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

Paint Brush Hills Metropolitan District (District) is providing this budget for the year ending December 31, 2024, including the estimate of comparative information for the year ending December 31, 2023, and the actual comparative information for the year ending December 31, 2022, in the format required by Colorado Revised Statutes 29-1-105.

The actual comparative information for the year ending December 31, 2022, 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, 2022. Stockman Kast Ryan + Company audited the financial statements for the year ended December 31, 2022, whose report was dated October 2, 2023.

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.

Robert Guevara
District Manager

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by district 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 2024 annual budget. Actual results may differ from the prospective results contained in the budget.

The 2024 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 2023 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, streetlights, 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 2024.

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 Enterprise Capital/Rehabilitation Reserve 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, storm water and park services and other expenses related to statutory operations of a local government. The General Fund's primary sources of revenue are property taxes and specific ownership taxes.

This information is an integral part of the accompanying budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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, and wastewater services.

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

REVENUE

Water and Wastewater 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. Wastewater charges consist of a base fee. The District customers consist of residential, school district and church customers.

Property Taxes

For 2024 the District's assessed valuation increased by 37.90% to \$49,859,310. The District is levying a property tax mill levy of 16.410 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 5.697 mills for 2024 taxes to avoid collection of taxes in excess of the amounts allowed by TABOR in 2023.

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 2024 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 2024 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 in 2024.

Developer Contributions

The District has budgeted \$575,000 of developer contributions to be received in accordance with certain agreements. These contributions are to be used for Pump House #6 improvements.

This information is an integral part of the accompanying budget.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Other Revenues

The District receives income on the investment of District funds. Interest income is based on historical interest earnings (2024 rates are expected to be comparable to 2023) and cash balances.

EXPENDITURES

District expenditures are forecasted based on prior years' amounts expended, adjusted for known variations. The District has budgeted inflationary increases for 2024 with no significant changes in the level of services provided.

Capital Outlay

The District's 2024 budget anticipates spending \$575,000 to construct Pump House #6, \$80,000 for software improvements to the billing, financial and payroll systems, and \$33,000 for reserve money for vehicle replacements.

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 \$2,500,000 Lease Purchase Agreement dated June 1, 2022 to refinance existing lease purchase agreements and finance the remaining booster station project. The agreement requires monthly payments of \$24,261.86 which began on August 1, 2022, including interest at 3.10%. The final payment and maturity of the agreement is on July 1, 2032. 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.

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

Actual 2022	Estimated 2023	Adopted 2024
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Assessed Valuation	\$	35,691,130	\$	36,155,520	\$	49,859,310
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Mill Levy						
General Fund		22.107		22.107		22.107
Temporary Mill Levy Reduction - Rebate		-		-		-
Temporary Mill Levy Reduction - Current Year		(2.397)		(0.670)		(5.697)
Total Mill Levy		<u>19.710</u>		<u>21.437</u>		<u>16.410</u>
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Property Taxes						
General Fund	\$	789,024	\$	799,290	\$	1,102,240
Temporary Mill Levy Reduction - Rebate		-		-		-
Temporary Mill Levy Reduction - Current Year		(85,552)		(24,224)		(284,048)
Budgeted Property Taxes	<u>\$</u>	<u>703,472</u>	<u>\$</u>	<u>775,066</u>	<u>\$</u>	<u>818,191</u>
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Changed in Assessed Value				1.30%		37.90%

PAINT BRUSH HILLS METROPOLITAN DISTRICT
GENERAL FUND (01)
2023 Budget as Adopted
With 2021 Actual and 2022 Estimated
For the Years Ended and Ending December 31

	Audited 2022	Estimated 2023	Budget 2023	Adopted 2024
BEGINNING FUND BALANCE	\$ 460,663	\$ 367,906	\$ 367,906	\$ 429,563
REVENUE				
Property Tax Revenue	702,560	774,657	775,066	818,191
Specific Ownership Taxes	73,145	80,869	78,312	86,317
Interest Income	6,357	33,573	2,316	34,776
Miscellaneous Income	107,590	13,233	-	-
Capital Reserve	-	-	-	11,000
Grants	-	22,059	20,544	22,062
Developer Contributions	-	-	-	-
TOTAL REVENUE	889,652	924,391	876,238	972,346
TOTAL FUNDS AVAILABLE	1,350,315	1,292,297	1,244,144	1,401,909
EXPENDITURES				
<u>General and Administrative</u>				
Salaries and Benefits				
Employee Wages	301,469	357,500	398,115	352,920
Payroll Taxes	24,335	28,244	29,718	26,392
457b Plan Contributions	11,451	13,472	15,924	14,117
Health Insurance	58,383	69,769	68,832	63,913
Employee Compensation	-	3,107	3,000	3,000
Total Salaries and Benefits	395,638	472,092	515,589	460,341
Professional Services				
Contract Staffing	8,556	18,984	17,932	8,899
Legal	93,421	24,124	72,000	72,000
Accounting	3,522	6,067	24,000	18,000
Engineering	3,863	-	4,944	5,300
Total Professional Services	109,362	49,175	118,876	104,199
<u>General Administration</u>				
Director's Fees	7,400	6,533	9,000	9,000
Audit	26,222	30,500	15,000	25,000
Payroll Processing	4,551	3,621	4,128	3,635
Office Supplies and Equipment	5,722	5,739	8,912	6,065
Computers and Technology	19,570	28,090	18,376	20,915
Administration Building Utilities	12,851	10,733	12,288	11,459
Telephone	917	773	1,020	2,988
Employee Training and Reimbursement	8,974	6,198	6,372	15,000
Election/Board Meetings	700	28	10,000	-
Dues/Subscriptions/Conferences	7,369	10,171	9,576	18,147
Administration Building Maintenance and Repairs	6,257	2,218	3,360	11,591
Security (Cameras)	-	1,541	1,380	1,529
Insurance	39,381	33,812	44,692	49,755
Treasurer's Fees	10,544	15,499	11,627	12,273
Bank Charges	-	172	384	164
Miscellaneous	16,042	2,053	5,384	5,666
Freight	-	125	300	120
Contingency	-	-	26,292	29,170
Total General Administration	166,500	157,806	188,091	222,478
<u>Operations</u>				
Parks and Grounds				
Vehicle Expense	7,813	7,925	9,492	8,558
Supplies, Tools, and Safety Equipment	-	3,016	3,240	3,556
Parks, Landscaping, & Rec Fac Expense	57,072	55,803	40,589	42,496

PAINT BRUSH HILLS METROPOLITAN DISTRICT
GENERAL FUND (01)
2023 Budget as Adopted
With 2021 Actual and 2022 Estimated
For the Years Ended and Ending December 31

	Audited 2022	Estimated 2023	Budget 2023	Adopted 2024
Storm Water Facilities Maintenance	-	995	3,000	3,000
Total Parks and Grounds	64,885	67,739	56,321	57,610
Capital Outlay				
Park and Recreation Facility Improvements	-	-	-	-
Buildings (Administrative Building)	-	92,313	112,901	40,000
Easements & Properties	-	12,605	14,000	-
Vehicles and equipment	246,024	11,004	11,004	87,664
Total Capital Outlay	246,024	115,922	137,905	127,664
EXPENDITURES REQUIRING APPROPRIATION	982,409	862,734	1,016,782	972,293
EXCESSIVE REVENUE OVER (UNDER) EXPENDITURES	\$ (92,757)	\$ 61,657	\$ (140,544)	\$ 53
OTHER FINANCING SOURCES (USES)				
Transfer from Conservation Trust Fund	\$ 20,022	\$ 22,059	\$ 20,544	\$ 22,062
Total Other Financing Sources	20,022	22,059	20,544	22,062
Net Change in Fund Balance (YTD Balance)	(92,757)	61,657	(120,000)	53
ENDING FUND BALANCE	\$ 367,906	\$ 429,563	\$ 247,906	\$ 429,616
EMERGENCY RESERVE REQUIREMENT 3%	\$ 26,690	-	\$ 26,287	\$ 29,170

PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND (04)
2023 Budget as Adopted
With 2021 Actual and 2022 Estimated
For the Years Ended and Ending December 31

	Audited 2022	Estimated 2023	Budget 2023	Adopted 2024
BEGINNING FUNDS AVAILABLE	\$ 1,507,274	\$ (128,035)	\$ (128,035)	\$ (191,487)
REVENUE				
Water / Waste Water Revenue				
Water Base Fees	458,702	460,336	459,000	461,520
Water Tiered Fee - Total	767,861	708,405	668,945	705,264
Wastewater - Total	91,740	92,067	92,016	92,664
Total Wastewater Revenue	1,318,303	1,260,808	1,219,961	1,259,448
Fees Revenue				
Meter & Inspection Fees - Totals	150	667	8,000	13,200
Tap, System Development and other Buidler fees - Totals	-	801,407	748,896	1,034,433
Street lighting and Other Fees - Totals	18,108	18,711	20,220	19,416
Penalties / Late / Posting Fees	18,536	20,347	17,220	20,934
Transfer Fees	14,375	13,775	10,920	13,902
Total Fees Revenue	51,169	854,907	805,256	1,101,884
Miscellaneous Revenue				
Interest	24,375	46,005	8,232	47,285
Other Operating Revenue	29,729	-	-	-
Proceeds from Sale of Capital Assets	21,500	-	-	-
Miscellaneous Income	2,004	19,104	8,660	8,698
Insurance Reimbursement	-	-	-	-
Capital Reserve	-	-	-	21,000
Total Miscellaneous Revenue	77,608	65,109	16,892	76,983
Grants and Loans				
Developer Advancement	208,647	-	-	-
Loan Proceeds	2,500,000	-	-	-
Grants	1,809	-	1,500	750
Developer Reimbursement	-	266,095	575,001	575,000
Reserve Income	-	-	-	-
Total Grants and Loans	2,710,456	266,095	576,501	575,750
TOTAL REVENUE	4,157,536	2,446,919	2,618,610	3,014,066
TOTAL FUNDS AVAILABLE	5,664,810	2,318,884	2,490,575	2,822,579
EXPENDITURES				
General and Administrative				
Salaries and benefits				
Employee Wages	180,285	171,647	204,332	263,888
Payroll Taxes	14,485	13,751	15,253	19,699
457b Plan Contributions	7,071	6,788	8,173	10,556
Health Insurance	44,186	34,095	54,636	28,853
Employee Compensation	-	224	1,695	1,500
Total Salaries and benefits	246,027	226,505	284,089	324,496
Professional Services				
Legal	17,060	6,780	6,000	9,000
Engineer - Developer Reimbursable	3,378	-	-	-
Engineer	23,616	-	-	-
Total Professional Services	44,054	6,780	6,000	9,000
General Administration				
Computers and Technology - Total	6,383	9,847	9,783	15,543

PAINT BRUSH HILLS METROPOLITAN DISTRICT
ENTERPRISE FUND (04)
2023 Budget as Adopted
With 2021 Actual and 2022 Estimated
For the Years Ended and Ending December 31

	Audited 2022	Estimated 2023	Budget 2023	Adopted 2024
General Utilities - Total	25,034	26,366	32,196	30,089
Bulk Water Purchases	31,580	37,047	35,844	39,269
Utilities - Pumphouse	231,043	216,339	279,648	254,054
Employee related expenses	10,522	4,469	8,072	7,660
Dues / Subscriptions / Conferences	3,015	2,713	3,370	23,251
Billing Expense	18,500	16,521	21,075	25,521
Security	7,639	14,612	19,628	14,614
Insurance	21,941	31,005	22,346	24,877
Bank Charges	-	317	72	303
Miscellaneous Expense	3,645	3,083	1,656	2,941
Tap Fees Remitted - Outside District Entities	26,300	86,640	56,160	-
Refunds	2,109	-	-	-
Cost of Issuance - Loan	39,577	-	-	-
Total General Administration	427,288	448,959	489,850	438,124
Operatoinis				
Vehicle Expense - Total	10,176	6,128	7,932	6,300
Supplies , tools and Safety equipment	7,539	2,776	2,640	2,075
SCADA System Maintenance	34,232	26,093	44,460	49,956
Pumphouse Maintenance and Repairs	3,428	202	4,776	3,000
Well Maintenance and Repairs	21,221	6,079	30,300	30,300
Locates	948	940	1,140	1,010
Storage Tank Repairs and Maintenance	64,105	30,000	30,000	31,800
Analytical Texting, chemicals and equipment expense	34,821	23,453	42,036	36,621
Meters - Residential Install	-	550	-	6,600
Meters - Residential Repairs & Replacement	-	-	900	804
Emergency Repairs (Roadway and waterline)	31,887	1,161	26,400	33,600
Lift station Maintenance and Repairs	8,296	7,700	6,388	6,819
Wastewater Collection system maintenance and Repairs	33,672	28,954	74,400	58,800
Hydrant Maintenance, Repair, and Flushing	-	-	2,004	1,000
Freight	-	643	1,692	815
Loss on Disposal of Capital Asset	-	-	-	-
Reserve for Contingency	-	-	78,552	-
Total Operations	250,325	134,679	353,620	269,500
Debt service				
FSB Lease Purchase-Principal	1,212,490	228,717	230,581	226,303
FSB Lease Purchase-Interest	55,941	73,727	71,740	64,839
Total Debt Service	1,268,431	302,444	302,321	291,142
Capital outlay				
Total Capital Outlay	3,556,720	1,391,004	1,292,005	1,466,945
TOTAL EXPENDITURES	5,792,845	2,510,371	2,727,885	2,799,207
EXPENDITURES REQUIRING APPROPRIATION	5,792,845	2,510,371	2,727,885	2,799,207
NET CHANGE YTD	\$ (1,635,309)	\$ (63,452)	\$ (109,275)	\$ 214,859
ENDING FUNDS AVAILABLE	\$ (128,035)	\$ (191,487)	\$ (237,310)	\$ 23,372

PAINT BRUSH HILLS METROPOLITAN DISTRICT
CONSERVATION TRUST FUND (05)
2022 Budget as Adopted
With 2021 Actual and 2022 Estimated
For the Years Ended and Ending December 31

	Audited 2022	Estimated 2023	Adopted 2024
BEGINNING FUND BALANCE	\$ 29,397	\$ 29,399	\$ 1,000
REVENUE			
Conservation Trust Revenue	20,009	20,527	22,046
Interest Income	15	17	16
TOTAL REVENUE	<u>20,024</u>	<u>20,544</u>	<u>22,062</u>
TOTAL FUNDS AVAILABLE	<u>49,421</u>	<u>49,943</u>	<u>23,062</u>
EXPENDITURES			
Capital outlay			
Bank Chargers and fees	-	-	-
Conservation Trust Expenditure	20,022	48,943	22,062
TOTAL EXPENDITURES	<u>20,022</u>	<u>48,943</u>	<u>22,062</u>
TRANSFERS AND OTHER FINANCING USES			
Transfer to General Fund	20,022	48,943	-
EXPENDITURES REQUIRING APPROPRIATION	<u>20,022</u>	<u>48,943</u>	<u>22,062</u>
NET CHANGE YTD	<u>\$ 2</u>	<u>\$ (28,399)</u>	<u>\$ -</u>
ENDING FUND BALANCE	<u>\$ 29,399</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

PAINT BRUSH HILLS METROPOLITAN DISTRICT DEBT SERVICE REQUIREMENTS TO MATURITY

**\$2,500,000 Lease Purchase Agreement dated 6/30/2022 with interest at
3.10% and Maturing 7/1/2032**

Year	Balance	Payments	Interest	Principal
2024	\$ 2,191,183.20	\$ 291,142.27	\$ 67,926.68	226,302.97
2025	1,964,880.23	291,142.27	60,911.29	233,431.17
2026	1,731,449.06	291,142.27	53,674.92	240,790.17
2027	1,490,658.89	291,142.27	46,210.43	248,368.42
2028	1,242,290.47	291,142.27	38,511.00	256,191.64
2029	986,098.83	291,142.27	30,569.06	264,261.29
2030	721,837.54	291,142.27	22,376.96	272,585.11
2031	449,252.43	291,142.27	13,926.83	281,171.13
2032	168,081.30	173,291.82	5,210.52	168,081.30
2033	(0.00)		(0.00)	0.00
		\$ 2,502,429.98	\$ 339,317.69	\$ 2,191,183.21