

**PIONEER METROPOLITAN DISTRICT NO. 5
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

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Independent Auditor's Report

Board of Directors
Pioneer Metropolitan District No. 5
Weld County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Pioneer Metropolitan District No. 5 (the "District") as of and for the year ended December 31, 2020, 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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Pioneer Metropolitan District No. 5 as of December 31, 2020, 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

Management has omitted the management's 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 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 this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

February 2, 2022

BASIC FINANCIAL STATEMENTS

**PIONEER METROPOLITAN DISTRICT NO. 5
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Receivable from County Treasurer	\$ 3,424
Property Taxes Receivable	565,395
Total Assets	568,819
LIABILITIES	
Payable to Pioneer Metro No. 3	3,424
Total Liabilities	3,424
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	565,395
Total Deferred Inflows of Resources	565,395
NET POSITION	
Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

**PIONEER METROPOLITAN DISTRICT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Total Governmental Funds
ASSETS			
Receivable from County Treasurer	\$ 790	\$ 2,634	\$ 3,424
Property Taxes Receivable	130,476	434,919	565,395
Total Assets	\$ 131,266	\$ 437,553	\$ 568,819
LIABILITIES			
Payable to Pioneer Metro No. 3	\$ 790	\$ 2,634	\$ 3,424
Total Liabilities	790	2,634	3,424
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	130,476	434,919	565,395
Total Deferred Inflows of Resources	130,476	434,919	565,395
FUND BALANCES			
Unassigned	-	-	-
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 131,266	\$ 437,553	\$ 568,819

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

PIONEER METROPOLITAN DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 220,654	\$ 735,513	\$ 956,167
Specific Ownership Taxes	10,299	34,332	44,631
Interest Income	347	1,155	1,502
Total Revenues	231,300	771,000	1,002,300
EXPENDITURES			
General:			
County Treasurer's Fees	3,260	10,867	14,127
Transfer to Pioneer Metro No. 3	228,040	760,133	988,173
Total Expenditures	231,300	771,000	1,002,300
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -

Amounts reported for governmental activities in the Statement of Activities are the same as above.

**PIONEER METROPOLITAN DISTRICT NO. 5
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 216,990	\$ 220,654	\$ 3,664
Specific Ownership Taxes	15,189	10,299	(4,890)
Interest Income	-	347	347
Other Income	7,821	-	(7,821)
Total Revenues	<u>240,000</u>	<u>231,300</u>	<u>(8,700)</u>
EXPENDITURES			
County Treasurer's Fees	3,255	3,260	(5)
Transfer to District No. 3	230,422	228,040	2,382
Contingency	6,323	-	6,323
Total Expenditures	<u>240,000</u>	<u>231,300</u>	<u>8,700</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Pioneer Metropolitan District No. 5 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by court order and recorded with the Weld County Clerk and Recorder on August 29, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Weld County, Colorado. The District was organized to provide financing for the design, acquisition, construction and installation and maintenance of essential public-purpose facilities, such as water, sanitation, storm drainage, streets, safety protection, park and recreation, transportation, television relay and translation, mosquito control, and limited fire protection.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are District property taxes, specific ownership taxes, and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 LONG-TERM OBLIGATIONS

Capital Pledge Agreements

Each of Pioneer Metropolitan Districts No. 2, 4, and 5 (the Districts) entered into Capital Pledge Agreements with Pioneer Metropolitan District No. 3 (District No. 3) (collectively, the 2016 Capital Pledge Agreements). Under such 2016 Capital Pledge Agreements, each of the Districts covenant to levy an ad valorem mill levy each year upon all taxable property of each of such Districts in the amount of 50 mills. The Districts will transfer all ad valorem tax revenue derived from such levy and all Specific Ownership Tax revenue allocable to such levy to District No. 3 for payment on the Series 2016 Bonds issued by District No. 3.

Capital Pledge Agreement for Series 2020 Bonds:

Each of Pioneer Metropolitan District No. 2 and No. 5 entered into Capital Pledge Agreements with the Pioneer Community Authority Board (collectively, the 2020 Capital Pledge Agreements). Under such 2020 Capital Pledge Agreements, each of District No. 2 and No. 5 covenant to continue to levy an ad valorem mill levy each year upon all taxable property of each of such Districts in the amount of 50 mills as set forth in the 2016 Capital Pledge Agreements. The Districts will continue to transfer all ad valorem tax revenue derived from such levy and all Specific Ownership Tax revenue allocable to such levy to Pioneer Metropolitan District No. 3 for payment on the Series 2016 Bonds until such time that the Series 2016 Bonds are defeased and paid in full. After payment on the Series 2016 Bonds (including any Series 2016 Refunding Bonds if applicable), any remaining ad valorem tax revenue derived from such levy and any Specific Ownership Tax revenue allocable to such levy will be transferred to the Pioneer Community Authority Board (CAB) for payment on the Series 2020 Bonds. Once the Series 2016 Bonds have been defeased and paid in full, the Districts will transfer all ad valorem tax revenue derived from such levy and all Specific Ownership Tax revenue allocable to such levy to the Pioneer Community Authority Board for payment on the Series 2020 Bonds.

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$3,680,000,000. On May 4, 2010, and on May 6, 2014, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$3,680,000,000 and \$4,010,000,000, respectively.

At an election held on May 6, 2014, the District's eligible electors authorized the District to impose ad valorem property taxes on an annual basis not to exceed \$330,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements. Pursuant to this electoral authority, on November 25, 2020, the District entered into a Capital Pledge Agreement with the CAB (discussed further below) and committed to impose a mill levy annually that does not exceed the Service Plan limits for a debt mill levy, to repay Bonds to be issued by the CAB in a principal amount that does not exceed \$330,000,000 (the Pledge Obligation).

The District's pledges under the 2016 Capital Pledge Agreement and the 2020 Capital Pledge Agreement reduce the District's debt authorization by the amount of the Series 2016 Bonds and the Series 2020 Bonds. Under the 2020 Capital Pledge Agreement with the

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 LONG TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

CAB, the District agreed to pledge certain revenues to the CAB pursuant to the intergovernmental agreement provisions of Sections 29-1-203 and -203.5, C.R.S., as described in the 2020 Capital Pledge Agreement.

The Pledge Obligation may be used by the CAB to repay bonds the CAB has issued or will issue, including without limitation as set forth, the CAB's \$24,592,000 Subordinate Special Revenue Bonds, Series 2020A and its \$8,935,000 Junior Subordinate Special Revenue Draw-Down Bonds, Series 2020B, and future bond issuances by the CAB.

At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Debt Authorized	Pledged Under Series 2012 Bonds	Pledged Under Series 2016 Bonds	Pledged Under Series 2020 Bonds	Authorized But Unissued
Streets	\$ 990,000,000	\$ -	\$ -	\$ -	\$ 990,000,000
Water	990,000,000	3,695,000	2,671,000	-	983,634,000
Sanitation	990,000,000	145,000	-	-	989,855,000
Parks and Recreation	990,000,000	-	-	-	990,000,000
Traffic & Safety	990,000,000	-	-	-	990,000,000
Mosquito Control	990,000,000	-	-	-	990,000,000
Public Transportation	990,000,000	-	-	-	990,000,000
Fire Protection	990,000,000	-	-	-	990,000,000
Television Relay and Translation	990,000,000	-	-	-	990,000,000
Security Service	330,000,000	-	-	-	330,000,000
Operations and Maintenance	150,000,000	310,000	-	-	149,690,000
Debt Refunding	990,000,000	-	3,743,000	-	986,257,000
Intergovernmental Agreements	990,000,000	-	-	213,179,000	776,821,000
Total	<u>\$ 11,370,000,000</u>	<u>\$ 4,150,000</u>	<u>\$ 6,414,000</u>	<u>\$ 213,179,000</u>	<u>\$ 11,146,257,000</u>

NOTE 4 RELATED PARTY

Certain members of the Board of Directors are employees, owners or are otherwise associated with Pioneer Holdco, LLC and/or Greenleaf Acres LLC (the Property Owners) and/or Gateway American Resources, LLC (the Developer). The Property Owners and the Developer may have conflicts of interest in dealing with the District.

NOTE 5 AGREEMENTS

Pioneer Community Authority Board Establishment Agreement (CABEA)

On August 26, 2020, the District's Board of Directors voted in favor of the District entering into the CABEA pursuant to which the District, Pioneer Metropolitan District No. 1, Pioneer Metropolitan District No. 2, Pioneer Metropolitan District No. 3, Pioneer Metropolitan District No. 4, Pioneer Metropolitan District No. 6 and Pioneer Regional Metropolitan District (collectively, the "CAB Districts") established the CAB. The CABEA, effective August 26, 2020, was amended and restated on September 30, 2020, pursuant to the Amended and Restated Pioneer Community Authority Board Establishment Agreement, as the same

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 AGREEMENTS (CONTINUED)

Pioneer Community Authority Board Establishment Agreement (CABEA) (Continued)

may be amended from time to time. Pursuant to the CABEA, the CAB will furnish, operate, and plan for the Public Improvements and each of the CAB Districts shall transfer certain revenues received by it in order to fund the operation and maintenance costs and capital costs of the Public Improvements. Each of the CAB Districts has agreed, and their Service Plans authorize, that the CAB will own, operate, maintain, finance, and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.

Memorandum of Understanding, dated November 12, 2008 (as amended March 26, 2012)

As contemplated by the Service Plan, Pioneer Regional Metropolitan District (Pioneer Regional) was designated as the "Service District" and Pioneer Metropolitan District Nos. 1 through 6, inclusive, were designated as the "Financing Districts." The Service Plans for the Service District and each of the Financing Districts provided that the Service District and the Financing Districts would enter into a Facilities Funding Construction and Operations Agreement (the FFCO) in order to establish the rights and obligations of the Service District and Financing Districts to provide for the financing, construction, operation, and maintenance of certain public infrastructure required for the planned future development within the Districts (the Future Development). Prior to completing discussions on the terms of the FFCO, the Service District and the Financing Districts entered into a Memorandum of Understanding (the MOU) dated November 12, 2008 (as amended March 26, 2012), by and among Pioneer Metropolitan District Nos. 1 through 6 and Pioneer Regional, whereby the Financing Districts agreed to reimburse the Service District for certain expenses incurred by the Service District for the benefit of each of the Financing Districts.

Such expenses are those incurred by the Service District in connection with the organization and administration of the Financing Districts, and in the planning and designing of improvements to serve the Future Development (the Reimbursable Costs), as defined therein. The MOU was amended on March 26, 2012, to release the Districts from their obligations under the MOU and to allow the Districts to enter in to the 2012 FFCO (defined below) as contemplated by the Service Plans for the Districts. The amendment to the MOU, however, contemplates that the FFCO will be amended in the future to address the transition of any public improvements constructed thereunder, and any services provided by Pioneer Regional as the Service District. The MOU was terminated as of November 9, 2020.

Facilities Funding Construction and Operations Agreement

As anticipated by the amendment to the MOU as noted above, on March 26, 2012, the District entered into a Facilities Funding, Construction, and Operations Agreement with Pioneer Metropolitan District Nos. 2, 3, and 4, (the 2012 FFCO). Pursuant to the 2012 FFCO, District No. 3 is generally responsible for coordinating the financing, construction, ownership, operation and maintenance of public improvements, while District Nos. 2, 4, and 5, serving as the "Financing Districts." As such, these Districts are generally responsible for producing property tax and other revenue sufficient to pay the costs of operations and debt service expenses incurred for the purpose of providing such improvements and services.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 AGREEMENTS (CONTINUED)

Facilities Funding Construction and Operations Agreement (Continued)

In addition, District No. 3, in its capacity as the “Coordinating District” under the FFCO has agreed to pay the Reimbursable Costs.

The 2012 FFCO allows for a future amendment to include Pioneer Regional, District No. 1 and District No. 6 to ensure use of any public improvements constructed thereunder by Pioneer Regional, as the provider of services to end users within the Financing Districts, and the eventual transition to each of the Districts to provide services to its future residents and/or commercial users. The 2012 FFCOA was terminated as of November 9, 2020 as a result of the CAB Districts entering into the CABEA.

Pioneer Community Reimbursement IGA

In accordance with the MOU, Pioneer Regional incurred certain costs on behalf of the Financing Districts. Pursuant to the Intergovernmental Agreement Regarding Assignment of Reimbursement Obligations; Consent to Construction; and Collection of Regional Mill Levy dated as of March 26, 2012, between Pioneer Regional and the District (the Pioneer Community Reimbursement IGA), Pioneer Regional assigned to District No. 3 certain obligations it had with respect to the Reimbursement Obligations and Organizational and Service Costs (each, as defined therein). These obligations are collectively referred to therein as the “Pioneer Community Reimbursement Obligations.” Pioneer Regional has agreed to adjust the formula in determining its rates to be charged to end users in the Future Development in exchange for District No. 3 assuming the Pioneer Community Reimbursement Obligations.

Pioneer Regional is obligated to provide water and wastewater service to the future residents and commercial development of the Financing Districts. As noted above, in exchange for District No. 3’s assumption of the Pioneer Community Reimbursement Obligations, Pioneer Regional agreed that it would adjust the calculation considered in establishing its rate structure so that no charges are passed along that would have otherwise been assessed as a result of Pioneer Regional’s former obligations pursuant to the MOU. This is expected to result in a decrease in the tap fee rates ultimately payable for connection to water and wastewater systems for service.

Under the Pioneer Community Reimbursement IGA, Pioneer Regional agreed that it will not object to District No. 3’s construction of (or causing the construction of) future water and wastewater infrastructure that would otherwise be the responsibility of Pioneer Regional pursuant to its Service Plan. District No. 3 agreed to give Pioneer Regional advance written notice prior to constructing any water and wastewater improvements. In addition, pursuant to the First Amendment to the MOU and the Pioneer Community Reimbursement IGA, Pioneer Regional and District No. 3 will enter into an agreement prior to the connection of any resident to water or wastewater service to ensure Pioneer Regional has adequate access to such infrastructure to provide the services contemplated under its Service Plan and to establish an orderly transition of the use and ownership of the improvements to each of the Financing Districts.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 AGREEMENTS (CONTINUED)

Pioneer Community Reimbursement IGA (Continued)

Finally, each of the Districts will be obligated to impose a regional improvements mill levy (the Regional Mill Levy), the proceeds of which are to be remitted to Pioneer Regional to be used for the provision of regional water and wastewater improvements. Pursuant to the Pioneer Regional Community Reimbursement IGA, District No. 3 will cause each of the other Districts to impose the Regional Mill Levy and will collect and remit the revenue derived from such levy to Pioneer Regional. Pioneer Regional is to use such revenue for payment of its on-going operations expenses and certain reimbursement obligations that were retained by Pioneer Regional and not assigned to or assumed by District No. 3 and for any other purpose authorized by its Service Plan. District No. 3 did not make any payments related to this agreement during 2020.

The Pioneer Community Reimbursement IGA was amended by that certain First Amendment to Intergovernmental Agreement Regarding Assignment of Reimbursement Obligations; Consent to Construction; and Collection of Regional Mill levy dated May 28, 2013 (the First Amendment to Pioneer IGA). Pursuant to the First Amendment to Pioneer IGA, District No. 3 agreed to make funds available to Pioneer Regional for Pioneer Regional's implementation of the Program (defined below) adopted by the Board of Directors of Pioneer Regional. Pursuant to the First Amendment to Pioneer IGA, such funds may be used for payment of any incentive payments, water infrastructure, or water as may be necessary for Pioneer Regional's implementation of the Program. During 2020, District No. 3 made an incentive payment under the Program to Greenleaf Acres, LLC, in the amount of \$100,816. The Pioneer Community Reimbursement IGA was assigned to the CAB on August 26, 2020.

Agricultural Water Conservation Pilot Program

Pioneer Regional is intended to provide retail water and wastewater services within the Pioneer communities, including the service area of the District. A Planned Unit Development (PUD) was approved for the Pioneer Communities in 2013 which zoning document approved certain agricultural uses within the Pioneer Communities. Since Pioneer Regional will be providing water services, it determined that implementation of a water conservation program by the agricultural users within the Pioneer Communities will benefit all of the residents and inhabitants in the Pioneer Communities. In May 2013 the Board of Directors of Pioneer Regional adopted the Pioneer Regional Agricultural Water Conservation Pilot Program. The Program was created to promote and incentivize on-farm physical improvements, soils amendment, crop selection, irrigation management practices and water measurement that promote water conservation and increase crop density and yield ("Conservation Measures"). Pioneer Regional's goal is to ensure water is being used efficiently and that it is being put to beneficial use. Responsibility for the program was assigned to the CAB on September 21, 2020.

**PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 AGREEMENTS (CONTINUED)

Agricultural Water Conservation Pilot Program (Continued)

Under the Program, financial incentives are made available to farmers and ranchers (“Growers”) for a 12 year period beginning in 2013. In order to participate in the Program, a Grower must meet certain eligibility requirements, including, but not limited to actively farming or ranching within the Program Area a total of not less than 500 acres for commercial purposes only. In addition, the Conservation Measures to be implemented must be located within the taxing boundaries of one of the District Nos. 2 through 5. As noted above, the First Amendment to the Pioneer Community Reimbursement IGA was entered into between Pioneer Regional and District No. 3 to evidence District No. 3’s agreement to making funding available for the Program. At this time, one participation agreement under the Program has been executed, as described below. Responsibility for the program was assigned to the CAB on September 21, 2020.

Pioneer Regional Metropolitan District Participation Agreement Agricultural Water Conservation Pilot Program – Greenleaf Acres, LLC

On July 8, 2013, Pioneer Regional entered into its first participation agreement under the Program with Greenleaf Acres, LLC (Greenleaf) (the Greenleaf Participation Agreement). Pursuant to the Greenleaf Participation Agreement, Greenleaf has elected to participate in the Program with respect to 920 acres of its property. The term of the Greenleaf Participation Agreement is for 12 years. Greenleaf must make an annual election of the Conservation Measures it intends to implement in any particular growing season (the Plan). If Greenleaf fulfills its Plan in accordance with the Program requirements, Greenleaf will be entitled to certain incentive payments.

Pursuant to the First Amendment to the Pioneer Community Reimbursement IGA, District No. 3 is required to make an incentive payment to Greenleaf consisting of a combination of water delivery and/or cash, as set forth in the Greenleaf Participation Agreement. In the event the total assessed valuation of real property located within Pioneer Metropolitan District Nos. 2 through 5 decreases in any year from the total assessed valuation for collection year 2013, the Greenleaf Participation Agreement provides that District No. 3 has the right to decrease the amount of the incentive payment by an amount that is proportionate to the decrease in total assessed valuation.

The scheduled cash payment for 2020 was \$100,000. The total assessed valuation decreased by 29.87% from 2013 collection year to 2020 collection year. Accordingly, the cash payment due for 2020 was \$70,128. District No. 3 did not deliver 200 acre feet of water to Greenleaf in 2020 as described in Exhibit B of the Greenleaf Participation Agreement. The cash value of that water was \$30,688. The Greenleaf Participation Agreement was assigned to the CAB on September 21, 2020. Therefore, the CAB paid Greenleaf \$100,816 for its obligation.

PIONEER METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 7 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

On May 2, 2006, the electorate approved the removal of limitations imposed by the TABOR Amendment and any other law that purports to limit the District's revenue or expenditures, a \$10,000,000 annual property tax increase for operations, a \$330,000,000 annual property tax increase for intergovernmental agreements, and a \$330,000,000 annual property tax increase for regional improvements.

SUPPLEMENTARY INFORMATION

**PIONEER METROPOLITAN DISTRICT NO. 5
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 723,298	\$ 735,513	\$ 12,215
Specific Ownership Taxes	50,631	34,332	(16,299)
Interest Income	-	1,155	1,155
Other Income	36,071	-	(36,071)
Total Revenues	<u>810,000</u>	<u>771,000</u>	<u>(39,000)</u>
EXPENDITURES			
County Treasurer's Fees	10,849	10,867	(18)
Transfer to District No. 3	768,071	760,133	7,938
Contingency	31,080	-	31,080
Total Expenditures	<u>810,000</u>	<u>771,000</u>	<u>39,000</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PIONEER METROPOLITAN DISTRICT NO. 5
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Regional	Levied	Collected	
2015	5,328,110	10.000	50.000	5.000	346,327	346,143	99.95 %
2016	10,693,660	10.000	50.000	5.000	695,088	695,089	100.00
2017	28,552,010	10.000	50.000	5.000	1,855,881	1,855,881	100.00
2018	18,188,040	10.000	50.000	5.000	1,182,222	1,182,223	100.00
2019	17,460,060	10.000	50.000	5.000	1,134,904	1,133,782	99.90
2020	14,465,950	10.000	50.000	5.000	940,288	956,167	101.69
Estimated for the Year Ending December 31, 2021	\$ 8,698,370	10.000	50.000	5.000	\$ 565,395		

NOTE:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.