Estimated 2017	Adopted Budget 2018
BEGINNING FUNDS AVAILABLE	\$ 376,307	\$ 637,502	\$ 434,998
REVENUE			
Base Fees	268,958	295,306	299,150
Builder Fees	146	-	-
Wastewater-Church	372	276	288
Wastewater-Residential	104,781	58,206	58,392
Wastewater-School	6,300	2,851	1,152
Underdrain	587	576	-
Street Lighting	284	1,424	-
Penalties	11,919	12,060	-
Water-Church	23	94	4,200
Water-Residential	506,236	499,407	500,000
Water-School	(10,449)	93,636	75,000
Meters	33,000	6,000	29,000
Inspection Fees	1,050	900	5,000
Tap Fees	557,117	391,992	450,000
Transfer Fees	8,044	7,200	5,000
Developer Back Charge	-	31,412	-
Interest	1,778	2,610	1,600
Tank Rental-Antennas	4,590	3,391	5,700
Bulk Water Sales	50	-	-
Insurance Reimbursement	-	41,150	-
Other Operating Revenue	-	6,515	-
Unassigned	-	980	-
TOTAL REVENUE	1,494,786	1,455,986	1,434,482
TOTAL FUNDS AVAILABLE	1,871,093	2,093,488	1,869,480
EXPENDITURES			
District Manager	-	-	38,000
Employee Wages	173,384	175,183	175,840
Payroll Taxes	13,162	14,048	12,500
457b Plan Contributions	4,650	4,900	5,000
Health Insurance	22,923	26,468	31,650
Operator Phone Allowance	1,579	2,178	2,900
Employee Training	-	-	9,000
Insurance	-	25,062	-
Legal	15,674	22,201	10,000
Miscellaneous Expense	20,595	2,183	2,000
Telephone	-	-	2,000
Engineer	33,032	11,182	25,000
Analytical Testing	16,252	5,266	10,000
Chemical/Equipment	11,942	8,202	11,000
Misc Supplies, Tools	10,755	16,495	15,000
Safety Equipment	-	1,243	5,000

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

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND
2018 Budget as Adopted
With 2016 Actual and 2017 Estimated
For the Years Ended and Ending December 31,**

	Actual 2016	Estimated 2017	Adopted Budget 2018
OPS Certification and Training	1,252	12,414	2,000
Billing Expense	29,130	11,552	7,500
Meters-Residential Repairs & Replacement	24,494	8,809	50,140
Bulk Water Purchases	29,692	28,121	31,000
Inspection Services - Developer	-	5,060	-
Tap Fees	146,000	240,056	116,000
Collection System Repairs, Maintenance	2,531	2,030	30,000
Storage & Port-O-Let Fees (Pumphouse)	1,269	840	300
Pumphouse Maintenance	2,644	12,595	5,000
Well Repairs-Maintenance	4,859	58,603	25,000
Storage Tank Repars-Maintenance	389	554	50,000
Roadway and Waterline Repairs	35,966	52,536	50,000
Utilities	137,336	197,300	150,000
Vehicle Maintenance & Repair	6,703	10,601	5,000
Wastewater-Collection Expense	-	-	50,000
Capital-Heavy Equip.Vehicles	26,500	-	28,500
Storage Tanks, SCADA & Booster	16,192	468	141,000
Well Construction/Rehab	-	-	63,000
FSB Lease Purchase (9/1/16) - Building - Principal	5,048	21,011	21,867
FSB Lease Purchase (9/1/16) - Building - Interest	8,433	24,312	23,526
FSB Lease Purchase (12/9/16) - Building - Principal	-	7,578	7,703
FSB Lease Purchase (12/9/16) - Building - Interest	558	8,565	8,288
FSB Lease Purchase-Principal	191,453	199,063	205,118
FSB Lease Purchase-Interest	60,250	52,467	46,910
2015 Truck LP - FSB - Principal	28,422	-	-
2015 Truck LP - FSB - Interest	522	-	-
2018 Truck LP - FSB - Principal	-	-	17,500
Reserve for Contingency	-	-	100,000
TOTAL EXPENDITURES	1,083,591	1,269,146	1,590,242
TRANSFERS AND OTHER FINANCING USES			
Transfer to Capital Projects Fund	150,000	389,344	-
EXPENDITURES REQUIRING APPROPRIATION	1,233,591	1,658,490	1,590,242
ENDING FUNDS AVAILABLE	\$ 637,502	\$ 434,998	\$ 279,238

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
2018 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 2018 annual budget. Actual results may differ from the prospective results contained in the budget.

The 2018 budget was prepared in accordance with the Local Budget Law of Colorado (Colorado Revised Statutes 29-1-105). The budget reflects the anticipated spending plan for the 2018 fiscal year based on available revenues. This budget provides for the general operation of the District, a business like enterprise for the wastewater collection, water distribution and conservation trust revenue and expenditures.

SERVICES PROVIDED

The District was formed in 1986 for the purpose of providing water, sanitary sewer, storm sewer and drainage, streets, street lights, traffic signals, bridges, mosquito control, safety protection and parks and recreation services. The District currently serves customers in the service area which is located in El Paso County. No change in the level of service is anticipated during 2018.

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

BUDGETARY BASIS OF ACCOUNTING

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

FUND SUMMARIES

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

Conservation Trust Fund is used to account for disbursements of allocated state lottery revenue from the Colorado Department of Local Affairs, based on the District's census. The

This information is an integral part of the accompanying budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

funds are restricted until such time as the District incurs expenditures for allowable public improvements, including acquisition, development or maintenance of public areas.

Capital Projects Fund is to account for revenue and expenditures related to various capital improvement projects.

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

REVENUE

Water and Sanitation Fees

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

Property Taxes

For 2018 the District's assessed valuation increased by 8.0% to \$19,105,130. The District is levying a property tax mill levy of 19.813 mills upon all taxable property within the District to be used to defray the operational costs of the District. The mill levy consists of a General Fund mill levy of 22.107, which has been reduced by a temporary reduction of 2.294 mills for 2018 taxes to avoid collection of taxes in excess of the amounts allowed by TABOR in 2018.

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 2018 are based on historical collections.

Conservation Trust Fund Revenue

The District receives an allocation of the Conservation Trust Fund (Colorado Lottery) proceeds. The amounts estimated for 2018 are based on historical collections.

Tap Fees

The District receives tap fees related to development of property within the District's boundaries. The District has estimated the tap fees based on anticipated residential construction to begin in 2018.

Other Revenues

The District receives income on the investment of District funds. Interest income is based on historical interest earnings (2018 rates are expected to be comparable to 2017) and cash balances.

This information is an integral part of the accompanying budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

EXPENDITURES

District expenditures are forecasted based on prior years' amounts expended adjusted for known variations. The District has budgeted inflationary increases for 2018 with no significant changes in the level of services provided.

Capital Outlay

The District's 2018 budget anticipates limited capital improvements.

Debt Service

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

DEBT AND LEASES

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

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

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

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 budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY**

Year	\$2,174,855.84 Lease Purchase Agreement dated 3/31/2015 with interest at 3.00% and Maturing 4/1/2025			\$624,244.00 Lease Purchase Agreement Dated 9/1/2016 with Interest at 4.00% and Maturing 9/1/2036			\$218,274.00 Lease Purchase Agreement Amendment Dated 12/9/2016 with Interest at 4.00% and Maturing 9/1/2036			Total		
	Payments	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal
2018	\$ 252,027.60	\$ 46,910.05	\$ 205,117.55	\$ 45,393.60	\$ 23,526.39	\$ 21,867.21	\$ 15,990.72	\$ 8,287.62	\$ 7,703.10	\$ 313,411.92	\$ 78,724.06	\$ 234,687.86
2019	252,027.60	40,671.22	211,356.38	45,393.60	22,635.49	22,758.11	15,990.72	7,973.79	8,016.93	313,411.92	71,280.50	242,131.42
2020	252,027.60	34,242.61	217,784.99	45,393.60	21,708.30	23,685.30	15,990.72	7,647.16	8,343.56	313,411.92	63,598.07	249,813.85
2021	252,027.60	27,618.46	224,409.14	45,393.60	20,743.29	24,650.31	15,990.72	7,307.25	8,683.47	313,411.92	55,669.00	257,742.92
2022	252,027.60	20,792.85	231,234.75	45,393.60	19,739.00	25,654.60	15,990.72	6,953.44	9,037.28	313,411.92	47,485.29	265,926.63
2023	252,027.60	13,759.62	238,267.98	45,393.60	18,693.81	26,699.79	15,990.72	6,585.28	9,405.44	313,411.92	39,038.71	274,373.21
2024	252,027.60	6,512.47	245,515.13	45,393.60	17,606.01	27,787.59	15,990.72	6,202.08	9,788.64	313,411.92	30,320.56	283,091.36
2025	85,743.06	522.98	85,220.08	45,393.60	16,473.90	28,919.70	15,990.72	5,803.26	10,187.46	147,127.38	22,800.14	124,327.24
2026	-	-	-	45,393.60	15,295.65	30,097.95	15,990.72	5,388.23	10,602.49	61,384.32	20,683.88	40,700.44
2027	-	-	-	45,393.60	14,069.42	31,324.18	15,990.72	4,956.26	11,034.46	61,384.32	19,025.68	42,358.64
2028	-	-	-	45,393.60	12,793.25	32,600.35	15,990.72	4,506.69	11,484.03	61,384.32	17,299.94	44,084.38
2029	-	-	-	45,393.60	11,465.06	33,928.54	15,990.72	4,038.82	11,951.90	61,384.32	15,503.88	45,880.44
2030	-	-	-	45,393.60	10,082.75	35,310.85	15,990.72	3,551.87	12,438.85	61,384.32	13,634.62	47,749.70
2031	-	-	-	45,393.60	8,644.12	36,749.48	15,990.72	3,045.08	12,945.64	61,384.32	11,689.20	49,695.12
2032	-	-	-	45,393.60	7,146.91	38,246.69	15,990.72	2,517.67	13,473.05	61,384.32	9,664.58	51,719.74
2033	-	-	-	45,393.60	5,588.67	39,804.93	15,990.72	1,968.75	14,021.97	61,384.32	7,557.42	53,826.90
2034	-	-	-	45,393.60	3,966.96	41,426.64	15,990.72	1,397.48	14,593.24	61,384.32	5,364.44	56,019.88
2035	-	-	-	45,393.60	2,279.18	43,114.42	15,990.72	802.95	15,187.77	61,384.32	3,082.13	58,302.19
2036	-	-	-	34,120.38	562.02	33,558.36	11,993.41	196.69	11,796.72	46,113.79	758.71	45,355.08
	<u>\$ 1,849,936.26</u>	<u>\$ 191,030.26</u>	<u>\$ 1,658,906.00</u>	<u>\$ 851,205.18</u>	<u>\$ 253,020.18</u>	<u>\$ 598,185.00</u>	<u>\$ 299,826.37</u>	<u>\$ 89,130.37</u>	<u>\$ 210,696.00</u>	<u>\$ 3,000,967.81</u>	<u>\$ 533,180.81</u>	<u>\$ 2,467,787.00</u>

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