

MARVELLA METROPOLITAN DISTRICT
Arapahoe County, Colorado
City of Centennial, Colorado

FINANCIAL STATEMENTS
December 31, 2024


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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marvella Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Marvella Metropolitan District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of December 31, 2024, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marvella Metropolitan District's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as

listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Haynie & Company

Littleton, Colorado
August 28, 2025

BASIC FINANCIAL STATEMENTS

MARVELLA METROPOLITAN DISTRICT
BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments - unrestricted	\$ 312,870	\$ -	\$ 312,870	\$ -	\$ 312,870
Cash and investments - restricted	-	226,042	226,042	-	226,042
Due from county treasurer	1,865	2,121	3,986	-	3,986
Property taxes receivable	250,311	249,974	500,285	-	500,285
Prepaid expenditures	8,245	-	8,245	-	8,245
Capital assets, net of accumulated depreciation	-	-	-	3,720,582	3,720,582
Total assets	<u>573,291</u>	<u>478,137</u>	<u>1,051,428</u>	<u>3,720,582</u>	<u>4,772,010</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	418,754	418,754
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,754</u>	<u>418,754</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	19,100	-	19,100	-	19,100
Accrued interest on bonds	-	-	-	11,438	11,438
Long-term liabilities:					
Due within a year	-	-	-	165,000	165,000
Due in more than one year	-	-	-	8,474,109	8,474,109
Total liabilities	<u>19,100</u>	<u>-</u>	<u>19,100</u>	<u>8,650,547</u>	<u>8,669,647</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	250,311	249,974	500,285	-	500,285
Total deferred inflows of resources	<u>250,311</u>	<u>249,974</u>	<u>500,285</u>	<u>-</u>	<u>500,285</u>
FUND BALANCES/NET POSITION					
Nonspendable:					
Prepaid expenditures	8,245	-	8,245	(8,245)	-
Restricted:					
Emergency reserves	9,200	-	9,200	(9,200)	-
Debt service	-	228,163	228,163	(228,163)	-
Unassigned	286,435	-	286,435	(286,435)	-
Total fund balances	<u>303,880</u>	<u>228,163</u>	<u>532,043</u>	<u>(532,043)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 573,291</u>	<u>\$ 478,137</u>	<u>\$ 1,051,428</u>		
NET POSITION (DEFICIT)					
Net investment in capital assets				(68,527)	(68,527)
Restricted for:					
Emergencies				9,200	9,200
Unrestricted				(3,919,841)	(3,919,841)
TOTAL NET POSITION (DEFICIT)				<u>\$(3,979,168)</u>	<u>\$ (3,979,168)</u>

MARVELLA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES					
Property taxes	\$ 339,845	\$ 339,508	\$ 679,353	\$ -	\$ 679,353
Specific ownership taxes	22,825	25,969	48,794	-	48,794
Interest	15,069	15,068	30,137	-	30,137
Total revenues	<u>377,739</u>	<u>380,545</u>	<u>758,284</u>	<u>-</u>	<u>758,284</u>
EXPENDITURES					
<u>General</u>					
Accounting	18,776	-	18,776	-	18,776
Audit	3,000	-	3,000	-	3,000
District management	65,357	-	65,357	-	65,357
Dues and subscriptions	1,463	-	1,463	-	1,463
Elections	445	-	445	-	445
Legal - general	31,208	-	31,208	-	31,208
Insurance	11,069	-	11,069	-	11,069
Landscape maintenance	49,175	-	49,175	-	49,175
Landscape improvements	19,227	-	19,227	-	19,227
Landscape irrigation	7,727	-	7,727	-	7,727
Miscellaneous	1,248	-	1,248	-	1,248
Pool maintenance and chemicals	30,759	-	30,759	-	30,759
Snow removal	10,480	-	10,480	-	10,480
Trash	14,457	-	14,457	-	14,457
Treasurer fees	5,164	-	5,164	-	5,164
Utilities - water	27,898	-	27,898	-	27,898
Utilities - electric	6,999	-	6,999	-	6,999
Website	1,607	-	1,607	-	1,607
Depreciation	-	-	-	215,880	215,880
Interest on developer advances - operations	-	-	-	15,371	15,371
Interest on developer advances - capital	-	-	-	168,451	168,451
<u>Debt service</u>					
Treasurer fees	-	5,159	5,159	-	5,159
Amortization of loss on refunding	-	-	-	19,511	19,511
Bond interest	-	144,146	144,146	-	144,146
Bond principal	-	160,000	160,000	(160,000)	-
Paying agent fee	-	2,000	2,000	-	2,000
Total expenditures	<u>306,059</u>	<u>311,305</u>	<u>617,364</u>	<u>259,213</u>	<u>876,577</u>
NET CHANGE IN FUND BALANCES	71,680	69,240	140,920	(259,213)	
CHANGE IN NET POSITION				(118,293)	(118,293)
FUND BALANCES/NET POSITION					
Beginning of Year	232,200	158,923	391,123	(4,660,530)	(3,860,875)
End of Year	<u>\$ 303,880</u>	<u>\$ 228,163</u>	<u>\$ 532,043</u>	<u>\$ (5,038,036)</u>	<u>\$ (3,979,168)</u>

MARVELLA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2024

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 341,668	\$ 339,845	\$ (1,823)
Specific ownership taxes	15,000	22,825	7,825
Interest	8,000	15,069	7,069
Total revenues	<u>364,668</u>	<u>377,739</u>	<u>13,071</u>
EXPENDITURES			
Accounting	17,000	18,776	(1,776)
Audit	3,000	3,000	-
Community events	1,000	-	1,000
District management	30,000	65,357	(35,357)
Dues and subscriptions	600	1,463	(863)
Elections	-	445	(445)
Equipment repairs and maintenance	5,000	-	5,000
Fencing - Trees	25,000	-	25,000
Legal - general	20,000	31,208	(11,208)
Legal - conveyance	20,000	-	20,000
Insurance	11,000	11,069	(69)
Landscape maintenance	35,000	49,175	(14,175)
Landscape improvements	10,000	19,227	(9,227)
Landscape irrigation	9,000	7,727	1,273
Miscellaneous	1,000	1,248	(248)
Pool maintenance and chemicals	20,000	30,759	(10,759)
Reserve study	2,500	-	2,500
Snow removal	25,000	10,480	14,520
Trash	15,000	14,457	543
Treasurer fees	5,125	5,164	(39)
Utilities - water	20,000	27,898	(7,898)
Utilities - sewer	1,000	-	1,000
Utilities - electric	8,000	6,999	1,001
Website	2,000	1,607	393
Contingency	15,000	-	15,000
Emergency reserve (3%)	8,100	-	8,100
Total expenditures	<u>309,325</u>	<u>306,059</u>	<u>3,266</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>55,343</u>	<u>71,680</u>	<u>16,337</u>
NET CHANGE IN FUND BALANCES	55,343	71,680	16,337
FUND BALANCE - BEGINNING OF YEAR	<u>197,266</u>	<u>232,200</u>	<u>34,934</u>
FUND BALANCE - END OF YEAR	<u>\$ 252,609</u>	<u>\$ 303,880</u>	<u>\$ 51,271</u>

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marvella Metro District is a community development organization based in Centennial, CO, dedicated to creating a vibrant and sustainable living environment for its residents. With a focus on thoughtful urban planning and community engagement, Marvella Metro District strives to enhance the quality of life for those who call the district home.

The accounting policies of the Marvella Metropolitan District (“District”), located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on January 5, 2007, as Verona Estates Metropolitan District No. 1 (“District No. 1”), as a quasi-municipal corporation established under the State of Colorado Special District Act. The District and Verona Estates Metropolitan District No. 2 (“District No. 2” and with District No. 1 the “Districts”) operate pursuant to a service plan approved by the City of Centennial (the “City”) on September 6, 2006 (the “Original Service Plan”). The Districts were established to provide for the construction and completion of a part or all of the public improvements for the use and benefit of the residents and property owners within the service area.

District No. 1 was established to be the Operating District with the authority to coordinate the financing, construction, operations and maintenance of all Public Improvements. District No. 2 was established to be the Taxing District and encompass residential development. On October 5, 2015, the City approved the First Amendment to the Service Plan (the “First Amendment to Service Plan” and with the Original Service Plan, the “Service Plan”) reflecting, among other things, an increase in the total debt limit from \$4,000,000 to \$6,000,000 (see Note 4), dissolution of District No. 2, inclusion of 17.06 acres of property previously located within District No. 2 into District No. 1, and the name change from Verona Estates Metropolitan District No. 1 to Marvella Metropolitan District. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity.

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District.

The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.

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

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, 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 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 appropriation is at the total fund expenditures level and lapses at year end.

During 2024, the District amended its total appropriation in the Debt Service Fund from \$308,903 to \$312,200.

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical 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 assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Non-spendable Fund Balance

Non-spendable fund balance includes amounts that cannot be spent because they are either not spendable in form such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$9,200 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$228,163 is restricted for the payment of the debt service costs associated with the Series 2020 Loan (see Note 4).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

**MARVELLA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024**

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. As of December 31, 2024, the District has a net deficit of \$68,527 in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

NOTE 2 – CASH

As of December 31, 2024, cash is classified on the Statement of Net Position as follows:

Statement of Net Position:

Cash and investments - unrestricted	\$ 312,870
Cash and investments - restricted	<u>226,042</u>
Total	<u>\$ 538,912</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the 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.

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The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment are not required to be categorized within the fair value hierarchy. This investment's value for COLOTRUST is calculated using the net asset value method (NAV) per share and the investment value for Fidelity Treasury Fund is calculated using the amortized cost method.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2024, the District had the following investment:

COLOTRUST

During 2024, the District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), 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 Colostrust. The District invested in COLOTRUST PLUS+ (PLUS+), one of the three portfolios offered by Colostrust. PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period. PLUS+ may invest in U.S. Treasury securities, federal instrumentality and agency securities, repurchase agreements and tri-party repurchase agreements, collateralized bank deposits, government money market funds, corporate bonds and highest rated commercial paper. A designated custodial bank serves as custodian for Colostrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent

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December 31, 2024**

for Colotrust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by Colotrust. PLUS+ is rated AAAM by S&P Global Ratings with a weighted average maturity of under 60 days. As of December 31, 2024, the District had \$452,688 in COLOTRUST PLUS+ in the name of the District. Colotrust is rated AAAM by S&P Global Ratings.

NOTE 3 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024, follows:

	Restated Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Water System	\$ 634,725	\$ -	\$ -	\$ 634,725
Street	1,322,156	-	-	1,322,156
Traffic and Safety Controls	5,371	-	-	5,371
Drainage	1,118,638	-	-	1,118,638
Parks and Recreation	1,499,398	-	-	1,499,398
Sanitation	<u>759,394</u>	<u>-</u>	<u>-</u>	<u>759,394</u>
Total capital assets being depreciated	<u>5,339,682</u>	<u>-</u>	<u>-</u>	<u>5,339,682</u>
Depreciation	<u>(1,403,220)</u>	<u>(215,880)</u>	<u>-</u>	<u>(1,619,100)</u>
Government type assets, net	<u>\$ 3,936,462</u>	<u>\$ (215,880)</u>	<u>\$ -</u>	<u>\$ 3,720,582</u>

The District is authorized to operate and maintain District Improvements that are not conveyed to other local governments including, but not limited to, public rights of way, parking decks and landscaping or other amenities of the Project.

NOTE 4 – LONG TERM DEBT

A description of the long-term obligations as of December 31, 2024, is as follows:

\$5,400,000 2020 Loan Agreement

On July 22, 2020, the District entered into a Loan Agreement with Zion Bancorporation, N.A. DBA Vectra Bank Colorado, (the “Bank”) whereby the Bank agreed to loan the District \$5,400,000, (“2020 Loan”) for the purpose of fully refunding the Series 2016A Bonds and the Series 2016B Bonds. The 2020 Loan bear interest initially at the rate of 3.54% until September 3, 2021 when the rate becomes 2.83%.The interest rate resets on December 1, 2030 and on each

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Interest Reset Date based upon the Index Rate plus 1.75% as such is multiplied by 80%. The 2020 Loan may be prepaid prior to the third anniversary of the Closing Date with a Prepayment Fee of 1%, on or after the third anniversary of the Closing Date no Prepayment Fee shall apply.

The 2020 Loan is secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available moneys as determined by the District.

As a result of the issuance of the 2020 Loan, the Series 2016A Bonds and the Series 2016B Bonds are considered to be defeased. The reacquisition price of the old debt exceeded the net carrying amount by \$507,286. This amount is recorded as a deferred outflow and is being amortized over the life of the 2020 Loan. The refunding resulted in an economic gain of \$510,978 due to the average interest rate of the 2020 Loan being lower than the refunded bonds.

The following is a summary of the annual long-term debt principal and interest requirements for the 2020 Loan and other agreements as of December 31, 2024.

	Restated Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024	Current Portion
Taxable Loan Refunding Issue, Series 2020	\$ 5,010,000	-	\$ 160,000	\$ 4,850,000	\$ 165,000
Developer Advances - Operatings	192,138	-	-	192,138	-
Developer Advances - Operatings interest	100,462	15,371	-	115,833	-
Developer Advances - Capital	2,105,636	-	-	2,105,636	-
Developer Advances - Capital interest	1,207,051	168,451	-	1,375,502	-
	<u>\$ 8,615,287</u>	<u>\$ 183,822</u>	<u>\$ 160,000</u>	<u>\$ 8,639,109</u>	<u>\$ 165,000</u>

NOTE 5 – OTHER AGREEMENTS

2016 Operation Funding Agreement

The District and Century at Marvella, LLC (the “Developer”) entered into that certain 2016. Operation Funding Agreement on October 2, 2015, as amended by that certain First Amendment to 2016 Operation Funding Agreement dated November 8, 2016, that certain Second Amendment to the 2016 Operation Funding Agreement dated September 12, 2017, and that certain Third Amendment to the 2016 Operation Funding Agreement dated October 20, 2018 (collectively, the “2016 OFA”).

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Pursuant to the 2016 OFA, the Developer agreed to advance funds to the District for certain operation and maintenance expenses on a periodic basis, as needed, for years 2016 through 2018.

The District further agreed to reimburse the Developer in the amount of \$192,138, plus interest, advanced by the previous developer to both the District and District No. 2 under previous funding agreements. The District agreed to repay these advances, pursuant to the priority set therein, together with a simple interest at the rate of eight percent (8%) per annum. At December 31, 2024 the balance due under the OFA was \$307,971 including accrued interest of \$115,833.

Facilities Acquisition Agreement

The District and the Developer entered into that certain Facilities Acquisition Agreement dated October 2, 2015, as amended by that certain First Amendment to Facilities Acquisition Agreement dated October 4, 2016 (collectively, the “FAA”). Pursuant to the FAA, the Developer agreed to make advances, not to exceed \$8,000,000 to the District for the purpose of funding organization expenses and the acquisition of those public improvements constructed by the Developer. The District agreed to repay these advances, together with a simple interest at a rate of eight percent (8%) per annum. The FAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. At December 31, 2024 the balance due under the FAA was \$3,481,138 including accrued interest of \$1,375,502.

Intergovernmental Agreement with Southgate Water District

The District and Southgate Water District (“Southgate Water”) entered into an intergovernmental agreement dated May 17, 2007, as amended by that certain First Amendment to Intergovernmental Agreement dated October 2, 2015 (collectively, the “Water IGA”) whereby Southgate Water agreed to provide water service to residents within the District. The District agreed to construct those certain water improvements contemplated in its Service Plan and transfer the same to Southgate Water for ownership, operation and maintenance.

Intergovernmental Agreement with Southgate Sanitation District

The District and Southgate Sanitation District (“Southgate Sanitation”) entered into an intergovernmental agreement dated May 17, 2007 (the “Sanitation IGA”), whereby Southgate Sanitation agreed to provide sanitary sewer services to the residents of the District. The District agreed to construct those certain sanitary sewer improvements contemplated in its Service Plan and transfer the same to Southgate Sanitation for ownership, operation and maintenance.

Resolution Regarding Imposition of Fees for the District Pool

On June 19, 2018, the District adopted Resolution No. 2018-06-01 Amended and Restated Resolution Regarding the imposition of Fees for the District Pool. The resolution outlines the need for a fee for use of the District’s pool by those who are not inhabitants and taxpayers of the District. The fee was set at \$3,000 for a single person or family per year

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December 31, 2024

effective January 1, 2017. As of December 31, 2024, the District has not earned or received any revenue under this agreement.

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

On November 7, 2006, and November 3, 2015, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

NOTE 7 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column.

The adjustments are for the following elements:

Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds, the cost of the capital assets are allocated over the estimated useful lives. The current year's depreciation is \$215,880.

Expenses that do not require the use of current financial resources such as accrued interest on developer advances are not due and payable in the current period and, therefore, are not reported as expenditures in the government fund. The accrued interest expense is \$183,822.

The amortization of loss on refunding is also not a use of current financial resources as the loss is amortized over the term of the bond. The current year's amortization is \$19,511.

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing the fund balance because current financial resources have been used. For the District however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. The current year's principal reduction was \$160,000.

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

SUPPLEMENTAL INFORMATION

MARVELLA METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2024

	<u>Budget Amounts Original</u>	<u>Budget Amounts Amended Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 341,329	\$ 339,508	\$ 339,508	\$ -
Specific ownership taxes	17,066	25,969	25,969	-
Interest	<u>8,000</u>	<u>15,068</u>	<u>15,068</u>	<u>-</u>
Total revenues	<u>366,395</u>	<u>380,545</u>	<u>380,545</u>	<u>-</u>
EXPENDITURES				
Treasurer fees	5,120	5,200	5,159	41
Bond interest	141,783	145,000	144,146	854
Bond principal	160,000	160,000	160,000	-
Paying agent fee	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total expenditures	<u>308,903</u>	<u>312,200</u>	<u>311,305</u>	<u>895</u>
EXCESS OF REVENUE (UNDER)				
EXPENDITURES	<u>57,492</u>	<u>68,345</u>	<u>69,240</u>	<u>895</u>
NET CHANGE IN FUND BALANCE	57,492	68,345	69,240	895
FUND BALANCE - BEGINNING OF YEAR	<u>158,259</u>	<u>158,923</u>	<u>158,923</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 215,751</u>	<u>\$ 227,268</u>	<u>\$ 228,163</u>	<u>\$ 895</u>

OTHER INFORMATION

**MARVELLA METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
For the Year Ended December 31, 2024**

Assessed Valuation Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2022	\$ 6,129,840	90.715	\$ 556,068	\$ 556,068	100.00%
2023	\$ 5,996,801	90.715	\$ 544,000	\$ 544,000	100.00%
2024	\$ 7,529,044	90.715	\$ 682,997	\$ 679,353	99.47%
Estimated for the year ending December 31, 2025	\$ 7,498,837	66.715	\$ 500,285		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.