Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)

INDEPENDENT AUDITOR'S REPORTS, MANAGEMENT'S
DISCUSSION AND ANALYSIS, AND FINANCIAL STATEMENTS

December 31, 2014 and 2013

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2014 and 2013

Table of Contents

Denver Urban Renewal Authority
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December 31, 2014 and 2013

Table of Contents (continued)

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April 22, 2015

To the Board of Commissioners of the Denver Urban Renewal Authority:

This report consists of management's representations concerning the finances of the Denver Urban Renewal Authority (the Authority). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by BKD, LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the Authority's financial statements for the fiscal years ended December 31, 2014 and 2013 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there is a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal years ended December 31, 2014 and 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditor.

Profile of the Authority

The Authority was created by ordinance of the City and County of Denver (the City) in 1958 under Colorado Urban Renewal Law which was enacted by the State Legislature in that same year. The Authority is the redevelopment agency for the City, performing the traditional duties of an urban renewal authority – eliminating blight where it currently exists and helping prevent additional blight from developing. The Authority also has responsibility for implementing three housing rehabilitation programs on behalf of the City designed to improve the quality of existing single-family homes owned by low to moderate income residents and, through its discretely presented component unit, Denver Neighborhood Revitalization, Inc. (DNRI), for implementation of the Neighborhood Stabilization Program as contracted with the City. In addition, the Authority administers a Waste Water Loan Program designed to serve homeowners in Denver and Arapahoe counties with sewer repair issues.

Housing Rehabilitation

The Authority has assisted over 16,827 Denver residents who already own homes to renovate them or make emergency repairs. Under the Single Family Rehabilitation Program, deferred and low-interest loans of up to $35,000 are available to help eligible homeowners make needed repairs and improvements to their homes. The program is designed to assist with major home repairs such as roofing, heating, electrical or plumbing that are necessary to make the home livable and safe.

For emergency situations, the Emergency Home Repair (EHR) Program is available to very low-income Denver homeowners. The program provides deferred loans to repair plumbing, heating, electrical, and other problems that pose an immediate danger to a homeowner's health and safety.

The Rental/Homeownership Access Modification Program (RHAMP) is a grant program for persons with disabilities who reside in Denver and meet the Americans with Disabilities Act definition of disability. Program grant funds provide participants with accessibility improvements to their rental or owner occupied housing. Program participant's income cannot exceed 50% of Housing and Urban Development (HUD) Area Median Income (AMI).

Additionally, the Authority has received grant funding provided by the State of Colorado to assist homeowners in Denver and Arapahoe counties repair or replace sewer and plumbing lines. The average loans are $6,500. Homeowners with income levels between 51 and 100% AMI are eligible to apply.

The Authority has a role in the rehabilitation effort from its beginning to its conclusion. That role includes helping people fill out loan applications and obtaining required documentation, underwriting the loan, inspecting the home and developing a work plan. The Authority also provides technical assistance and contractor supervision to assure that work is performed to specified standards.

Neighborhood Revitalization

In 2009, the Authority established DNRI, a registered State of Colorado not-for-profit organization to address the needs in the Denver community related to foreclosed and/or abandoned homes. DNRI administers and executes the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities include acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. These properties will be sold to homebuyers whose incomes are at or below 120% of the HUD AMI. The program revenue from the sales will be utilized to acquire and rehabilitate additional foreclosed properties for purposes of resale under the program prior to the NSP deadline in 2019. Additionally, DNRI has partnered with Habitat for Humanity of Metro Denver to assist homeowners whose incomes are at or below 50% of the HUD AMI.

Environmental Protection Agency Grant Project

The Authority entered into a Cooperative Agreement with the U.S. Environmental Protection Agency to provide grant funding for environmental assessments of brownfield sites along the Colfax Corridor and the West Corridor light rail line. Environmental site assessments and cleanup planning on hazardous substance and petroleum brownfield properties are conducted through the Colfax Mainstreet Coalition, a collaboration among the City and County of Denver, the City of Lakewood and the Authority.

Redevelopment

In its redevelopment capacity, the Authority uses an important financing tool called tax increment financing (TIF) to fill the gap between the cost of a redevelopment project and the level of private financing it can support. Prior to the 1970s, Denver and other cities across the nation relied on substantial federal funding to finance neighborhood and downtown revitalization efforts. As federal funding levels for urban renewal vanished in the 1980s, alternative funding had to be found. Colorado passed a law authorizing the use of TIF in response to this dilemma.

Under the tax increment financing mechanism, the Authority calculates the level of property and/or municipal sales tax collections in a project area before redevelopment and estimates the new tax revenues expected to be generated by the redevelopment. The difference between the tax collections before the redevelopment and the increased taxes taken in as a result of it are used either to make debt service on the bonds, to help pay for eligible project costs, or to reimburse developers for these costs.

A significant portion of the Authority's revenues come from incremental property and sales taxes. Other revenue sources include contract revenues, interest earnings and project fees.

Due to the nature of redevelopment financing and changes in the financial reporting requirements established by the Governmental Accounting Standards Board (GASB) under GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Authority liabilities normally exceed assets, thus resulting in a deficit in the Authority-wide statement of net position.

Redevelopment activities, which benefit and increase property assessed values in the redevelopment project areas are either financed through the issuance of tax increment revenue bonds or with developer reimbursement obligations.

Proceeds from these tax increment revenues are used to pay costs related to eligible improvements in support of a development. Types of project costs paid by the Authority include, but are not limited to, capital costs for demolishing improvements, excavating, grading, landscaping and constructing improvements within the areas covered by the Urban Renewal Plans.

The bond issues which are secured by future tax increment revenues are carried as liabilities in the Authority's financial statements. However, the uses of the bond proceeds do not result in equivalent Authority assets. Resulting assets are accounted for and capitalized by the developers and other beneficiaries, not by the Authority.

The Authority, under a Redevelopment Agreement, reimburses the redeveloper, with interest, for project costs incurred in an amount not to exceed the maximum reimbursable project costs set forth within. These reimbursements are payable solely from property, lodgers, and/or sales tax increment revenue generated by the project. Because these amounts are payable only when generated by the project and received by the Authority from the City, unpaid maximum reimbursement obligations are not recorded in these financial statements.

A Board of 11 Commissioners is appointed by the Mayor and confirmed by Denver's City Council to oversee the Authority. The Executive Director is appointed by the Board and directs the Authority staff and its operations.

The preparation of this report would not have been possible without the efficient and dedicated efforts of the staff of the Authority and especially the members of the Finance Department. We would like to express our appreciation to the Authority's Board of Commissioners for their unfailing support in maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,

Tracy Huggins, Executive Director

Janet Colley, Financial Manager

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Authority as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Commissioners
Denver Urban Renewal Authority

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Government and Non-Profit Organizations*, the statement of changes in assets and liabilities – agency fund, and the annual 15c2-12 disclosure 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
April 22, 2015

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2014 and 2013

As management of the Denver Urban Renewal Authority, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's total net position decreased by $4,245,767, or 2.46%, over the course of this year's operations. Governmental activities represented more than 100% of the decrease in net position for 2014. While most of the TIF projects experienced an increase in TIF receipts, the primary change in net position is attributable to $8 million of Stapleton Junior Subordinate bond expenses related to payments and issuance of $36 million new Stapleton debt.

- The Authority retired $19,812,757, or 7.8%, of previously outstanding bond debt in 2014. The Authority in 2014, partially redeemed $330,000 of Highlands Garden Village Bonds earlier than scheduled, ahead of its final maturity date in 2023. Currently, the Authority's outstanding bond debt is $276,811,930.

- Total fund balance in the general fund at December 31, 2014 remained constant at $2,405,066 from the prior year. Of these amounts, $2,359,353 and $2,353,829 at December 31, 2014 and 2013, respectively, were unassigned and can be used for Authority administration.

- The capital projects fund reported a net increase in fund balance of $16,512,514 from the prior year's fund balance, primarily due to increases in property and sales tax increment receipts and $22,244,283 of unspent project funds to be used for future identified projects at Stapleton.

- The debt service fund has an ending fund balance of $19,139,960, a net increase of $1,235,077 at December 31, 2014. The increase in debt service fund balance is due to an increase in transferred property and sales TIF revenue pledged to the Stapleton bonds.

- Business-type activities, which consist of the Authority's federally funded revolving rehabilitation loan program, reported an increase in net position of $560,390, or 14.1%, from the prior year primarily due to a recovery of bad debt expense which was a result of a reduction in loan allowance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) Authority-wide (government-wide) financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. Notwithstanding the treatment of the Authority's audited financial statements presented in accordance with accounting principles generally accepted in the United States of America

(US GAAP), the Authority is not a government and is not subject to the restrictions of the Taxpayer Bill of Rights, Article X, Section 20 of the Constitution of the State of Colorado.

The Financial Reporting Entity consists of the Authority and organizations for which the Authority is financially accountable. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Authority. The Authority includes one discretely presented component unit in its financial statements, Denver Neighborhood Revitalization, Inc. (DNRI).

DNRI was formed in 2009 and is a registered Colorado not-for-profit organization, exempt under Section 501(c)(3) of the Internal Revenue Code in a determination letter issued June 2014. DNRI was established to administer and execute the Neighborhood Stabilization Program. The program was awarded funding in 2009 by the City and County of Denver. The Authority has elected to present DNRI's financial statements as separate statements within the government-wide presentation.

Authority-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

During the year ended December 31, 2013, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported As Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The *Statement of Net Position* reports all nonfiduciary financial and capital resources of the Authority. The Authority presents the statement in a format that displays *assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equal net position.* The Authority's net position displays two components: restricted and unrestricted net position. Assets are restricted when their use is subject to external limits such as bond indentures and legal agreements.

The *Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected incremental taxes and earned but unused vacation.

The Authority-wide financial statements distinguish functions of the Authority that are principally supported by incremental taxes, intergovernmental revenues, investment income, priority fees and other income *(governmental activities)*, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the Authority include general administration, redevelopment projects and debt service and the business-type activities of the Authority include rehabilitation loan program activity.

Fund financial statements are designed to report information about the grouping of related accounts (funds), which are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Authority-wide financial statements. However, unlike the Authority-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Authority-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Authority-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.*

Proprietary funds include the enterprise fund, which is used to report the same functions presented as business-type activities in the Authority-wide financial statements.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the Authority's own programs. The Authority has one fiduciary fund, an agency fund, used to collect tax increment financing for other metropolitan districts.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide and fund financial statements.

Supplementary information: The Annual 15c2-12 Disclosure is provided in addition to the basic financial statements and accompanying notes. This schedule presents information related to the Authority's report required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, for outstanding bonds issued by the Authority.

Also included in supplementary information is a statement of changes in assets and liabilities of the Authority's agency fund and the reporting required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.*

Authority-wide financial analysis

The Authority presents its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by subsequent GASB pronouncements.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2014 and 2013

Table 1 reflects the Authority's Net Position (Deficit) as of December 31, 2014, 2013 and 2012:

Denver Urban Renewal Authority's Net Position (Deficit)
(In Thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2014	2013	2012 * (As restated)	2014	2013	2012	2014	2013	2012 * (As restated)
Current and other assets	$ 191,109	$ 153,647	$ 152,201	$ 4,591	$ 4,143	$ 4,048	$ 195,700	$ 157,790	$ 156,249
Total assets	191,109	153,647	152,201	4,591	4,143	4,048	195,700	157,790	156,249
Deferred outflows	22,386	24,435	29,944	-	-	-	22,386	24,435	29,944
Other liabilities	40,843	24,954	224,043	77	189	187	40,920	25,143	224,230
Long-term liabilities	287,046	265,728	101,083	-	-	-	287,046	265,728	101,083
Total liabilities	327,889	290,682	325,126	77	189	187	327,966	290,871	325,313
Deferred inflows	67,173	64,161	61,984	-	-	-	67,173	64,161	61,984
Net position									
Investment in capital assets	51	12	4	-	-	-	51	12	4
Restricted for									
Capital projects	49,356	34,211	20,411	-	-	-	49,356	34,211	20,411
Debt service	19,140	17,905	36,613	-	-	-	19,140	17,905	36,613
Housing program loans	-	-	-	4,514	3,954	3,861	4,514	3,954	3,861
Unrestricted (deficit)	(250,114)	(228,889)	(261,993)	-	-	-	(250,114)	(228,889)	(261,993)
Total net position (deficit)	$ (181,567)	$ (176,761)	$ (204,965)	$ 4,514	$ 3,954	$ 3,861	$ (177,053)	$ (172,807)	$ (201,104)

* Year Ending 2012 is restated due to the Authority's adoption and implementation of GASB Statement 65.

Total government-wide liabilities exceeded total government-wide assets and deferred outflows of resources by $(177,052,829) (deficit) at the close of fiscal year 2014. The Authority's deficit was caused by outstanding bond debt of $276,811,930. Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $(172,807,062) (deficit) at the close of fiscal year 2013. The Authority's 2013 deficit was caused by outstanding bond debt of $252,547,955. Bond debt is serviced with tax increment receipts (incremental property and sales taxes) generated by redevelopment projects to provide financing (see Note 1, "Tax Increment Financing" in the financial statements that follow this analysis). Outstanding bond debt was used to finance redevelopment projects located in the City and County of Denver. Resulting assets are accounted for and capitalized by the developers and other beneficiaries, not by the Authority. Types of project costs paid by the Authority include, but were not limited to, capital costs for demolishing improvements, excavating, grading, landscaping and constructing improvements within the areas covered by Urban Renewal Plans.

The Authority's restricted net position represent funds that are subject to restrictions set forth in Redevelopment Agreements and Bond Indentures and for prepaid items as to their use.

Table 2 reflects the Authority's Changes in Net Position (Deficit) for the years ended December 31, 2014, 2013 and 2012:

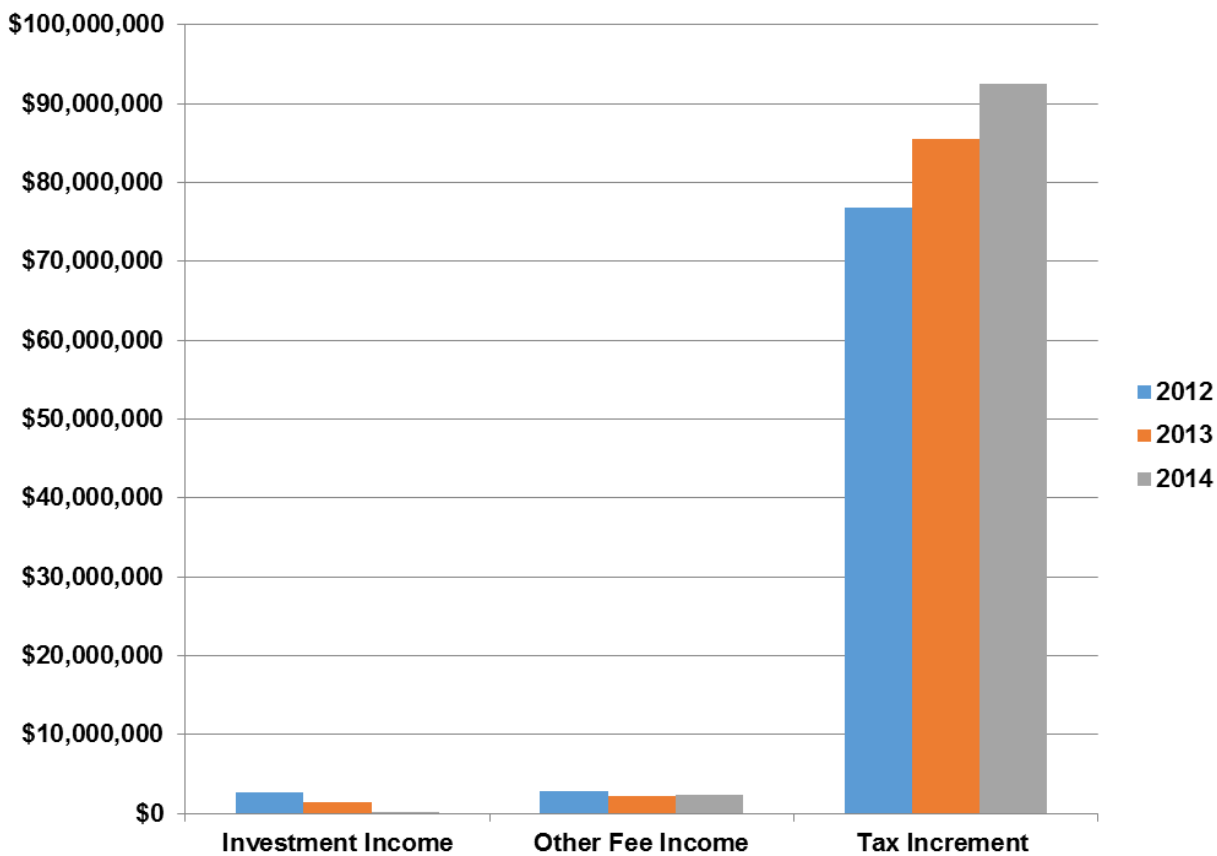
Denver Urban Renewal Authority's Changes In Net Position (Deficit)
(In Thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2014	2013	2012 * (As restated)	2014	2013	2012	2014	2013	2012 * (As restated)
Revenues									
Intergovernmental - program	$ 108	$ 101	$ 95	$ 2,132	$ 1,974	$ 1,396	$ 2,240	$ 2,075	$ 1,491
General revenues							-		
Tax increment financing	92,520	85,487	76,838	-	-	-	92,520	85,487	76,838
Investment income	136	1,452	2,690	22	24	27	158	1,476	2,717
Other income	2,433	2,206	2,835	-	-	-	2,433	2,206	2,835
Transfers	-	(37)	(204)	-	37	204	-	-	-
Total revenues	95,197	89,209	82,254	2,154	2,035	1,627	97,351	91,244	83,881
Expenses									
Administration	4,380	4,224	3,406	1,803	1,755	1,368	6,183	5,979	4,774
Other expenses	-	-	-	(209)	187	268	(209)	187	268
Redevelopment projects	83,419	40,776	33,430	-	-	-	83,419	40,776	33,430
Debt service									
Interest	12,204	16,005	17,905	-	-	-	12,204	16,005	17,905
Total expenses	100,003	61,005	54,741	1,594	1,942	1,636	101,597	62,947	56,377
Change in net position	(4,806)	28,204	27,513	560	93	(9)	(4,246)	28,297	27,504
Net position (deficit) beginning of year	(176,761)	(204,965)	(232,478)	3,954	3,861	3,870	(172,807)	(201,104)	(228,608)
Net position (deficit), end of year	$ (181,567)	$ (176,761)	$ (204,965)	$ 4,514	$ 3,954	$ 3,861	$ (177,053)	$ (172,807)	$ (201,104)

* Year Ending 2012 is restated due to the Authority's adoption and implementation of GASB Statement 65.

Governmental activities decreased the Authority's governmental activities net position by $4,806,157, or 2.72%, in 2014, increased by $28,203,741, or 13.7%, in 2013 and increased by $27,516,651, or 11.8%, in 2012.

Revenue Governmental Activities



<u>2014</u>

- Total governmental activities revenues, excluding transfers, increased by $5,952,069, or 6.67%, from the prior year, primarily due to increased property and sales tax receipts in the Lowry, Stapleton and Downtown TIF areas, as well as previously approved redevelopment projects beginning to generate incremental taxes and 1st year projects commencing in 2014.

- Tax increment financing, which represents 97.3% of total governmental activities revenues, increased from last year by $7,032,894, or 8.23%.

- Investment income represents less than 1% of total governmental activities revenues.

- Other income represents 2.56% of total governmental activities revenues.

2013

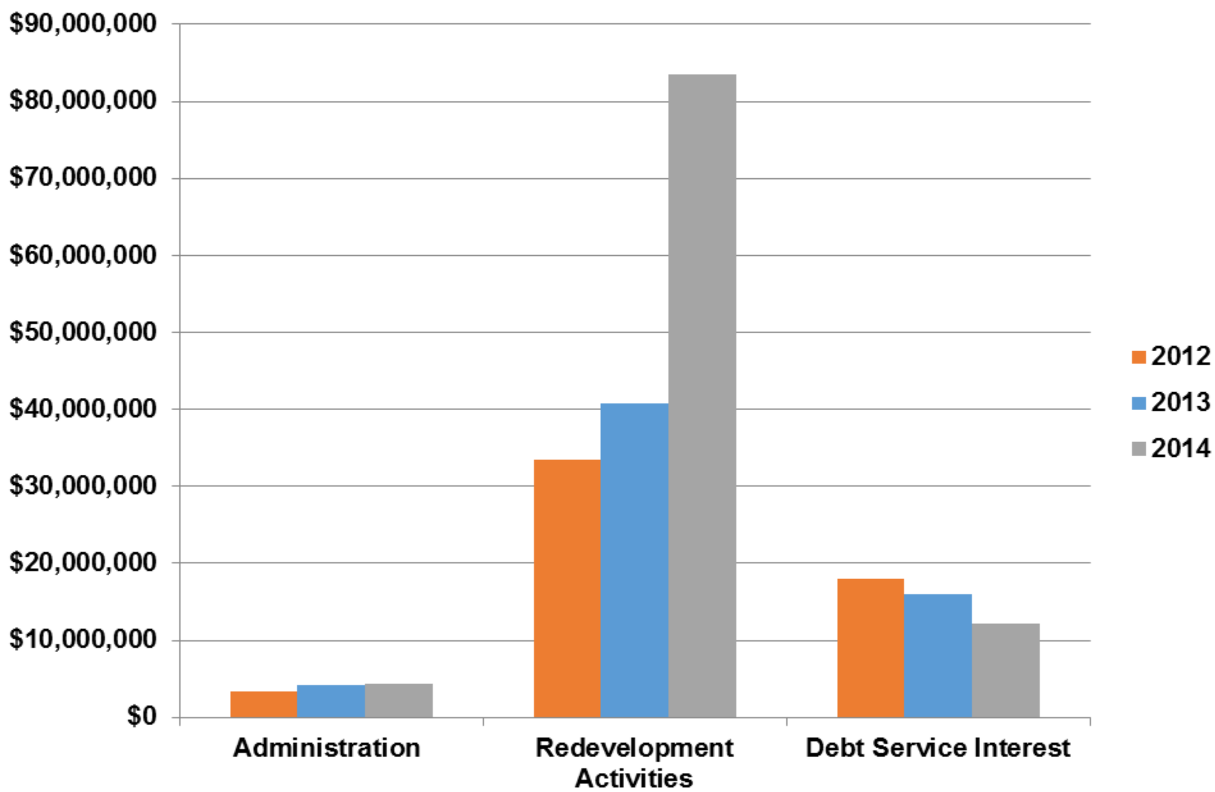
- Total governmental activities revenues, excluding transfers, increased by $6,786,843, or 8.23%, from the prior year, primarily due to increased property and sales tax receipts in the Lowry, Stapleton and Downtown TIF areas.

- Tax increment financing, which represents 95.8% of total governmental activities revenues, increased from last year by $8,649,314, or 11.2%.

- Investment income represents 1.6% of total governmental activities revenues.

- Other income represents 2.6% of total governmental activities revenues.

Expense Governmental Activities



2014

- Total governmental activities expenses of \$100,003,999 increased by \$38,998,960, or 63.9%, from last year, primarily due to increased project expenses related to existing and new projects commencing in 2013-2014.

- Increased expenses of \$42,643,470, or 104.58%, in 2014 redevelopment activities reflect increased activity in disbursed, committed and undisbursed redevelopment projects in the Downtown URA (\$22 million), at Lowry (\$2.4 million), at Stapleton (\$17 million), Marycrest, Tamarac Square, the Source, Colorado National Bank and 9th & Colorado.

- The decrease in debt service interest of \$3,800,610, or 23.75 %, in 2014 reflects the benefit derived from earlier than scheduled bond repayment related to the Downtown Bond Series.

2013

- Total governmental activities expenses of \$61,005,038 increased by \$6,264,014, or 11.4%, from last year.

- Increased expenses of \$7,345,889 in 2013 redevelopment activities reflect increased activity primarily in new and existing redevelopment projects related to Marycrest, Tamarac Square, the Source and Stapleton.

- The decrease in debt service interest of \$1,899,726 in 2013 reflects the benefit derived from consecutive years of earlier than scheduled bond repayment related to the Downtown and Stapleton Bond Series.

Business-type activities of the Authority consist of Federal Financial Assistance for the Housing Rehabilitation program. Funds are passed through the City and County of Denver to the Authority via the City's Community Development Block Grant Loan Program. This proprietary activity is accounted for as business-type activity because the Authority has concluded that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the Authority's financial requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Authority's net resources available for spending at the end of the fiscal year. Individual fund information of governmental funds reported by the Authority includes the general fund, capital projects fund and debt service fund, which are all considered major funds.

At the end of the current fiscal year, the Authority's governmental funds reported *combined fund balances* of $100,984,311 as compared to $83,236,720 in 2013 and $86,378,567 in 2012. This was an increase of $17,747,591 in 2014 as compared to a decrease of $3,141,847 in 2013 and an increase of $9,602,345 in 2012. Unassigned fund balance is $2,359,353, or 2.34%, of the 2014 combined fund balance. This amount is retained for Authority administrative expenses.

The *general fund* is the general operating fund of the Authority. It is used to account for the Authority's general and administrative expenditures, financial commitments except those accounted for in another major fund and other financial items set forth in the previous paragraph. At the end of fiscal year 2014, the *unassigned fund balance* of the general fund was $2,359,353 while total fund balance was $2,405,066. At December 31, 2014, $45,713 was nonspendable. At December 31, 2013 and 2012, unassigned fund balances were $2,353,829 and $2,351,558, respectively. This year, the EPA grant program which was accounted for in the general fund was subject to compliance testing in accordance with OMB Circular A-133 for the year ended December 31, 2014.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2014, the capital projects fund balance was $79,439,285, a net increase of $16,512,514 during the fiscal year, due principally to increases in property and sales tax increment receipts and $22,244,283 of unspent Stapleton 2014 D-2 project funds for future Stapleton TIF projects. At December 31, 2013 and 2012, fund balances were $62,926,771 and $47,360,454, respectively.

The *debt service fund* is used for the servicing of long-term debt. The debt service fund has an ending fund balance of $19,139,960, a net increase of $1,235,077 at December 31, 2014. The Authority's debt service fund balance was $17,904,883 in 2013. At December 31, 2012, fund balance was $36,613,047. The increase of the 2014 debt service fund balance is due to an increase in transferred property and sales TIF revenue pledged to the Stapleton bonds.

Proprietary funds

The *enterprise fund* is used to account for operations related to the Authority's federal revolving rehabilitation loan program, historically a major program for Single Audit purposes consistent with the provisions of the Single Audit Act of 1996. The Authority was subject to compliance testing in accordance with OMB Circular A-133 for the year ended December 31, 2014, because the Authority's total expenditures of federal funds were greater than $500,000.

Fiduciary funds

The Authority, pursuant to the various Metropolitan District Agreements, has agreed to pass through tax increment related to the Westerly Creek, SBC and three Broadway Station Metropolitan Districts. Per the Agreement, this increment cannot be used to finance Authority operations or programs. In 2014, an *agency fund* was used to account for the $15,874,104 of tax increment revenue that passed through the Authority to the districts. The amount of pass-through in 2013 was $11,686,763 and $10,954,728 in 2012.

General Fund Budgetary Highlights

The Authority is not legally required to budget its activities, therefore, no budgetary statements are presented in the financial statements. However, the Authority annually adopts a budget for the general fund for management purposes only. During 2014, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Debt Administration

At December 31, 2014, the Authority had total bond debt outstanding of $276,811,930 as compared to $252,547,955 at the end of the prior year and $272,318,699 in 2012. The Authority's outstanding debt will be repaid from future collections of tax increment revenues or from reserves established by the Authority and maintained by the bond trustee.

The Stapleton Senior bonds are rated A- by Fitch, Inc. (Fitch) and the Stapleton Senior Subordinate bonds are rated Aa3 by Moody's Investors Service Inc. (Moody's). All other Authority bonds are unrated. (See "Note 9" of the Financial Statements that follow this report for more detailed information regarding the Authority's debt).

Cash management policies and practices

In accordance with the Authority's Investment Policy, cash during the year was invested in short-term money market securities, the Colorado Local Government Liquid Asset Trust (COLOTRUST) and guaranteed investment contracts. COLOTRUST invests in U.S. Treasury, U.S. Agency Securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency Securities. The maturities of the investments range from days to one year, with an average maturity of approximately 53 days. For fiscal year ended December 31, 2014, the average yield on investments was .12%.

In October 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). On December 24, 2014, $15 million was wired to the Colorado Statewide Investment Program (CSIP), a money market portfolio sweep account, for future investment in short- and long-term securities. At fiscal year ended December 31, 2014, the average yield on the CSIP investment was .12%.

Economic Factors Impacting the Authority's Financial Position

At December 31, 2014, unassigned fund balance in the general fund was $2,359,353 and $2,353,829 in 2013. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2015 tax increment revenue to meet debt service obligations to the bondholders. (See "Supplementary Information" in the financial statements that follow this report).

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

The Authority will consider the impact of the current U.S., State and local economies when projecting revenue growth in 2015.

> "Metro Denver will continue to benefit from solid economic performance in 2015. Even as we experience increasing employment and confident consumers, we need to recognize that our aging and retiring baby boomers and well-educated and ready-for-the-workforce millennials are changing the face of our community and influencing housing patterns and how we do business. As the area continues to attract new companies, draw in talented workers, and promote entrepreneurship, Metro Denver will have better-than-average job growth and a lower unemployment rate than the United States and Colorado." *Patty Silverstein, Chief Economist, Metro Denver Economic Development Corporation, 2015 Economic Forecast for Metro Denver*, www.metrodenver.org.

Request For Information

This financial report is designed to provide a general overview of the Denver Urban Renewal Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Manager, 1555 California Street, Suite 200, Denver, CO 80202

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Basic Financial Statements

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2014
(With Comparative Summarized Information as of December 31, 2013)

	Governmental Activities	Business-type Activities	Total Primary Government 2014	Total Primary Government 2013
Assets				
Cash and investments	$ 3,568,197	$ 2,482,549	$ 6,050,746	$ 6,198,554
Restricted cash and investments	107,720,540	-	107,720,540	78,384,232
Accounts receivable	3,630,229	16,769	3,646,998	191,020
Interest receivable	199,712	-	199,712	201,707
Due from the City and County of Denver	73,396,098	210,426	73,606,524	70,198,976
Prepaid items	45,713	-	45,713	51,237
Notes receivable (net of allowance of $3,237,815)	2,459,949	-	2,459,949	770,421
Loans receivable (net of allowance of $769,342 and $979,992 for 2014 and 2013, respectively)	-	1,919,498	1,919,498	1,782,083
Internal balances	38,024	(38,024)	-	-
Capital assets, net	50,946	-	50,946	12,492
Total assets	191,109,408	4,591,218	195,700,626	157,790,722
Deferred Outflows of Resources				
Deferred loss on refunding	22,385,504	-	22,385,504	24,434,814
	22,385,504	-	22,385,504	24,434,814
Liabilities				
Accrued liabilities	19,357,837	6,949	19,364,786	3,806,642
Accrued interest	1,216,015	-	1,216,015	1,115,410
Deposits	1,034,525	-	1,034,525	838,021
Due to the other governments	5,190	69,991	75,181	991,007
Noncurrent liabilities				
Due within one year	19,230,000	-	19,230,000	18,392,955
Due in more than one year	287,045,771	-	287,045,771	265,727,585
Total liabilities	327,889,338	76,940	327,966,278	290,871,620
Deferred Inflows of Resources	67,172,681	-	67,172,681	64,160,978
Net Position (Deficit)				
Investment in capital assets	50,946	-	50,946	12,492
Restricted for				
Capital projects	49,356,393	-	49,356,393	34,210,684
Debt service	19,139,960	-	19,139,960	17,904,883
Housing program loans	-	4,514,278	4,514,278	3,953,888
Unrestricted (deficit)	(250,114,406)	-	(250,114,406)	(228,889,009)
Total net position (deficit)	$ (181,567,107)	$ 4,514,278	$ (177,052,829)	$ (172,807,062)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	$ 4,091,945	$ 2,106,609	$ 6,198,554
Restricted cash and investments	78,384,232	-	78,384,232
Accounts receivable	171,407	19,613	191,020
Interest receivable	201,707	-	201,707
Due from the City and County of Denver	69,932,603	266,373	70,198,976
Prepaid items	51,237	-	51,237
Notes receivable (net of allowance of $3,237,815)	770,421	-	770,421
Loans receivable (net of allowance of $979,992 and $884,334 for 2013 and 2012, respectively)	-	1,782,083	1,782,083
Internal balances	31,352	(31,352)	-
Capital assets, net	12,492	-	12,492
Total assets	153,647,396	4,143,326	157,790,722
Deferred Outflows of Resources			
Deferred loss on refunding	24,434,814	-	24,434,814
	24,434,814	-	24,434,814
Liabilities			
Accrued liabilities	3,784,204	22,438	3,806,642
Accrued interest	1,115,410	-	1,115,410
Deposits	838,021	-	838,021
Due to the City and County of Denver	824,007	167,000	991,007
Noncurrent liabilities			
Due within one year	18,392,955	-	18,392,955
Due in more than one year	265,727,585	-	265,727,585
Total liabilities	290,682,182	189,438	290,871,620
Deferred Inflows of Resources	64,160,978	-	64,160,978
Net Position (Deficit)			
Investment in capital assets	12,492	-	12,492
Restricted for			
Capital projects	34,210,684	-	34,210,684
Debt service	17,904,883	-	17,904,883
Housing program loans	-	3,953,888	3,953,888
Unrestricted (deficit)	(228,889,009)	-	(228,889,009)
Total net position (deficit)	$ (176,760,950)	$ 3,953,888	$ (172,807,062)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FINANCIAL POSITION – DENVER NEIGHBORHOOD REVITALIZATION, INC.
December 31, 2014 and 2013

	2014	2013
Assets		
Cash	$ 1,177,350	$ 1,285,199
Accounts receivable	-	13,077
Property held for resale	473,566	605,369
Prepaid items	7,141	8,692
Total assets	1,658,057	1,912,337
Liabilities		
Accounts payable	11,290	171
Accounts payable - related party	-	7,319
Advances from other government	-	13,077
Total liabilities	11,290	20,567
Net Assets		
Unrestricted net assets	$ 1,646,767	$ 1,891,770

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014
(With Comparative Summarized Information for the year ended December 31, 2013)

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 4,379,981	$ 108,228
Redevelopment projects	83,419,045	-
Interest expense	12,204,973	-
Total governmental activities	100,003,999	108,228
Business-type activities		
Loan programs	1,593,177	2,132,062
Total business-type activities	1,593,177	2,132,062
Total	$ 101,597,176	$ 2,240,290
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Total general revenues		
Change in net position (deficit)		
Net position (deficit), beginning of year		
Net position (deficit), end of year		

Net (Expense) Revenue and Changes in Net Position		Total Primary Government	
Governmental Activities	Business-type Activities	2014	2013
$ (4,271,753)	$ -	$ (4,271,753)	$ (4,123,238)
(83,419,045)	-	(83,419,045)	(40,775,575)
(12,204,973)	-	(12,204,973)	(16,005,585)
(99,895,771)	-	(99,895,771)	(60,904,398)
-	538,885	538,885	31,760
-	538,885	538,885	31,760
(99,895,771)	538,885	(99,356,886)	(60,872,638)
92,520,151	-	92,520,151	85,487,257
136,268	21,505	157,773	1,475,759
2,433,195	-	2,433,195	2,206,076
95,089,614	21,505	95,111,119	89,169,092
(4,806,157)	560,390	(4,245,767)	28,296,454
(176,760,950)	3,953,888	(172,807,062)	(201,103,516)
$ (181,567,107)	$ 4,514,278	$ (177,052,829)	$ (172,807,062)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 4,223,879	$ 100,641
Redevelopment projects	40,775,575	-
Interest expense	16,005,585	-
Total governmental activities	61,005,039	100,641
Business-type activities		
Loan programs	1,942,797	1,974,557
Total business-type activities	1,942,797	1,974,557
Total	$ 62,947,836	$ 2,075,198
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Transfers		
Total general revenues		
Change in net position (deficit)		
Net position (deficit), beginning of year		
Net position (deficit), end of year		

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total Primary Government
$ (4,123,238)	$ -	$ (4,123,238)
(40,775,575)	-	(40,775,575)
(16,005,585)	-	(16,005,585)
(60,904,398)	-	(60,904,398)
-	31,760	31,760
-	31,760	31,760
(60,904,398)	31,760	(60,872,638)
85,487,257	-	85,487,257
1,451,799	23,960	1,475,759
2,206,076	-	2,206,076
(36,993)	36,993	-
89,108,139	60,953	89,169,092
28,203,741	92,713	28,296,454
(204,964,691)	3,861,175	(201,103,516)
$ (176,760,950)	$ 3,953,888	$ (172,807,062)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF ACTIVITIES –
DENVER NEIGHBORHOOD REVITALIZATION, INC.
Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Grant revenue	$ -	$ 69
Developer fee revenue	-	35,864
Other fee revenue	21,173	-
Total operating revenues	21,173	35,933
Operating expenses		
Service agreement expense	104,273	150,276
Loss on sale of property	138,087	252,761
Other expenses	25,196	24,079
Total operating expenses	267,556	427,116
Operating revenues over (under) operating expenses	(246,383)	(391,183)
Nonoperating revenues		
Investment income	1,380	2,362
Total nonoperating revenues	1,380	2,362
Decrease in net assets	(245,003)	(388,821)
Net assets - unrestricted, beginning of year	1,891,770	2,280,591
Net assets - unrestricted, end of year	$ 1,646,767	$ 1,891,770

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014
(With Comparative Summarized Information as of December 31, 2013)

	General	Capital Projects	Debt Service	Total Governmental Funds 2014	Total Governmental Funds 2013
Assets					
Cash and investments	$ 3,568,197	$ -	$ -	$ 3,568,197	$ 4,091,945
Restricted cash and investments	-	90,079,751	17,640,789	107,720,540	78,384,232
Accounts receivable	217,968	3,412,261	-	3,630,229	171,408
Interest receivable	-	-	-	-	51,516
Due from the City and County of Denver	16,164	72,492,113	887,821	73,396,098	69,932,603
Prepaid items	45,713	-	-	45,713	51,237
Advances to other funds	195,525	1,562,246	1,428,288	3,186,059	3,354,890
Total assets	$ 4,043,567	$ 167,546,371	$ 19,956,898	$ 191,546,836	$ 156,037,831
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	$ 71,065	$ 19,131,029	$ -	$ 19,202,094	$ 3,654,567
Deposits	-	1,034,525	-	1,034,525	838,021
Due to the City and County of Denver	5,190	-	-	5,190	824,007
Advances from other funds	1,562,246	1,585,789	-	3,148,035	3,323,538
Total liabilities	1,638,501	21,751,343	-	23,389,844	8,640,133
Deferred inflows of resources	-	66,355,743	816,938	67,172,681	64,160,978
Fund balances					
Nonspendable - prepaid items	45,713	-	-	45,713	51,237
Restricted					
Capital projects	-	49,356,393	-	49,356,393	34,210,684
Debt service	-	-	19,139,960	19,139,960	17,904,883
Committed	-	30,082,892	-	30,082,892	28,716,087
Unassigned	2,359,353	-	-	2,359,353	2,353,829
Total fund balances	2,405,066	79,439,285	19,139,960	100,984,311	83,236,720
Total liabilities, deferred inflows of resources, and fund balances	$ 4,043,567	$ 167,546,371	$ 19,956,898	$ 191,546,836	$ 156,037,831

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$ 4,091,945	$ -	$ -	$ 4,091,945
Restricted cash and investments	-	61,821,708	16,562,524	78,384,232
Accounts receivable	156,355	15,053	-	171,408
Interest receivable	-	-	51,516	51,516
Due from the City and County of Denver	-	69,165,120	767,483	69,932,603
Prepaid items	51,237	-	-	51,237
Advances to other funds	159,242	1,962,088	1,233,560	3,354,890
Total assets	$ 4,458,779	$ 132,963,969	$ 18,615,083	$ 156,037,831
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	$ 66,625	$ 3,587,942	$ -	$ 3,654,567
Deposits	25,000	813,021	-	838,021
Due to the City and County of Denver	-	824,007	-	824,007
Advances from other funds	1,962,088	1,361,450	-	3,323,538
Total liabilities	2,053,713	6,586,420	-	8,640,133
Deferred inflows of resources	-	63,450,778	710,200	64,160,978
Fund balances				
Nonspendable - prepaid items	51,237	-	-	51,237
Restricted				
Capital projects	-	34,210,684	-	34,210,684
Debt service	-	-	17,904,883	17,904,883
Committed	-	28,716,087	-	28,716,087
Unassigned	2,353,829	-	-	2,353,829
Total fund balances	2,405,066	62,926,771	17,904,883	83,236,720
Total liabilities, deferred inflows of resources, and fund balances	$ 4,458,779	$ 132,963,969	$ 18,615,083	$ 156,037,831

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
RECONCILIATIONS OF THE BALANCE SHEETS - GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION
December 31, 2014 and 2013

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

	2014	2013
Total fund balances - governmental funds	$ 100,984,311	$ 83,236,720
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	2,459,949	770,421
Interest receivable	199,712	150,191
Capital assets-net	50,946	12,492
Other long-term assets and deferred outflows are not available to pay for current-period expenditures and therefore are deferred in the funds		
Deferred loss on refundings	22,385,504	24,434,814
Long-term liabilities, including interest rate swap liability, bonds payable, notes payable, interest payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable, net	(301,322,921)	(279,297,955)
Notes payable	(4,952,850)	(4,822,585)
Accrued interest	(1,216,015)	(1,115,410)
Compensated absences	(155,743)	(129,638)
Net position (deficit) of governmental activities	$ (181,567,107)	$ (176,760,950)

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2014
(With Comparative Summarized Information for the year ended December 31, 2013)

	General	Capital Projects	Debt Service	Total Governmental Funds 2014	Total Governmental Funds 2013
Revenues					
Intergovernmental	$ 108,228	$ -	$ -	$ 108,228	$ 100,641
Tax increment financing	-	91,465,266	1,054,885	92,520,151	85,487,257
Investment income	3,957	79,460	3,330	86,747	997,486
Other income	2,376,413	-	56,782	2,433,195	2,206,076
Total revenues	2,488,598	91,544,726	1,114,997	95,148,321	88,791,460
Expenditures					
Current					
Administration	2,924,436	-	19,220	2,943,656	2,857,735
Redevelopment projects	452,470	64,248,559	18,718,016	83,419,045	40,775,575
Bond Issuance Costs	-	-	1,282,730	1,282,730	1,390,362
Swap termination payment	-	-	-	-	38,055,895
Debt service					
Principal	-	-	19,812,757	19,812,757	27,591,713
Interest	-	-	12,294,066	12,294,066	15,223,937
Capital outlay	165,944	-	-	165,944	-
Total expenditures	3,542,850	64,248,559	52,126,789	119,918,198	125,895,217
Revenues over (under) expenditures	(1,054,252)	27,296,167	(51,011,792)	(24,769,877)	(37,103,757)
Other financing sources (uses)					
Transfers in	2,421,057	5,630,355	47,191,478	55,242,890	65,380,568
Transfers out	(1,366,805)	(49,554,744)	(4,321,341)	(55,242,890)	(65,417,561)
Bond proceeds	-	-	9,376,732	9,376,732	3,385,970
Refunding bonds issued	-	34,700,000	-	34,700,000	171,265,000
Premium on refunding bond	-	-	-	-	25,535,521
Payment to refunding bond escrow	-	-	-	-	(166,830,000)
Proceeds from notes payable	-	130,264	-	130,264	426,449
Proceeds from developer	-	-	-	-	215,963
Issuance of note receivable	-	(1,689,528)	-	(1,689,528)	-
Total other financing sources (uses)	1,054,252	(10,783,653)	52,246,869	42,517,468	33,961,910
Net change in fund balances	-	16,512,514	1,235,077	17,747,591	(3,141,847)
Fund balances, beginning of year	2,405,066	62,926,771	17,904,883	83,236,720	86,378,567
Fund balances, end of year	$ 2,405,066	$ 79,439,285	$ 19,139,960	$ 100,984,311	$ 83,236,720

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	$ 100,641	$ -	$ -	$ 100,641
Tax increment financing	-	70,761,855	14,725,402	85,487,257
Investment income	5,942	86,676	904,868	997,486
Other income	2,111,720	10,910	83,446	2,206,076
Total revenues	2,218,303	70,859,441	15,713,716	88,791,460
Expenditures				
Current				
Administration	2,819,826	-	37,909	2,857,735
Redevelopment projects	17,479	27,499,675	13,258,421	40,775,575
Bond issuance costs	-	-	1,390,362	1,390,362
Swap termination payment	-	-	38,055,895	38,055,895
Debt service				
Principal	-	-	27,591,713	27,591,713
Interest	-	1,285,570	13,938,367	15,223,937
Total expenditures	2,837,305	28,785,245	94,272,667	125,895,217
Revenues over (under) expenditures	(619,002)	42,074,196	(78,558,951)	(37,103,757)
Other financing sources (uses)				
Transfers in	2,422,641	19,086,243	43,871,684	65,380,568
Transfers out	(1,803,639)	(46,236,534)	(17,377,388)	(65,417,561)
Bond proceeds	-	-	3,385,970	3,385,970
Refunding bonds issued	-	-	171,265,000	171,265,000
Premium on refunding bond	-	-	25,535,521	25,535,521
Payment to refunding bond escrow	-	-	(166,830,000)	(166,830,000)
Proceeds from notes payable	-	426,449	-	426,449
Proceeds from developer	-	215,963	-	215,963
Total other financing sources (uses)	619,002	(26,507,879)	59,850,787	33,961,910
Net change in fund balances	-	15,566,317	(18,708,164)	(3,141,847)
Fund balances, beginning of year	2,405,066	47,360,454	36,613,047	86,378,567
Fund balances, end of year	$ 2,405,066	$ 62,926,771	$ 17,904,883	$ 83,236,720

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
RECONCILIATIONS OF STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
Years Ended December 31, 2014 and 2013

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

	2014	2013
Net change in fund balances, total governmental funds	$ 17,747,591	$ (3,141,847)
Repayment of bond principal and note principal are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statements of net position		
Repayment of bond principal	19,812,757	27,591,713
Swap termination payment	-	38,055,895
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds		
Change in accrued interest	(100,606)	(36,299)
Change in compensated absences	(26,105)	427
Amortization of loss on refundings	(2,049,310)	(2,483,661)
Amortization of bond premium	2,239,009	1,738,312
Depreciation on capital assets	(10,377)	(8,236)
Some expenses reporting in the fund statements are capitalized in the statements of net position and therefore do not result in expenses in the statements of activities		
Capital outlay capitalized in statements of net position	48,831	-
Some revenues reported in the statements of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds		
Interest revenue	49,521	13,569
Amortization of imputed debt - swap	-	440,744
The outflow of the issuance of notes receivables and the proceeds of repayments of notes receivables are other financing sources and uses in the governmental funds, but do not affect the statements of activities		
Issuance of notes receivable	1,689,528	-
Proceeds from the issuance of bonds, payments to escrow agent, and related costs are other financing sources and uses/expenditures in the governmental funds, but are long-term liabilities and assets in the statements of net position and do not affect the statements of activities		
Refunding bond issued	-	(171,265,000)
Bond proceeds	(44,076,732)	(3,385,970)
Proceeds on notes payable and developers	(130,264)	(610,385)
Payments to refunding bond escrow agent and others	-	166,830,000
Premium on refunding bonds	-	(25,535,521)
Change in net position (deficit) of governmental activities	$ (4,806,157)	$ 28,203,741

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET POSITION - PROPRIETARY FUND
December 31, 2014 and 2013

	Total Enterprise Fund	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 2,482,549	$ 2,106,609
Accounts receivable	16,769	19,613
Due from the City and County of Denver	210,426	266,373
Total current assets	2,709,744	2,392,595
Noncurrent assets		
Loans receivable (net of allowance of $769,342 and $979,992 for 2014 and 2013, respectively)	1,919,498	1,782,083
Total assets	4,629,242	4,174,678
Liabilities		
Current liabilities		
Accrued liabilities	6,949	22,438
Due to other governments	69,991	167,000
Total current liabilities	76,940	189,438
Noncurrent liabilities		
Advances from other funds	38,024	31,352
Total liabilities	114,964	220,790
Net Position		
Restricted - Housing program loans	$ 4,514,278	$ 3,953,888

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
Years Ended December 31, 2014 and 2013

	Total Enterprise Fund	
	2014	2013
Operating revenues		
Contract revenue	$ 1,195,691	$ 1,054,935
Investment income	21,505	23,960
Other operating revenues	936,371	919,622
Total operating revenues	2,153,567	1,998,517
Operating expenses		
Programs	1,803,070	1,755,457
Bad debt expense	(209,893)	187,340
Total operating expenses	1,593,177	1,942,797
Operating income (loss)	560,390	55,720
Transfers in	-	36,993
Change in net position	560,390	92,713
Net position, beginning of year	3,953,888	3,861,175
Net position, end of year	$ 4,514,278	$ 3,953,888

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
Years Ended December 31, 2014 and 2013

	Total Enterprise Fund	
	2014	2013
Cash flows from operating activities		
Cash received from loan payments, interest and other revenues	$ 895,366	$ 1,295,789
Cash received from contracts	1,251,637	845,774
Cash payments for loans and administration fees	(1,682,064)	(1,806,209)
Net cash provided by operating activities	464,939	335,354
Cash flows from noncapital financing activities		
Due to other governments	(97,009)	(20,000)
Advances from other funds	6,672	3,172
Transfer in	-	36,993
Net cash provided by (used in) noncapital financing activities	(90,337)	20,165
Cash flows from investing activities		
Cash received from investment income	1,338	1,304
Net increase in cash and cash equivalents	375,940	356,823
Cash and cash equivalents, beginning of year	2,106,609	1,749,786
Cash and cash equivalents, end of year	$ 2,482,549	$ 2,106,609
Reconciliation of operating loss to net cash used in operating activities		
Operating income	$ 560,390	$ 55,720
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	(209,893)	187,340
Investment income included in operating revenues	(1,338)	(1,304)
Changes in assets and liabilities		
Accounts receivable	2,846	42,278
Due from the City and County of Denver	55,947	(209,161)
Loans receivable	72,477	238,043
Accrued liabilities	(15,489)	22,438
Net cash provided by operating activities	$ 464,940	$ 335,354

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FIDUCIARY FUND ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2014 and 2013

	2014	2013
Assets		
Taxes receivable	$ 17,293,384	$ 16,736,876
Total assets	$ 17,293,384	$ 16,736,876
Liabilities		
Due to other governments	$ 17,293,384	$ 16,736,876
Total liabilities	$ 17,293,384	$ 16,736,876

Note 1: Summary of Significant Accounting Policies

Denver Urban Renewal Authority (the Authority) was created pursuant to the Urban Renewal Law of the State of Colorado to acquire, clear, rehabilitate, conserve, develop, or redevelop identified slum or blighted areas that exist within the City and County of Denver (the City).

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity and Financial Statement Presentation

The financial reporting entity consists of the Authority and organizations for which the Authority is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. In addition, any legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Authority. The Authority includes one discretely presented component unit in its financial statements as discussed below.

The Authority is governed by an 11-member Board of Commissioners, appointed by the Mayor of the City and approved by City Council. Member terms are for five-year staggered periods with no compensation.

For financial reporting purposes, the Authority is a component unit of the City and County of Denver under the provisions of Governmental Accounting Standards Board Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by Governmental Accounting Standards Board Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.* Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable because the Mayor appoints the Authority's Board of Commissioners, subject to City Council approval, and the Authority cannot undertake any urban renewal projects unless the City approves the urban renewal plan.

Discretely Presented Component Unit – Denver Neighborhood Revitalization, Inc.

Based upon the criteria stated above, the Authority reports the accounts and operations of Denver Neighborhood Revitalization, Inc. (DNRI) within the reporting entity. DNRI, formed in 2009, is registered with the Colorado Secretary of the State as a not-for-profit organization established for the administration and execution of the Neighborhood Stabilization Program as granted by the City and County of Denver. DNRI's financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification 958, relating to the reporting model for financial statements of not-for-profit organizations, a different GAAP reporting model than is used by the Authority. In accordance with GASB 14, GASB 61 and Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14,* the Authority has elected to present DNRI's financial statements as separate statements within the government-wide presentation.

Separate financial statements for DNRI may be obtained from the Authority's office as follows: Financial Manager, 1555 California Street, Suite 200, Denver, Colorado 80202.

Government-wide and Fund Financial Statements

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

The statements of activities demonstrate the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include governmental grants and payments made on loans. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Authority has only one major proprietary fund, its enterprise fund, as discussed below.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the fund financial statements, the Authority reports the following major governmental funds:

> The General Fund is the Authority's primary operating fund. It accounts for and reports all financial resources of the Authority, except those required to be accounted for in another fund.
>
> The Capital Projects Fund is used to account for and reports various costs, and the related tax revenue and other financial resources, including debt, received for urban renewal projects.
>
> The Debt Service Fund accounts for and reports resources accumulated and payments made on long-term debt obligations of the Authority, including expenditures related to debt obligations.

The Authority also reports the following major proprietary fund:

> The Enterprise Fund accounts primarily for the activity related to the Authority's federal revolving rehabilitation loan program.

In addition, the Authority reports an agency fund to account for the tax increment financing that passes through the Authority from the City and County of Denver to other governmental districts.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Tax increment financing, payments from developers, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

In the fund financial statements, expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations, including loans under the federal revolving rehabilitation loan program. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

DNRI considers debt forgiveness by the City and County of Denver and developer fee revenues to be operating revenues and related expenses, including losses on sales of property, to be operating expenses.

Assets, Liabilities and Fund Balances

Cash, Cash Equivalents and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Restricted Cash and Investments – Cash and investments held for payment of bonds or reimbursements under certain Redevelopment Agreements are classified as restricted assets since their use is limited by applicable bond indentures or Redevelopment Agreements.

Receivables – All receivables are reported at their gross values and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified in the funds statements as “due from other funds” and “due to other funds” because they are short-term in nature. Noncurrent portions of interfund receivables and payables are reported as “advances to other funds” and “advances from other funds.” Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Due from/to the City and County of Denver – Due from the City and County of Denver in the governmental funds includes amounts due from the City and County of Denver for contracts, other programs or tax increment distributions (sales and property taxes, net). A property tax receivable, due from the City and County of Denver, is recorded when the levy is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. The property taxes due from the City and County of Denver are recorded inclusive of a 1% administration fee withheld by the City and County of Denver upon distribution of the taxes to the Authority. Property taxes are due to the City and considered earned by the Authority on January 1 following the year assessed (*i.e.*, in the period for which the taxes are levied). Contract receipts are recorded as receivables and revenues at the time reimbursable program costs are incurred. Due to the City and County of Denver in the proprietary fund represents money advanced to the Authority that is required to be repaid to the City.

Prepaid Items – Payments for services that will benefit subsequent periods are recorded as prepaid items.

Capital Assets – Capital assets are defined by the Authority as tangible real or personal property with a useful life exceeding one year. Capital assets are recorded at historical cost. Donated assets are recorded at estimated fair market value. Capitalization thresholds for recognition is $5,000, except for capital improvements and capital renovations, where the threshold is $10,000 or $25,000 per project, respectively. Capital assets are depreciated using a straight-line approach over the following useful lives:

Capital Asset Class	Estimated Useful Life
Computers and equipment	5 - 6 years
Furniture and fixtures	10 years

Compensated Absences – Employees of the Authority with more than six months of service are allowed to accumulate unused sick and vacation time. Upon termination of employment from the Authority, an employee will be compensated for all accrued vacation time at their current pay rate, subject to certain limitations, but will forfeit any compensation for accrued sick time.

Accumulated unpaid vacation pay is accrued when earned. These compensated absences are recognized as current salary costs when paid in the governmental funds. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows of Resources and Deferred Inflows of Resources – A deferred inflow of resource is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resource is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statements of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred outflows of resources of the Authority for the years ended December 31, 2014 and 2013 consist of deferred losses on previous debt refundings. Deferred inflows of resources in the governmental fund financial statements are comprised of property taxes due from the City and County of Denver that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to the assets exists, but for which the levy pertains to the subsequent year.

Long-term Debt – In the government-wide financial statements, and for the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 current expenditures.

Net Position and Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position is externally imposed. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed. Within the unrestricted fund balance, unassigned fund balance is used first with any excess unassigned fund balance being committed by the Board at year-end as described below. Committed fund balance can only be used as described below, and cannot be used for operations once established by the Board.

In accordance with Governmental Accounting Standards Board Statement No. 54*, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) the Authority reports its fund balances based primarily on the extent to which it is bound to honor constraints. Fund balances consist of five categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable fund balances of the Authority include prepaid items.

Restricted fund balances represent amounts constrained to specific purposes by external parties, enabling legislation and/or constitutional provisions. The Authority's restricted fund balances are constrained by bond agreements restricting the resources to expenditures towards the urban renewal projects or to debt service.

Committed fund balances represent amounts constrained by the highest level of decision making authority (the Authority's Board of Commissioners) and have been constrained through Board resolution. Only through similar Board action can the commitment be changed. The committed amounts are for the purposes of funding the Development Fund, a fund within the Capital Projects Fund. The Development Fund was established by the Board to manage excess revenue in a way that would preserve its ability to operate, protect bond issuances, and build a fund for community revitalization projects that otherwise would not be funded through traditional methods. The Development Fund is funded through transfers of excess revenues over expenditures from the General Fund.

Assigned fund balances represent funds that are intended to be used for a specific purpose but the constraint need not be from the highest level of decision making authority. Assignment of funds is largely through the adherence to Authority policy. The Authority has no assigned fund balances.

Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been restricted, committed, or assigned.

The Authority has a policy of maintaining a minimum fund balance level of $2,100,000 of unassigned fund balance in the General Fund. However, the adopted policy states that the unassigned fund balance can be used to remedy an unanticipated budgetary shortfall in excess of $1,000,000, but if the unassigned balance falls below the minimum amount due to the anticipated budgetary shortfall, it must be replenished with Development Fund amounts within 12 months.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Increment Financing

The Authority's work in support of urban redevelopment utilizes a financing tool called tax increment financing, or TIF. State law enables urban renewal authorities to use additional incremental property and sales taxes generated by a redevelopment project to provide financing. These receipts, or "tax increments," must pay for infrastructure and related improvements associated with the redevelopment, usually through the issuance of bonds or developer reimbursement.

All additional taxes created by the redevelopment revert to the normal taxing entities once the Authority has fulfilled its monetary obligations related to a project. The neighborhood benefits from the creation of revitalized, productive properties and the taxing entities get new, permanent sources of revenue that would not have existed if the Authority had not enabled the project to be undertaken.

The Authority's bonds payable are payable solely from future TIF revenues pledged for such repayment or from reserves established by the Authority and maintained by the bond trustee.

Budgets

The Authority annually adopts a budget for the General Fund for management purposes only. However, because the Authority is not legally required to budget its activities, no budgetary statements are presented in the financial statements.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Reclassifications

Certain reclassifications have been made to the prior year's information to conform to the current year presentation.

Note 2: Cash and Investments

A summary of cash and investments follows:

	2014	2013
Petty cash	$ 300	$ 300
Cash deposits	71,217,171	50,210,094
Investments	42,553,815	34,372,392
Total cash and investments	$ 113,771,286	$ 84,582,786

The above amounts are classified in the financial statements as follows:

	2014	2013
Cash and investments	$ 6,050,746	$ 6,198,554
Restricted cash and investments	107,720,540	78,384,232
Total cash and investments	$ 113,771,286	$ 84,582,786

Cash Deposits

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires deposits to be held by eligible public depositories. Eligibility is determined by state regulations. At December 31, 2014 and 2013, State regulatory commissioners have indicated that all financial institutions holding deposits for the Authority are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Because the Authority's deposits are either insured by federal insurance or collateralized under the PDPA, such deposits are not exposed to custodial credit risk.

In accordance with the Authority's investment policy, at the time of purchase, any repurchase agreements must be at least equal to one hundred two percent (102%) of the funds invested, subsequently not to fall below one hundred percent (100%) of the funds invested and marked-to-market weekly. Collateral for any investment is held in an account in the Authority's name.

At December 31, 2014 and 2013, the Authority had deposits with financial institutions with a carrying amount of $71,217,171 and $50,210,094, respectively. The bank balances with the financial institutions were $71,356,523 as of December 31, 2014 and $50,629,259 as of December 31, 2013. Of these balances, $500,000 was covered by Federal Depository Insurance and $55,856,236 for 2014 and $50,129,259 for 2013 was covered by collateral held by authorized financial institutions in the Authority's name (PDPA).

Investments

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. By definition, investments in external investment pools and money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Authority has no investment policy that addresses custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. This risk is commonly measured by the duration of an investment. The Authority's investment policy does not formally limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

As of December 31, 2014 and 2013, the Authority has the following investments:

	2014		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
Money market funds	$ 41,860,200	$ 41,860,200	$ -
Local government investment pool	693,615	693,615	-
Total	$ 42,553,815	$ 42,553,815	$ -

	2013		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
Money market funds	$ 9,396,472	$ 9,396,472	$ -
Guaranteed investment contracts	9,300,000	-	9,300,000
Local government investment pool	15,675,920	15,675,920	-
Total	$ 34,372,392	$ 25,072,392	$ 9,300,000

Credit Risk – Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the Authority. Colorado statutes specify the investments in which the Authority may invest which include:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado governments. These investments must have a credit rating of AAA by Standard and Poor's and a rating of Aaa from Moody's.

At December 31, 2014 and 2013, the Authority had invested $693,615 and $15,675,920, respectively, in the Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLOTRUST is comprised of two funds: PRIME and PLUS+. COLOTRUST PRIME carries an AAAm from Standards and Poor's. COLOTRUST PLUS+ carries an AAAm rating from Standard and Poor's.

Both of these agreements were entered into with Merrill Lynch Capital Services, Inc. In connection with the refunding of the Authority's Series 2008A-1 Bonds and Series 2008A-2 Bonds with the proceeds of its Series 2013A-1 Bonds, as described in Note 9, the Authority terminated the first of these agreements on March 26, 2013 and terminated a portion of the second on March 25, 2013. Current and future interest due of $422,000 was paid by the provider in connection with the termination and partial termination, respectively, of the two agreements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are not subject to concentration of credit risk disclosed requirements. More than 5% of the Authority's investments are with the following issuers:

	2014	2013
Guaranteed investment contracts	0.00%	29.36%

Restricted Cash and Investments

At December 31, 2014 and 2013, the Authority had restricted cash and investments totaling $107,720,540 and $78,384,232, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements.

Note 3: Interfund Balances and Transfers

The General Fund has made advances to the Capital Projects Fund for the Denver Dry Goods Building (see Note 5) and other capital projects. Other interfund balances represent ongoing operations of the Authority occurring due to numerous transactions between the funds. Amounts are expected to be repaid within a reasonable period of time.

Interfund advances between funds are as follows:

2014

	Payable Fund			
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	$ -	$ 157,501	$ 38,024	$ 195,525
Capital Projects Fund	1,562,246	-	-	1,562,246
Debt Service Fund	-	1,428,288	-	1,428,288
Total	$ 1,562,246	$ 1,585,789	$ 38,024	$ 3,186,059

2013

	Payable Fund			
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	$ -	$ 127,890	$ 31,352	$ 159,242
Capital Projects Fund	1,962,088	-	-	1,962,088
Debt Service Fund	-	1,233,560	-	1,233,560
Total	$ 1,962,088	$ 1,361,450	$ 31,352	$ 3,354,890

At the end of each year, the General Fund transfers any fund revenues in excess of expenditures to the Capital Projects Fund to be used for future projects. If General Fund expenditures exceed revenues, the Capital Projects and Debt Service Funds transfer funds to the General Fund to eliminate the deficiency of revenues.

	2014			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 2,363,266	$ 57,791	$ 2,421,057
Capital Projects Fund	1,366,805	-	4,263,550	5,630,355
Debt Service Fund	-	47,191,478	-	47,191,478
Total	$ 1,366,805	$ 49,554,744	$ 4,321,341	$ 55,242,890

	2013			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 2,364,850	$ 57,791	$ 2,422,641
Capital Projects Fund	1,766,646	-	17,319,597	19,086,243
Debt Service Fund	-	43,871,684	-	43,871,684
Enterprise Fund	36,993	-	-	36,993
Total	$ 1,803,639	$ 46,236,534	$ 17,377,388	$ 65,417,561

Note 4: Notes Receivable

DBH, Ltd.

In 1992, the Denver Dry Development Corporation, a Colorado nonprofit corporation, was formed for the redevelopment of the Denver Dry Goods Building. The Denver Dry Development Corporation is the general partner of Denver Building Housing, Ltd. (DBH, Ltd.), a Colorado limited partnership. The sole limited partner is the Federal National Mortgage Association (FNMA).

During 1993, the Authority sold certain portions of the Denver Dry Goods Building to DBH, Ltd. The sales price, $2,225,000, was financed by the buyer in the form of a promissory note to the Authority. The Authority also received two additional notes receivable for expenditures to ready the building for use, one in the amount of $437,815 and one in the amount of $600,000 from DBH, Ltd. A payment of $600,000 was received on one note during the year ended December 31, 2003, and the Authority loaned an additional $575,000 to DBH, Ltd., during the year ended December 31, 2004. In 2009, the terms of the notes were modified such that the notes bear no interest and are due only upon the sale of the building and only to the extent of 50% of the proceeds of the sale. All notes are secured by the building.

Notes receivable from DBH, Ltd. totaled $3,237,815 as of December 31, 2014 and 2013. Repayment of the notes is doubtful and the receivable amount has been fully allowed for in the financial statements.

Dahlia Square LLC

In 2008, the Authority, as lender, entered into a loan agreement for $1,272,572 with Dahlia Square LLC, as borrower, for purposes of acquiring property in the North East Park Hill Urban Renewal Area. The loan is collateralized by the deed of trust on the property and matures on February 27, 2018 and the loan accrues simple interest beginning July 1, 2009 at 3% per annum, increasing to 4% per annum on July 1, 2010 and to 5% per annum on July 1, 2011 through final maturity. A payment was made by Dahlia Square LLC during 2010 and the loan balance at December 31, 2014 and 2013 is $770,421. This loan was assigned to the Mental Health Center of Denver in December 2013, with identical terms. At December 31, 2014 and 2013, the note had accrued $188,712 and $150,191 in interest, respectively.

In 2010, the Authority, as lender, entered into a loan agreement with DSS Two Land Company LLC for $329,907 for purposes of acquiring property in the Dahlia Square Subdivision. The outstanding balance was $215,963 at December 31, 2012 and paid off in full in 2013.

Note 5: Loans Receivable

The Authority has entered into several agreements with the City to administer various community development home loan programs. Under certain guidelines, qualified homeowners/occupants within the City may borrow funds to rehabilitate single family housing units. In addition, the Authority administered programs which offered qualified first-time home buyers first and second mortgages to purchase qualifying residences. The loans were funded by the City, the U.S. Department of Housing and Urban Development (HUD) and other State and private sources.

The major categories of loans are as follows:

Fully Amortized

Loans are made to qualified program applicants under the Authority's Single Family Rehabilitation Program and bear interest at 0% to 8% per annum.

The loans are payable in monthly installments. All loans are collateralized by the properties on which the money is loaned. The loans originated under these programs for the years ended December 31, 2014 and 2013 totaled $186,567 and $137,252, respectively. The Authority provides for losses on all loans more than 30 days delinquent.

The following is a summary of enterprise fund loans receivable transactions under this loan category for the years ended December 31, 2014 and 2013:

Balance January 1, 2014	Additions	Payments/ Write-offs	Change in Allowance	Balance December 31, 2014
$ 1,782,083	$ 186,567	$ (259,802)	$ 210,650	$ 1,919,498

Balance January 1, 2013	Additions	Payments/ Write-offs	Change in Allowance	Balance December 31, 2013
$ 2,207,468	$ 137,252	$ (466,979)	$ (95,658)	$ 1,782,083

Deferred Payment

Certain applicants to the loan program qualify for a deferred payment home rehabilitation loan through the Community Development Rehabilitation Program. The loans are granted for a 20-year term or are secured by a perpetual lien, bear 0% interest, and are payable only in the event of sale, transfer or owner non-occupancy during the loan term.

New loans originated under these programs for the years ended December 31, 2014 and 2013 totaled $970,682 and $1,017,111, respectively. Deferred loans outstanding at December 31, 2014 and 2013 totaled $26,481,600 and $25,519,306, respectively. Because these amounts are payable only upon the conditions discussed above, they are not recorded in the financial statements.

Note 6: Capital Assets

As of December 31, 2014 and 2013, capital assets of the Authority consisted of the following:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital assets being depreciated				
Computers and equipment	$ 36,903	$ 35,564	$ -	$ 72,467
Furniture and fixtures	-	13,267	-	13,267
Less: accumulated depreciation	(24,411)	(10,377)	-	(34,788)
Capital assets, net	$ 12,492	$ 38,454	$ -	$ 50,946

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Capital assets being depreciated				
Computers and equipment	$ 21,288	$ 15,615	$ -	$ 36,903
Less: accumulated depreciation	(17,032)	(7,379)	-	(24,411)
Capital assets, net	$ 4,256	$ 8,236	$ -	$ 12,492

Depreciation expense of $10,377 and $7,379 for the years ended December 31, 2014 and 2013, respectively, was charged to governmental activities, general government expense in the statements of activities.

Note 7: Capital Projects

There are two ways in which the Authority finances urban renewal projects, through the issuance of bonds or through reimbursements to developers for a portion of the developer's project financing. The Authority is currently financing 19 reimbursement projects (see Note 12, under reimbursement projects). Reimbursements to developers are payable solely from property and/or sales tax increment revenue generated by each project. Tax increment revenue is based on the project's current property value and retail sales performance. The projects financed through issuance of bonds currently outstanding are as follows:

Stapleton Project

The Stapleton project involves the redevelopment of the Stapleton Airport Area. This 7.5 square mile project, encompassing approximately 4,700 acres, is one of the largest infill developments in the nation. Generally, the project area consists of the land area south of 64th Avenue, east of Quebec Street, west of Havana, and north of Montview Boulevard. The entire project will be developed in a series of phases over a period of approximately 20 years. When completed, the project will be home to approximately 12,000 housing units, three million square feet of retail facilities, 10 million square feet of commercial space, numerous schools and community facilities, with a work force population of 35,000 employees and 30,000 residents. The Stapleton redevelopment will also include over 1,100 acres of parks and open space.

A significant amount of development has occurred in the southern portion of the project and construction continues in the northern half of the project. The large regional retail center, Northfield Mall, opened during the fourth quarter of 2005 featuring Bass Pro Shops and Super Target. The second phase of the mall opened in October 2006 featuring a Macy's and Harkins Theaters, and the third phase opened in 2007 with a JC Penney's. There is approximately 1.1 million square feet of retail space at Northfield Mall. Retail space at Quebec Square is 761,000 square feet and 165,000 square feet at the Town Center. Office space totals 393,000 square feet at the project. The cumulative number of residential units sold through 2014 and 2013 were 7,235 and 6,022, respectively. A new interchange at Interstate 70 is open and enables continued development in the northern part of the project. In 2014, the 289 room Drury Hotel opened in the Northeast portion of the Stapleton project at the I-70 Interchange and Central Park Boulevard.

Highlands Garden Village

The Highlands Garden Village project involves the redevelopment of 27.39 acres vacated by the relocation of the Elitch Gardens amusement park. The redevelopment creates a mixed-use urban village that includes over 300 residential units, a 43,000 square foot public school, 70,000 square feet of commercial space, 38,000 square feet of civic use space (historic theatre and carousel building) and 140,000 square feet of open space.

In addition to the two projects above, the project below was originally financed through the issuance of bonds.

Downtown Denver Bonds

The Authority issued a series of bonds between 1992 and 1997 to support the development of four projects: The Denver Dry, Mercantile Square, Sheraton Denver (formerly Adams Mark Hotel), and the Denver Pavilions. The four projects were originally financed separately with the cumulative total of bonds issued at $77,055,000. The four projects were refinanced in one bond issuance in 2006. Collectively these four projects were integral to the implementation and success of the 1986 Downtown Area Plan and were a catalyst for redevelopment in downtown Denver as we know it today. The 2006 bond issuance was fully retired during 2013.

Note 8: Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are comprised of the following for the years ended December 31:

	2014	2013
Deferred outflows of resources		
Deferred loss on refundings	$ 22,385,504	$ 24,434,814
Total deferred outflows of resources	$ 22,385,504	$ 24,434,814

	2014	2013
Deferred inflows of resources		
Property taxes not yet received	$ 67,172,681	$ 64,160,978
Total deferred inflows of resources	$ 67,172,681	$ 64,160,978

Note 9: Long-term Liabilities

The following is a summary of debt transactions of the Authority for the years ended December 31, 2014 and 2013:

	Balance 1/1/2014	Additions	Payments/ Reductions	Balance 12/31/2014	Due Within One Year
Bonds payable	$ 252,547,955	$ 44,076,732	$ (19,812,757)	$ 276,811,930	$ 19,230,000
Premium on bonds payable	26,750,000	-	(2,239,009)	24,510,991	-
Notes payable	4,822,585	130,265	-	4,952,850	-
Compensated absences	129,638	115,723	(89,618)	155,743	-
Total	$ 284,250,178	$ 44,322,720	$ (22,141,384)	$ 306,431,514	$ 19,230,000

	Balance 1/1/2013	Additions	Payments/ Reductions	Balance 12/31/2013	Due Within One Year
Bonds payable	$ 272,318,699	$ 174,650,970	$ (194,421,714)	$ 252,547,955	$ 18,392,955
Premium on bonds payable	2,952,791	25,535,521	(1,738,312)	26,750,000	-
Notes payable	4,396,136	426,449	-	4,822,585	-
Compensated absences	130,065	102,325	(102,752)	129,638	-
Total	$ 279,797,691	$ 200,715,265	$ (196,262,778)	$ 284,250,178	$ 18,392,955

Compensated absences are reported in accrued liabilities in the statements of net position.

A comparison of TIF revenues pledged as collateral for the payment of Tax Increment Revenue Bonds (Bonds) recognized for the years ended December 31, 2014 and 2013 to the principal and interest requirements of the Bonds for those periods is as follows:

	2014	2013
TIF revenues recognized, net of priority fees	$ 63,231,565	$ 58,328,648
Principal and interest requirements	32,106,822	26,443,063
Swap settlement payments	-	3,034,096

Bonds Payable

Bonds payable as of December 31, 2014 are:

Tax Increment Revenue Bonds

	Balance 1/1/2014	Additions	Payments/ Reductions	Balance 12/31/2014	Due Within One Year
Stapleton Senior Subordinate Tax Increment Revenue Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds varies from 2.0% to 5.0% and the bonds mature on December 1, 2025.	$ 87,435,000	$ -	$ 6,095,000	$ 81,340,000	$ 4,660,000
Stapleton Senior Tax Increment Revenue Bonds Series 2013A-1 for the Stapleton Project. The interest rate on the bonds is 5.0% and the bonds mature on December 1, 2025.	161,560,000	-	11,290,000	150,270,000	10,730,000
Stapleton Junior Subordinate Bonds Series 2013D-1 for the Stapleton Project. The interest rate on the bonds is 8.5% and the original planned maturity is December 1, 2025. The bonds were retired in 2014.	777,955	351,101	1,129,056	-	-
Stapleton Junior Subordinate Bonds Series 2013D-2 for the Stapleton Project. Imputed interest at 3.93%. The bonds original planned maturity is December 1, 2025. The bonds mature on December 1, 2025.	-	6,986,930	-	6,986,930	-
Stapleton Junior Subordinate Bonds Series 2014D-1 for the Stapleton Project. The interest rate on the bonds is 4.285% and the original planned maturity is December 1, 2025. The bonds were retired in 2014.	-	738,701	738,701	-	-
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. There is a variable rate, 4.189% at December 31, 2014, the loan matures on December 20, 2025.	-	36,000,000	-	36,000,000	3,600,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007, with interest at 5.25% until 2016 with variable interest rate thereafter. The bonds mature on December 1, 2023.	2,775,000	-	560,000	2,215,000	240,000
	$ 252,547,955	$ 44,076,732	$ 19,812,757	$ 276,811,930	$ 19,230,000

Tax Increment Revenue Bonds (continued)

Bonds payable as of December 31, 2013 are:

	Balance 1/1/2013	Additions	Payments/ Reductions	Balance 12/31/2013	Due Within One Year
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-1 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2012 was 0.12% and the bonds mature on December 1, 2025. The bonds were refunded in 2013.	$ 71,220,000	$ -	$ 71,220,000	$ -	$ -
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-2 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2012 was 0.12% and the bonds mature on December 1, 2025. The bonds were refunded in 2013.	95,610,000	-	95,610,000	-	-
Stapleton Senior Subordinate Tax Increment Revenue Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds varies from 2.0% to 5.0% and the bonds mature on December 1, 2025.	91,285,000	-	3,850,000	87,435,000	6,095,000
Stapleton Junior Subordinate Build America Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds was 8.07% and the bonds mature on December 1, 2025. The bonds were retired in 2013.	2,166,256	-	2,166,256	-	-
Stapleton & School District No. 1 of the City and County of Denver Junior Subordinate Bonds Series 2010B-1, relating to the school funding of the Stapleton Project. The interest rate on the bonds is 5.25% and the bonds mature on December 1, 2014. The bonds were retired in 2013.	3,517,443	1,543,986	5,061,429	-	-

Tax Increment Revenue Bonds (continued)

	Balance 1/1/2013	Additions	Payments/ Reductions	Balance 12/31/2013	Due Within One Year
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006B (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2012 was 1.85% and the bonds mature on September 1, 2017. The bonds were retired in 2013.	5,285,000	-	5,285,000	-	-
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007A, with fixed interest at 5.25% until 2016 with variable interest rate thereafter. The bonds mature on December 1, 2023.	3,235,000	-	460,000	2,775,000	230,000
Stapleton Senior Tax Increment Revenue Bonds Series 2013A-1 for the Stapleton Project. The interest rate on the bond is a fixed rate of 5% and the bonds mature on December 1, 2025.	-	171,265,000	9,705,000	161,560,000	11,290,000
Stapleton Series 2013D-1 Park Creek Junior Subordinate Bond for the Stapleton Project. The interest rate on the bond is a fixed rate of 8.5% and the bond matures on December 1, 2025.	-	1,841,984	1,064,029	777,955	777,955
	$ 272,318,699	$ 174,650,970	$ 194,421,714	$ 252,547,955	$ 18,392,955

Debt service requirements to maturity for the Bonds are as follows (using variable interest rates in effect as of December 31, 2014):

Year Ending December 31,	Principal	Interest	Total
2015	$ 19,230,000	$ 12,875,328	$ 32,105,328
2016	22,332,513	11,989,024	34,321,537
2017	24,719,417	11,191,675	35,911,092
2018	26,720,000	10,143,775	36,863,775
2019	25,275,000	8,850,058	34,125,058
2020-2024	113,170,000	28,315,558	141,485,558
2025	45,365,000	2,222,023	47,587,023
	$ 276,811,930	$ 85,587,441	$ 362,399,371

Notes Payable

Notes payable activity for the years ended December 31, 2014 and 2013 consists of the following:

	Balance 1/1/2014	Additions	Payments/ Reductions	Balance 12/31/2014	Due Within One Year
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	$ 4,822,585	$ 130,265	$ -	$ 4,952,850	$ -

	Balance 1/1/2013	Additions	Payments	Balance 12/31/2013	Due Within One Year
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	$ 4,396,136	$ 426,449	$ -	$ 4,822,585	$ -

Debt service requirements for the note payable to the City and County of Denver are dependent on the availability of tax increment financing (TIF) revenue. Due to the uncertainty of this revenue, the principal payments cannot be estimated. Payments will consist of the entirety of the Authority's receipt of TIF revenue due quarterly on the 10th day of January, April, July, and October.

Stapleton Obligations

On May 18, 2010, the Authority issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1, in the aggregate principal amount of $100,740,000 (the Series 2010B-1 Bonds), pursuant to the Trust Indenture dated as of May 1, 2004 (the Stapleton Master Indenture) between the Authority and U.S. Bank National Association, as trustee (the Trustee), and the Series 2010B-1 Supplemental Indenture dated as of April 1, 2010 (the Series 2010B-1 Supplemental Indenture) between the Authority and the Trustee. Proceeds of the Series 2010B-1 Bonds were used to: (a) refund and redeem on May 18, 2010 the $96,510,000 in principal amount of the Authority's Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2004B-1 (the Series 2004B-1 Bonds), that remained outstanding as of such date; and (b) pay certain costs incurred by the Authority in connection with the issuance of the Series 2010B-1 Bonds, including without limitation the cost of reimbursing the Authority for the termination payment paid by the Authority in connection with the termination on March 9, 2010 on the Series 2008A-1 Lehman Swap Agreement. The reserve account for the Series 2010B-1 Bonds (the Series 2010B-1 Reserve Account) was funded in the amount of $6,000,000 (the Series 2010B-1 Reserve Requirement) from a transfer of the amount that had been held in the reserve account for the refunded Series 2004B-1 Bonds. In consideration of certain services provided by the Authority to the City within the Stapleton Urban Redevelopment Area pursuant to a Services Agreement dated as of April 1, 2010 (the 2010 City/Authority Services Agreement) between the City and the Authority, the City agreed that the City's Manager of Finance will submit a request for appropriation to the City Council of the City for the purpose of replenishing the Series 2010B-1 Reserve Account to the Series 2010B-1 Reserve Requirement following any draw thereon (payments by the City to the Authority of such appropriated amounts being referred to in the 2010 City/Authority Services Agreement as the Supplemental Payments). The Authority will be obligated, subject to the terms and provisions of the 2010 City/Authority Services Agreement and of the Stapleton Master Indenture, to reimburse the City for any Supplemental Payments. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation is deemed to be a Junior Bond of the Authority under the Stapleton Master Indenture.

In connection with the issuance of the Series 2010B-1 Bonds, the Authority entered into separate agreements dated as of April 1, 2010 with School District No. 1, in the City and County of Denver and State of Colorado (Denver Public Schools), and Forest City Stapleton, Inc. (FCS) (the "2010 Supplemental Denver Public Schools Funding Agreement" and the 2010 FCS School Funding Agreement, respectively) for the purpose of accelerating the construction of the third DPS school at Stapleton.

Pursuant to the 2010 Supplemental Denver Public Schools (DPS) Funding Agreement, Denver Public Schools agreed to advance up to $7,000,000 to be applied to the construction of such school. The Authority obligated itself, subject to the terms and provisions of the 2010 Supplemental Denver Public Schools Funding Agreement and of the Stapleton Master Indenture, to repay DPS for such advances as provided in the 2010 Supplemental Denver Public Schools Funding Agreement and only upon the occurrence of specific events, including the submission and approval of construction costs and only as TIF revenue is available after the payment of other obligations. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation was deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. The Authority incurred $0 and $1,543,986 of debt relating to this funding during the years ended December 31, 2014 and 2013, respectively, as shown in the bonds payable table. On December 20, 2013, the Authority fully repaid the remaining principal amount of this obligation and all accrued interest thereon, and as of December 31, 2013, the obligation was no longer outstanding.

Pursuant to the 2010 FCS School Funding Agreement, FCS agreed to advance up to $5,000,000 to be applied to the construction of such school. The Authority obligated itself, subject to the terms and provisions of the 2010 FCS School Funding Agreement and of the Stapleton Master Indenture, to repay FCS for such advances as provided in the 2010 FCS School Funding Agreement and only upon the occurrence of specific events, including the submission and approval of construction costs and only as TIF revenue is available after the payment of other obligations. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation was deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture (the 2010 FCS Junior Subordinate Bond). The Authority incurred $0 of debt relating to this funding during the years ended December 31, 2014 and 2013. On December 20, 2013, the Authority fully repaid the remaining principal amount of this obligation and accrued interest thereon, and as of December 31, 2013, the obligation was no longer outstanding.

The Authority designated the 2010 FCS Junior Subordinate Bond as a taxable Build America Bond as authorized by the American Recovery and Reinvestment Act of 2009 (the Recovery Act). As such, interest on the 2010 FCS Junior Subordinate Bond was not excludable from gross income for federal income tax purposes. Pursuant to the Recovery Act, the Authority received cash subsidy payments of $0 and $83,446 for the years ended December 31, 2014 and 2013, respectively, from the United States Treasury which equaled approximately 35% of the interest payable on the 2010 FCS Junior Subordinate Bond. According to the United States Treasury, its priority of making the cash subsidy payment is the same as its refunding of overpayments of tax.

On March 28, 2013, the Authority issued its Stapleton Senior Tax Increment Revenue Bonds, Series 2013A-1, in the aggregate principal amount of $171,265,000 (the Series 2013A-1 Bonds) pursuant to the Trust Indenture dated as of May 1, 2004 (the Stapleton Master Indenture) between the Authority and U.S. Bank National Association, as trustee (the Trustee), and the Series 2013A-1 Supplemental Indenture dated as of March 1, 2013 (the Series 2013A-1 Supplemental Indenture) between the Authority and the Trustee. Proceeds of the Series 2013A-1 Bonds, together with amounts released from certain accounts maintained under the Stapleton Master Indenture with respect to the Refunded Bonds (defined below) and amounts received by the Authority in connection with the termination or partial termination of certain guaranteed investment contracts described under "*Investments*" in Note 2, were used to: (a) refund and redeem on April 1, 2013 the $71,220,000 in principal amount of Authority's Stapleton Senior Tax Increment Revenue Bonds, Series 2008A-1 (the Series 2008A-1 Bonds), that remained outstanding as of such date; (b) refund and redeem on April 1, 2013 the $95,610,000 in principal amount of Authority's Stapleton Senior Tax Increment Revenue Bonds, Series 2008A-2 (the Series 2008A-2 Bonds and, together with the Series 2008A-1 Bonds, the Refunded Bonds); (c) fund an account relating to the Series 2013A-1 Bonds of the reserve fund maintained for the Senior Bonds under the Stapleton Master Indenture in the amount of $9,300,000; (d) pay the costs of terminating certain swap agreements relating to the Refunded Bonds and certain irrevocable letters of credit providing credit support for the Refunded Bonds; and (e) pay certain costs incurred by the Authority in connection with the issuance of the Series 2013A-1 Bonds. The cash flows that would have been required to service the 2008A-1 and 2008A-2 bonds was $240,590,406 and the cash flows that are required to service the 2013A-1 bonds is $224,667,806 for a cash flow savings of $15,992,690. The present value of the savings, representing an economic gain on the refunding was $12,539,210.

On April 15, 2013, the Authority and Park Creek Metropolitan District entered into a Second Supplement to Amended and Restated Master Redevelopment Agreement dated April 1, 2013 (the Second Master Redevelopment Agreement Supplement). Under the Second Master Redevelopment Agreement Supplement, Park Creek agreed to advance up to $4,000,000 to finance development at Stapleton. The Authority was obligated, subject to the terms and provisions of the Second Master Redevelopment Agreement Supplement and of the Stapleton Master Indenture, to repay Park Creek for the advances as provided in the Second Master Redevelopment Agreement Supplement with interest at a rate of 8.5% per annum. In connection with the execution of the Second Master Redevelopment Agreement Supplement, the Authority and the Trustee entered into a Series 2013D-1 Park Creek Junior Subordinate Bond Supplemental Trust Indenture dated as of April 1, 2013, pursuant to which this obligation was deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. For the year ended December 31, 2013, the Authority was advanced $1,841,984 under this agreement with a balance at December 31, 2013 remaining of $777,955 as shown in the bond payable table. On December 20, 2014, the Authority repaid all amounts advanced by Park Creek as of that date, in the amount of $2,193,084, plus accrued interest thereon. On December 23, 2014, Park Creek advanced the amount of $1,806,916, being the remainder of the $4,000,000 that had not previously been advanced, and deposited the same in the Project Fund established by the Stapleton Master Indenture for the completion of the projects for which the obligation was initially incurred, and the Authority simultaneously repaid such amount to Park Creek from a portion of the proceeds of the Series 2014D-2 Loan described below, with the effect that as of December 31, 2014, the obligation was fully paid and discharged.

On July 8, 2013, the Authority and DPS entered into a Second Supplement to Amended and Restated Stapleton School Funding Agreement (the Second School Funding Agreement Supplement). Under the Second School Funding Agreement Supplement, DPS has agreed to advance up to $81,799,825 to finance the construction of two additional schools at Stapleton. The Authority is obligated, subject to the terms and provisions of the Second School Funding Agreement Supplement and of the Stapleton Master Indenture, to repay DPS for the advances as provided in the Second School Funding Agreement Supplement. In connection with the execution of the Second School Funding Agreement Supplement, the Authority and the Trustee entered into a Series 2013D-2 DPS Junior Subordinate Bond Supplemental Trust Indenture dated as of July 8, 2013, pursuant to which this obligation is deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. As of December 31, 2013, the Authority had not incurred any advances under this agreement and, as of December 31, 2014, the Authority has incurred $6,986,930 in advances under this agreement.

On July 31, 2014, the Authority and Park Creek Metropolitan District entered into a Third Supplement to Amended and Restated Master Redevelopment Agreement dated as of July 31, 2014 (the "Third Master Redevelopment Agreement Supplement"). Under the Third Master Redevelopment Agreement Supplement, Park Creek agreed to advance up to $2,254,930 to finance development at Stapleton. The Authority was obligated, subject to the terms and provisions of the Third Master Redevelopment Agreement Supplement and of the Stapleton Master Indenture, to repay Park Creek for the advances as provided in the Second Master Redevelopment Agreement Supplement with interest at a rate of 4.285% per annum. In connection with the execution of the Third Master Redevelopment Agreement Supplement, the Authority and the Trustee entered into a Series 2014D-1 Park Creek Junior Subordinate Bond Supplemental Trust Indenture dated as of July 31, 2014 with the Trustee, pursuant to which this obligation was deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. On December 20, 2014, the Authority repaid all amounts advanced by Park Creek as of that date, in the amount of $738,701, plus accrued interest thereon. On December 23, 2014, Park Creek Metropolitan District advanced the amount of $1,516,228, being the remainder of the $2,254,930 that had not previously been advanced, and deposited the same in the Project Fund established by the Stapleton Master Indenture for the completion of the projects for which the obligation was initially incurred, and the Authority simultaneously repaid such amount to Park Creek from a portion of the proceeds of the Series 2014D-2 Loan described below, with the effect that as of December 31, 2014, the obligation was fully paid and discharged.

On December 23, 2014, the Authority issued its Stapleton Junior Subordinate Tax Increment Revenue Bonds, Series 2014D-2, in an aggregate principal amount of up to $60,000,000 (the "Series 2014D-2 Bonds") pursuant to the Stapleton Master Indenture and the Series 2014D-2/3/4 Supplemental Trust Indenture dated as of December 23, 2014 (the "Series 2014D-2/3/4 Supplemental Indenture") between the Authority and the Trustee. The Series 2014D-2 Bonds evidence amounts payable by the Authority pursuant to a Loan Agreement dated as of December 23, 2014 (the "Series 2014D-2 Loan Agreement") between the Authority and Compass Mortgage Corporation and Vectra Bank Colorado National Association (the "Series 2014D-2 Banks"). The loan made pursuant to the Series 2014D-2 Loan Agreement (the "Series 2014D-2 Loan") is a drawdown loan, with $36,000,000 in principal amount drawn by the Authority at closing and outstanding as of December 31, 2014. Proceeds of such initial draw were used and will be used to: (a) finance additional development at Stapleton; (b) repay the outstanding amounts advanced by Park Creek under the Second Master Redevelopment Agreement Supplement and discharge the Authority's repayment obligation thereunder, as described above; (c) repay the outstanding amounts advanced by Park Creek under the Third Master Redevelopment Agreement Supplement and discharge the Authority's repayment obligation thereunder, as described above; and (d) pay certain costs incurred by the Authority in connection with the issuance of the Series 2014D-2 Bonds. Proceeds of additional draws on the Series 2014D-2 Loan will be used to finance additional development at Stapleton and pay costs incurred by the Authority in connection with making such draws.

To induce the Series 2014D-2 Banks to make the Series 2014D-2 Loan available to the Authority, the Authority and the City agreed, in a Fourth Amendment to Stapleton Urban Redevelopment Area Cooperation Agreement between the Authority and the City dated as of December 23, 2014 (the "Fourth Cooperation Agreement Amendment") and a 2014 City/Authority Services Agreement dated as of December 23, 2014 between the Authority and the City (the "2014 City/Authority Services Agreement"), to permit the use of moneys on deposit in the City Retained Taxes Fund (as defined in the Stapleton Master Indenture) for payment, subject to the priority of payment set forth in the Stapleton Master Indenture, of all payment obligations of the Authority under the Series 2014D-2 Loan Agreement, to the extent that Pledged Revenues (as defined in the Stapleton Master Indenture) otherwise available for such repayment are insufficient. The amendments made by the Fourth Cooperation Agreement Amendment are reflected in conforming amendments made to the Stapleton Master Indenture by the Series 2014D-2/3/4 Supplemental Indenture. Pursuant to the 2014 City/Authority Services Agreement, the Authority is obligated, subject to the terms and provisions thereof and of the Stapleton Master Indenture and the Series 2014D 2/3/4 Supplemental Indenture, to reimburse the City for any such amounts withdrawn from the City Retained Taxes Fund, which reimbursement obligation is, pursuant to the Series 2014D-2/3/4 Supplemental Indenture, designated as a Junior Subordinate Bond.

In consideration for making amounts in the City Retained Taxes Fund available for such payments, the Authority has agreed in the 2014 City/Authority Services Agreement to pay to the City an amount equal to $16,000,000 in 2025, subject to the limitations of the Stapleton Master Indenture, the Series 2014D-2/3/4 Supplemental Indenture and the 2014 City/Authority Services Agreement, which obligation is, pursuant to the Series 2014D-2/3/4 Supplemental Indenture, designated as a Junior Subordinate Bond.

Note 10: Pension Plan

The Authority maintains a defined contribution pension plan organized in accordance with the provisions of Section 401(a) of the Internal Revenue Code. The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Commissioners. Employees with six consecutive months of service are required to contribute 5% of their compensation to the Plan. The Authority contributes 10% of their compensation to the Plan. Participants in the Plan are vested in the Authority's contribution as follows: 20% after one year of participation, 40% after two years of participation, and 100% after three years of participation. During the years ended December 31, 2014 and 2013, the Authority's contribution to the Plan totaled $128,195 and $136,746, respectively, and the employee contributions totaled $64,097 and $68,373, respectively, which are equal to the required contributions.

Note 11: Lease Commitment

The Authority's office space is leased under an agreement that expired on the last day of February 2014. The Authority entered in to a new lease commencing March 2014 and expiring in February 2024. The Authority's commitment under the lease is as follows:

Year Ending December 31,	
2015	$ 190,542
2016	194,792
2017	199,042
2018	203,292
2019	207,542
2020 - 2024	897,459
Total	$ 1,892,669

Total rental expense under this lease for the years ended December 31, 2014 and 2013 was $183,380 and $219,540, respectively.

Note 12: Commitments and Contingencies

In connection with the Authority's development of the Denver Dry Building, the Authority has guaranteed certain loans made to DBH, Ltd. by the Bank of Denver with an outstanding balance as of December 31, 2014 of $2,609,892.

In addition, the Authority has guaranteed all obligations of the Denver Dry Development Corporation as general partner, under the terms and conditions of the limited partnership agreement of DBH, Ltd. No amounts have been recorded as a liability in these financial statements as management believes the possibility of having to make payments under these guarantees is remote.

Contracts

Contracts from governmental entities are governed by various rules and regulations of the contractor agencies. Under the terms of the contracts, costs charged to the contracts are subject to audit and adjustment by the contractor agency. Such audit could lead to reimbursement to the contractor agency. Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the contracts the Authority has received. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Other

In 2008, the Lowry Economic Redevelopment Authority (LRA) refunded, paid and discharged the Series 2002 Bonds and issued $65,000,000 of 2008A Bonds. In accordance with the redeveloper agreement, the source of repayment for these bonds is tax increment revenue collected by the Authority and distributed to the LRA. The tax increment revenue is derived from the Lowry Urban Renewal area for the portion of Lowry lying within Denver. However, these bonds do not constitute an obligation of the Authority and are not recorded as a liability in these financial statements. As part of the Lowry bond refinance in 2008, the LRA, the City, and the Authority agreed that 50% of the revenue available after annual debt service on the 2008A Bonds be returned to the Authority for financing supplemental projects at Lowry. During 2010, the Authority approved two supplemental projects: a $2 million reimbursement obligation for the restoration and redevelopment of the Historic Hangar No. 2 at Lowry and a $4.4 million reimbursement obligation for Lowry Storm Sewer Projects.

The Stapleton Redevelopment Area Cooperation Agreement between the City and County of Denver and the Denver Urban Renewal Authority provides that tax increment revenue generated in the SBC Metropolitan District and the Westerly Creek Metropolitan District pass through the Authority to the respective Districts. The Authority reports the pass-through amount within its agency fund. District bonds outstanding do not constitute an obligation of the Authority.

The Authority entered into a Cooperation Agreement with the City and County of Denver for the City to subordinate its retained portion of tax increment revenues generated in the Stapleton Urban Redevelopment Area to Stapleton project bond debt service. Under the agreement, the Authority has agreed to return to the City retained amounts not used for debt service in December of each year. In 2014 and 2013, the Authority returned $10,641,284 and $9,842,289 of retained amounts not used for debt service, respectively.

Reimbursement Projects

The Authority has entered into various Redevelopment Agreements (Agreements) with various redevelopers whereby the redeveloper has agreed to construct certain improvements under specific urban renewal plans approved by the City. Under the Agreements, the Authority reimburses the redeveloper, with interest, for project costs incurred by the redeveloper in an amount not to exceed the maximum reimbursable project costs specified in the Agreements. These reimbursements are payable solely from property, lodgers, and/or sales tax increment revenue generated by each project and are not a general obligation of the Authority. Tax increment revenue is based on the project's current property value and retail sales performance. The Redevelopment Agreements have various original expiration terms, ranging from 5 to 25 years.

Tax increment revenue received for Lowry is paid to the developer monthly for debt service payment on outstanding Lowry project bonds. As of December 31, 2014, the Authority has the following open Redevelopment Agreements:

	Unpaid Maximum Reimbursable Project Costs
Rio Grande Building	$ 1,500,000
The Boston Lofts	944,495
Holtze Executive Place	1,950,000
The Bank Lofts	677,460
City Park South	1,695,231
The Pepsi Center	3,492,543
38th and York	3,564,000
Highlands' Garden Village	25,380
The Point	907,458
Lowry	29,514,200
Executive Tower Inn	11,663,837
Alameda Square	8,290,892
Lowenstein Theater	1,228,310
DPS Stapleton School #1	3,500,000
South Broadway	9,291,564
Colorado National Bank	10,000,000
Tamarac Square	4,679,226
Source/Ironworks	988,406
9th and Colorado	2,400,000
Total	$ 96,313,002

The unpaid maximum reimbursable project costs only become a liability of the Authority once developer reimbursement requests are received and approved by the Authority and applicable incremental sales and property taxes are received by the Authority from the City. As of December 31, 2014 and 2013, $3,499,493 and $791,003, respectively, met this criteria and has been accrued in the Capital Projects Fund.

The Agreements have additional provisions paid by the developer which generally include: monthly administrative fees; an annual priority fee; a participating interest fee upon sale or refinance of the project and participation by the Authority in the net cash flow from the property through the termination date.

Undisbursed Loan Commitments

The Authority has committed to fund loans during the year that were not fully disbursed as of year-end. The total undisbursed loan commitments as of December 31, 2014 were $314,466, of which $298,443 is attributable to deferred payment loans. Total undisbursed loan commitments as of December 31, 2013 were $309,062, of which $268,168 is attributable to deferred payment loans as discussed in Note 6.

Note 13: Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (Tabor Amendment) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Authority is not subject to the Tabor Amendment. See: Olson v. City of Golden, 53 P.3d 747 (Co. App. 2002).

Note 14: Adoption of Accounting Principles

During 2014, the Authority adopted Statement No. 70 of the Governmental Accounting Standards Board (GASB 70), *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when certain qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The Authority has guaranteed certain obligations of a third-party (see Note 12) but the Authority has determined that the likelihood of making a payment on the guarantee does not rise to the threshold of more likely than not as defined in GASB 70. Therefore no liability has been recorded by the Authority due to the adoption of GASB 70 and the adoption of this Standard has no effect on net position of the Authority.

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Supplementary Information

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2014

	Balance January 1, 2014	Additions	Deductions	Write-offs	Balance December 31, 2014
Agency					
Assets					
Cash	$ -	$ 15,874,104	$ (15,874,104)	$ -	$ -
Taxes receivable	16,736,876	16,430,612	(15,874,104)	-	17,293,384
Total assets	$ 16,736,876	$ 32,304,716	$ (31,748,208)	$ -	$ 17,293,384
Liabilities					
Due to other governments	$ 16,736,876	$ 16,430,612	$ (15,874,104)	$ -	$ 17,293,384
Total liabilities	$ 16,736,876	$ 16,430,612	$ (15,874,104)	$ -	$ 17,293,384

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2013

	Balance January 1, 2013	Additions	Deductions	Write-offs	Balance December 31, 2013
Agency					
Assets					
Cash	$ -	$ 11,686,763	$ (11,686,763)	$ -	$ -
Taxes receivable	12,327,472	16,096,167	(11,686,763)	-	16,736,876
Total assets	$ 12,327,472	$ 27,782,930	$ (23,373,526)	$ -	$ 16,736,876
Liabilities					
Due to other governments	$ 12,327,472	$ 16,096,167	$ (11,686,763)	$ -	$ 16,736,876
Total liabilities	$ 12,327,472	$ 16,096,167	$ (11,686,763)	$ -	$ 16,736,876

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2014

	Stapleton 2013A-1		Stapleton 2010B-1		Highlands Garden Village 2007A	
Mill Levy						
General Fund, Denver	10.458		10.458		10.458	
Social Services	4.480		4.480		4.480	
Denver Schools/General Fund	38.853		38.853		38.853	
Denver Schools/Bond Fund	10.446		10.446		10.446	
Bond Sinking Fund, Denver	4.330		4.330		4.330	
Bond Interest, Denver	4.103		4.103		4.103	
Fire Pension Fund	1.572		1.572		1.572	
Urban Drainage/Flood Control	0.672		0.672		0.672	
Police Pension Fund	1.875		1.875		1.875	
Capital Improvement	2.553		2.553		2.553	
Capital Maintenance	2.727		2.727		2.727	
	82.069		82.069		82.069	
Property Tax Base Amount	39,948,498	(1)	(1)		2,047,894	
Sales Tax Base Amount	856,917		(1)		-	
Collected Property Taxes	28,987,534		(1)		706,448	
Collected Sales Taxes	20,036,754		(1)		348,437	
Debt Service Reserve Earnings	62,231		(1)		130	
Other Interest Earnings	-		(1)		-	
Net Revenues	49,086,519		(1)		1,055,015	
BONDS & PRIORITY EXPENSE						
Debt Service	19,384,520		10,076,300		379,302	
DURA Priority and Other Expenses	1,461,836		(1)		57,791	
Annual Coverage Ratio	2.46	(2)	1.62	(3)	2.41	(4)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2014

NOTES:

(1) The 2010 B-1 bonds were issued May 2010. The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.

The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.

The 2010 B-1 Stapleton bonds are Subordinate to the 2013 A-1 Stapleton bonds with respect to collected property and sales taxes available for debt service, DURA priority fee and the Denver Public Schools reimbursement for Stapleton School #1 .

The 2013 A-1 bonds were issued March 2013. The 2013 A-1 Stapleton bonds are tax exempt and fixed rate.

The 2013 A-1 bonds defeased the 2008 A-1 and 2008 A-2 Stapleton bonds.

The 2013 A-1 Stapleton bonds are Senior to the 2010 B-1 Stapleton bonds with respect to collected property and sales taxes available for debt service.

(2) The coverage ratio presented is calculated after payment of priority and other expenses.

(3) The coverage ratio presented is calculated after payment of priority and other expenses and includes 2010B-1 and 2013 A-1 debt service payment.

(4) The coverage ratio includes debt service payment, priority and other expenses.

See Note 9 to Financial Statements for principal amounts outstanding and final maturity dates.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2013

	Stapleton 2013A-1		Stapleton 2010B-1		Highlands Garden Village 2007A	
Mill Levy						
General Fund, Denver	10.610		10.610		10.610	
Social Services	4.520		4.520		4.520	
Denver Schools/General Fund	39.575		39.575		39.575	
Denver Schools/Bond Fund	10.913		10.913		10.913	
Bond Sinking Fund, Denver	4.170		4.170		4.170	
Bond Interest, Denver	3.780		3.780		3.780	
Fire Pension Fund	1.587		1.587		1.587	
Urban Drainage/Flood Control	0.657		0.657		0.657	
Police Pension Fund	1.893		1.893		1.893	
Capital Improvement	2.581		2.581		2.581	
Capital Maintenance	2.752		2.752		2.752	
	83.038		83.038		83.038	
Property Tax Base Amount	37,458,837	(1)	(1)		1,844,408	
Sales Tax Base Amount	856,917		(1)		-	
Collected Property Taxes	26,249,189		(1)		641,675	
Collected Sales Taxes	18,184,161		(1)		367,606	
Debt Service Reserve Earnings	387,683		193,842		116	
Other Interest Earnings	321,887		251		-	
Net Revenues	45,142,920		194,093		1,009,397	
BONDS & PRIORITY EXPENSE						
Debt Service	18,621,952		7,985,300		393,003	
DURA Priority and Other Expenses	1,444,073		(1)		57,791	
Annual Coverage Ratio	2.36	(2)	1.65	(3)	2.24	(4)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2013

NOTES:

(1) The 2010 B-1 bonds were issued May 2010. The 2010 B-1 Stapleton bonds are tax-exempt and fixed rate.

The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.

The 2010 B-1 Stapleton bonds are subordinate to the 2008 A-1 and A-2 Stapleton bonds with respect to collected property and sales taxes available for debt service, DURA priority fee and the Denver Public Schools reimbursement for Stapleton School #1.

The 2013 A-1 bonds were issued March 2013. The 2013 A-1 Stapleton bonds are tax-exempt and fixed rate.

The 2013 A-1 bonds defeased the 2008 A-1 and 2008 A-2 Stapleton bonds.

(2) The coverage ratio presented is calculated after payment of priority and other expenses.

(3) The coverage ratio presented is calculated after payment of priority and other expenses and includes 2010B-1 and 2013 A-1 debt service payment.

(4) The coverage ratio includes debt service payment, priority and other expenses.

See Note 9 to Financial Statements for principal amounts outstanding and final maturity dates.

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Cluster/Program	Federal Agency Pass-through Entity	CFDA Number	Amount Expended
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development passed through from the City and County of Denver	14.218	$ 430,000
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development passed through from the City and County of Denver	14.239	670,885
Brownfields Assessment and Cleanup Cooperative Agreements	U.S. Environmental Protection Agency	66.818	452,470
			$ 1,553,355

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Note 1: Basis of Presentation

This schedule includes the federal awards of Denver Urban Renewal Authority, a component unit of the City and County of Denver, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The loan program administered by the Authority may result in the recognition of loans receivable rather than expenditures in the financial statements.

Note 2: Recycle Loans

Loans made from the recycled federal funding for the year ended December 31, 2014 total $577,448. Recycled federal funding used for administrative costs for the year ended December 31, 2014, totaled $0.

Note 3: Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, 100% of the Brownfields Assessment and Cleanup Cooperative Agreements were provided to subrecipients as follows:

	Federal Grants Provided to Subrecipients
Brownfields Assessment and Cleanup Cooperative Agreements (CFDA #66.818)	
Denver, City and County of	$ 422,615
Lakewood, City of	29,855
Total Brownfields	$ 452,470

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated April 22, 2015.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Authority's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
April 22, 2015

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Board of Commissioners
Denver Urban Renewal Authority

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Commissioners
Denver Urban Renewal Authority

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002, that we consider to be significant deficiencies.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
April 22, 2015

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major programs:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

5. Types of auditor's report issued on compliance for major programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☒ Yes ☐ No

7. Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

8. Dollar threshold used to distinguish between Type A and Type B programs: $300,000

9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Summary of Finding
2014-001	**Finding:** Reporting

CFDA No. 66.818 – Brownfields Assessment Grant
Federal Agency: Environmental Protection Agency
Grant Number: 96810701 – Budget Period: October 1, 2012 – September 30, 2015

Criteria: The U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, requires that all reports for Federal awards include the activity of the reporting period, be supported by applicable accounting or performance records, be mathematically accurate, and be fairly presented in accordance with program requirements. Specific to the Brownfields grant the Authority is required to submit quarterly progress reports which must include; a summary of approved activities performed during the quarter, summary of the quarter's performance, an update on project schedules and milestones and a list of properties where assessment activities were performed and/or completed during the quarter.

Condition: Certain information contained in the quarterly reports was inaccurate when reported to the Environmental Protection Agency.

Questioned Costs: None.

Context: We tested two Quarterly Progress Reports submitted to the Environmental Protection Agency for the first and third quarters of the fiscal year. The first quarter report under-reported a project expended amount by $35,585, while the third quarter report over-reported the amount of total grant funds expended to date by $89,894. Both reports were corrected in the next quarterly cumulative report.

Effect: Inaccurate information was reported to the awarding agency.

Cause: Both inaccuracies were caused by human error. However, the review process did not detect the error prior to submission.

Recommendation: We recommend that a detailed review of reports be performed by someone other than the preparer prior to reports being submitted. The detailed review should include agreeing amounts and other information reported to supporting records and documentation and reconciling the quarterly reports to the cash draw schedules. Evidence of this review should be maintained with the supporting documents used to prepare the report.

Reference Number	Summary of Finding

Views of Responsible Officials and Planned Corrective Actions:
Response: Agree.

Person(s) responsible for implementing: Financial Manager.

Implementation date: April 15, 2015.

Corrective action planned: The Authority has processes in place and will enhance existing processes to ensure that a detailed review including agreeing amounts and other information reported to supporting documentation and reconciliation to cash draw schedules will be performed by management other than the preparer prior to the submission of reports to the Environmental Protection Agency. Additionally, evidence of this detailed review will be maintained with the supporting documents used to prepare the report.

Reference Number	Summary of Finding
2014-002	**Finding:** Reporting

CFDA No. 66.818 – Brownfields Assessment Grant
Federal Agency: Environmental Protection Agency
Grant Number: 96810701 – Budget Period: October 1, 2012 – September 30, 2015

Criteria: Per 2 CFR Part 170.320, each grant, cooperative agreement, loan, or loan guarantee made by a non-Federal entity is subject to the Federal Financial Assistance Transparency Act (FFATA or Transparency Act). The Transparency Act requires any newly awarded subcontract of $25,000 or more to be reported if the value of the Federal prime contract awarded was $25,000 or more. Recipients are required to register in the Federal Subaward Reporting System (FSRS) and report subaward data through FSRS. Required reports are to be submitted by the end of the month following the month the obligation was made.

Condition: The Authority failed to report under FFATA or register in the FSRS in the month following when the obligation was made.

Questioned Costs: None.

Context: The Cooperative Agreement provides funding for the Colfax Mainstreet Coalition. Members of the Coalition includes Denver Urban Renewal Authority (the Authority) and two Colorado municipalities. The Cooperative Agreement, along with the related Intergovernmental Agreement (IGA) serve as the “subaward”, creating the obligating event.

Effect: The Authority did not fulfill the reporting requirements of the Federal Financial Assistance Transparency Act as required in the Cooperative Agreement.

Cause: Given the nature of the Cooperative Agreement, and the Coalition itself, it was not clear that the status of the named municipalities were subrecipients. The Authority believed, due to discussions with the Environmental Protection Agency, that the municipalities did not qualify as subrecipients or contractors and the Cooperative Agreement and IGA did not meet the definition of a “subaward” or “subrecipient”. Therefore, the Authority did not believe FFATA and registration in the FSRS was applicable.

Recommendation: We recommend that the Authority immediately register in the FSRS and report the obligation in accordance with the Transparency Act.

Views of Responsible Officials and Planned Corrective Actions:
Response: Agree.

Person(s) responsible for implementing: Financial Manager.

Implementation date: April 2015.

Corrective action planned: The Authority will register in the FSRS and report the obligation in accordance with the Transparency Act as soon as possible.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2014

Reference Number	Summary of Finding	Status
	No matters are reportable.	

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