

LITTLETON VILLAGE METROPOLITAN DISTRICT NOS. 1-3

SPECIAL BOARD MEETING

Board of Directors:	Office:	Term Expires:
Gardiner G. Hammond	President (District Nos. 1&3)	May 2020 (e)
Theodore E. Cox	Secretary/Treasurer (District Nos. 1&3)	May 2020 (e)
Chrystia Losianovich	Director (District No. 2)	May 2022 (e)
Holly Bundschu	Director (District No. 2)	May 2022 (e)
Phil Cernanec	Director (District No. 2)	May 2022 (e)

DATE: Monday, June 26, 2018

TIME: 5:30 p.m.

**PLACE: Mission Hills Church
620 Southpark Drive
Littleton, CO 80120**

I. Call to Order

II. Declaration of Quorum/Director Qualifications/Disclosure of Conflicts

III. Approval of Consent Items

- A. Review and Consider Approval of April 24, 2018 Special Board Meeting Minutes and May 21, 2018 Special Board Meeting Minutes (enclosed)

IV. Public Comments – *items not on the agenda*

(Three minutes per speaker, not including response time to Board questions)

V. Financial Items

- A. Review, Ratify and Approval of Claims (enclosed)
- B. Review and Consider Approval of Draft Audits (District Nos. 1 and 2) for the Period Ended December 31, 2017 (enclosed)
- C. Other

VI. Legal Items

- A. Discuss Potential Bond Refinance
- B. Discuss Turnover Process
- C. Other

VII. Manager Items

- A. Website Discussion
1. Discuss and Determine Website Content
 2. Discuss Resident Forum Options

- B. Community Updates
 - 1. Towing
 - 2. Community Bulletin Board Proposals (to be distributed)
 - C. Other
- VIII. Director Items**
- IX. Next Regular Board Meeting – July 17th, 2018**
- A. Confirm Quorum
- X. Adjournment**

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
LITTLETON VILLAGE METROPOLITAN DISTRICT NOS. 1-3
HELD
APRIL 24, 2018

A special meeting of the Board of Directors of the Littleton Village Metropolitan District Nos. 1-3 was held on April 24, 2018 at 10:30 a.m. at Mission Hills Church, 620 Southpark Drive, Littleton, CO. The meeting was open to the public.

Attendance

In attendance were the following Directors:

Gardiner G. Hammond
Theodore E. Cox
Ken Martinelli, District No. 2
Marianne Gonzalez, District No. 2

Also in attendance were:

Denise Denslow & Geol Scheirman; CliftonLarsonAllen LLP
Trish Harris; White Bear Ankele Tanaka & Waldron
Jim Maginn, Watt Company
Nick Taylor & Steph Chichester, North Slope Capital
Sara & Wayne Webb, Residents
Phil Cernanec, Resident
Terry Stalker, Resident
Ray Johnson, Resident
Mike Bolsinger, Resident
Lynn Christensen, Resident
Karma Dingman, Resident
Holly Bundschu, Resident
Mark Lowen, Resident
Dan Roach, Resident

Public Comments

Mr. Phil Cernanec requested more information regarding the status of the turnover for concrete and landscaping within the community. Additionally, Mr. Cernanec inquired as to the residential units for 77 acres. Mr. Martinelli responded that a major change to the plat would require a public hearing to take place.

Ms. Marianne Gonzalez inquired as to the master plan. Mr. Hammond informed the Board and the public that the master landscaping plans will be

reviewed during the turnover process, with the landscape architect who drew up those plans consulted.

Ms. Holly Bundschu asked about pets in front of the units townhomes.

Ms. Lynn Christensen requested an update on the street parking. Ms. Denise Denslow provided an update to the Board and the public.

Ms. Terry Stalker requested an update on the District’s financials. Ms. Denslow informed the Board and the public that updated financials for the District will be provided at the next Board meeting, once the new Board has been elected.

Call to Order/Declaration of Quorum/Joint Meetings

The Boards of Directors of Littleton Village MD Nos. 1, 2 & 3 called the meeting to order at 11:01 a.m. and confirmed quorum was present.

The Boards of Directors of the Districts determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

Director Qualifications Conflicts of Interest / Reaffirmation of Disclosures

The Boards were advised that pursuant to Colorado law, certain disclosures by the Boards’ members may be required prior to taking official action at the meeting. The Boards reviewed the Agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting.

The Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Consent Agenda And Minutes

Agenda for April 24, 2018 Special Board Meeting

Upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote unanimously carried, the Board approved the April 24, 2018 agenda, as presented.

Minutes for March 20, 2018 Special Board Meeting

Upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote unanimously carried, the Board approved the minutes from the March 20, 2018 special Board meeting, as presented.

North Slope Capital
Presentation

Mr. Nick Taylor & Ms. Steph Chichester, from North Slope Capital, provided a presentation to the Board, informing the Board of an offer from Watt forgiving \$2.2 million to the District. Watt is open to continued conversations regarding the current offer; however, no additional analysis will be done.

Financial Items

Review and Consider Approval of Schedules of Cash Position, Property Taxes Reconciliation and Developer Funding

Ms. Dam reviewed the schedules of cash position, property taxes reconciliation and developer funding with the Board.

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Gonzalez and, upon vote, unanimously carried the Board approved the schedule of cash position, property taxes reconciliation and developer funding, for District No. 2.

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote, unanimously carried the Board approved the schedule of cash position, property taxes reconciliation and developer funding, for District Nos. 1 & 3.

Review, Ratify and Approval of Claims

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Gonzalez and, upon vote, unanimously carried the Board approved the claims, for District No. 2.

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote, unanimously carried the Board approved the claims, for District Nos. 1 & 3.

Review and Consider Ratifying Approval of Engagement with CliftonLarsonAllen LLP for Financial Forecasting Services

Following review, upon a motion duly made by Director Hammond, seconded by Director Gonzalez and, upon vote, unanimously carried, the Board approved the engagement with CliftonLarsonAllen LLP for financial forecasting services for District No. 2.

Review and Consider Ratifying Approval of Engagement with North Slope Capital for Independent Financial Advising Services

Following review, upon a motion duly made by Director Martinelli, seconded by Director Cox and, upon vote, unanimously carried, the Board ratified approval of engagement with North Slope Capital for independent financial advising services for District No. 2.

Other

None.

Legal Items

Review and Consider Approval of Addendum to 2018 Landscape Agreement

Ms. Harris updated the Board on the Addendum to the 2018 Landscape Agreement. The updated contract with Brightview is currently on hold until the turnover has occurred. There was discussion for management to gather two other bids for this season; however, due to timing the landscape contract will be revisited for the 2019 budget.

Update on 2018 Directors' Election

Ms. Harris updated the Board on the 2018 Directors' Election, informing them that ballots continue to be received. She suggested that any questions be directed to WBA and that results will be posted on the District website, once available.

Other

None.

Manager Items

Review and Consider Approval of Wayfinding Signage Proposals

This item was tabled until election of the new Board of Directors.

Website Discussion

1. Discuss and Determine Website Content
2. Discuss Resident Forum Options

This item was tabled until election of the new Board of Directors.

Community Updates

1. Towing

This item was tabled until the next Board meeting.

2. Community Bulletin Board

Board reviewed proposals, owner in the community would like to present alternative option. Owner will work with management to for specs to present at next meeting.

3. Turnover Process

Ms. Denslow and Mr. Scheirman discussed turnover with Board and Community. Sewer, water and landscaping will be reviewed and turned over once it can be confirmed it was done correctly for the District to accept.

Other

None.

Director Items

Other

None.

Next Meeting

Confirm Quorum for May 22, 2018 Regular Board Meeting

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon a vote, unanimously carried, the Board confirmed quorum for the May 22, 2018 regular Board meeting.

Adjournment

Upon a motion duly made by Director Cox, seconded by Director Martinelli and, upon vote unanimously carried, the Board adjourned the meeting.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
LITTLETON VILLAGE METROPOLITAN DISTRICT NOS. 1-3
HELD
MAY 21, 2018

A special meeting of the Board of Directors of the Littleton Village Metropolitan District Nos. 1-3 was held on May 21, 2018 at 5:30 p.m. at Mission Hills Church, 620 Southpark Drive, Littleton, CO. The meeting was open to the public.

Attendance

In attendance were the following Directors:

Gardiner G. Hammond
Theodore E. Cox

Also in attendance were:

Denise Denslow, Geol Scheirman & Jason Carroll; CliftonLarsonAllen
LLP (“CLA”)
William Ankele; White Bear Ankele Tanaka & Waldron
Steph Chichester, North Slope Capital
Sara Webb; Resident
Tom Paulsen; Resident
Ray Johnson; Resident
Mike Bolsinger; Resident

Call to Order/Declaration
of Quorum/Joint Meetings

The Boards of Directors of Littleton Village MD Nos. 1, 2 & 3 called the meeting to order at 5:36 p.m. and confirmed quorum was present.

The Boards of Directors of the Districts determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

Director Qualifications
Conflicts of Interest /
Reaffirmation of
Disclosures

The Boards were advised that pursuant to Colorado law, certain disclosures by the Boards’ members may be required prior to taking official action at the meeting. The Boards reviewed the Agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of

any matters, as required under Colorado law, to permit official action to be taken at the meeting.

The Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

May 8, 2018
Directors' Election

Director Hammond administered the Oaths of Office. The Election of Officers is as follows for District No. 2:

President: Phil Cernanec Secretary: Chrystia Losianovich
Treasurer: Holly Bundschu Assistant Secretary: Gardiner G. Hammond
Assistant Secretary: Theodore E. Cox

Consent Agenda
And Minutes

Agenda for May 21, 2018 Special Board Meeting

Upon a motion duly made by Director Cox, seconded by Director Hammond and, upon vote unanimously carried, the Board approved the May 21, 2018 agenda, subject to amending to include confirmation of quorum for a study session on June 18, 2018 at 5:30 p.m. at the offices of WBA, with DA Davidson and Bond council present.

Minutes for April 24, 2018 Special Board Meeting

This item was tabled until the next Board meeting.

Public Comments

None.

Financial Items

Review and Consider Approval of Schedules of Cash Position, Property Taxes Reconciliation and Developer Funding

Mr. Carroll reviewed the schedules of cash position, property taxes reconciliation and developer funding with the Board.

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote, unanimously carried the Board approved the schedule of cash position, property taxes reconciliation and developer funding, for District No. 1.

Review, Ratify and Approval of Claims

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote, unanimously carried the Board approved the claims, represented by check numbers 1038-1044, for District No. 1.

Ratify Approval of 1st Quarter Continuing Disclosure Report for the Period Ended March 31, 2018

Upon a motion duly made by Director Hammond, seconded by Director Cox and, upon vote, unanimously carried, the Board ratified approval of the 1st quarter continuing disclosure report for the period ended March 31, 2018, for District No. 2.

Review and Consider Approval of Draft Audits (District Nos. 1 & 2) for the Period Ended December 31, 2017

This item was tabled until the next Board meeting.

Other

None.

Legal Items

Discuss Potential Bond Refinance – North Slope Presentation

Mr. Ankele provided a PowerPoint and explained the financing to date to the Board. He informed the Board that there exists a \$4,035,000 balance, with proceeds to be used to pay down the outstanding balance of \$12 million. Mr. Ankele briefed the Board on the reason for two issuances: Series A tax exempt, Series B taxable.

Confirm Placement of “No Parking” Signage on North Side of Community

Ms. Denslow provided the Board with backstory regarding the fire lanes/alley parking on the north side of the community. The Board affirmed that the management company is directed to move forward on signage of alleys and fire lanes.

Other

None.

Manager ItemsReview and Consider Approval of Wayfinding Signage Proposals

Ms. Denslow reviewed the wayfinding signage proposals with the Board. CLA was directed by the Board to enter the community's addresses into google maps. This item will be further discussed at the next Board meeting.

Website Discussion1. Discuss and Determine Website Content

Ms. Denslow reported on feedback from community meeting regarding a desire for a discussion board on the community website. CLA is looking into a mechanism for residents to be able to send in questions and concerns.

2. Discuss Resident Forum Options

This item will be further discussed at the next Board meeting.

Community Updates1. Towing

Wyatt towing will be conducting patrols for the full community as requested by the Board.

2. Community Bulletin Board

Ms. Denslow informed the Board that final community bulletin board proposals will be provided at the next Board meeting.

3. Turnover Process

Mr. Scheirman updated the Board on the status of the landscaping turnover. He stated that most of the landscaping has been reviewed and replaced.

Other

None.

Director ItemsOther

None.

Next MeetingConfirm Quorum for June 26, 2018 Regular Board Meeting

Following discussion, upon a motion duly made by Director Hammond, seconded by Director Cox and, upon a vote, unanimously carried, the Board confirmed quorum for the June 26, 2018 regular Board meeting.

Adjournment

Upon a motion duly made, seconded and, upon vote unanimously carried, the Board adjourned the meeting at 8:13 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting

LITTLETON VILLAGE METROPOLITAN DISTRICT #1
Schedule of Cash Position
May 31, 2018
Updated as of June 19, 2018

	General Fund	Operations Fund	Capital Projects Fund	Total	
<u>1st Bank - Checking Account</u>					
Balance as of 05/31/2018	\$ 5,864.21	\$ 53,794.79	\$ 259.50	\$ 59,918.50	-
Subsequent activities:					
Fees collected in June	-	2,775.00	-	2,775.00	
June checks	(47,219.35)	(25,149.09)	(22,153.54)	(94,521.98)	
<i>Anticipated Transfer from District No. 2 (O&M taxes)</i>	18,896.52	-	-	18,896.52	
<i>Anticipated Transfer from District No. 3 (O&M taxes)</i>	1,384.33	-	-	1,384.33	
<i>Anticipated Developer Advance O&M</i>	21,165.12	-	-	21,165.12	
<i>Anticipated Developer Advance CFLA</i>	-	-	22,153.54	22,153.54	
<i>Anticipated Balances</i>	<u>\$ 90.83</u>	<u>\$ 31,420.70</u>	<u>\$ 259.50</u>	<u>\$ 31,771.03</u>	

DEVELOPER FUNDING SCHEDULE

Date Received	O&M	Capital	Total	Capital Dev Adv Converted to Series 2014A Bond (Principal Outstanding)	Capital Dev Adv Converted to Series 2014B Bond (Principal Outstanding)	Bond Conversion Date (Opinion Issued by Bond Council)	O&M Dev Adv (Principal Outstanding)
Former Arrangement							
TOTAL	\$ 98,827.31	\$ 767,889.24	\$ 866,716.55	\$ 767,889.24		6/6/2014	\$ 98,827.31
New Arrangement							
6/24/2014	\$ 3,193.04	\$ 95,791.59	\$ 98,984.63	95,791.59		6/24/2014	3,193.04
7/22/2014	1,179.11	722,769.65	723,948.76	722,769.65		7/22/2014	1,179.11
8/12/2014	2,057.52	1,014,848.29	1,016,905.81	1,014,848.29		8/12/2014	2,057.52
9/15/2014	1,876.43	613,932.39	615,808.82	613,932.39		9/15/2014	1,876.43
10/3/2014	1,498.02	592,871.26	594,369.28	592,871.26		10/3/2014	1,498.02
10/21/2014	-	938,000.00	938,000.00				-
11/7/2014	-	684,491.70	684,491.70	503,491.70		11/7/2014	-
11/19/2014	1,310.01	-	1,310.01				1,310.01
12/5/2014	8,724.65	1,088,289.30	1,097,013.95	705,290.00		12/5/2014	8,724.65
1/22/2015	2,035.01	540,847.63	542,882.64	592,730.00		1/22/2015	2,035.01
2/2/2015	-	(950,000.00)	(950,000.00)				-
2/18/2015	1,973.00	499,549.05	501,522.05	522,911.91		2/18/2015	1,973.00
3/16/2015	2,225.32	175,981.88	178,207.20	355,638.31		3/16/2015	2,225.32
4/23/2015	2,799.46	263,758.67	266,558.13	355,078.28		4/23/2015	2,799.46
5/21/2015	1,804.97	478,427.99	480,232.96	461,677.29		5/21/2015	1,804.97
6/12/2015	4,081.76	136,951.44	141,033.20	185,577.14		6/12/2015	4,081.76
7/16/2015	7,108.60	392,549.65	399,658.25	413,090.28		7/16/2015	7,108.60
8/28/2015	2,725.45	495,680.03	498,405.48	522,281.18		8/28/2015	2,725.45
9/21/2015	-	299,472.47	299,472.47	317,936.89		9/21/2015	-
10/9/2015	1,301.23	-	1,301.23				1,301.23
10/28/2015	-	1,156,993.09	1,156,993.09	1,235,970.18		10/28/2015	-
11/19/2015	6,806.72	-	6,806.72				6,806.72
11/19/2015	434.65	860,403.72	860,838.37	873,275.13		11/19/2015	434.65
		(7,402,533.19)		(7,402,533.19)		12/17/2015	-
1/1/2016	16,448.33	(16,448.33)					16,448.33
1/6/2016	9,480.08	-	9,480.08				9,480.08
1/6/2016	-	361,826.77	361,826.77	361,826.77		1/6/2016	-
1/8/2016	-	371,596.79	371,596.79	371,596.79		1/8/2016	-
1/27/2016	5,815.06	-	5,815.06				5,815.06

DEVELOPER FUNDING SCHEDULE

Date Received	O&M	Capital	Total	Capital Dev Adv Converted to Series 2014A Bond (Principal Outstanding)	Capital Dev Adv Converted to Series 2014B Bond (Principal Outstanding)	Bond Conversion Date (Opinion Issued by Bond Council)	O&M Dev Adv (Principal Outstanding)
2/4/2016	-	109,191.79	109,191.79	109,191.79		2/4/2016	-
2/10/2016	-	480,148.36	480,148.36	469,333.94	10,814.42	2/10/2016	-
3/2/2016	-	40,044.47	40,044.47		40,044.47	3/2/2016	-
3/10/2016	-	66,709.94	66,709.94		66,709.94	3/10/2016	-
3/24/2016	3,026.35	-	3,026.35				3,026.35
4/8/2016	-	43,310.09	43,310.09		43,310.09	4/8/2016	-
6/8/2016	-	200,574.61	200,574.61		200,574.61	6/8/2016	-
6/20/2016	-	245,088.66	245,088.66		245,088.66	6/20/2016	-
7/11/2016	-	357,614.54	357,614.54		357,614.54	7/11/2016	-
8/15/2016	-	452,053.32	452,053.32		452,053.32	8/15/2016	-
9/30/2016	-	218,789.83	218,789.83		218,789.83	9/30/2016	-
10/25/2016	-	37,742.08	37,742.08		37,742.08	10/25/2016	-
10/26/2016	-	290,486.69	290,486.69		290,486.69	10/26/2016	-
11/28/2016	-	32,779.45	32,779.45		32,779.45	11/28/2016	-
1/13/2017	-	29,723.75	29,723.75		29,723.75	1/13/2017	-
3/2/2017	-	49,290.20	49,290.20		49,290.20	3/2/2017	-
6/22/2017	-	70,859.44	70,859.44		70,859.44	6/22/2017	-
7/19/2017	-	64,983.41	64,983.41		64,983.41	7/19/2017	-
9/7/2017	-	64,181.47	64,181.47		64,181.47	9/7/2017	-
9/22/2017	-	64,092.70	64,092.70		64,092.70	9/22/2017	-
10/4/2017	-	14,099.66	14,099.66		14,099.66	10/4/2017	-
11/7/2017	13,085.80	3,416.95	16,502.75		3,416.95	11/7/2017	13,085.80
11/16/2017	-	15,939.53	15,939.53		15,939.53	11/16/2017	-
12/11/2017	9,040.21	12,381.70	21,421.91		12,381.70		9,040.21
2/5/2018	-	50,855.32	50,855.32		50,855.32		-
2/27/2018	-	170,673.00	170,673.00		170,673.00		-
3/2/2018	16,630.58	15,444.29	32,074.87		15,444.29		16,630.58
4/17/2018	-	19,751.88	19,751.88		19,751.88		-
	\$ 126,661.36	\$ 6,636,278.97	\$ 14,165,473.52				
TOTAL	\$ 225,488.67	\$ 7,404,168.21	\$ 15,032,190.07	\$ 4,762,466.81	\$ 2,641,701.40		\$ 225,488.67

LITTLETON VILLAGE METROPOLITAN DISTRICT #2
Schedule of Cash Position
May 31, 2018
Updated as of June 19, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ColoTrust - Savings Account</u>			
Balance as of 05/31/18	\$ -	\$ 47,838.45	\$ 47,838.45
Subsequent activities:			
06/01/18 - Trustee fee payment	-	(600.00)	(600.00)
06/10/18 - Tax collection	18,896.52	75,589.71	94,486.23
<i>Anticipated Transfer to District No. 1 (O&M)</i>	(18,896.52)	-	(18,896.52)
<i>Anticipated Transfer from District No. 3 (Debt Service)</i>	-	11,075.82	11,075.82
<i>Anticipated Transfer to UMB</i>	-	(133,903.98)	(133,903.98)
<i>Anticipated Balances</i>	-	-	-
<u>UMB - 2015 Bond Fund</u>			
Balance as of 05/31/18	-	583,295.31	583,295.31
Subsequent activities:			
06/01/18 - Debt Service Payment	-	(291,056.25)	(291,056.25)
<i>Anticipated Transfer from ColoTrust</i>	-	133,903.98	133,903.98
<i>Anticipated Balances</i>	-	426,143.04	426,143.04
<u>UMB - 2015 Surplus Fund</u>			
Balance as of 05/31/18	-	130,791.79	130,791.79
<i>Anticipated Balances</i>	-	130,791.79	130,791.79
<u>UMB - 2015 Reserve Fund</u>			
Balance as of 05/31/18	-	899,551.41	899,551.41
<i>Anticipated Balances</i>	-	899,551.41	899,551.41
<i>Anticipated Balances</i>	\$ -	\$ 1,456,486.24	\$ 1,456,486.24

Yield information as of 05/31/18

ColoTrust - 2.06%

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
Property Taxes Reconciliation
2018**

	Current Year								Prior Year		
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 11,965.53	\$ -	\$ 3,138.40	\$ -	\$ (179.48)	\$ 14,924.45	2.42%	2.42%	\$ 2,976.73	1.08%	1.08%
February	182,182.45	-	3,043.72	-	(2,732.74)	182,493.43	36.90%	39.32%	53,209.08	32.02%	33.10%
March	24,498.86	-	3,318.98	-	(367.48)	27,450.36	4.96%	44.28%	13,684.51	7.65%	40.74%
April	57,776.69	-	2,737.24	-	(866.65)	59,647.28	11.70%	55.98%	43,990.63	26.41%	67.15%
May	92,535.97	-	3,311.90	26.80	(1,388.44)	94,486.23	18.74%	74.72%	30,869.33	18.21%	85.36%
June	-	-	-	-	-	-	0.00%	74.72%	23,021.19	13.35%	98.71%
July	-	-	-	-	-	-	0.00%	74.72%	2,197.71	0.63%	99.35%
August	-	-	-	-	-	-	0.00%	74.72%	1,361.75	0.00%	99.35%
September	-	-	-	-	-	-	0.00%	74.72%	1,571.17	0.28%	99.63%
October	-	-	-	-	-	-	0.00%	74.72%	1,385.94	0.00%	99.63%
November	-	-	-	-	-	-	0.00%	74.72%	1,983.79	0.37%	100.00%
December	-	-	-	-	-	-	0.00%	74.72%	1,123.41	0.00%	100.00%
Totals	\$ 368,959.50	\$ -	\$ 15,550.24	\$ 26.80	\$ (5,534.79)	\$ 379,001.75	74.72%	74.72%	\$ 177,375.24	100.00%	100.00%

	Taxes Levied	% of Levied	Property Taxes Collected
General Fund	\$ 98,750.00	20.00%	\$ 73,789.06
Debt Service Fund	395,019.00	80.00%	295,170.44
Totals	\$ 493,769.00	100.00%	\$ 368,959.50

Totals	
General	75,797.43
Debt Service	303,204.32
Total	379,001.75

No. 1

Property Tax

General Fund	\$ 98,750.00	20.00%	\$ 73,789.06
Debt Service Fund	395,019.00	80.00%	295,170.44
Totals	\$ 493,769.00	100.00%	\$ 368,959.50

Specific Ownership Tax

General Fund	\$ 9,875.00	20.00%	\$ 3,109.93
Debt Service	39,505.00	80.00%	12,440.31
Totals	\$ 49,380.00	100.00%	\$ 15,550.24

Treasurer's Fees

General Fund	\$ (1,481.00)	20.00%	\$ (1,106.92)
Debt Service	(5,925.00)	80.00%	(4,427.87)
Totals	\$ (7,406.00)	100.00%	\$ (5,534.79)

LITTLETON VILLAGE METROPOLITAN DISTRICT #3
Schedule of Cash Position
May 31, 2018
Updated as of June 19, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ColoTrust - Savings Account</u>			
Balance as of 05/31/18	\$ 73.38	\$ 587.91	\$ 661.29
Subsequent activities:			
06/10/18 - Tax collection	1,310.95	10,487.91	11,798.86
<i>Anticipated Transfer to District No. 1 (O&M)</i>	<i>(1,384.33)</i>	-	<i>(1,384.33)</i>
<i>Anticipated Transfer to District No. 2 (Debt Service)</i>	-	<i>(11,075.82)</i>	<i>(11,075.82)</i>
<i>Anticipated Balances</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Yield information as of 05/31/18

ColoTrust - 2.06%

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 3
Property Taxes Reconciliation
2018

	Current Year							Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 2,813.79	\$ -	\$ 757.23	\$ -	\$ (42.21)	\$ 3,528.81	2.36%	2.36%	\$ 596.36	0.00%	0.00%
February	35,826.35	-	734.39	-	(537.40)	36,023.34	30.07%	32.43%	490.26	0.01%	0.01%
March	6.53	-	800.80	-	(0.10)	807.23	0.01%	32.44%	2,861.09	2.84%	2.85%
April	-	-	660.44	-	-	660.44	0.00%	32.44%	447.00	0.00%	2.85%
May	11,078.70	-	799.09	88.58	(167.51)	11,798.86	9.30%	41.74%	2,841.13	2.84%	5.70%
June	-	-	-	-	-	-	0.00%	41.74%	609.73	0.00%	5.70%
July	-	-	-	-	-	-	0.00%	41.74%	556.39	0.00%	5.70%
August	-	-	-	-	-	-	0.00%	41.74%	666.08	0.00%	5.70%
September	-	-	-	-	-	-	0.00%	41.74%	530.56	0.00%	5.70%
October	-	-	-	-	-	-	0.00%	41.74%	677.90	0.00%	5.70%
November	-	-	-	-	-	-	0.00%	41.74%	81,151.68	94.30%	100.00%
December	-	-	-	-	-	-	0.00%	41.74%	549.49	0.00%	100.00%
Total	\$ 49,725.37	\$ -	\$ 3,751.95	\$ 88.58	\$ (747.22)	\$ 52,818.68	41.74%	41.74%	\$ 91,977.67	100.00%	100.00%

Taxes Levied	% of Levied	Property Taxes Collected
General Fund	13,237.00	11.11% \$ 5,524.90
Debt Service Fund	105,899.00	88.89% 44,200.47
Total	\$ 119,136.00	100.00% \$ 49,725.37

Property Taxes

General Fund
Debt Service Fund

Totals	
General	5,858.75
Debt Service	46,871.35
Total	52,730.10

No. 1
No.2

Specific Ownership Taxes

General Fund	1,324.00	11.11%	\$ 416.87
Debt Service	10,590.00	88.89%	3,335.08
Total	\$ 11,914.00	100.00%	\$ 3,751.95

Treasurer's Fees

General Fund	(199.00)	11.11%	\$ (83.02)
Debt Service	(1,588.00)	88.89%	(664.20)
Total	\$ (1,787.00)	100.00%	\$ (747.22)

Littleton Village Metro District No. 1
June Checks/Payments

Vendor Name and Address	Invoice Date	Invoice #	Description	General Fund	Operations Fund	Capital Projects Fund	Total Payment Amount	Check Number / Payment Ref
Mission Hills Church	Apr/May	102-2018/103-2018	Miscellaneous - meeting room	\$ 75.00	\$ -	\$ -	\$ 75.00	1045
Brightview Landscape Development	4/23/2018 5/1/2018 5/4/2018	5729786 5743787 3290514	Landscape maintenance Landscape maintenance Landscape maintenance	- - -	2,580.00 5,525.00 195.00	- - -	\$ 8,300.00	1046
CliftonLarsonAllen	03/31/18 03/31/18 03/31/18 04/30/18 04/30/18 04/30/18 04/30/18	1783025 1783025 1783025 1826870 1828598 1828598 1830696	District management Property management Billing services Accounting services District management Property management Billing services	7,985.82 - - 10,620.66 - - -	- 2,406.25 2,022.39 - 7,092.75 1,975.25 2,333.14	- - - 2,316.17 - - -	\$ 36,752.43	1047
Garland Brown	05/14/18	Water reimb	Water	-	764.09	-	\$ 764.09	1048
Hammond Site Resources, LLC	04/30/18 05/31/18	20186-1 20186-1	Construction management Construction management	- -	- -	6,000.00 5,000.00	\$ 11,000.00	1049
Norris Design	04/30/18	01-24093	Landscape architecture	-	-	280.00	\$ 280.00	1050
Special Courier	Various	Various	Miscellaneous - postings	280.00	-	-	\$ 280.00	1051
Theodore Wargin	04/30/18	N/A	Fee refund	-	82.50	-	\$ 82.50	1052
UNCC	04/30/18	218040553	Testing and inspection	-	140.65	-	\$ 140.65	1053
White, Bear & Ankele	04/25/18	80267	Legal services	21,165.12	-	8,557.37	\$ 29,722.49	1054
Xcel Energy	Various invoices		Electricity	-	18.83	-	\$ 18.83	1055
Denver Water	Various invoices		Water/irrigation	-	3,862.28	-	\$ 3,862.28	ACH Payment
Waste Management	05/01/18	0011608-0178-1	Monthly Trash	-	3,243.71	-	\$ 3,243.71	ACH Payment
Total invoices				\$ 40,051.60	\$ 32,241.84	\$ 22,153.54	\$ 94,521.98	

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1
 BASIC FINANCIAL STATEMENTS	
 Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
 Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	6
Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	7
Notes to Financial Statements.....	8
 SUPPLEMENTARY INFORMATION	 22
Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	23

BASIC FINANCIAL STATEMENTS

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 12,182
Cash - Restricted	59,507
Prepaid expense	10,948
Accounts receivable - Operations fees	2,091
Due from other districts	360
Capital assets, net	<u>5,533,606</u>
Total assets	<u><u>5,618,694</u></u>
LIABILITIES	
Accounts payable	105,011
Retainage	40,000
Noncurrent liabilities	
Due in more than one year	<u>321,022</u>
Total liabilities	<u><u>466,033</u></u>
NET POSITION	
Net investment in capital assets	5,533,606
Restricted for:	
Emergency reserves	7,700
Unrestricted	<u>(388,645)</u>
Total net position	<u><u>\$ 5,152,661</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Government activities:					
General government	\$ 699,154	\$ 206,561	\$ 435,189	\$ -	\$ (57,404)
Interest and related costs on long-term debt	15,343	-	-	-	(15,343)
Conveyance of capital assets to other governments	5,029,646	-	-	-	(5,029,646)
	<u>\$ 5,744,143</u>	<u>\$ 206,561</u>	<u>\$ 435,189</u>	<u>\$ -</u>	<u>(5,102,393)</u>
General revenues:					
Total general revenues					-
Change in net position					(5,102,393)
Net position - Beginning					10,255,054
Net position - Ending					<u>\$ 5,152,661</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 12,182	\$ -	\$ -	\$ 12,182
Cash - Restricted	1,500	55,725	2,282	59,507
Prepaid expense	3,841	7,107	-	10,948
Accounts receivable - Operations fees	-	2,091	-	2,091
Due from other districts	360	-	-	360
Total assets	\$ 17,883	\$ 64,923	\$ 2,282	\$ 85,088
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 22,856	\$ 25,793	\$ 56,362	\$ 105,011
Retainage	-	-	40,000	40,000
Total liabilities	22,856	25,793	96,362	145,011
FUND BALANCES				
Nonspendable:				
Prepaid expense	3,841	7,107	-	10,948
Restricted for:				
Emergency reserves	1,500	6,200	-	7,700
Committed to:				
Operations and maintenance	-	25,823	-	25,823
Unassigned:				
General government	(10,314)	-	-	(10,314)
Capital projects	-	-	(94,080)	(94,080)
Total fund balances	(4,973)	39,130	(94,080)	(59,923)
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,883	\$ 64,923	\$ 2,282	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.	5,533,606
Long-term liabilities, including developer advances and accrued interest, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.	
Developer advance payable	(208,857)
Interest payable - Developer advance	(112,165)
Net position of governmental activities	\$ 5,152,661

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Operations fees	\$ -	\$ 205,761	\$ -	\$ 205,761
Other income	800	-	-	800
Transfer from other districts	46,220	-	388,969	435,189
Total revenues	<u>47,020</u>	<u>205,761</u>	<u>388,969</u>	<u>641,750</u>
EXPENDITURES				
Current				
Accounting	34,497	-	-	34,497
Miscellaneous/Contingency	1,096	-	-	1,096
Audit	6,875	-	-	6,875
District management	25,513	-	-	25,513
Billing services	-	24,535	-	24,535
Electricity	-	759	-	759
Repairs and maintenance	-	58,037	-	58,037
Insurance and dues	3,686	5,529	-	9,215
Legal	28,516	4,426	-	32,942
Property management	-	38,268	-	38,268
Testing and inspections	-	2,463	-	2,463
Trash	-	21,866	-	21,866
Water	-	30,132	-	30,132
Capital outlay	-	-	453,216	453,216
Total expenditures	<u>100,183</u>	<u>186,015</u>	<u>453,216</u>	<u>739,414</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(53,163)</u>	<u>19,746</u>	<u>(64,247)</u>	<u>(97,664)</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	22,126	-	388,969	411,095
Developer advance repayment	-	-	(388,969)	(388,969)
Transfer (to)/from other funds	(65,021)	19,384	45,637	-
Total other financing sources (uses)	<u>(42,895)</u>	<u>19,384</u>	<u>45,637</u>	<u>22,126</u>
NET CHANGE IN FUND BALANCES	(96,058)	39,130	(18,610)	(75,538)
FUND BALANCES - BEGINNING OF YEAR	<u>91,085</u>	<u>-</u>	<u>(75,470)</u>	<u>15,615</u>
FUND BALANCES - END OF YEAR	<u>\$ (4,973)</u>	<u>\$ 39,130</u>	<u>\$ (94,080)</u>	<u>\$ (59,923)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net changes in fund balances - Total governmental funds	\$	(75,538)
---	----	----------

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay		453,216
Conveyance of capital assets to other governments		(5,029,646)
Depreciation expense		(412,956)

Long-term debt (e.g., bonds, Developer advances) 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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer advances		(411,095)
Repayment of Developer advances		388,969

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.

Interest payable - Developer advances - Change in liability		(15,343)
---	--	----------

Change in net position of governmental activities		<u>\$ (5,102,393)</u>
---	--	-----------------------

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Operations fees	\$ 175,000	\$ -	\$ -	\$ -
Other income	-	800	800	-
Transfer from other districts	45,695	46,220	46,220	-
Total revenues	<u>220,695</u>	<u>47,020</u>	<u>47,020</u>	<u>-</u>
EXPENDITURES				
Accounting	20,000	35,000	34,497	503
Miscellaneous/Contingency	10,000	14,293	1,096	13,197
Audit	7,000	7,000	6,875	125
District management	35,000	25,000	25,513	(513)
Repairs and maintenance	50,000	-	-	-
Insurance and dues	10,000	3,686	3,686	-
Legal	25,000	30,000	28,516	1,484
Total expenditures	<u>157,000</u>	<u>114,979</u>	<u>100,183</u>	<u>14,796</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,695</u>	<u>(67,959)</u>	<u>(53,163)</u>	<u>14,796</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	-	41,895	22,126	(19,769)
Transfers to other funds	-	(65,021)	(65,021)	-
Total other financing sources (uses)	<u>-</u>	<u>(23,126)</u>	<u>(42,895)</u>	<u>(19,769)</u>
NET CHANGE IN FUND BALANCES	63,695	(91,085)	(96,058)	(4,973)
FUND BALANCES - BEGINNING OF YEAR	<u>68,772</u>	<u>91,085</u>	<u>91,085</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 132,467</u>	<u>\$ -</u>	<u>\$ (4,973)</u>	<u>\$ (4,973)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Operations fees	\$ -	\$ 203,640	\$ 205,761	\$ 2,121
Total revenues	<u>-</u>	<u>203,640</u>	<u>205,761</u>	<u>2,121</u>
EXPENDITURES				
Billing services	-	25,000	24,535	465
Electricity	-	1,000	759	241
Insurance and bonds	-	6,000	5,529	471
Legal	-	5,000	4,426	574
Repairs and maintenance	-	60,000	58,037	1,963
Trash	-	22,000	21,866	134
Testing and inspections	-	2,500	2,463	37
Property management	-	40,000	38,268	1,732
Water	-	30,000	30,132	(132)
Miscellaneous/Contingency	-	8,500	-	8,500
Total expenditures	<u>-</u>	<u>200,000</u>	<u>186,015</u>	<u>13,985</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>3,640</u>	<u>19,746</u>	<u>16,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	19,384	19,384
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>19,384</u>	<u>19,384</u>
NET CHANGE IN FUND BALANCES	-	3,640	39,130	35,490
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 3,640</u>	<u>\$ 39,130</u>	<u>\$ 35,490</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Littleton Village Metropolitan District No. 1 (District) is a quasi-municipal corporation and political subdivision of the State of Colorado, which was organized by order and decree of the District Court for Arapahoe County on September 28, 2006. The District operates as the Coordinating District in a triple district structure with Littleton Village Metropolitan District Nos. 2 and 3 (District No. 2 and District No. 3, respectively; collectively, all three districts are referred to as the Districts). District Nos. 2 and 3 were organized by order and decree of the District Court for Arapahoe County on February 11, 2014. 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 has amended its annual budget for the year ended December 31, 2017.

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. 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.

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
Monumentation/Signage	20 years
Drainage Tract	20 years

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficits

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2017. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2018.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash	\$ 12,182
Cash - Restricted	<u>59,507</u>
Total cash	<u><u>\$ 71,689</u></u>

Cash as of December 31, 2017, consists of the following:

Deposits with financial institutions	<u><u>\$ 71,689</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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2017, the District's cash deposits had a bank balance of \$73,114 and a carrying balance of \$71,689.

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, 2017, the District had no investments.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated				
Construction in progress	\$ 10,522,992	\$ 453,216	\$ 10,976,208	\$ -
Total capital assets, not being depreciated	<u>10,522,992</u>	<u>453,216</u>	<u>10,976,208</u>	<u>-</u>
Capital assets, being depreciated				
Central Park	-	2,099,873	-	2,099,873
Boulevard Park	-	511,964	-	511,964
Monument Sign Tract	-	1,066,584	-	1,066,584
North Drainage Tract/Open Space	-	1,464,715	-	1,464,715
Broadyway/Dry Creek	-	803,426	-	803,426
Total capital assets, being depreciated	<u>-</u>	<u>5,946,562</u>	<u>-</u>	<u>5,946,562</u>
Less accumulated depreciation for:				
Central Park	-	(145,825)	-	(145,825)
Boulevard Park	-	(35,553)	-	(35,553)
Monument Sign Tract	-	(74,068)	-	(74,068)
North Drainage Tract/Open Space	-	(101,716)	-	(101,716)
Broadyway/Dry Creek	-	(55,794)	-	(55,794)
Total accumulated depreciation:	<u>-</u>	<u>(412,956)</u>	<u>-</u>	<u>(412,956)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>5,533,606</u>	<u>-</u>	<u>5,533,606</u>
Governmental activities - Capital assets, net	<u>\$ 10,522,992</u>	<u>\$ 5,986,822</u>	<u>\$ 10,976,208</u>	<u>\$ 5,533,606</u>

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

Government activities \$ 412,956

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirement of Long-Term Obligations</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Developer advance - Operating	\$ 186,731	\$ 22,126	\$ -	\$ 208,857	\$ -
Accrued interest on Developer advance - Operating	33,530	15,343	-	48,873	-
Developer advance - Capital	-	388,969	388,969	-	-
Accrued interest on Developer advance - Capital	63,292	-	-	63,292	-
	<u>\$ 283,553</u>	<u>\$ 426,438</u>	<u>\$ 388,969</u>	<u>\$ 321,022</u>	<u>\$ -</u>

Developer Advances

Pursuant to the Amended and Restated Funding and Reimbursement Agreement (Operations and Maintenance) and the Construction Funding Loan Agreement (Capital), the District receives certain funding from the Developer which is subject to reimbursement. During 2017, advances received from the Developer from these Agreements totaled \$411,095.

On June 4, 2014, District No. 2 issued its Series 2014 Bonds to the Developer in the maximum principal amounts of \$12,165,000 (Series 2014A) and \$3,335,000 (Series 2014B). Developer advances made pursuant to the Construction Funding Loan Agreement are converted to principal amounts due under the Series 2014 Bonds.

During 2017, \$388,969 in Developer advances was received by the District pursuant to the Construction Funding Loan Agreement. The District received \$388,969 as a transfer from District No. 2 and utilized these funds to retire the developer advances.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 5, 2014	Authorization Used	Authorized But Unissued
	<u> </u>	<u> </u>	<u> </u>
Streets	\$ 40,000,000	\$ -	\$ 40,000,000
Water	40,000,000	-	40,000,000
Sanitation	40,000,000	-	40,000,000
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	-	40,000,000
Intergovernmental Agreements	40,000,000	-	40,000,000
	<u><u>\$520,000,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$520,000,000</u></u>

Pursuant to the Service Plan, the District is 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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Net investment in capital assets	
Capital assets, net	\$ 5,533,606
Net investment in capital assets	\$ 5,533,606

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, 2017, as follows:

	Governmental Activities
Restricted net position	
Emergency reserves	\$ 7,700
Total restricted net position	\$ 7,700

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

NOTE 7 - RELATED PARTY

Hammond Site Resources LLC, a Colorado limited liability company, is contracted to provide construction management services to the District. One of the members of the Board of Directors is the officer of Hammond Site Resources LLC and may have conflicts of interest in dealing with the District. The District incurred a total of \$91,000 in construction management services for the year December 31, 2017. Any potential conflicts have been filed in accordance with Colorado Law.

One or more of the Board of Directors are associated/related to the Developer and may have conflicts of interest in dealing with the District.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS

Intergovernmental Agreement – South East Englewood Water District

In 2016, the District, District No. 2 and District No. 3 (collectively, the Districts) entered into an Amended and Restated Intergovernmental Agreement with the South-East Englewood Water District, pursuant to which the parties recognized an overlap of boundaries. In the agreement, the Districts agreed to limit their water service authority to financing, acquiring and constructing certain potable water facilities for ultimate conveyance to Denver Water, which water facilities shall thereafter be operated by Denver Water. The agreement provides that the Districts shall not exercise any water service power or authority after conveyance of the water facilities to Denver Water. Notwithstanding, however, the agreement does permit the Districts to undertake certain administrative water service invoicing activities relative to certain multi-family homes within the boundaries of the Districts. Further, the agreement authorizes the Districts to administer a means of sub-metering or otherwise distributing charges for irrigation costs relative to common landscaped areas to the owners of properties within the Districts benefitted by such costs.

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

The District entered into a Funding and Reimbursement Agreement with the Developer dated as of October 31, 2013. Pursuant to this Agreement, the Developer agreed to loan up to \$750,000 to the District in one or in a series of installments through December 31, 2014, to be used for District costs including capital needs as well as operations and maintenance requirements. The District is to determine from time to time (but not more often than monthly) the amount required to fund budgeted expenditures of the District, and notifies the Developer of the required amount at least ten (10) days prior to the beginning of each month, and the Developer is obligated to fund such required amounts by the beginning of the next month. Simple interest accrues on amounts advanced at the rate of 8% per annum calculated from the date of each advance. The District intends 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 of the District. The term for repayment is 20 years from the date of the Agreement, unless otherwise agreed.

On December 4, 2015, the Funding and Reimbursement Agreement (Operations and Maintenance) was amended and restated. Pursuant to the amended agreement, the Developer has agreed to loan funds to the District in an amount up to \$100,000 per year for five years through December 31, 2020. As of December 31, 2017, outstanding advances under this agreement totaled \$208,857 in principal and \$48,873 in accrued interest.

Pursuant to the Construction Funding Loan Agreement (described below), the capital component of Developer advances in the amount of \$767,889 made under this Agreement has been recorded as part of the principal amount of the 2014 Bonds issued by District No. 2, and there is no further obligation of the Developer to fund capital costs under this Agreement, but rather future funding obligations of the Developer under this Agreement are limited to operations and maintenance costs.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 – AGREEMENTS (CONTINUED)

Construction Funding Loan Agreement

The District, together with District Nos. 2 and 3, entered into a Construction Funding Loan Agreement with the Developer dated as of June 6, 2014, whereby the Developer agreed to advance funds to the District for capital costs of public infrastructure being constructed by the District. Additionally, the parties also agreed that any amounts funded for capital costs under the Funding and Reimbursement 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 Funding and Reimbursement Agreement. Further, the Construction Funding Loan Agreement declared that all future Developer obligations to advance funds to the District for capital costs would be governed by the Construction Funding Loan Agreement and not the Funding and Reimbursement Agreement.

The Developer agreed to make advances under this Agreement in one or more installments in the maximum amount of \$15,500,000 through June 1, 2017. Extensions of this date can occur if the Developer gives written notice to the District on an annual basis indicating the extension term.

The Construction Funding Loan Agreement was amended by a First Amendment on January 27, 2015, a Second Amendment on December 2, 2015, and a Third Amendment on November 22, 2016. Pursuant to the terms of the Third Amendment, all prior and current advances and accepted costs may exceed \$15,500,000.

Reimbursement of amounts advanced by the Developer was made through the issuance of the 2014 Bonds issued by District No. 2, consisting of its Special Revenue Bonds, Series 2014A in an authorized principal amount of up to \$12,165,000 and its Taxable Subordinate Special Revenue Bond, Series 2014B, in an authorized principal amount of up to \$3,335,000 (the 2014 Bonds). District No. 2 issued the 2014 Bonds on June 4, 2014. As Acknowledged Advances are made by the Developer under the Construction Funding Loan Agreement, these amounts are recorded as amounts due with respect to the 2014 Bonds.

During 2017, \$388,969 were recorded as amounts due under Series 2014B Bonds which made the cumulative total of \$2,384,977. On December 17, 2015, District No. 2 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, leaving the outstanding principal \$4,762,467 as of December 31, 2017.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 – AGREEMENTS (CONTINUED)

Subdivision Improvement Agreement

On July 31, 2014, the District entered into a Subdivision Improvement Agreement (Agreement) with the Developer and the City of Littleton (City). The Agreement requires that the District and the Developer construct and install certain public improvements at their sole cost and expense for ultimate conveyance to the City. As of December 31, 2017, the District recorded \$1,094,964 as reimbursement from the City under this Agreement.

District Administrative Services Agreement

On April 24, 2014, the Districts entered into a District Administrative Services Agreement (Agreement) to define the relationship between the Districts. District No. 1 agreed to become the Coordinating District responsible for providing administrative services such as overseeing elections and board meetings, maintaining the books and records of the Districts, overseeing the construction of public improvements within the Districts, as well as providing general management of the Districts. District No. 2 and District No. 3 agreed to become the Financing Districts which utilize property taxes and related fees from properties and taxpayers within their respective districts to fully finance all administrative responsibilities of District No. 1.

NOTE 9 - 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 10 - 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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 5, 2013, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance and \$40,000,000 for payment due pursuant to intergovernmental agreements (IGA). The District's amended service plan limits the total debt issuance to \$40,000,000.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Transfer from other districts	\$ -	\$ 388,969	\$ 388,969
Total revenues	<u>-</u>	<u>388,969</u>	<u>388,969</u>
EXPENDITURES			
Capital outlay	<u>2,000,000</u>	<u>453,216</u>	<u>1,546,784</u>
Total expenditures	<u>2,000,000</u>	<u>453,216</u>	<u>1,546,784</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,000,000)</u>	<u>(64,247)</u>	<u>1,935,753</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	2,000,000	388,969	(1,611,031)
Developer advance repayment	-	(388,969)	(388,969)
Transfer from other funds	-	45,637	45,637
Total other financing sources (uses)	<u>2,000,000</u>	<u>45,637</u>	<u>(1,954,363)</u>
NET CHANGE IN FUND BALANCES	-	(18,610)	(18,610)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>(75,470)</u>	<u>(75,470)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ (94,080)</u>	<u>\$ (94,080)</u>

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	6
Notes to Financial Statements.....	7
SUPPLEMENTARY INFORMATION	20
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	21
Schedule Debt Service Requirements to Maturity.....	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected.....	23

BASIC FINANCIAL STATEMENTS

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - Restricted	\$ 1,390,661
Receivable from County Treasurer	1,124
Due from other districts	488
Property taxes receivable	493,769
Total assets	<u>1,886,042</u>
DEFERRED OUTFLOW OF RESOURCES	
Bond discount	<u>36,802</u>
Total deferred outflows of resources	<u>36,802</u>
LIABILITIES	
Due to other districts	299
Accrued interest on bonds payable	48,509
Noncurrent liabilities	
Due in more than one year	<u>19,037,930</u>
Total liabilities	<u>19,086,738</u>
DEFERRED INFLOW OF RESOURCES	
Deferred property tax revenue	<u>493,769</u>
Total deferred inflow of resources	<u>493,769</u>
NET POSITION	
Restricted for:	
Debt service	282,979
Unrestricted	<u>(17,940,642)</u>
Total net position	<u><u>\$ (17,657,663)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Government activities:					
General government	\$ 497	\$ -	\$ -	\$ -	\$ (497)
Intergovernmental	424,969	-	81,758	-	(343,211)
Interest and related costs on long-term debt	1,190,591	-	-	-	(1,190,591)
	<u>\$ 1,616,057</u>	<u>\$ -</u>	<u>\$ 81,758</u>	<u>\$ -</u>	<u>(1,534,299)</u>
General revenues:					
Property taxes					165,582
Specific ownership taxes					14,179
Net investment income					14,987
Total general revenues					<u>194,748</u>
Change in net position					(1,339,551)
Net position - Beginning					(16,318,112)
Net position - Ending					<u>\$ (17,657,663)</u>

These financial statements should be read in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments - Restricted	\$ 74	\$ 1,390,587	\$ 1,390,661
Receivable from County Treasurer	225	899	1,124
Due from other districts	-	488	488
Property taxes receivable	98,750	395,019	493,769
TOTAL ASSETS	<u>\$ 99,049</u>	<u>\$ 1,786,993</u>	<u>\$ 1,886,042</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to other districts	\$ 299	\$ -	\$ 299
Total liabilities	<u>299</u>	<u>-</u>	<u>299</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	98,750	395,019	493,769
Total deferred inflows of resources	<u>98,750</u>	<u>395,019</u>	<u>493,769</u>
FUND BALANCES			
Restricted for:			
Debt service	-	1,391,974	1,391,974
Total fund balances	<u>-</u>	<u>1,391,974</u>	<u>1,391,974</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 99,049</u>	<u>\$ 1,786,993</u>	

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 deferred in the funds.

Bond discount 36,802

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable - Series 2014A (4,762,467)

Bonds payable - Series 2014B (2,384,977)

Bonds payable - Series 2015 (10,830,000)

Accrued interest on bonds payable - Series 2014A (803,825)

Accrued interest on bonds payable - Series 2014B (256,661)

Accrued interest on bonds payable - Series 2015 (48,509)

Net position of governmental activities \$ (17,657,663)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 33,116	\$ 132,466	\$ 165,582
Specific ownership tax	2,836	11,343	14,179
Net investment income	545	14,442	14,987
Transfer from other districts	-	81,758	81,758
Total revenues	<u>36,497</u>	<u>240,009</u>	<u>276,506</u>
EXPENDITURES			
Current			
County Treasurer's fees	497	1,988	2,485
Transfer to other districts	36,000	388,969	424,969
Debt service			
Bond interest	-	582,113	582,113
Paying agent	-	4,100	4,100
Total expenditures	<u>36,497</u>	<u>977,170</u>	<u>1,013,667</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(737,161)</u>	<u>(737,161)</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance - Series 2014B	-	388,969	388,969
Total other financing sources (uses)	<u>-</u>	<u>388,969</u>	<u>388,969</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(348,192)</u>	<u>(348,192)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>1,740,166</u>	<u>1,740,166</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,391,974</u>	<u>\$ 1,391,974</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$	(348,192)
--	----	-----------

The issuance of long-term debt (e.g., bonds, leases) 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 issuance - Series 2014B		(388,969)
------------------------------	--	-----------

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.

Bond discount amortization expense		(1,838)
------------------------------------	--	---------

Accrued interest on long-term obligations - Change in liability		(600,552)
---	--	-----------

Changes in net position of governmental activities	<u>\$</u>	<u>(1,339,551)</u>
--	-----------	--------------------

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 33,116	\$ 33,116	\$ 33,116	\$ -
Specific ownership tax	3,312	2,836	2,836	-
Net investment income	-	545	545	-
Other income	-	3,503	-	(3,503)
Total revenues	<u>36,428</u>	<u>40,000</u>	<u>36,497</u>	<u>(3,503)</u>
EXPENDITURES				
Current				
County Treasurer's fees	497	497	497	-
Contingency	-	3,503	-	3,503
Transfer to other districts	35,931	36,000	36,000	-
Total expenditures	<u>36,428</u>	<u>40,000</u>	<u>36,497</u>	<u>3,503</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Littleton Village Metropolitan District No. 2 (District) is a quasi-municipal corporation and political subdivision of the State of Colorado, which was organized by order and decree of the District Court for Arapahoe County on February 11, 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 (District No. 3 and District No. 1, respectively) (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 has no employees and all operations and administrative functions are contracted.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 fund:

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.

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 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 has amended its annual budget for the year ended December 31, 2017.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Amortization

Bond Discount

In the government-wide financial statements [and proprietary fund types in the fund 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.

Deferred Outflows/Inflows 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/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *bond discount*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Cash and investments – Restricted	<u>\$ 1,390,661</u>
-----------------------------------	---------------------

Cash and investments as of December 31, 2017, consist of the following:

Investments	<u>\$ 1,390,661</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, 2017, the District had no cash deposits.

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.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 1,316,865
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>73,796</u>
		<u>\$ 1,390,661</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 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 using the amortized cost method. 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 FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust 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 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 is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities					
Subordinate Special Revenue Bonds, Series 2014A	\$ 4,762,467	\$ -	\$ -	\$ 4,762,467	\$ -
Subordinate Special Revenue Bonds, Series 2014B	1,996,008	388,969	-	2,384,977	-
Accrued interest on Subordinate Special Revenue Bonds, Series 2014A	391,507	412,318	-	803,825	-
Accrued interest on Subordinate Special Revenue Bonds, Series 2014B	68,427	188,234	-	256,661	-
Limited Tax General Obligation and Special Revenue Bonds, Series 2015	10,830,000	-	-	10,830,000	-
	<u>\$ 18,048,409</u>	<u>\$ 989,521</u>	<u>\$ -</u>	<u>\$ 19,037,930</u>	<u>\$ -</u>

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG TERM OBLIGATIONS (CONTINUED)

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

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 whereby 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.

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, as described in the following section.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG TERM OBLIGATIONS (CONTINUED)

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.

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, which is to be funded upon issuance of the Series 2015 Senior Bonds in the amount of the Required Reserve anticipated to equal \$880,075, 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>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 582,113	\$ 582,113
2019	70,000	582,112	652,112
2020	115,000	578,350	693,350
2021	120,000	572,169	692,169
2022	140,000	565,718	705,718
2023-2027	920,000	2,700,937	3,620,937
2028-2032	1,415,000	2,403,163	3,818,163
2033-2037	2,045,000	1,958,920	4,003,920
2038-2042	2,890,000	1,323,862	4,213,862
2043-2045	3,115,000	387,269	3,502,269
	<u>\$ 10,830,000</u>	<u>\$ 11,654,613</u>	<u>\$ 22,484,613</u>

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - 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, 2017, 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	Authorized But Unissued
Streets	\$ 40,000,000	\$ 12,165,000	\$ 2,384,977	\$ -	\$ 25,450,023
Water	40,000,000	-	-	-	40,000,000
Sanitation	40,000,000	-	-	-	40,000,000
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	-	-	-	40,000,000
Intergovernmental Agreements	40,000,000	-	-	10,830,000	29,170,000
	<u>\$520,000,000</u>	<u>\$ 12,165,000</u>	<u>\$ 2,384,977</u>	<u>\$ 10,830,000</u>	<u>\$494,620,023</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$40,000,000.

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 imposed 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, 2017, as follows:

Restricted net position:	Governmental
Debt service	Activities
	<u>\$ 282,979</u>

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the financing and repayment of debt obligations and advances for the construction of public improvements.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - RELATED PARTY

Hammond Site Resources LLC, a Colorado limited liability company, is contracted to provide construction management services to District No. 1. One of the members of the Board of Directors is the officer of Hammond Site Resources LLC and may have conflicts of interest in dealing with the Districts.

One or more of the Board of Directors are associated/related to the Developer and may have conflicts of interest in dealing with the District.

NOTE 7 - AGREEMENTS

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

District No. 1 entered into a Funding and Reimbursement Agreement with the Developer dated as of October 31, 2013. Pursuant to this 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. The District No. 1 is to determine from time to time (but not more often than monthly) the amount required to fund budgeted expenditures of District No. 1, and notifies the Developer of the required amount at least ten (10) days prior to the beginning of each month, and the Developer is obligated to fund such required amounts by the beginning of the next month. Simple interest accrues on amounts advanced at the rate of 8% per annum calculated from the date of each advance. District No. 1 intends 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 is 20 years from the date of the Agreement, unless otherwise agreed.

On December 4, 2015, the Funding and Reimbursement Agreement (Operations and Maintenance) was amended and restated. Pursuant to the amended agreement, 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.

Pursuant to the Construction Funding Loan Agreement (described below), the capital component of Developer advances in the amount of \$767,889 made under this Agreement has 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 this Agreement, but rather future funding obligations of the Developer under this Agreement are limited to operations and maintenance costs.

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 – 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, 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 Funding and Reimbursement 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 Funding and Reimbursement Agreement.

The Developer agreed to make advances under this Agreement in one or more installments in the maximum amount of \$15,500,000 through June 1, 2017. Extensions of this date can occur if the Developer gives written notice to the District on an annual basis indicated the extension term.

The Construction Funding Loan Agreement was amended by a First Amendment on January 27, 2015, a Second Amendment on December 2, 2015, and a Third Amendment on November 22, 2016. Pursuant to the terms of the Third Amendment, all prior and current advances and accepted costs, may exceed \$15,500,000.

During 2017, \$388,969 were recorded as additional amounts due under Series 2014B Bonds which made the cumulative total of \$2,384,977 and accrued interest of \$256,661. 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, leaving the outstanding principal of \$4,762,467 and accrued interest of \$802,825 as of December 31, 2017.

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 FINANCIAL STATEMENTS
December 31, 2017

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 limits 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, 2017, 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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 132,466	\$ 132,466	\$ 132,466	\$ -
Specific ownership tax	13,250	13,250	11,343	(1,907)
Net investment income	6,000	6,000	14,442	8,442
Transfer from other districts	78,112	78,112	81,758	3,646
Total revenues	<u>229,828</u>	<u>229,828</u>	<u>240,009</u>	<u>10,181</u>
EXPENDITURES				
Debt Service				
County Treasurer's fees	1,987	1,987	1,988	(1)
Contingency	11,801	2,832	-	2,832
Bond interest	582,112	582,112	582,113	(1)
Paying agent	4,100	4,100	4,100	-
Transfer to other districts	-	388,969	388,969	-
Total expenditures	<u>600,000</u>	<u>980,000</u>	<u>977,170</u>	<u>2,830</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(370,172)</u>	<u>(750,172)</u>	<u>(737,161)</u>	<u>13,011</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance - Series 2014B	-	388,969	388,969	-
Total other financing sources (uses)	<u>-</u>	<u>388,969</u>	<u>388,969</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(370,172)</u>	<u>(361,203)</u>	<u>(348,192)</u>	<u>13,011</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,724,704</u>	<u>1,740,166</u>	<u>1,740,166</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,354,532</u>	<u>\$ 1,378,963</u>	<u>\$ 1,391,974</u>	<u>\$ 13,011</u>

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$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>
2018	\$ -	\$ 582,113	\$ 582,113
2019	70,000	582,112	652,112
2020	115,000	578,350	693,350
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	\$ 10,830,000	\$ 11,654,613	\$ 22,484,613

LITTLETON VILLAGE METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2017

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	
2014	\$ -	0.000	0.000	\$ -	\$ -	N/A
2015	\$ 13,137	10.000	40.000	\$ 656	\$ 657	100.2%
2016	\$ 1,783,725	10.000	40.000	\$ 89,186	\$ 89,172	99.9%
2017	\$ 3,311,642	10.000	40.000	\$ 165,582	\$ 165,582	100.0%
Estimated for year ending December 31, 2018	\$ 8,932,645	11.055	44.222	\$ 493,769		