

**PIONEER HILLS METROPOLITAN
DISTRICT**

BASIC FINANCIAL STATEMENTS

December 31, 2020

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Pioneer Hills Metropolitan District
Arapahoe, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pioneer Hills Metropolitan 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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 the Pioneer Hills Metropolitan District, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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 individual fund schedule is fairly stated in all material respects in relation to the financial statements as a whole.

John Luthr & Associates, LLC

September 30, 2021

BASIC FINANCIAL STATEMENTS

PIONEER HILLS METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ -
Restricted Cash and Investments	91,603
Accounts Receivable	36,250
Property Taxes Receivable	436,619
Prepaid Expenses	2,028
Capital Assets, depreciated, net of accumulated depreciation	<u>2,338,367</u>
 TOTAL ASSETS	 <u>2,904,867</u>
LIABILITIES	
Accounts Payable	5,532
Noncurrent Liabilities	
Due within One Year	150,000
Due in more than One Year	<u>3,310,000</u>
 TOTAL LIABILITIES	 <u>3,465,532</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>436,619</u>
NET POSITION	
Net Investment in Capital Assets	(1,121,633)
Restricted for Emergencies	10,000
Restricted for Debt Service	129,756
Unrestricted	<u>(15,407)</u>
 TOTAL NET POSITION	 <u>\$ (997,284)</u>

The accompanying notes are an integral part of the financial statements.

PIONEER HILLS METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 29,813	\$ -	\$ (29,813)
Interest on Long-Term Debt	<u>127,526</u>	<u>-</u>	<u>(127,526)</u>
Total Governmental Activities	<u>\$ 157,339</u>	<u>\$ -</u>	(157,339)
GENERAL REVENUES			
Taxes			333,675
Interest			<u>106</u>
TOTAL GENERAL REVENUES			<u>333,781</u>
CHANGE IN NET POSITION			176,442
NET POSITION, Beginning			<u>(1,173,726)</u>
NET POSITION, Ending			<u>\$ (997,284)</u>

The accompanying notes are an integral part of the financial statements.

PIONEER HILLS METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2020

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ -	\$ -	\$ -
Restricted Cash and Investments	-	91,603	91,603
Accounts Receivable	30,305	5,945	36,250
Property Taxes Receivable	175,900	260,719	436,619
Due from Other Funds		32,208	32,208
Prepaid Expenses	2,028	-	2,028
TOTAL ASSETS	<u><u>\$ 208,233</u></u>	<u><u>\$ 390,475</u></u>	<u><u>\$ 598,708</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 5,532	\$ -	\$ 5,532
Due from Other Funds	32,208	-	32,208
TOTAL LIABILITIES	<u>37,740</u>	<u>-</u>	<u>37,740</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	<u>175,900</u>	<u>260,719</u>	<u>436,619</u>
 FUND EQUITY			
Fund Balance			
Nonspendable	2,028	-	2,028
Restricted for Emergencies	10,000	-	10,000
Restricted for Debt Service	-	129,756	129,756
Unassigned	(17,435)	-	(17,435)
TOTAL FUND EQUITY	<u>(5,407)</u>	<u>129,756</u>	<u>124,349</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
	<u><u>\$ 208,233</u></u>	<u><u>\$ 390,475</u></u>	
 Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			2,338,367
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are the bonds payable.			<u>(3,460,000)</u>
Net position of governmental activities			<u><u>\$ (997,284)</u></u>

The accompanying notes are an integral part of the financial statements.

PIONEER HILLS METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
REVENUES			
Property Taxes	\$ 17,727	\$ 293,860	\$ 311,587
Specific Ownership Taxes	1,259	20,829	22,088
Interest	106	-	106
	<u>19,092</u>	<u>314,689</u>	<u>333,781</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	25,405	4,408	29,813
Debt Service			
Principal	-	140,248	140,248
Interest	-	127,526	127,526
	<u>25,405</u>	<u>272,182</u>	<u>297,587</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(6,313)	42,507	36,194
FUND BALANCES, Beginning	<u>906</u>	<u>87,249</u>	<u>88,155</u>
FUND BALANCES, Ending	<u>\$ (5,407)</u>	<u>\$ 129,756</u>	<u>\$ 124,349</u>

The accompanying notes are an integral part of the financial statements.

PIONEER HILLS METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 36,194
Repayment of long-term debt principal and proceeds from borrowing are recorded as expenditures and revenues in the governmental funds, but the repayment reduces or increases long-term liabilities in the statement of net position. This is the principal payments for the year.	<u>140,248</u>
Change in Net Position of Governmental Activities	<u>\$ 176,442</u>

The accompanying notes are an integral part of the financial statements.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pioneer Hills Metropolitan District (the “District”), a quasi-municipal corporation, was organized on July 25, 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in the City of Aurora, Arapahoe County, Colorado. The District was established to provide for street lighting, safety protection, traffic safety controls, utilities and transportation.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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*.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the accumulation of resources to service the debt of the District.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has not been recorded as the assets will be transferred to other governmental entities.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At December 31, 2020, the District reports nonspendable fund balance in the form of prepaid expenses.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified the balance of the Debt Service Fund and restricted as its use is restricted for the repayment of long-term debt.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2020.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

Legal Compliance

The actual expenses of the General Fund exceeded the budgeted amount by \$1,659. This may be a violation of State statute.

NOTE 3: CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2020 follows:

Deposits	<u>\$ 91,603</u>
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PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2020, the District had deposits with financial institutions with a carrying amount of \$91,603. The bank balances with the financial institutions were \$95,103. These balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The District had no investments at December 31, 2020.

Restricted Cash

At December 31, 2020, the District had \$91,603 in a bond reserve fund for debt service.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020, is summarized below:

	Balances <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/20</u>
Governmental Activities				
Capital Assets, not depreciated Improvements	\$ 2,338,367	\$ -	\$ -	\$ 2,338,367

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balance <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/20</u>	Due In <u>One Year</u>
2017 GO Limited Tax Bonds	\$ 3,495,000	\$ -	\$ 35,000	\$ 3,460,000	\$ 150,000
B Interest Coupons	<u>105,248</u>	<u>-</u>	<u>105,248</u>	<u>-</u>	<u>-</u>
Total	\$ 3,600,248	\$ 85,609	\$ 140,248	\$ 3,460,000	\$ 150,000

Series 2017 GO Limited Tax General Obligation Refunding Bonds

In November 29, 2017, the District issued its Series 2017 Limited Tax General Obligation Refunding Bonds (“Series 2017 Bonds”) in the amount of \$3,495,000 to fully refund the 2006 Bonds. Principal payments are due annually on December 1 and interest payments are due semi-annually on December 1 and June 1, through December 1, 2036. Interest accrues at 6.00%.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT(Continued)

Future debt service requirements are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 150,000	\$ 116,948	\$ 266,948
2022	155,000	111,878	266,878
2023	165,000	106,639	271,639
2024	170,000	101,062	271,062
2025	175,000	95,316	270,316
2026 - 2030	970,000	383,968	1,353,968
2031 - 2035	1,155,000	207,532	1,362,532
2036 - 2037	<u>520,000</u>	<u>26,533</u>	<u>546,533</u>
Total	<u>\$ 3,460,000</u>	<u>\$ 1,149,876</u>	<u>\$ 4,609,876</u>

Authorized Debt

The District is limited in the amount of indebtedness pursuant to its service plan to \$3,500,000 and has remaining authorized but unissued debt of \$5,000

NOTE 6: RELATED PARTIES

All directors are homeowners/residents of the District. No management fees were paid to the Developer during 2020. The District paid management fees to Pinnacle Consulting Group, Inc. beginning in September of 2020 and intends to pay management fees in the future.

NOTE 7: 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) as of December 31, 2020. 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 the past three years.

PIONEER HILLS METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: RISK MANAGEMENT (Continued)

The District pays annual premiums to the Pool for liability, property, and public officials' 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 Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8: COMMITMENTS AND CONTINGENCIES

ARI Mill Levy

The District is required by the Service Plan and the City IGA to impose a mill levy for ARI, which is defined in the Service Plan and the City IGA as the "ARI Mill Levy", which is to be imposed as follows: (i) for the first 20 years, one (1.000) mill; (ii) for the next 20 years, five (5.000) mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct non-regional improvements.. The ARI Mill Levy does not constitute a portion of the Pledged Revenue and is not pledged to the payment of the Bonds.

TABOR Amendment

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2020, the emergency reserve of \$10,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTAL INFORMATION

PIONEER HILLS METROPLITAN DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE Positive (Negative)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Property Taxes	\$ 17,760	\$ 17,760	\$ 17,727	\$ (33)
Specific Ownership	5,986	5,986	1,259	(4,727)
Interest	-	-	106	106
TOTAL REVENUES	<u>23,746</u>	<u>23,746</u>	<u>19,092</u>	<u>(4,654)</u>
EXPENDITURES				
Current				
General Government				
Accounting and Administration	5,451	5,451	6,031	(580)
Insurance	2,500	2,500	-	2,500
Legal Expenses	6,683	6,683	19,108	(12,425)
Treasurer's Fees	266	266	266	-
Other	8,846	8,846	-	8,846
TOTAL EXPENDITURES	<u>23,746</u>	<u>23,746</u>	<u>25,405</u>	<u>(1,659)</u>
NET CHANGE IN FUND BALANCE	-	-	(6,313)	(6,313)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>906</u>	<u>906</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,407)</u>	<u>\$ (5,407)</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

PIONEER HILLS METROLITAN DISTRICT

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Property Taxes	\$ 293,930	\$ 293,860	\$ (70)
Specific Ownership Taxes	27,513	20,829	(6,684)
TOTAL REVENUES	321,443	314,689	(6,754)
EXPENDITURES			
Current			
General Government			
Fees	6,022	4,408	1,614
Debt Service			
Principal	140,248	140,248	-
Interest	127,883	127,526	357
TOTAL EXPENDITURES	274,153	272,182	1,971
NET CHANGE IN FUND BALANCE	47,290	42,507	(4,783)
FUND BALANCE, Beginning	85,302	87,249	(1,947)
FUND BALANCE, Ending	\$ 132,592	\$ 129,756	\$ (2,836)

See the accompanying independent auditors' report.