

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
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**YEAR ENDED DECEMBER 31, 2020**

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## Independent Auditor's Report

Board of Directors  
Littleton Village Metropolitan District No. 2  
Arapahoe County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Littleton Village Metropolitan District No. 2 (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 Littleton Village Metropolitan District No. 2 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.

The other information, as listed in the table of contents, has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

July 21, 2021

## **BASIC FINANCIAL STATEMENTS**

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 1,676,312
Receivable from County Treasurer	3,999
Due from Other Districts	787
PIF Receivable	4,846
Property Taxes Receivable	1,049,628
Total Assets	2,735,572
<b>LIABILITIES</b>	
Due to Other Districts	2,492
Accrued Interest on Bonds Payable	47,681
Noncurrent Liabilities:	
Due Within One Year	120,000
Due in More than One Year	19,104,619
Total Liabilities	19,274,792
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	1,049,628
Total Deferred Inflows of Resources	1,049,628
<b>NET POSITION</b>	
Restricted For:	
Debt Service	154,680
Unrestricted	(17,743,528)
Total Net Position	\$ (17,588,848)

See accompanying Notes to Basic Financial Statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 2,900	\$ -	\$ -	\$ -	\$ (2,900)
Intergovernmental	172,694	-	160,219	-	(12,475)
Interest and Related Costs on Long-Term Debt	1,243,804	-	-	-	(1,243,804)
Total Governmental Activities	\$ 1,419,398	\$ -	\$ 160,219	\$ -	(1,259,179)
<b>GENERAL REVENUES</b>					
Property Taxes					817,035
Specific Ownership Taxes					57,912
Public Improvement Fees					35,693
Net Investment Income					9,763
Total General Revenues					920,403
<b>CHANGE IN NET POSITION</b>					(338,776)
Net Position - Beginning of Year					(17,250,072)
<b>NET POSITION - END OF YEAR</b>					\$ (17,588,848)

See accompanying Notes to Basic Financial Statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments - Restricted	\$ -	\$ 1,676,312	\$ 1,676,312
Receivable from County Treasurer	800	3,199	3,999
Due from Other Districts	-	787	787
PIF Receivable	-	4,846	4,846
Property Taxes Receivable	209,914	839,714	1,049,628
Total Assets	\$ 210,714	\$ 2,524,858	\$ 2,735,572
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Other Districts	\$ 800	\$ 1,692	\$ 2,492
Total Liabilities	800	1,692	2,492
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	209,914	839,714	1,049,628
Total Deferred Inflows of Resources	209,914	839,714	1,049,628
<b>FUND BALANCES</b>			
Restricted For:			
Debt Service	-	1,683,452	1,683,452
Total Fund Balances	-	1,683,452	1,683,452
Total Liabilities and Fund Balances	\$ 210,714	\$ 2,524,858	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Bonds Payable - Series 2014A	(665,293)
Bonds Payable - Series 2014B	(914,350)
Bonds Payable - Series 2015	(10,613,701)
Bonds Payable - Series 2018B	(5,550,184)
Accrued Interest on Bonds Payable - Series 2014A	(130,939)
Accrued Interest on Bonds Payable - Series 2014B	(287,767)
Accrued Interest on Bonds Payable - Series 2015	(47,681)
Accrued Interest on Bonds Payable - Series 2018B	(1,062,385)
	(17,588,848)

Net Position of Governmental Activities

\$ (17,588,848)

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 163,398	\$ 653,637	\$ 817,035
Specific Ownership Taxes	11,582	46,330	57,912
Net Investment Income	166	9,597	9,763
Public Improvement Fees	-	35,693	35,693
Transfer from Other Districts	-	160,219	160,219
Total Revenues	<u>175,146</u>	<u>905,476</u>	<u>1,080,622</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,452	9,809	12,261
Transfer to Other Districts	172,694	-	172,694
Bond Interest - Series 2015	-	578,350	578,350
Bond Principal - Series 2015	-	115,000	115,000
Paying Agent Fees	-	4,100	4,100
PIF Collection	-	2,855	2,855
Dog Park Restoration	-	448	448
Total Expenditures	<u>175,146</u>	<u>710,562</u>	<u>885,708</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	194,914	194,914
Fund Balances - Beginning of Year	<u>-</u>	<u>1,488,538</u>	<u>1,488,538</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,683,452</u></u>	<u><u>\$ 1,683,452</u></u>

See accompanying Notes to Basic Financial Statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$	194,914
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Bond Principal Payment - Series 2015		115,000
Bond Discount Amortization - Series 2015		(1,826)
Bond Discount Amortization - Series 2018B		(9,720)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Obligations - Change in Liability		<u>(637,144)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(338,776)</u></u>
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**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
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)
<b>REVENUES</b>			
Property Taxes	\$ 163,434	\$ 163,398	\$ (36)
Specific Ownership Taxes	9,806	11,582	1,776
Net Investment Income	100	166	66
Other Revenue	5,000	-	(5,000)
Total Revenues	<u>178,340</u>	<u>175,146</u>	<u>(3,194)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,452	2,452	-
Transfer to Other Districts	170,888	172,694	(1,806)
Contingency	5,000	-	5,000
Total Expenditures	<u>178,340</u>	<u>175,146</u>	<u>3,194</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Littleton Village Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, which was organized by order and decree of the District Court for Court for Arapahoe County on February 18, 2014. The District, along with Littleton Village Metropolitan District No. 3 operate as Financing Districts together with Littleton Village Metropolitan District No. 1, which serves as the Coordinating District in a triple district structure (collectively, all three districts are referred to as the Districts). The District and District No. 3 provide for the funding of infrastructure improvements being administered by District No. 1. The Districts undertake their functions pursuant to an Amended and Restated Consolidated Service Plan (the Service Plan) dated September 3, 2013. The service area of the Districts is located entirely within the City of Littleton, Arapahoe County, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements, including water, sanitation, streets, safety protection, storm drainage, covenant enforcement and design review services, and parks and recreation facilities.

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. On November 24, 2020, the Districts entered into intergovernmental agreements for the separation (see Note 6 – Agreements).

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 property taxes and intergovernmental revenues.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**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 net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

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 the 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 source of revenue susceptible to accrual is operations fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that WIP Littleton Village LLC (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.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**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 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.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank or investment account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**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 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**Amortization**

**Bond Discount**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 expenditures.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, *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.

**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.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

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.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	<u>\$ 1,676,312</u>
Total Cash and Investments	<u><u>\$ 1,676,312</u></u>

Cash and investments as of December 31, 2020, consist of the following:

Investments	<u>\$ 1,676,312</u>
Total Cash and Investments	<u><u>\$ 1,676,312</u></u>

**Deposits with Financial Institutions**

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District had no cash deposits.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 1,676,311
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	1
Total		<u>\$ 1,676,312</u>

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value determined by amortized cost method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
<b>Bonds Payable:</b>					
Limited Tax G.O. and Special Revenue Bonds, Series 2015	\$ 10,760,000	\$ -	\$ 115,000	\$ 10,645,000	\$ 120,000
Bond Issue Discount - Series 2015	(33,125)	-	(1,826)	(31,299)	-
Subordinate Limited Tax G.O. and Special Revenue Refunding, Bonds Series 2018B	5,700,000	-	-	5,700,000	-
Bond Issue Discount - Series 2018B	(159,536)	-	(9,720)	(149,816)	-
Accrued Interest on Subordinate Limited Tax G.O. and Special Revenue Bonds, Series 2018B	572,752	489,633	-	1,062,385	-
Subtotal of Bonds Payable	<u>16,840,091</u>	<u>489,633</u>	<u>103,454</u>	<u>17,226,270</u>	<u>120,000</u>
<b>Bonds From Direct Borrowings and Direct Placements:</b>					
Subordinate Special Revenue Bonds, Series 2014A	665,293	-	-	665,293	-
Subordinate Special Revenue Bonds, Series 2014B	914,350	-	-	914,350	-
Accrued Interest on Subordinate Special Rev Bonds, Series 2014A	71,959	58,980	-	130,939	-
Accrued Interest on Subordinate Special Rev Bonds, Series 2014B	198,721	89,046	-	287,767	-
Subtotal of Bonds From Direct Borrowings and Direct Placements	<u>1,850,323</u>	<u>148,026</u>	<u>-</u>	<u>1,998,349</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 18,690,414</u>	<u>\$ 637,659</u>	<u>\$ 103,454</u>	<u>\$ 19,224,619</u>	<u>\$ 120,000</u>

The detail of the District's long-term obligation is as follows:

**Limited Tax General Obligation and Special Revenue Bonds, Series 2015**

On December 17, 2015, the District issued Limited Tax General Obligation and Special Revenue Bonds, Series 2015, in the amount of \$10,830,000. The proceeds from the sale of the Series 2015 Senior Bonds are used for the purposes of (i) refunding a portion of the District's currently outstanding Subordinate Special Revenue Bond, Series 2014A; (ii) providing capitalized interest for the Series 2015 Senior Bonds; (iii) funding a Reserve Fund securing the Series 2015 Senior Bonds; and, (iv) paying costs of issuance of the Series 2015 Senior Bonds. The Series 2015 Senior Bonds bear interest at 5.375%, payable semi-annually on June 1 and December 1, beginning on June 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2019. The Series 2015 Senior Bonds mature on December 1, 2045, and are subject to optional redemption as described in the Indenture.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Bonds, Series 2015 (Continued)**

The Series 2015 Senior Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy (for the District and District No. 3 according to the Capital Pledge Agreement) net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, Pledged PIF revenues, payments in lieu of taxes (PILOT revenues) (if any), and any other legally available moneys of the District which the District deposits with the Trustee for application as Pledged Revenue. The Series 2015 Senior Bonds are also secured by amounts held in the Reserve Fund and amounts accumulated in the Surplus Fund, if any. In accordance with the Indenture, amounts on deposit in the Surplus Fund are to be released to the District when the Series 2015 Senior Bonds are defeased or paid in full.

Pledged Revenue that is not needed to pay debt service on the Series 2015 Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of 10% of par value of the Series 2015 Senior Bonds. Under the Indenture, the Surplus Fund is terminated upon defeasance or payment in full of the Series 2015 Senior Bonds. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Required Mill Levy.

The Series 2015 Senior Bonds principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 120,000	\$ 572,169	\$ 692,169
2022	140,000	565,718	705,718
2023	150,000	558,194	708,194
2024	170,000	550,131	720,131
2025	180,000	540,994	720,994
2026-2030	1,205,000	2,537,806	3,742,806
2031-2035	1,770,000	2,156,719	3,926,719
2036-2040	2,525,000	1,604,439	4,129,439
2041-2045	4,385,000	825,868	5,210,868
Total	<u>\$ 10,645,000</u>	<u>\$ 9,912,038</u>	<u>\$ 20,557,038</u>

**Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2018B**

On September 6, 2018, the District issued Subordinate Limited Tax General Obligation and Special Revenue Bonds, (Series 2018B Bonds), in the amount of \$5,700,000. Proceeds from the sale of the Series 2018B Bonds were used for the purposes of (i) refunding a portion of the 2014A Bonds and (ii) paying costs in connection with the issuance of the Series 2018B Bonds.

The Series 2018B Bonds were issued at the rate of 7.625% per annum and payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue, subject to limitations of the Indenture, and mature on December 15, 2028. Unpaid interest on the Series 2018B Bonds compounds annually on each December 15 at the rate then borne by the Series 2018B Bonds. In the event any amount due and owing on the Series 2018B Bonds remains outstanding on December 15, 2055, such amount shall be deemed discharged and no longer be due and outstanding.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2018B (Continued)**

The Series 2018B Bonds are secured by and payable solely from Subordinate Pledged Revenue, which is that portion of Pledged Revenue available after application of the Pledged Revenue to the payment of Series 2015 Senior Bonds.

The Indenture requires that, so long as any Series 2015 Senior Bonds are outstanding, the District must transfer all Pledged Revenue to the Senior Obligation Trustee for the payment of Senior Obligations. Any Pledged Revenue not needed to pay Series 2015 Senior Bonds, or to replenish the Reserve Fund or fund the Surplus Fund, are required to be deposited in the Subordinate Bond Fund and be applied to the payment of the Subordinate Bonds. When the Series 2015 Senior Bonds are no longer outstanding, the District is required to deposit all Pledged Revenue with the Trustee for the payment of the Subordinate Bonds.

The Series 2018B Bonds constitute Subordinate Obligations under the 2015 Senior Indenture, and the Series 2015 Senior Bonds constitute Senior Obligations under the Indenture. The moneys constituting the Subordinate Pledged Revenue, which are pledged to the payment of the Series 2018B Bonds, are derived from the same sources of revenues as the moneys pledged to the payment of the 2015 Senior Indenture to pay the Series 2015 Senior Bonds, and the lien thereon is junior and subordinate in all respects to the lien of the Series 2015 Senior Bonds and any other Senior Obligations which may be issued by the District in the future.

Principal and interest payments will be made as cash flow is available.

**Series 2014 Special Revenue Bonds**

On June 4, 2014, the District authorized the issuance of Special Revenue Bonds, Series 2014A (the Bonds) in the aggregate principal amount of up to \$12,165,000. The principal amount of the Bonds deemed issued from time to time shall equal the amount of Acknowledged Advances made under the Construction Funding Loan Agreement pursuant to which the WIP Littleton Village, LLC (the Developer) advances the funds to cover capital costs and such advances are converted to bond proceeds through the process of Bond Counsel issuing an opinion on each Acknowledged Advance. The principal balance of the Bonds shall bear interest at the rate of 8.00% per annum and any interest not paid when due compounds annually at such rate, payable semi-annually on each June 15 and December 15, commencing June 15, 2015, and shall mature on December 15, 2044. To the extent interest on the Bonds is not paid when due, such interest shall compound annually, on each December 15. To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until paid. The District also issued Taxable Subordinate Special Revenue Bonds, Series 2014B (the Subordinate Bonds) in the authorized principal amount of up to \$3,335,000, in order to provide for the repayment of Acknowledged Advances in excess of \$12,165,000. The Subordinate Bonds shall bear the same interest rate of 8.00% and to be payable only after the payment in full of the Bonds. Both Series 2014A and 2014B Bonds are subordinate to Series 2015 and Series 2018 Bonds.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2014 Special Revenue Bonds (Continued)**

The Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by the District from the following sources, net of collection costs: 1) property tax revenues, 2) specific ownership tax revenues, 3) privately imposed public improvement fees (PIF revenues), and 4) any other legally available monies which the District determines to credit to the Bond Fund. Pledged Revenue for the repayment on the Bonds also includes revenues resulting from District No. 3's imposition of the District No. 3 Required Mill Levy.

The Bonds shall be subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Bonds are subject to mandatory redemption in part on December 15 of each year, commencing December 15, 2015 to the extent of monies on deposit.

Due to the unknown timing of bond proceeds, debt amortization schedules from the District's Special Revenue Bonds, Series 2014A, and Taxable Subordinate Special Revenue Bonds, Series 2014B are not available. Principal and interest payments will be made as cash flow is available.

The Series 2014A Bonds were partially refunded by the Series 2015 Bonds and the Series 2018B Bonds, as described in the following section. The Series 2014B Bonds were partially discharged by a contribution from the Developer during the issuance of the Series 2018B Bonds.

**Authorized Debt**

On November 5, 2013, the District's voters authorized total indebtedness of \$520,000,000 for construction of public improvements and operating and maintenance expenditures and debt refunding. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 5, 2013	Authorization Used Series 2014A	Authorization Used Series 2014B	Authorization Used Series 2015	Authorization Used Series 2018	Authorized But Unissued
Streets	\$ 40,000,000	\$ 10,091,601	\$ 1,318,760	\$ -	\$ -	\$ 28,589,639
Water	40,000,000	1,609,323	429,380	-	-	37,961,297
Sanitation	40,000,000	464,076	636,837	-	-	38,899,087
Parks and Recreation	40,000,000	-	-	-	-	40,000,000
Public Transportation	40,000,000	-	-	-	-	40,000,000
Television Relay	40,000,000	-	-	-	-	40,000,000
Mosquito Control	40,000,000	-	-	-	-	40,000,000
Security Services	40,000,000	-	-	-	-	40,000,000
Traffic and Safety	40,000,000	-	-	-	-	40,000,000
Fire Protection	40,000,000	-	-	-	-	40,000,000
Operations and Maintenance	40,000,000	-	-	-	-	40,000,000
Refundings	40,000,000	-	-	-	5,700,000	34,300,000
Intergovernmental Agreements	40,000,000	-	-	10,830,000	-	29,170,000
Total	<u>\$ 520,000,000</u>	<u>\$ 12,165,000</u>	<u>\$ 2,384,977</u>	<u>\$ 10,830,000</u>	<u>\$ 5,700,000</u>	<u>\$ 488,920,023</u>

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt (Continued)**

Pursuant to the Service Plan, the District, jointly with District Nos. 1 and 3, are permitted to issue bond indebtedness of up to \$40,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

The restricted component of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2020, as follows:

Restricted Net Position:

Debt Service	\$ 154,680
Total Restricted Net Position	<u>\$ 154,680</u>

The unrestricted component of net position is the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investments in capital assets or the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvement, a portion of which have been conveyed and/or will be conveyed to other governmental entities.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Amended and Restated Funding and Reimbursement Agreement (Operations and Maintenance)**

District No. 1 entered into a Funding and Reimbursement Agreement (Capital and Operations Maintenance) with the Developer dated as of October 31, 2013 (the Prior Funding Agreement). Pursuant to the Prior Funding Agreement, the Developer agreed to loan up to \$750,000 to District No. 1 in one or in a series of installments through December 31, 2014, to be used for costs including capital needs as well as operations and maintenance requirements. District No. 1 was to determine from time to time (but not more often than monthly) the amount required to fund budgeted expenditures of District No. 1, and was to notify the Developer of the required amount at least ten (10) days prior to the beginning of each month, and the Developer was obligated to fund such required amounts by the beginning of the next month. Simple interest accrued on amounts advanced at the rate of 8% per annum calculated from the date of each advance. District No. 1 intended to reimburse the Developer for amounts advanced from bond proceeds, ad valorem taxes, fees or other legally available revenues, net of any debt service or current operations and maintenance costs. The term for repayment was 20 years from the date of the Prior Funding Agreement, unless otherwise agreed.

On December 4, 2015, the Prior Funding Agreement was amended, restated and superseded by the Funding and Reimbursement Agreement (Operations and Maintenance) (the Amended and Restated Funding Agreement), pursuant to which the Developer has agreed to loan funds to District No. 1 in an amount up to \$100,000 per year for five years through December 31, 2020, which funds are to be loaned to District No. 1 solely for operations and maintenance costs. Funds advanced by the Developer to District No. 1 for operations and maintenance costs under the Prior Funding Agreement are to be reimbursed to the Developer pursuant to the terms of the Amended and Restated Funding Agreement. The District and Littleton Village Metropolitan District No. 3 both acknowledged the Amended and Restated Funding Agreement, stating that each were obligated to provide revenues from the properties within the boundaries of each respective district to fund the obligation to reimburse the Developer for advances made to District No. 1 under the Amended and Restated Funding Agreement.

Pursuant to the Construction Funding Loan Agreement (described below), the capital component of Developer advances in the amount of \$767,889 made under the Prior Funding Agreement have been recorded as part of the principal amount of the 2014 Bonds issued by the District, and there is no further obligation of the Developer to fund capital costs under the Amended and Restated Funding Agreement, but rather future funding obligations of the Developer under the Amended and Restated Funding Agreement are limited to operations and maintenance costs, with capital costs funding being handled through the Construction Funding Loan Agreement.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Construction Funding Loan Agreement**

The District, together with District Nos. 1 and 3, entered into a Construction Funding Loan Agreement with the Developer dated as of June 6, 2014 (the Construction Funding Loan Agreement), whereby the Developer agreed to advance funds to District No. 1 for capital costs of public infrastructure being constructed by District No. 1. Additionally, the parties also agreed that any amounts funded for capital costs under the Prior Funding Agreement, prior to the date of the Construction Funding Loan Agreement, would be recognized as advances under the Construction Funding Loan Agreement and not the Prior Funding Agreement.

The Construction Funding Loan Agreement was amended by a First Amendment on January 27, 2015, a Second Amendment on December 2, 2015, a Third Amendment on November 22, 2016, a Fourth Amendment on May 23, 2017, and a Fifth Amendment on August 14, 2018. Pursuant to the Construction Funding Loan Agreement, as amended, the Developer agreed to make advances in one or more installments in the maximum loan amount of \$17,000,000 through June 1, 2018. A Sixth Amendment was executed on July 17, 2019 to extend the loan obligation period beyond June 1, 2018 to acknowledge and include advances totaling \$112,517 received from the Developer.

On December 17, 2015, the District issued Limited Tax General Obligation and Special Revenue Bonds, Series 2015, in the amount of \$10,830,000 (of the \$12,165,000 issued for Series 2014A, \$7,402,533 was refunded using the proceeds from Series 2015). On September 6, 2018, the District issued Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2018B, in the amount of \$5,700,000 to refund a portion of the Series 2014A and \$2,200,000 to the Series 2014B was forgiven by the Developer. As of December 31, 2020, the Series 2014A and Series 2014B had principal outstanding balances of \$665,293 and \$914,350, respectively.

**Capital Pledge Agreement**

On June 6, 2014, the District entered into a Capital Pledge Agreement with District No. 3, by which District No. 3 agreed to impose a mill levy against property within District No. 3, to be pledged to the payment of the District's 2014 Special Revenue Bonds. The mill levy (Required Mill Levy) for debt service is 40 mills, subject to certain adjustments to account for changes in the calculation of assessed valuations as a matter of State law. The obligation to levy the Required Mill Levy continues until such time as the Series 2014 Special Revenue Bonds and certain other obligations specified in the Capital Pledge Agreement have been fully paid.

**Senior Capital Pledge Agreement**

On December 1, 2015, the District and District No. 3 (collectively, the Financing Districts) entered into the Senior Capital Pledge Agreement with UMB Bank, N.A. (the Trustee). District No. 3 agreed to impose the Required Mill Levy against property within its boundaries, specific ownership tax revenues available from the imposition of such mill levy, and any available PILOT revenues. These revenues are pledged to the payment of the Series 2015 Senior Bonds.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Senior Capital Pledge Agreement (Continued)**

The Senior Capital Pledge Agreement was amended by a First Amendment on September 1, 2018 for the purpose of correcting an omission of certain language pertaining to the permitted mill levy for Subordinate District No. 3 Obligations and modifying certain provisions that required that the 2014 Junior Lien Bonds to be paid in full prior to the application of any ad valorem property taxes of District No. 3 in order to facilitate the issuance of the Series 2018B Bonds.

**Subordinate Capital Pledge Agreement**

On September 1, 2018, the District and District No. 3 entered into the Subordinate Capital Pledge Agreement with UMB Bank, N.A. (the Trustee). The 2018 Subordinate Pledge Agreement constitutes a Subordinate District No. 3 obligation under the original Senior Capital Pledge Agreement. This requires that, so long any Series 2015 Senior Bonds are outstanding, the District must transfer all Pledged Revenue to the Senior Obligation Trustee for payment until there is no longer an outstanding obligation. Upon this, the District is required to deposit all Pledged Revenue for payment of the Subordinate Bonds.

**Termination of District Administrative Services Agreement**

The District, District No. 1, and District No. 3 entered into that certain District Administrative Services Agreement, dated April 24, 2014, with an effective date of February 20, 2014 (the Administrative Services Agreement), in order to coordinate the provision of administrative services and the provision, ownership, operation, and maintenance of public improvements. District No. 1 acted as the coordinating district under the Administrative Services Agreement, with the District and District No. 3 paying District No. 1 for all costs incurred by District No. 1 for the performance of the services provided by District No. 1 under the Administrative Services Agreement. The District, District No. 1, and District No. 3 determined it was in their best interests for each to be responsible for the provision of their own administrative services and for the ownership, operation, and maintenance of the public improvements within each of their boundaries. As such, the District, District No. 1, and District No. 3 terminated the Administrative Services Agreement by the approval and execution of that certain Termination of District Administrative Services Agreement, effective January 1, 2021.

**Cost Sharing and Reciprocal Easement Agreement**

As a result of the Termination of District Administrative Services Agreement, the District and District No. 3 each became responsible for the ownership, operation, and maintenance of public improvements within each of their boundaries. However, certain landscaping improvements within the District and District No. 3 are serviced by interconnected and shared irrigation systems. As such, the District and District No. 3 entered into that certain Cost Sharing and Reciprocal Easement Agreement, effective January 1, 2021 (the Cost Sharing Agreement), pursuant to which the District is responsible for the operation and maintenance of the landscaping and the irrigation system within both the District and District No. 3, with District No. 3 being obligated to reimburse District No. 2 for its share of the costs thereof, as more fully provided in the Cost Sharing Agreement.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Agreement Regarding Maintenance Fees**

As discussed in relation to the Termination of District Administrative Services Agreement and the Cost Sharing Agreement, the District is responsible for the ownership, operation and maintenance of the public improvements within its boundaries. Included in those public improvements are a central park area, a dog park, and other landscaped areas. The District imposes an operations and maintenance fee upon the residential properties within the boundaries of the District to fund the same. There are or will be residential units within District No. 3 which derive the same benefit from the operation and maintenance of such improvements in the same manner as the residents in the District. As such, the District and District No. 3 entered into that certain Agreement Regarding Maintenance Fees, effective January 1, 2021, pursuant to which District No. 3 has agreed to impose an operation and maintenance fee upon the residential units within its boundaries in the same amount and in the same manner as the District imposes such a fee on similar residential units within its boundaries, and then to remit the revenue from such fee to District No. 2.

**Allocation Agreement**

The District and District No. 3 entered into that certain Allocation Agreement, dated July 28, 2020 (the Allocation Agreement) in anticipation of the issuance of bonds by District No. 3. There is currently in place that certain Declaration of Covenants Imposing and Implementing Public Improvement Fee, recorded in the real property records of Arapahoe County, Colorado on June 5, 2014, at Reception Number D404245 (the PIF Covenant), pursuant to which a public improvement fee is charged on certain retail sales made within the boundaries of the District, District No. 1, and District No. 3. The revenue from such public improvement fees collected in accordance with the PIF Covenant is remitted to District No. 2 and is pledged to bonds previously issued by District No. 2. Pursuant to the Allocation Agreement, subject to certain conditions precedent to the issuance of bonds by District No. 3 and other conditions set forth therein, District No. 2 agrees to assign to District No. 3 certain excess revenue received by District No. 2 from the public improvement fee imposed under the PIF Covenant, which excess revenue can then be pledged to the District No. 3 bonds.

**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.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

The District pays annual premiums to the Pool for liability, property and public officials' liability 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 which 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.

On November 5, 2013, the District voters passed an election question to increase property taxes \$5,000,000 annually as adjusted for inflation, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue without regard to any limitations under TABOR.

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. As of December 31, 2020, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 1, the Operating District, which provides for the required reserve amount.

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.

## **SUPPLEMENTARY INFORMATION**

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
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)
<b>REVENUES</b>			
Property Taxes	\$ 653,781	\$ 653,637	\$ (144)
Specific Ownership Taxes	39,227	46,330	7,103
Net Investment Income	30,000	9,597	(20,403)
Public Improvement Fees	40,000	35,693	(4,307)
Transfer from Other Districts	169,605	160,219	(9,386)
Total Revenues	<u>932,613</u>	<u>905,476</u>	<u>(27,137)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	9,808	9,809	(1)
Contingency	5,242	-	5,242
Bond Interest - Series 2015	578,350	578,350	-
Bond Principal - Series 2015	115,000	115,000	-
Paying Agent Fees	5,600	4,100	1,500
PIF Collection	6,000	2,855	3,145
Dog Park Restoration	60,000	448	59,552
Total Expenditures	<u>780,000</u>	<u>710,562</u>	<u>69,438</u>
<b>NET CHANGE IN FUND BALANCES</b>	152,613	194,914	42,301
Fund Balances - Beginning of Year	<u>1,541,101</u>	<u>1,488,538</u>	<u>(52,563)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,693,714</u>	<u>\$ 1,683,452</u>	<u>\$ (10,262)</u>

## **OTHER INFORMATION**

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2020**

\$10,830,000

Limited Tax General Obligation and Special Revenue Bonds

Series 2015, Dated December 17, 2015

Interest Rate of 5.375%

Payable June 1 and December 1

Principal Due December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 120,000	\$ 572,169	\$ 692,169
2022	140,000	565,718	705,718
2023	150,000	558,194	708,194
2024	170,000	550,131	720,131
2025	180,000	540,994	720,994
2026	205,000	531,318	736,318
2027	215,000	520,300	735,300
2028	245,000	508,744	753,744
2029	255,000	495,575	750,575
2030	285,000	481,869	766,869
2031	300,000	466,550	766,550
2032	330,000	450,425	780,425
2033	350,000	432,688	782,688
2034	385,000	413,875	798,875
2035	405,000	393,181	798,181
2036	440,000	371,413	811,413
2037	465,000	347,763	812,763
2038	505,000	322,769	827,769
2039	535,000	295,625	830,625
2040	580,000	266,869	846,869
2041	610,000	235,693	845,693
2042	660,000	202,906	862,906
2043	695,000	167,431	862,431
2044	750,000	130,075	880,075
2045	1,670,000	89,763	1,759,763
Total	<u>\$ 10,645,000</u>	<u>\$ 9,912,038</u>	<u>\$ 20,557,038</u>

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2  
SUMMARY 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		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 1,783,725	10.000	40.000	\$ 89,186	\$ 89,172	99.98 %
2017	3,311,642	10.000	40.000	165,582	165,582	100.00
2018	8,932,645	11.055	44.222	493,769	493,770	100.00
2019	12,456,259	11.055	44.222	688,545	688,365	99.97
2020	14,681,486	11.132	44.531	817,215	817,035	99.98
Estimated for the Year Ending December 31, 2021	\$ 18,856,833	11.132	44.531	\$ 1,049,628		

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.