

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY
INFORMATION

YEAR ENDED DECEMBER 31, 2023

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
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YEAR ENDED DECEMBER 31, 2023

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

Independent Auditor's Report

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions 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. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Wipfli LLP
Denver, Colorado

February 13, 2025

BASIC FINANCIAL STATEMENTS

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Cash and Investments | \$ 640,301 |
| Cash and Investments - restricted | 127,773 |
| Accounts Receivable | 28,668 |
| Receivable County Treasurer | 5,031 |
| Due from Other Districts | 4,485 |
| PIF Receivable | 8,283 |
| Prepaid Expenses | 14,424 |
| Domestic Water Fee Receivable | 15,701 |
| Property Tax Receivable | 954,069 |
| Capital Assets, Net | 2,456,720 |
| Total Assets | 4,255,455 |
| Deferred Outflows of Resources | |
| Deferred Amounts on Refunding | 314,031 |
| Total Deferred Outflows of Resources | 314,031 |
| Liabilities | |
| Accounts Payable | 122,286 |
| Accrued Interest on Bonds Payable | 69,206 |
| Noncurrent Liabilities: | |
| Due Within One Year | 100,000 |
| Due in More than One Year | 18,485,393 |
| Total Liabilities | 18,776,885 |
| Deferred Inflows of Resources | |
| Deferred Property Tax Revenue | 954,069 |
| Total Deferred Inflows of Resources | 954,069 |
| Net Position | |
| Restricted: | |
| Emergency Reserves | 26,500 |
| Unrestricted | (15,187,968) |
| Total Net Position | \$ (15,161,468) |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

| Function/Program | Program Revenues | | | | Net Revenue (Expense) and Changes in Net Position |
|--|-------------------------|-----------------------------|---|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grans and Contributions | Governmental Activities |
| Governmental activities: | | | | | |
| General Government | \$ 815,989 | \$ 590,545 | \$ - | \$ - | \$ (225,444) |
| Intergovernmental | - | - | 167,250 | - | 167,250 |
| Interest and Related Costs on Long-Term Debt | 1,836,755 | - | - | - | (1,836,755) |
| Total Governmental Activities | \$ 2,652,744 | \$ 590,545 | \$ 167,250 | \$ - | \$ (1,894,949) |
| General Revenues: | | | | | |
| Property Taxes | | | | | \$ 1,185,630 |
| Specific Ownership Taxes | | | | | 77,689 |
| Public Improvement Fees | | | | | 49,264 |
| Net Investment Income | | | | | 159,614 |
| Total General Revenues | | | | | 1,472,197 |
| Change in Net Position | | | | | (422,752) |
| Net Position, Beginning of Year | | | | | (14,738,716) |
| Net position, End of Year | | | | | \$ (15,161,468) |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---------------------------------|------------------------------|---|
| Assets | | | | |
| Cash and investments | \$ 317,519 | \$ 322,782 | \$ - | \$ 640,301 |
| Cash and investments - restricted | 7,600 | 13,254 | 106,919 | 127,773 |
| Accounts receivable | - | 28,668 | - | 28,668 |
| Receivable county treasurer | 1,006 | - | 4,025 | 5,031 |
| Due from other districts | 4,485 | - | - | 4,485 |
| PIF receivable | - | 8,283 | - | 8,283 |
| Prepaid expenses | 1,170 | 13,254 | - | 14,424 |
| Domestic water fee receivable | - | 15,701 | - | 15,701 |
| Property tax receivable | 239,716 | - | 714,353 | 954,069 |
| Total assets | <u>571,496</u> | <u>401,942</u> | <u>825,297</u> | <u>1,798,735</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | 13,993 | 24,352 | 83,941 | 122,286 |
| Total liabilities | <u>13,993</u> | <u>24,352</u> | <u>83,941</u> | <u>122,286</u> |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | 239,716 | - | 714,353 | 954,069 |
| Total deferred inflows of resources | <u>239,716</u> | <u>-</u> | <u>714,353</u> | <u>954,069</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepays | 1,170 | 13,254 | - | 14,424 |
| Restricted: | | | | |
| Emergency reserves | 7,600 | 18,900 | - | 26,500 |
| Debt service | - | - | 27,003 | 27,003 |
| Committed: | | | | |
| Operations | - | 345,436 | - | 345,436 |
| Unassigned: | | | | |
| General government | 309,017 | - | - | 309,017 |
| Total fund balances | <u>317,787</u> | <u>377,590</u> | <u>27,003</u> | <u>722,380</u> |
| Total liabilities and fund balances | <u>\$ 571,496</u> | <u>\$ 401,942</u> | <u>\$ 825,297</u> | <u>\$ 1,798,735</u> |

See the accompanying notes to the basic financial statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

| | | |
|-----------------------------------|----|---------|
| Total Governmental Fund Balances: | \$ | 722,380 |
|-----------------------------------|----|---------|

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

| | | |
|---|--|---------|
| Deferred Amounts on Refunding - Series 2023 | | 314,031 |
|---|--|---------|

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets are capitalized and expensed over their estimated useful lives through depreciation expense.

| | | |
|---------------------|--|-----------|
| Capital Assets, Net | | 2,456,720 |
|---------------------|--|-----------|

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 governmental funds..

| | | |
|-----------------------------|--|--------------|
| Bonds Payable - Series 2023 | | (18,450,000) |
|-----------------------------|--|--------------|

| | | |
|---------------------------------|--|-----------|
| Bond Premium - Series 2023, Net | | (135,393) |
|---------------------------------|--|-----------|

| | | |
|---|--|----------|
| Accrued Interest on Bonds Payable - Series 2023 | | (69,206) |
|---|--|----------|

| | | |
|---|--|-------------------------------|
| Total Net Position of Governmental Activities | | <u><u>\$ (15,161,468)</u></u> |
|---|--|-------------------------------|

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------|------------------------|---------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 237,105 | \$ - | \$ 948,525 | \$ 1,185,630 |
| Specific ownership taxes | 15,536 | - | 62,153 | 77,689 |
| Net investment income | 90 | 36,419 | 123,105 | 159,614 |
| Maintenance fees | - | 527,506 | - | 527,506 |
| Domestic water fees | - | 53,701 | - | 53,701 |
| Administrative fees | - | 4,140 | - | 4,140 |
| Other revenues | - | 5,198 | - | 5,198 |
| Public improvement fees | - | - | 49,264 | 49,264 |
| Transfers from District No. 3 | - | - | 167,250 | 167,250 |
| Total revenues | <u>252,731</u> | <u>626,964</u> | <u>1,350,297</u> | <u>2,229,992</u> |
| Expenditures: | | | | |
| General and administrative: | | | | |
| Accounting and auditing | 74,669 | - | - | 74,669 |
| Bank fees | 126 | - | - | 126 |
| County treasurer's fees | 3,558 | - | 14,233 | 17,791 |
| District management | 51,666 | - | - | 51,666 |
| District No. 1 expenditures | 7,447 | - | - | 7,447 |
| Dues and licenses | 417 | - | - | 417 |
| Election expense | 2,130 | - | - | 2,130 |
| Legal | 49,230 | - | - | 49,230 |
| Miscellaneous | 1,905 | - | - | 1,905 |
| Operations: | | | | |
| Insurance and bonds | - | 12,976 | - | 12,976 |
| Snow removal | - | 46,240 | - | 46,240 |
| Trash | - | 47,554 | - | 47,554 |
| Electricity and utility inspections | - | 3,070 | - | 3,070 |
| Irrigation repairs | - | 11,468 | - | 11,468 |
| Pet waste removal | - | 9,206 | - | 9,206 |
| Property management | - | 23,939 | - | 23,939 |
| Billing services | - | 18,265 | - | 18,265 |
| Landscape maintenance | - | 90,146 | - | 90,146 |
| Landscape repairs | - | 77,099 | - | 77,099 |
| Irrigation water | - | 45,240 | - | 45,240 |
| Domestic water | - | 53,701 | - | 53,701 |
| Debt service: | | | | |
| Paying agent fees | - | - | 13,638 | 13,638 |
| PIF collection fees | - | - | 7,910 | 7,910 |
| Bond interest - Series 2015 | - | - | 558,194 | 558,194 |
| Bond interest - Series 2018B | - | - | - | - |
| Bond principal - Series 2015 | - | - | 150,000 | 150,000 |
| Bond issue costs - Series 2023 | - | - | 487,272 | 487,272 |
| Total expenditures | <u>191,148</u> | <u>438,904</u> | <u>1,231,247</u> | <u>1,861,299</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>61,583</u> | <u>188,060</u> | <u>119,050</u> | <u>368,693</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from bond issuance - Series 2023 | - | - | 18,450,000 | 18,450,000 |
| Bond premium - Series 2023 | - | - | 135,393 | 135,393 |
| Payments to refunding bond escrow | - | - | (20,650,787) | (20,650,787) |
| Net other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(2,065,394)</u> | <u>(2,065,394)</u> |
| Net change in fund balances | <u>61,583</u> | <u>188,060</u> | <u>(1,946,344)</u> | <u>(1,696,701)</u> |
| Fund Balances, Beginning of Year | <u>256,204</u> | <u>189,530</u> | <u>1,973,347</u> | <u>2,419,081</u> |
| Fund Balances, End of Year | <u>\$ 317,787</u> | <u>\$ 377,590</u> | <u>\$ 27,003</u> | <u>\$ 722,380</u> |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

| | |
|--|----------------|
| Net Change in Fund Balances - Governmental Funds | \$ (1,696,701) |
| <p>Governmental funds report capital outlay as expenditures. In the Statement of Activities the costs of those assets are allocated over the estimated useful lives of the assets and reported as depreciation expense.</p> | |
| Depreciation | (185,937) |
| <p>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.</p> | |
| Bond Principal - Series 2015 | 150,000 |
| Bond Discount Amortization - Series 2015 | (1,786) |
| Bond Discount Amortization - Series 2018B | (11,078) |
| Bond Issuance - Series 2023 | (18,450,000) |
| Bond Premium - Series 2023 | (135,393) |
| Refunding Payment - Series 2014A, Series 2014B, Series 2015, Series 2015B | 20,650,787 |
| <p>Certain expenditures in the Statement of Activities differs from the amount reported in governmental funds because some do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p> | |
| Accrued Interest on Bonds Payable - Change in Liability | (742,644) |
| Change in Net Position of Governmental Activities | \$ (422,752) |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
BUDGETARY BASIS

| | BUDGETED AMOUNTS | | | Variance Favorable (Unfavorable) |
|--|-------------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property taxes | \$ 237,107 | \$ 237,107 | \$ 237,105 | \$ (2) |
| Specific ownership taxes | 14,226 | 14,226 | 15,536 | 1,310 |
| Net investment income | 100 | 100 | 90 | (10) |
| Total revenues | <u>251,433</u> | <u>251,433</u> | <u>252,731</u> | <u>1,298</u> |
| Expenditures | | | | |
| General and administrative: | | | | |
| Accounting and auditing | 52,000 | 75,000 | 74,669 | 331 |
| Bank fees | - | - | 126 | (126) |
| Contingency | 6,443 | 6,443 | - | 6,443 |
| County treasurer's fees | 3,557 | 3,557 | 3,558 | (1) |
| District management | 33,000 | 52,000 | 51,666 | 334 |
| District No. 1 expenditures | 25,000 | 25,000 | 7,447 | 17,553 |
| Dues and licenses | 1,000 | 1,000 | 417 | 583 |
| Election expense | 10,000 | 10,000 | 2,130 | 7,870 |
| Legal | 44,000 | 50,000 | 49,230 | 770 |
| Miscellaneous | - | 1,000 | 1,905 | (905) |
| Total expenditures | <u>175,000</u> | <u>224,000</u> | <u>191,148</u> | <u>32,852</u> |
| Net change in fund balance | <u>76,433</u> | <u>27,433</u> | <u>61,583</u> | <u>34,150</u> |
| Fund Balance, Beginning of Year | <u>225,471</u> | <u>225,471</u> | <u>256,204</u> | <u>30,733</u> |
| Fund Balance, End of Year | <u>\$ 301,904</u> | <u>\$ 252,904</u> | <u>\$ 317,787</u> | <u>\$ 64,883</u> |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
BUGETARY BASIS

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------------------------|-------------------|---|
| Revenues | | | |
| Maintenance fees | \$ 544,200 | \$ 527,506 | \$ (16,694) |
| Domestic water fees | 38,000 | 53,701 | 15,701 |
| Administrative fees | 4,140 | 4,140 | - |
| Other revenues | - | 5,198 | 5,198 |
| Net investment income | - | 36,419 | 36,419 |
| Total Revenues | 586,340 | 626,964 | 40,624 |
| Expenditures | | | |
| Insurance and bonds | 13,000 | 12,976 | 24 |
| Snow removal | 90,000 | 46,240 | 43,760 |
| Trash | 48,000 | 47,554 | 446 |
| Electricity and utility inspections | 1,000 | 3,070 | (2,070) |
| Irrigation repairs | 25,000 | 11,468 | 13,532 |
| Pet waste removal | 15,000 | 9,206 | 5,794 |
| Property management | 33,000 | 23,939 | 9,061 |
| Billing services | 24,000 | 18,265 | 5,735 |
| Landscape maintenance | 82,000 | 90,146 | (8,146) |
| Landscape repairs | 40,000 | 77,099 | (37,099) |
| Irrigation water | 65,000 | 45,240 | 19,760 |
| Domestic water | 38,000 | 53,701 | (15,701) |
| Contingency | 8,000 | - | 8,000 |
| Total Expenditures | 482,000 | 438,904 | 43,096 |
| Net change in fund balance | 104,340 | 188,060 | 83,720 |
| Fund Balance, Beginning of Year | 179,874 | 189,530 | 9,656 |
| Fund Balance, End of Year | \$ 284,214 | \$ 377,590 | \$ 93,376 |

See the accompanying notes to the basic financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 7 – 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.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the direct and indirect costs of facilities and maintenance.

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

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.

The District amended its annual budget for the year ended December 31, 2023 to increase expenditures relating to Series 2023 Bond issuance.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

| | |
|-----------------|----------|
| Parks: | 20 Years |
| Drainage Tract: | 20 Years |

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 1st of each year. The levy is normally set by December 15th 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, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows (Outflows) of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. One item that qualifies for reporting in this category is the deferred charge on refunding which is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Fund Balance (Continued)

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | | |
|-----------------------------------|----|----------------|
| Cash and Investments | \$ | 640,301 |
| Cash and Investments - Restricted | | 127,773 |
| Total Cash and Investments | \$ | <u>768,074</u> |

Cash and investments as of December 31, 2023, consist of the following:

| | | |
|--------------------------------------|----|----------------|
| Deposits with Financial Institutions | \$ | 37,103 |
| Investments | | 730,971 |
| Total Cash and Investments | \$ | <u>768,074</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, 2023, the District’s cash deposits had a bank and carrying balance of \$37,103.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2023, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Balance</u> |
|---|-----------------------------------|--------------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted-Average Under 60 Days | \$ 92,807 |
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | <u>\$ 638,164</u> |
| Total | | <u><u>\$ 730,971</u></u> |

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 currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations 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, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (CONTINUED)

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 CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the 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) (the Trust), 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 Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust'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 the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. 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 or weekly, and there is no redemption notice period.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

| | Balance <u>12/31/2022</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>12/31/2023</u> |
|---|------------------------------|---------------------------|--------------------|------------------------------|
| Capital Assets Being Depreciated | | | | |
| Central Park | \$ 2,270,546 | \$ - | \$ - | \$ 2,270,546 |
| Boulevard Park | 511,964 | - | - | 511,964 |
| North Drainage Tract/Open Space | 936,246 | - | - | 936,246 |
| Total Capital Assets Being Depreciated | 3,718,756 | - | - | 3,718,756 |
| Accumulated Depreciation: | | | | |
| Central Park | (653,707) | (113,527) | - | (767,234) |
| Boulevard Park | (149,321) | (25,598) | - | (174,919) |
| North Drainage Tract/Open Space | (273,071) | (46,812) | - | (319,883) |
| Total Accumulated Depreciation | (1,076,099) | (185,937) | - | (1,262,036) |
| Capital Assets, Net | <u>\$ 2,642,657</u> | <u>\$(185,937)</u> | <u>\$ -</u> | <u>\$ 2,456,720</u> |

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities: \$ 185,937

As a result of the Termination of District Administrative Services Agreement, effective January 1, 2021 (as discussed in Note 7), District No. 1 has transferred all of its capital assets to the District and District No. 3 according to their boundaries.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

| | Balance | | | Balance | |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|
| | December 31, 2022 | Additions | Retirements | December 31, 2023 | Due Within One Year |
| Bonds Payable: | | | | | |
| Limited Tax G.O. and Special Revenue | | | | | |
| Bonds, Series 2015 | \$ 10,385,000 | \$ - | \$ (10,385,000) | \$ - | \$ - |
| Bond Issue Discount, Series 2015 | (27,706) | | 27,706 | - | |
| Subordinate Limited Tax G.O. and Special | | | | | |
| Revenue Refunding Bonds Series 2018B | 5,700,000 | | (5,700,000) | - | |
| Bond Issue Discount, Series 2018B | (128,189) | | 128,189 | - | |
| Accrued Interest-Subordinate Limited Tax G.O. | | | | | |
| and Special Revenue Bonds, Series 2018B | 1,493,959 | 519,563 | (2,013,522) | - | |
| Limited Tax G.O. Refunding Bonds, Series 2023 | - | 18,450,000 | - | 18,450,000 | 100,000 |
| Bond Issue Premium, Series 2023 | - | 135,393 | - | 135,393 | - |
| Total Bonds Payable | 17,423,064 | 19,104,956 | (17,942,627) | 18,585,393 | 100,000 |
| Bonds From Direct Borrowings and Direct | | | | | |
| Placements: | | | | | |
| Subordinate Special Revenue | | | | | |
| Bonds, Series 2014A | 665,293 | - | (665,293) | - | - |
| Subordinate Special Revenue | | | | | |
| Bonds, Series 2014B | 914,350 | - | (914,350) | - | - |
| Accrued Interest - Subordinate Special | | | | | |
| Revenue Bonds, Series 2014A | 263,432 | 73,596 | (337,028) | - | - |
| Accrued Interest - Subordinate Special | | | | | |
| Revenue Bonds, Series 2014B | 487,799 | 108,457 | (596,256) | - | - |
| Total Direct Borrowings | 2,330,874 | 182,053 | (2,512,927) | - | - |
| Total Long-Term Obligations | \$ 19,753,938 | \$ 19,287,009 | \$ (20,455,554) | \$ 18,585,393 | \$ 100,000 |

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 (Series 2015 Senior Bonds). The proceeds from the sale of the Series 2015 Senior Bonds were 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, 2023

NOTE 5 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.

Unused Lines of Credit

The Series 2015 Senior Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2015 Senior Bonds.

Events of Default

Events of default occur if the District, or District No. 3, fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Termination Events

The Series 2015 Senior Bonds are not subject to early termination.

Acceleration

The Series 2015 Senior Bonds are not subject to acceleration.

The Series 2015 Bonds were refunded with the issuance of the Limited Tax General Obligation Refunding Bonds, Series 2023.

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, 2023

NOTE 5 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.

Unused Lines of Credit

The Series 2018B Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2018B Bonds.

Events of Default

Events of default occur if the District, or District No. 3, fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Termination Events

The Series 2018B Bonds are not subject to early termination.

Acceleration

The Series 2018B Bonds are not subject to acceleration.

The Series 2018B Bonds were refunded with the issuance of the Limited Tax General Obligation Refunding Bonds, Series 2023.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2014 Special Revenue Bonds

On June 4, 2014, the District authorized the issuance of Special Revenue Bonds, Series 2014A (Series 2014A Bonds) in the aggregate principal amount of up to \$12,165,000. The principal amount of the Series 2014A 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 Series 2014A 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 15th and December 15th, commencing June 15, 2015, and shall mature on December 15, 2044. To the extent interest on the Series 2014A Bonds is not paid when due, such interest shall compound annually, on each December 15th.

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 (Series 2014B 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 Series 2014B Bonds shall bear the same interest rate of 8.00% and to be payable only after the payment in full of Series 2014A Bonds. Both Series 2014A Bonds and 2014B Bonds (Series 2014 Bonds) are subordinate to Series 2015 Senior Bonds and Series 2018 Bonds.

The Series 2014 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 Series 2014 Bonds also includes revenues resulting from District No. 3's imposition of the District No. 3 Required Mill Levy.

The Series 2014A Bonds were partially refunded by the Series 2015 Senior Bonds and the Series 2018B Bonds. The Series 2014B Bonds were partially discharged by a contribution from the Developer during the issuance of the Series 2018B Bonds.

Unused Lines of Credit

The Series 2014 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2014 Bonds.

Events of Default

Events of default occur if the District, or District No. 3, fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Termination Events

The Series 2014 Bonds are not subject to early termination.

Acceleration

The Series 2014 Bonds are not subject to acceleration. The remaining balances of Series 2014 Bonds were refunded with the issuance of the Limited Tax General Obligation Refunding Bonds, Series 2023.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Refunding Bonds, Series 2023

On December 13, 2023, the District issued Limited Tax General Obligation Refunding Bonds, Series 2023, in the principal amount of \$18,450,000 (Series 2023 Bonds). The proceeds from the sale of the Series 2023 Bonds were used for the purposes of (i) refunding the District's outstanding Series 2014A Bonds, Series 2014B Bonds, Series 2015 Bonds, and Series 2018B Bonds and (ii) paying the costs of issuing the Series 2023 Refunding Bonds.

The Series 2023 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) all PILOT revenues, if any, and 4) any other legally available monies which the District determines to deposit with Trustee for application as pledged revenue. Pledged revenue for the repayment on the Series 2023 Bonds also includes revenues resulting from District No. 3's imposition of the District No. 3 Required Mill Levy. The Series 2023 Bonds are also secured by a Bond Reserve Insurance Policy through Assured Guaranty Municipal Corp. which guarantees the payment of interest and principal in the event the District does not have enough pledged revenues on deposit with the Trustee.

The Series 2023 Bonds are designated as serial and term bonds, of which, \$2,665,000 bear interest at 5.000% and mature annually commencing December 1, 2024 through December 1, 2033. Series 2023 Bonds totaling \$2,385,000 bear interest at 4.000% and are subject to mandatory sinking fund redemptions commencing December 1, 2034 through maturity on December 1, 2038. Series 2023 Bonds totaling \$3,215,000 bear interest at 4.375% and are subject to mandatory sinking fund redemptions commencing December 1, 2039 through maturity on December 1, 2043. Series 2023 Bonds totaling \$5,185,000 bear interest at 4.625% and are subject to mandatory sinking fund redemptions commencing December 1, 2044, through maturity on December 1, 2053. Series 2023 Bonds totaling \$5,000,000 bear interest at 5.000% and are subject to mandatory sinking fund redemptions commencing December 1, 2044 through maturity on December 1, 2053.

Interest is payable semi-annually on June 1st and December 1st, beginning on June 1, 2024. The Bonds maturing on or after December 1, 2038, are subject to redemption prior to maturity, at the option of the District, on December 1, 2033 and on any date thereafter, upon payment of par plus accrued interest, with no redemption premium.

Unused Lines of Credit

The Series 2023 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2023 Bonds.

Events of Default

Events of default occur if the District, or District No. 3, fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture

Termination Events

The Series 2023 Bonds are not subject to early termination.

Acceleration

The Series 2023 Bonds are not subject to acceleration.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Refunding Bonds, Series 2023 (Continued)

The Series 2023 Refunding Bonds principal and interest will mature as follows:

| Year Ending December 31st: | Principal | Interest | Total |
|-------------------------------|----------------------|----------------------|----------------------|
| 2024 | \$ 100,000 | \$ 830,475 | \$ 930,475 |
| 2025 | 175,000 | 854,113 | 1,029,113 |
| 2026 | 220,000 | 845,363 | 1,065,363 |
| 2027 | 235,000 | 834,363 | 1,069,363 |
| 2028 | 265,000 | 822,613 | 1,087,613 |
| 2029-2033 | 1,670,000 | 3,893,063 | 5,563,063 |
| 2034-2038 | 2,385,000 | 3,450,113 | 5,835,113 |
| 2039-2043 | 3,215,000 | 2,888,500 | 6,103,500 |
| 2044-2048 | 4,350,000 | 2,056,456 | 6,406,456 |
| 2049-2053 | 5,835,000 | 874,444 | 6,709,444 |
| | <u>\$ 18,450,000</u> | <u>\$ 17,349,501</u> | <u>\$ 35,799,501</u> |

Advance Refunding

The Series 2023 Bonds were issued to purchase securities to be deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 2014A, Series 14B, Series 2015 and Series 2018B Bonds. As a result, the refunded bonds are considered to be defeased, and the liability for the defeased bonds is not reported on the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$314,031. This amount is recorded as a deferred outflow of resources and is being amortized over the remaining life of the new debt issued. This advance refunding was undertaken to take advantage of lower interest rates and reduce total debt service payments over the remaining life the debt at the time of the refunding by \$6,120,356 and resulted in an economic gain of \$3,642,679.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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, 2023, 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 | Authorization Used Series 2023 | 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 | 18,450,000 | 15,850,000 |
| Intergovernmental Agreements | 40,000,000 | - | - | 10,830,000 | - | - | 29,170,000 |
| Total | 520,000,000 | 12,165,000 | 2,384,977 | 10,830,000 | 5,700,000 | 18,450,000 | 470,470,023 |

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 6 NET POSITION

The District has a 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, 2023, as follows:

Restricted Net Position:

| | |
|-------------------------------|------------------|
| Emergency Reserves | \$ 26,500 |
| Total Restricted Net Position | <u>\$ 26,500</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 improvements, a portion of which have been conveyed to other governmental entities

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS

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 tax revenues from mill levies certified by each District and other available revenue sources to fund the obligation to reimburse the Developer for advances made to District No. 1 under the Amended and Restated Funding Agreement.

On August 26, 2024, the District entered into an agreement for the Full Satisfaction and Termination of the Amended and Restated Funding and Reimbursement Agreement (Operations and Maintenance) with the Developer, and in consideration thereof, made a one-time payment of \$250,000 for the release of the District, District No. 1 and District No. 3 of all claims relating to the Amended and Restated Funding Agreement and for termination of 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 were recorded as part of the principal amount of the 2014 Bonds issued by the District. Future funding obligations of the Developer under the Amended and Restated Funding Agreement were limited to operations and maintenance costs, with capital costs funding being handled through the Construction Funding Loan Agreement.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Construction Funding Loan Agreement (Continued)

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 additional 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. On December 13, 2023, the District issued Limited Obligation Refunding Bonds, Series 2023 to refund the outstanding balances on the Series 2014A, Series 2014B, Series 2015 and Series 2018B Bonds.

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 capped at 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, including refunding 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 and any refunding bonds.

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 occurrence the District is required to deposit all Pledged Revenue for payment of the Subordinate Bonds. This Subordinate Capital Pledge Agreement is no longer in effect upon the issuance of the Series 2023 Refunding Bonds.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

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.

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. Residential units within District No. 3 derive the same benefit from the operation and maintenance of such improvements 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 (“PIF Revenue”) collected in accordance with the PIF Covenant is remitted to District No. 2. Prior to the issuance of the 2023 Refunding Bonds, PIF Revenue was pledged to debt service payments.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Allocation Agreement

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 agreed 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. The conditions precedent set forth in the Allocation Agreement were never met and the Allocation Agreement is void as a matter of law.

NOTE 8 RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property, and public officials' liability 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 9 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.

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
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
BUDGETARY BASIS

| | BUDGETED AMOUNTS | | | Variance |
|---|-------------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | Actual | Favorable (Unfavorable) |
| Revenues | | | | |
| Property taxes | \$ 948,531 | \$ 948,531 | \$ 948,525 | \$ (6) |
| Specific ownership taxes | 56,912 | 56,912 | 62,153 | 5,241 |
| Net investment income | 15,000 | 15,000 | 123,105 | 108,105 |
| Public improvement fees | 45,000 | 45,000 | 49,264 | 4,264 |
| Transfers from District No. 3 | 166,096 | 166,096 | 167,250 | 1,154 |
| Total revenues | <u>1,231,539</u> | <u>1,231,539</u> | <u>1,350,297</u> | <u>118,758</u> |
| Expenditures | | | | |
| County treasurer's fees | 14,228 | 14,228 | 14,233 | (5) |
| Contingency | 5,078 | 5,078 | - | 5,078 |
| Paying agent fees | 11,000 | 13,500 | 13,638 | (138) |
| PIF collection fees | 3,500 | 6,000 | 7,910 | (1,910) |
| Bond interest - Series 2015 | 558,194 | 558,194 | 558,194 | - |
| Bond interest - Series 2018B | 150,000 | - | - | - |
| Bond principal - Series 2015 | 490,000 | 150,000 | 150,000 | - |
| Bond issue costs - Series 2023 | - | 400,000 | 487,272 | (87,272) |
| Total expenditures | <u>1,232,000</u> | <u>1,147,000</u> | <u>1,231,247</u> | <u>(84,247)</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from bond issuance - Series 2023 | - | 19,000,000 | 18,450,000 | (550,000) |
| Bond premium - Series 2023 | - | - | 135,393 | 135,393 |
| Bond discount - Series 2023 | - | - | - | - |
| Payments to refunding bond escrow | - | (20,700,000) | (20,650,787) | 49,213 |
| Other debt costs | - | (100,000) | - | 100,000 |
| Net other financing sources (uses) | <u>-</u> | <u>(1,800,000)</u> | <u>(2,065,394)</u> | <u>(265,394)</u> |
| Net change in fund balance | <u>(461)</u> | <u>(1,715,461)</u> | <u>(1,946,344)</u> | <u>(230,883)</u> |
| Fund Balance, Beginning of Year | <u>1,963,539</u> | <u>1,963,539</u> | <u>1,973,347</u> | <u>9,808</u> |
| Fund Balance, End of Year | <u>\$ 1,963,078</u> | <u>\$ 248,078</u> | <u>\$ 27,003</u> | <u>\$ (221,075)</u> |

OTHER INFORMATION

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$18,450,000

Limited Tax General Obligation Refunding Bonds

Series 2023, Dated December 13, 2023

Interest Rates: 4.00% - 5.00%

Payable June 1st and December 1st

Principal Due December 1

| Year Ending December 31st, | Principal | Interest | Total |
|-------------------------------|----------------------|----------------------|----------------------|
| 2024 | \$ 100,000 | \$ 830,475 | \$ 930,475 |
| 2025 | 175,000 | 854,113 | 1,029,113 |
| 2026 | 220,000 | 845,363 | 1,065,363 |
| 2027 | 235,000 | 834,363 | 1,069,363 |
| 2028 | 265,000 | 822,613 | 1,087,613 |
| 2029 | 280,000 | 809,363 | 1,089,363 |
| 2030 | 310,000 | 795,363 | 1,105,363 |
| 2031 | 330,000 | 779,863 | 1,109,863 |
| 2032 | 365,000 | 763,363 | 1,128,363 |
| 2033 | 385,000 | 745,113 | 1,130,113 |
| 2034 | 425,000 | 725,863 | 1,150,863 |
| 2035 | 440,000 | 708,863 | 1,148,863 |
| 2036 | 480,000 | 691,263 | 1,171,263 |
| 2037 | 500,000 | 672,063 | 1,172,063 |
| 2038 | 540,000 | 652,063 | 1,192,063 |
| 2039 | 560,000 | 630,463 | 1,190,463 |
| 2040 | 610,000 | 605,963 | 1,215,963 |
| 2041 | 635,000 | 579,275 | 1,214,275 |
| 2042 | 690,000 | 551,494 | 1,241,494 |
| 2043 | 720,000 | 521,306 | 1,241,306 |
| 2044 | 770,000 | 489,806 | 1,259,806 |
| 2045 | 810,000 | 452,788 | 1,262,788 |
| 2046 | 870,000 | 413,844 | 1,283,844 |
| 2047 | 915,000 | 372,013 | 1,287,013 |
| 2048 | 985,000 | 328,006 | 1,313,006 |
| 2049 | 1,030,000 | 280,650 | 1,310,650 |
| 2050 | 1,105,000 | 231,119 | 1,336,119 |
| 2051 | 1,160,000 | 177,969 | 1,337,969 |
| 2052 | 1,240,000 | 122,181 | 1,362,181 |
| 2053 | 1,300,000 | 62,525 | 1,362,525 |
| Total | \$ 18,450,000 | \$ 17,349,501 | \$ 35,799,501 |

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

| Year Ended December 31, | | Mills Levied | | Total Property Taxes | | Percent Collected to Levied |
|---|---------------|--------------|-----------------|----------------------|------------|-----------------------------------|
| | | General | Debt Service | Levied | Collected | |
| 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% |
| 2021 | 18,856,833 | 11.132 | 44.531 | 1,049,628 | 1,049,636 | 100.00% |
| 2022 | 21,161,903 | 11.132 | 44.531 | 1,177,935 | 1,177,927 | 99.99% |
| 2023 | 20,573,280 | 11.525 | 46.105 | 1,185,638 | 1,185,630 | 99.99% |
| Estimated for the Year Ending December 31, 2024 | \$ 23,971,573 | 10.000 | 29.800 | \$ 954,069 | | |

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.