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, 2017 and 2016

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2017 and 2016

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DURA
RENEW DENVER

April 19, 2018

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, 2017 and 2016 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, 2017 and 2016 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 multiple housing rehabilitation programs designed to improve the quality of existing single-family homes owned by low to moderate income residents and, through

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its discretely presented component unit, Denver Neighborhood Revitalization, Inc. (DNRI), for implementation of the Neighborhood Stabilization Program as contracted with the City.

A Board of 13 Commissioners, 11 of whom are appointed by the Mayor and confirmed by Denver's City Council, oversees the Authority. The Executive Director is appointed by the Board and directs the Authority staff and its operations.

Housing Rehabilitation

The Authority has assisted over 17,356 Denver residents who already own homes to renovate them or make emergency repairs. Under the Single Family Rehabilitation (SFR) 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.

DURA received grant funding in 2017 to promote energy efficiency for SFR and EHR clients whose household income is at or below 300% of the federal poverty level. This covers all EHR clients and all but a few SFR clients whose income is at 80% of HUD area median income. These funds do not increase the number of homeowners assisted but do upgrade the improvements provided in the home.

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).

In 2017, Denver Water and DURA partnered to provide homeowners low-cost financing options to replace their lead service lines. DURA provides eligible property owners zero- to two-percent (0-2%) interest loans based on income, then oversees the contractors' work. Loans have repayment periods of 5 to 15 years. Qualification is based on income and applies to residents of the City and County of Denver.

Additionally, the Authority has received grant funding provided by the State of Colorado for the Waste Water Loan Program 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 50% 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 $900,000 of 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. The Authority's administration of the grant terminated September 30, 2016.

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 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.

Colorado Regional Tourism Act – National Western Center Project

In February 2015, the City and County of Denver (City) submitted an application for Regional Tourism Act (RTA) funding from the State of Colorado to assist in the financing of the re-envisioned National Western Center (NWC). Per the application the RTA funds would go toward planning and implementation of an Equestrian Center, Stockyards/Outdoor Events Pavilion and Livestock Center.

While the City was the applicant for the RTA program, the statute requires the identification of a separate Financing Entity to receive and utilize the state sales tax increment revenue. A Financing Entity may be a Metropolitan District, an Urban Renewal Authority or any Regional Tourism Authority to be formed consistent with statute. After evaluating the three alternatives, the City requested DURA to agree to be designated as the Financing Entity with the understanding that DURA would be required to issue periodic reports to the state and manage the use of state sales tax increment to support the RTA project.

The City was notified in December 2015 of their award of $121.5 million in funding through the RTA. The funding will be generated from the portion of the state sales tax revenue collected within the boundaries of the Regional Tourism Zone that is in excess of the Base Year Revenue multiplied by 1.83 percent. The aggregate cap amount of $121.5 million will be paid to DURA, the Financing Entity, for payment of eligible NWC project costs and improvements. Once the cumulative amount dedicated to the NWC project has been reached, all future payments will cease. $133,161.63 of restricted cash was received by DURA in 2017 for future disbursement related to the National Western Center project.

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

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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, 2017 and 2016, and the related notes to the basic 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 audits. We conducted our audits 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Authority as of December 31, 2017 and 2016, 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 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 19, 2018, 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 19, 2018

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2017

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, 2017 and 2016. 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 increased by $36,240,254 or 27.54%, over the course of this year's operations. Governmental activities represented the majority of the increase in net position for 2017. Stapleton project activity was the largest contributor to the net position increase, due to the payment reduction of $23.6 million in outstanding bonds.

- The Authority retired principal of $24,455,000 or 9.95%, of previously outstanding bond debt in 2017, including the additional redemption of $575,000 of the Highlands Garden Village bonds, that were redeemed earlier than scheduled, resulting in the retirement of the bond issue in 2017, six (6) years earlier than the scheduled maturity date, December 2023. Currently, the Authority's outstanding bond debt is $221,200,000.

- The capital projects fund reported a net increase in fund balance of $9,298,779 from the prior year's fund balance due primarily to approximately $6.2 million and $3 million of additional restricted tax increment maintained for future project disbursements in the Stapleton and Downtown Urban Renewal Areas, respectively.

- The debt service fund has an ending fund balance of $26,947,495, a net increase of $927,370 at December 31, 2017. The increase in debt service fund balance is due to an increase in transferred property and sales TIF revenue pledged to the Stapleton bonds over scheduled debt service payments and the remaining surplus revenue retained for future projects at Stapleton.

- Total fund balance in the general fund at December 31, 2017 remained constant at $2,405,066 from the prior year. Of these amounts, $2,337,478 and $2,366,806 at December 31, 2017 and 2016, respectively, were unassigned and can be used for Authority administration.

- Business-type activities, which consist of the Authority's federally funded revolving rehabilitation loan program, reported an increase in net position of $357,684, or 6.81%, from the prior year primarily due to increased revenues from loan payoffs and receipts, resulting in an excess of program funds that can be used for future loan funding.

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. DNRI was awarded funding in 2009 by the City and County of Denver and continues to execute the program through the use of recycled funds. 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.

The *Statement of Net Position* reports all non-fiduciary 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 Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Table 1 reflects the Authority's Net Position (Deficit) as of December 31, 2017, 2016 and 2015:

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

	Governmental Activities			Business-Type Activities			Total Government		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Current and other assets	$ 216,923	$ 232,101	$ 220,629	$ 5,885	$ 5,507	$ 5,114	$ 222,808	$ 237,608	$ 225,743
Total assets	216,923	232,101	220,629	5,885	5,507	5,114	222,808	237,608	225,743
Deferred outflows	16,237	18,286	20,336	-	-	-	16,237	18,286	20,336
Other liabilities	47,909	45,363	47,256	273	252	242	48,182	45,615	47,498
Long-term liabilities	223,840	256,577	289,557	-	-	-	223,840	256,577	289,557
Total liabilities	271,749	301,940	336,813	273	252	242	272,022	302,192	337,055
Deferred inflows	55,813	78,732	77,798	-	-	-	55,813	78,732	77,798
Net position									
Investment in capital assets	80	87	87	-	-	-	80	87	87
Restricted for									
Capital projects	76,085	68,242	60,440	-	-	-	76,085	68,242	60,440
Debt service	26,947	26,020	20,790	-	-	-	26,947	26,020	20,790
Housing program loans	-	-	-	5,612	5,255	4,872	5,612	5,255	4,872
Other purposes	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(197,514)	(224,634)	(254,963)	-	-	-	(197,514)	(224,634)	(254,963)
Total net position (deficit)	$ (94,402)	$ (130,285)	$ (173,646)	$ 5,612	$ 5,255	$ 4,872	$ (88,790)	$ (125,030)	$ (168,774)

Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $(88,790,024) (deficit) at the close of fiscal year 2017. The Authority's deficit was caused by outstanding bond debt of $221,200,000. Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $(125,030,278) (deficit) at the close of fiscal year 2016. The Authority's 2016 deficit was caused by outstanding bond debt of $245,655,000. 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, 2017, 2016 and 2015:

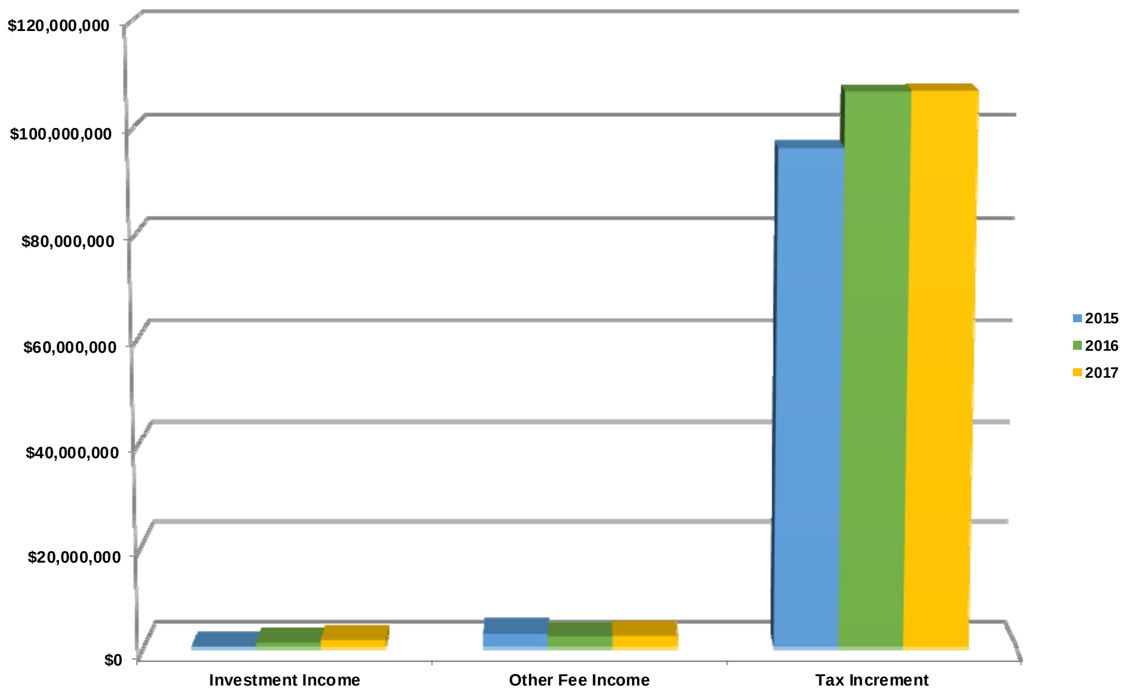
Denver Urban Renewal Authority's Changes In Net Position (Deficit)
(In Thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Revenues									
Intergovernmental - program	$ 152	$ 103	$ 93	$ 2,658	$ 2,425	$ 1,725	$ 2,810	$ 2,528	$ 1,818
General revenues									
Tax increment financing	106,900	106,754	96,103	-	-	-	106,900	106,754	96,103
Investment income	1,400	929	145	20	16	21	1,420	945	166
Other income	2,200	2,105	2,873	-	-	-	2,200	2,105	2,873
Total revenues	110,652	109,891	99,214	2,678	2,441	1,746	113,330	112,332	100,960
Expenses									
Administration	3,902	3,322	5,013	2,238	2,073	1,386	6,140	5,395	6,399
Other expenses	-	-	-	83	(15)	2	83	(15)	2
Redevelopment projects	60,376	52,064	73,257	-	-	-	60,376	52,064	73,257
Debt service									
Interest	10,491	11,144	13,023	-	-	-	10,491	11,144	13,023
Total expenses	74,769	66,530	91,293	2,321	2,058	1,388	77,090	68,588	92,681
Change in net position	35,883	43,361	7,921	357	383	358	36,240	43,744	8,279
Net position (deficit), beginning of year	(130,285)	(173,646)	(181,567)	5,255	4,872	4,514	(125,030)	(168,774)	(177,053)
Net position (deficit), end of year	$ (94,402)	$ (130,285)	$ (173,646)	$ 5,612	$ 5,255	$ 4,872	$ (88,790)	$ (125,030)	$ (168,774)

Governmental activities increased the Authority's governmental activities net position by $35,882,570, or 29.84% in 2017. There were governmental activities net position increases by $43,360,978, or 24.97%, in 2016, and $7,921,123, or 4.36%, in 2015.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2017

Revenue Governmental Activities



<u>2017</u>

- Total governmental activities revenues of 110,652,037, excluding transfers, increased by $760,171, or .69%.

- Tax increment financing, which represents 96.6% of total governmental activities revenues, increased from last year by $145,259 or .14%, primarily due to the combination of increased tax increment receipts (primarily property tax) and amounts that are no longer being collected in 2017 because the TIF areas have expired.

- Investment income represents 1.27% of total governmental activities revenues, increased by $470,867, or 50% over 2016 due to the positive performance of DURA's managed investment portfolio.

- Other income represents 2% of total governmental activities revenues.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2017

2016

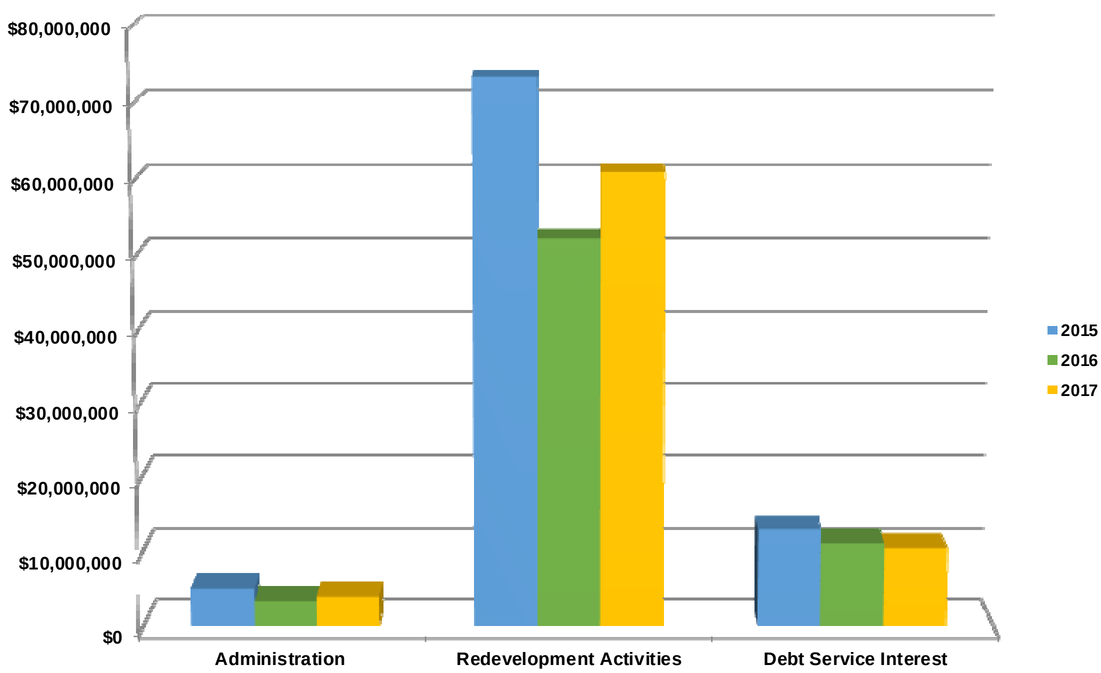
- Total governmental activities revenues of $109,891,866, excluding transfers, increased by $10,677,018 or 10.76%, from the prior year, primarily due to increased tax increment financing revenues.

- Tax increment financing, which represents 97.15% of total governmental activities revenues, increased from last year by $10,651,767, or 11.084%, primarily due to increases in reassessed property values for taxes payable in 2016.

- Investment income represents .85% of total governmental activities revenues, but increased by $783,793, or 540% over 2015 due to the positive performance of DURA's managed investment portfolio.

- Other income represents 1.94% of total governmental activities revenues.

Expense Governmental Activities



2017

- Total governmental activities expenses of $74,769,467 increased by $8,238,579, or 12.4%, from last year primarily related to a $4 million increase in Stapleton bond debt service and $4.2 million of new Stapleton project TIF obligations paid in 2017.

- Increased redevelopment project expenses of $8,311,426 or 15.96%, was the primary contributor to the total governmental activities expenses increase described above. The increase reflects new Stapleton TIF project obligations approved in 2017 and increased scheduled Stapleton bond debt service paid in 2017.

- The decrease in debt service interest of $653,533, or 5.86% in 2017 reflects the benefit derived from scheduled bond principal repayment, as well as, earlier than scheduled bond principal repayment related to the Highlands Garden Village bonds and the resulting six (6) year early termination of the bonds in 2017.

2016

- Total governmental activities expenses of $66,530,888 decreased by $24,762,837 or 27.1%, from last year primarily related to terminated TIF projects, Rio Grande, Holtze and City Park South, as well as decreased project commitment activity related to Downtown, Lowry, Westwood and Stapleton in 2016 that was present in 2015.

- Decreased redevelopment project expenses of $21,192,413 or 28.93%, reflect decreased TIF project disbursements related to a reduction in project commitments that were accrued for in 2015 and disbursed in future periods and decreased disbursement activity related to terminated TIF projects.

- The decrease in debt service interest of $733,766.00, or 5.6% in 2016 reflects the benefit derived from regularly scheduled bond principal repayment, as well as, earlier than scheduled bond principal repayment related to the Highlands Garden Village Bonds.

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 $140,610,123 as compared to $130,383,974 in 2016 and $115,765,554 in 2015. This was an increase of $10,226,149 in 2017 as compared to an increase of $14,618,419 in 2016 and an increase of $14,781,243 in 2015. Unassigned fund balance is $2,337,478 or 1.66%, of the 2017 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 2017, the *unassigned fund balance* of the general fund was $2,337,478, while total fund balance was $2,405,066. At December 31, 2017, $67,588 was nonspendable. At December 31, 2016 and 2015, unassigned fund balances were $2,366,806 and $2,357,365 respectively.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2017, the capital projects fund balance was $111,257,562, a net increase of $9,298,779. The net increase in the capital projects fund was due primarily to an increase in property and sales tax increment receipts and resulting restricted cash of approximately $6.2 million and $3 million held for future reimbursement of eligible costs related to Stapleton and Downtown Urban Renewal Area projects, respectively. At December 31, 2016, fund balance was $101,958,783 and $92,570,406, as of December 31, 2015. All of the fund balance of the capital projects fund is either restricted or committed.

The *debt service fund* is used for the servicing of long-term debt. The debt service fund has an ending fund balance of $26,947,495, a net increase of $927,370 at December 31, 2017. $745,528 of net increase is retained for future projects at Stapleton. The Authority's debt service fund balance was $26,020,125 in 2016 and $20,790,082 in 2015. All of the fund balance of the debt service fund is restricted.

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 Uniform Guidance for the year ended December 31, 2017, because the Authority's total expenditures of federal funds were greater than $750,000. At December 31, 2017, the proprietary fund has an ending fund balance of $5,612,412, a net increase of $357,684 from the prior year primarily due to increased revenues from loan payoffs and receipts, resulting in an excess of program funds that can be used for future loan funding. At December 31, 2016 and 2015, fund balances were $5,254,728 and $4,872,097 respectively.

Fiduciary Funds

The Authority, pursuant to the various Cooperation Agreements, has agreed to pass through tax increment related to the Westerly Creek, SBC, Sloan's Lake, River North (RINO) Five Points and Broadway Station districts. Per the Agreements, this increment cannot be used to finance Authority operations or programs. An *agency fund* is used to account for the $23,830,902 of tax increment revenue that passed through the Authority to the districts in 2017. The amount of pass-through in 2016 was $21,912,227 and $17,130,357 in 2015.

General Fund Budget

As a part of the Local Government Budget Law of Colorado, Title 29 Government - Local, General Provisions, the Authority is required to submit its general fund budget annually to the State of Colorado, however as a quasi-governmental agency. See "Required Supplementary Information" for the Budgetary Comparison Schedule – General Fund. The Authority annually adopts a budget for the general fund for management purposes. During 2017, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Debt Administration

At December 31, 2017, the Authority had total bond debt outstanding of $221,200,000 as compared to $245,655,000 at the end of the prior year and $273,199,631 in 2015. 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.

On March 14, 2017, Fitch, Inc. (Fitch) upgraded the ratings on the Stapleton Senior bonds to AA- (stable outlook) from A- (stable outlook). Additionally, as of December 31, 2017, 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 79 days. The average monthly yield as of December 31, 2017 was 1.38%.

In 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). At fiscal year ended December 31, 2017, $96.5 million was under management at PFM, $252,858 in cash in the Colorado Statewide Investment Program (CSIP), a money market portfolio sweep account and $96.2 million in short-and long-term securities. The maturities of the CSIP money market investments range from days to one year, with an average maturity of approximately 45 days. At December 31, 2017, the 7-day yield on the CSIP money market was 1.39%, and on the Authority's short- and long-term securities, yields at market ranging from 1.67% to 2.05%. See "Note 2" of the Financial Statements that follow this report for more detailed information regarding the Authority's Cash and Investments.

Economic Factors Impacting the Authority's Financial Position

At December 31, 2017, unassigned fund balance in the general fund was $2,337,478 and was $2,366,806 in 2016. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2018 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 2018.

The strength and diversity of Metro Denver's economy will ensure the region continues to thrive in the upcoming year, according to the 2018 Metro Denver Economic Forecast, www.metrodenver.org.

The 2018 Metro Denver Economic Forecast reports that slower net migration activity, lower affordability, and higher interest rates should temper home price growth in 2018. The pace of construction activity will remain strong in 2018 as several million square feet of office and industrial space will continue to bolster the market. Large scale infrastructure projects and other public/nonprofit investment activity will continue at a robust pace. Metro Denver's unemployment rate is expected to move up slightly to 2.6 percent in 2018 and remain near historic lows.

"The Metro Denver region's eighth consecutive year of expansion will provide diverse employment opportunities for our 3.2 million residents. Still, the expected increase of 31,400 jobs in 2018 represents a slower pace of growth, primarily due to limited labor availability" *Patty Silverstein, President and Chief Economist, Development Research Partners, Metro Denver Economic Development Corporation*, 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.

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, 2017
(With Comparative Summarized Information as of December 31, 2016)

	Governmental Activities	Business-type Activities	Total Primary Government 2017	Total Primary Government 2016
Assets				
Cash and investments	$ 2,159,452	$ 4,448,755	$ 6,608,207	$ 7,078,014
Restricted cash and investments	143,779,630	-	143,779,630	138,415,846
Accounts receivable	6,977,685	49,716	7,027,401	4,025,276
Interest receivable	260,099	-	260,099	195,030
Due from the City and County of Denver	61,752,094	159,876	61,911,970	84,388,462
Prepaid items	67,588	-	67,588	38,260
Notes receivable (net of allowance of $0 and $3,237,815 for 2017 and 2016, respectively)	1,793,524	-	1,793,524	1,847,487
Loans receivable (net of allowance of $781,671 and $720,161 for 2017 and 2016, respectively)	-	1,280,058	1,280,058	1,532,059
Internal balances	52,567	(52,567)	-	-
Capital assets, net	79,987	-	79,987	87,563
Total assets	216,922,626	5,885,838	222,808,464	237,607,997
Deferred Outflows of Resources				
Deferred loss on refunding	16,237,578	-	16,237,578	18,286,886
	16,237,578	-	16,237,578	18,286,886
Liabilities				
Accrued liabilities	17,860,888	32,813	17,893,701	19,450,593
Accrued interest	1,266,695	-	1,266,695	1,287,668
Deposits	917,104	-	917,104	1,435,032
Due to the other governments	-	240,613	240,613	561,799
Noncurrent liabilities				
Due within one year	27,865,000	-	27,865,000	22,880,000
Due in more than one year	223,840,041	-	223,840,041	256,577,738
Total liabilities	271,749,728	273,426	272,023,154	302,192,830
Deferred Inflows of Resources	55,812,912	-	55,812,912	78,732,331
Net Position (Deficit)				
Investment in capital assets	79,987	-	79,987	87,563
Restricted for				
Capital projects	76,084,766	-	76,084,766	68,242,082
Debt service	26,947,495	-	26,947,495	26,020,125
Housing program loans	-	5,612,412	5,612,412	5,254,728
Unrestricted (deficit)	(197,514,684)	-	(197,514,684)	(224,634,776)
Total net position (deficit)	$ (94,402,436)	$ 5,612,412	$ (88,790,024)	$ (125,030,278)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	$ 3,214,352	$ 3,863,662	$ 7,078,014
Restricted cash and investments	138,415,846	-	138,415,846
Accounts receivable	3,970,171	55,105	4,025,276
Interest receivable	195,030	-	195,030
Due from the City and County of Denver	84,300,706	87,756	84,388,462
Prepaid items	38,260	-	38,260
Notes receivable (net of allowance of $3,237,815)	1,847,487	-	1,847,487
Loans receivable (net of allowance of $720,161)	-	1,532,059	1,532,059
Internal balances	31,892	(31,892)	-
Capital assets, net	87,563	-	87,563
Total assets	232,101,307	5,506,690	237,607,997
Deferred Outflows of Resources			
Deferred loss on refunding	18,286,886	-	18,286,886
	18,286,886	-	18,286,886
Liabilities			
Accrued liabilities	19,408,401	42,192	19,450,593
Accrued interest	1,287,668	-	1,287,668
Deposits	1,435,032	-	1,435,032
Due to the other governments	352,029	209,770	561,799
Noncurrent liabilities			
Due within one year	22,880,000	-	22,880,000
Due in more than one year	256,577,738	-	256,577,738
Total liabilities	301,940,868	251,962	302,192,830
Deferred Inflows of Resources	78,732,331	-	78,732,331
Net Position (Deficit)			
Investment in capital assets	87,563	-	87,563
Restricted for			
Capital projects	68,242,082	-	68,242,082
Debt service	26,020,125	-	26,020,125
Housing program loans	-	5,254,728	5,254,728
Unrestricted (deficit)	(224,634,776)	-	(224,634,776)
Total net position (deficit)	$ (130,285,006)	$ 5,254,728	$ (125,030,278)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FINANCIAL POSITION –
DENVER NEIGHBORHOOD REVITALIZATION, INC.
December 31, 2017 and 2016

	2017	2016
Assets		
Cash	$ 420,063	$ 906,326
Property held for resale	930,270	491,349
Prepaid items	4,457	4,991
Total assets	1,354,790	1,402,666
Liabilities		
Accounts payable	864	34,800
Accounts payable - related party	55,596	7,619
Total liabilities	56,460	42,419
Net Assets		
Unrestricted net assets	$ 1,298,330	$ 1,360,247

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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, 2017
(With Comparative Summarized Information for the year ended December 31, 2016)

	Expenses	Program Revenues: Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 3,902,754	$ 152,614
Redevelopment projects	60,376,098	-
Interest expense	10,490,615	-
Total governmental activities	74,769,467	152,614
Business-type activities		
Loan programs	2,321,251	2,658,457
Total business-type activities	2,321,251	2,658,457
Total	$ 77,090,718	$ 2,811,071
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	2017	2016
$ (3,750,140)	$ -	$ (3,750,140)	$ (3,219,233)
(60,376,098)	-	(60,376,098)	(52,064,672)
(10,490,615)	-	(10,490,615)	(11,144,148)
(74,616,853)	-	(74,616,853)	(66,428,053)
-	337,206	337,206	366,340
-	337,206	337,206	366,340
(74,616,853)	337,206	(74,279,647)	(66,061,713)
106,899,713	-	106,899,713	106,754,454
1,399,770	20,478	1,420,248	945,194
2,199,940	-	2,199,940	2,105,674
110,499,423	20,478	110,519,901	109,805,322
35,882,570	357,684	36,240,254	43,743,609
(130,285,006)	5,254,728	(125,030,278)	(168,773,887)
$ (94,402,436)	$ 5,612,412	$ (88,790,024)	$ (125,030,278)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 3,322,068	$ 102,835
Redevelopment projects	52,064,672	-
Interest expense	11,144,148	-
Total governmental activities	66,530,888	102,835
Business-type activities		
Loan programs	2,058,388	2,424,728
Total business-type activities	2,058,388	2,424,728
Total	$ 68,589,276	$ 2,527,563
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		
Governmental Activities	Business-type Activities	Total Primary Government
$ (3,219,233)	$ -	$ (3,219,233)
(52,064,672)	-	(52,064,672)
(11,144,148)	-	(11,144,148)
(66,428,053)	-	(66,428,053)
-	366,340	366,340
-	366,340	366,340
(66,428,053)	366,340	(66,061,713)
106,754,454	-	106,754,454
928,903	16,291	945,194
2,105,674	-	2,105,674
109,789,031	16,291	109,805,322
43,360,978	382,631	43,743,609
(173,645,984)	4,872,097	(168,773,887)
$ (130,285,006)	$ 5,254,728	$ (125,030,278)

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, 2017 and 2016

	2017	2016
Operating revenues		
Developer fee revenue	$ -	$ 9,336
Total operating revenues	-	9,336
Operating expenses		
Service agreement expense	47,977	92,985
Loss on sale of property	-	42,011
Other expenses	14,158	16,628
Total operating expenses	62,135	151,624
Operating revenues over (under) operating expenses	(62,135)	(142,288)
Nonoperating revenues		
Investment income	218	317
Total nonoperating revenues	218	317
Decrease in net assets	(61,917)	(141,971)
Net assets - unrestricted, beginning of year	1,360,247	1,502,218
Net assets - unrestricted, end of year	$ 1,298,330	$ 1,360,247

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2017
(With Comparative Summarized Information as of December 31, 2016)

	General	Capital Projects	Debt Service	Total Governmental Funds 2017	Total Governmental Funds 2016
Assets					
Cash and investments	$ 2,159,452	$ -	$ -	$ 2,159,452	$ 3,214,352
Restricted cash and investments	-	118,544,114	25,235,516	143,779,630	138,415,846
Accounts receivable	581,605	6,396,080	-	6,977,685	3,970,171
Interest receivable	-	244,958	-	244,958	179,435
Due from the City and County of Denver	1,898	61,715,534	34,662	61,752,094	84,300,707
Prepaid items	67,588	-	-	67,588	38,260
Advances to other funds	1,567,680	1,801,205	1,712,883	5,081,768	4,856,454
Total assets	$ 4,378,223	$ 188,701,891	$ 26,983,061	$ 220,063,175	$ 234,975,225
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	$ 207,518	$ 17,486,317	$ -	$ 17,693,835	$ 19,247,297
Deposits	-	917,104	-	917,104	1,435,032
Due to the City and County of Denver	-	-	-	-	352,029
Advances from other funds	1,765,639	3,227,996	35,566	5,029,201	4,824,562
Total liabilities	1,973,157	21,631,417	35,566	23,640,140	25,858,920
Deferred inflows of resources	-	55,812,912	-	55,812,912	78,732,331
Fund balances					
Nonspendable - prepaid items	67,588	-	-	67,588	38,260
Restricted					
Capital projects	-	76,084,766	-	76,084,766	68,242,082
Debt service	-	-	26,947,495	26,947,495	26,020,125
Committed	-	35,172,796	-	35,172,796	33,716,701
Unassigned	2,337,478	-	-	2,337,478	2,366,806
Total fund balances	2,405,066	111,257,562	26,947,495	140,610,123	130,383,974
Total liabilities, deferred inflows of resources, and fund balances	$ 4,378,223	$ 188,701,891	$ 26,983,061	$ 220,063,175	$ 234,975,225

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$ 3,214,352	$ -	$ -	$ 3,214,352
Restricted cash and investments	-	114,558,127	23,857,719	138,415,846
Accounts receivable	175,007	3,795,164	-	3,970,171
Interest receivable	-	179,435	-	179,435
Due from the City and County of Denver	-	83,301,255	999,452	84,300,707
Prepaid items	38,260	-	-	38,260
Advances to other funds	949,180	1,822,781	2,084,493	4,856,454
Total assets	$ 4,376,799	$ 203,656,762	$ 26,941,664	$ 234,975,225
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	$ 148,952	$ 19,098,345	$ -	$ 19,247,297
Deposits	-	1,435,032	-	1,435,032
Due to the City and County of Denver	-	352,029	-	352,029
Advances from other funds	1,822,781	3,001,781	-	4,824,562
Total liabilities	1,971,733	23,887,187	-	25,858,920
Deferred inflows of resources	-	77,810,792	921,539	78,732,331
Fund balances				
Nonspendable - prepaid items	38,260	-	-	38,260
Restricted				
Capital projects	-	68,242,082	-	68,242,082
Debt service	-	-	26,020,125	26,020,125
Committed	-	33,716,701	-	33,716,701
Unassigned	2,366,806	-	-	2,366,806
Total fund balances	2,405,066	101,958,783	26,020,125	130,383,974
Total liabilities, deferred inflows of resources, and fund balances	$ 4,376,799	$ 203,656,762	$ 26,941,664	$ 234,975,225

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, 2017 and 2016

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

	2017	2016
Total fund balances - governmental funds	$ 140,610,123	$ 130,383,974
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,793,524	1,847,487
Interest receivable	15,140	15,594
Capital assets, net	79,987	87,563
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	16,237,578	18,286,886
Long-term liabilities, including 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	(246,841,367)	(274,518,997)
Notes payable	(4,863,674)	(4,938,741)
Accrued interest	(1,266,695)	(1,287,668)
Compensated absences	(167,052)	(161,104)
Net position (deficit) of governmental activities	$ (94,402,436)	$ (130,285,006)

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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, 2017
(With Comparative Summarized Information for the year ended December 31, 2016)

	General	Capital Projects	Debt Service	Total Governmental Funds 2017	Total Governmental Funds 2016
Revenues					
Intergovernmental	$ 152,615	$ -	$ -	$ 152,615	$ 102,835
Tax increment financing	-	105,595,412	1,304,301	106,899,713	106,754,454
Investment income	2,249	964,814	417,568	1,384,631	913,308
Other income	2,194,308	5,632	-	2,199,940	2,105,674
Total revenues	2,349,172	106,565,858	1,721,869	110,636,899	109,876,271
Expenditures					
Current					
Administration	3,772,463	79,883	12,131	3,864,477	3,281,778
Redevelopment projects	-	35,001,220	25,374,878	60,376,098	60,074,302
Bond issuance costs	-	-	-	-	11,975
Debt service					
Principal	-	-	24,455,000	24,455,000	19,535,000
Interest	-	-	11,690,422	11,690,422	12,372,380
Capital outlay	24,753	-	-	24,753	34,303
Total expenditures	3,797,216	35,081,103	61,532,431	100,410,750	95,309,738
Revenues over (under) expenditures	(1,448,044)	71,484,755	(59,810,562)	10,226,149	14,566,533
Other financing sources (uses)					
Transfers in	2,904,139	2,609,268	61,948,896	67,462,303	60,518,047
Transfers out	(1,456,095)	(64,795,244)	(1,210,964)	(67,462,303)	(60,518,047)
Proceeds from note receivable	-	-	-	-	51,887
Total other financing sources (uses)	1,448,044	(62,185,976)	60,737,932	-	51,887
Net change in fund balances	-	9,298,779	927,370	10,226,149	14,618,420
Fund balances, beginning of year	2,405,066	101,958,783	26,020,125	130,383,974	115,765,554
Fund balances, end of year	$ 2,405,066	$ 111,257,562	$ 26,947,495	$ 140,610,123	$ 130,383,974

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, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	$ 102,835	$ -	$ -	$ 102,835
Tax increment financing	-	105,455,913	1,298,541	106,754,454
Investment income	1,756	602,307	309,245	913,308
Other income	1,904,383	201,291	-	2,105,674
Total revenues	2,008,974	106,259,511	1,607,786	109,876,271
Expenditures				
Current				
Administration	3,255,567	-	26,211	3,281,778
Redevelopment projects	213,485	40,538,281	19,322,536	60,074,302
Bond issuance costs	-	-	11,975	11,975
Debt service				
Principal	-	-	19,535,000	19,535,000
Interest	-	-	12,372,380	12,372,380
Capital outlay	34,303	-	-	34,303
Total expenditures	3,503,355	40,538,281	51,268,102	95,309,738
Revenues over (under) expenditures	(1,494,381)	65,721,230	(49,660,316)	14,566,533
Other financing sources (uses)				
Transfers in	3,080,832	2,037,758	55,399,457	60,518,047
Transfers out	(1,586,451)	(58,422,498)	(509,098)	(60,518,047)
Payment on note receivable	-	51,887	-	51,887
Total other financing sources (uses)	1,494,381	(56,332,853)	54,890,359	51,887
Net change in fund balances	-	9,388,377	5,230,043	14,618,420
Fund balances, beginning of year	2,405,066	92,570,406	20,790,082	115,765,554
Fund balances, end of year	$ 2,405,066	$ 101,958,783	$ 26,020,125	$ 130,383,974

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, 2017 and 2016

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

	2017	2016
Net change in fund balances, total governmental funds	$ 10,226,149	$ 14,618,420
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, payments/reduction of bond principal	24,455,000	27,544,631
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	26,485	54,911
Change in compensated absences	(5,948)	5,033
Amortization of loss on refundings	(2,049,310)	(2,049,310)
Amortization of bond premium	3,222,630	3,222,630
Depreciation on capital assets	(32,329)	(19,194)
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 the statements of net position	24,753	20,149
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	15,140	15,595
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		
Proceeds from payment on note receivable	-	(51,887)
Change in net position (deficit) of governmental activities	$ 35,882,570	$ 43,360,978

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET POSITION – PROPRIETARY FUND
December 31, 2017 and 2016

	Total Enterprise Fund	
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	$ 4,448,755	$ 3,863,662
Accounts receivable	49,716	55,105
Due from the City and County of Denver	159,876	87,756
Total current assets	4,658,347	4,006,523
Noncurrent assets		
Loans receivable (net of allowance of $781,671 and $720,161 for 2017 and 2016, respectively)	1,280,058	1,532,059
Total assets	5,938,405	5,538,582
Liabilities		
Current liabilities		
Accounts payable	32,813	42,192
Due to other governments	240,613	209,770
Total current liabilities	273,426	251,962
Noncurrent liabilities		
Advances from other funds	52,567	31,892
Total liabilities	325,993	283,854
Net Position		
Restricted - Housing program loans	$ 5,612,412	$ 5,254,728

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, 2017 and 2016

	Total Enterprise Fund	
	2017	**2016**
Operating revenues		
Contract revenue	$ 1,001,169	$ 833,321
Investment income	20,478	16,291
Other operating revenues	1,657,288	1,591,407
Total operating revenues	2,678,935	2,441,019
Operating expenses		
Programs	2,237,773	2,073,504
Bad debt expense (recovery)	83,478	(15,116)
Total operating expenses	2,321,251	2,058,388
Operating income	357,684	382,631
Change in net position	357,684	382,631
Net position, beginning of year	5,254,728	4,872,097
Net position, end of year	$ 5,612,412	$ 5,254,728

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND
Years Ended December 31, 2017 and 2016

	Total Enterprise Fund	
	2017	**2016**
Cash flows from operating activities		
Cash received from loan payments, interest and other revenues	$ 1,909,685	$ 1,543,733
Cash received from contracts	1,001,169	969,423
Cash payments for loans and administration fees	(2,377,820)	(1,759,265)
Net cash provided by operating activities	533,034	753,891
Cash flows from noncapital financing activities		
Increase (decrease) in due to other governments	30,843	(22,039)
Advances from (repayments to) other funds	20,675	(3,310)
Net cash provided by (used in) noncapital financing activities	51,518	(25,349)
Cash flows from investing activities		
Cash received from investment income	541	951
Net increase in cash and cash equivalents	585,093	729,493
Cash and cash equivalents, beginning of year	3,863,662	3,134,169
Cash and cash equivalents, end of year	$ 4,448,755	$ 3,863,662
Reconciliation of operating gain to net cash provided by operating activities		
Operating income	$ 357,684	$ 382,631
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Bad debt expense (recovery)	83,478	(15,116)
Investment income included in operating revenues	541	951
Changes in assets and liabilities		
Accounts receivable	5,389	(16,007)
Due from the City and County of Denver	(72,120)	136,100
Loans receivable	167,441	232,988
Accrued liabilities	(9,379)	32,344
Net cash provided by operating activities	$ 533,034	$ 753,891

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, 2017 and 2016

	2017	2016
Assets		
Cash	$ -	$ 6,803
Taxes receivable	30,414,773	24,043,682
Total assets	$ 30,414,773	$ 24,050,485
Liabilities		
Due to other governments	$ 30,414,773	$ 24,050,485
Total liabilities	$ 30,414,773	$ 24,050,485

The accompanying notes are an integral part of these financial statements

Note 1: Summary of Significant Accounting Policies

Denver Urban Renewal Authority (the Authority) was created in 1958, pursuant to the Urban Renewal Law of the State of Colorado, to assist in the redevelopment of blighted property and to help foster the sound growth and development of 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 a 13-member Board of Commissioners, 11 of whom are appointed by the Mayor of the City and confirmed by the Denver City Council.

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 majority of 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 incremental 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 increment 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 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 - 7 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.

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, 2017 and 2016 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, 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/or 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. The reimbursement of eligible costs incurred by a developer are payable solely from future TIF revenues pledged for such reimbursement.

Budgets

As a part of the Local Government Budget Law of Colorado, Title 29 Government – Local, General Provisions, the Authority is required to submit its general fund budget annually to the State of Colorado. The Authority annually adopts a budget for the general fund for management purposes. During 2017, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

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.

Note 2: Cash and Investments

A summary of cash and investments follows:

	2017	2016
Petty cash	$ 300	$ 300
Cash deposits	36,172,947	33,548,822
Investments	114,214,590	111,944,738
Total cash and investments	$ 150,387,837	$ 145,493,860

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

	2017	2016
Cash and investments	$ 6,608,207	$ 7,078,014
Restricted cash and investments	143,779,630	138,415,846
Total cash and investments	$ 150,387,837	$ 145,493,860

In addition to the above, the agency funds had $0 and $6,803 recorded as cash as of December 31, 2017 and 2016, respectively.

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, 2017 and 2016, 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, 2017 and 2016, the Authority had deposits with financial institutions with a carrying amount of $36,172,947 and $33,548,822, respectively. The bank balances with the financial institutions were $36,356,442 as of December 31, 2017 and $34,153,403 as of December 31, 2016. Of these balances, $750,000 and $1,000,000 was covered by Federal Depository Insurance and $35,606,442 for 2017 and $33,153,403 for 2016 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.

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 limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

As of December 31, 2017 and 2016, the Authority has the following investments:

	2017		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
U.S. Treasury Notes	$ 31,752,121	$ 9,929,779	$ 21,822,342
Federal Agency Collateralized Mortgage Obligation	120,228	25,541	94,687
Federal Agency Bond/Notes	32,531,540	16,270,563	16,260,977
Corporate Notes	7,781,430	953,896	6,827,534
Supra-National Agency Bond/Notes	7,971,985	1,122,874	6,849,111
Municipal Bond/Notes	2,743,792	1,216,814	1,526,978
Commercial Paper	13,123,109	13,123,109	-
Total	$ 96,024,205	$ 42,642,576	$ 53,381,629

	2016		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
U.S. Treasury Notes	$ 30,364,596	$ 11,093,492	$ 19,271,104
Federal Agency Collateralized Mortgage Obligation	899,019	618,898	280,121
Federal Agency Bond/Notes	32,549,486	3,790,883	28,758,604
Corporate Notes	5,128,275	362,577	4,765,698
Supra-National Agency Bond/Notes	1,221,897	-	1,221,897
Municipal Bond/Notes	2,270,661	-	2,270,661
Commercial Paper	10,473,054	10,473,054	-
Total	$ 82,906,988	$ 26,338,904	$ 56,568,084

The local government investment pool of $707,215 and $699,350 for the years ended December 31, 2017 and 2016, respectively, and $17,483,170 and $28,338,400 of money market funds for the years ended December 31, 2017 and 2016, respectively, are not included in the tables above as they are not subject to interest rate risk.

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, 2017 and 2016, the Authority had invested $707,215 and $699,350, 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+. Both funds carry an AAAm from Standards and Poor's.

The credit ratings of the remaining investments held by the Authority are shown in the table below. As U.S. Treasury securities are explicitly guaranteed by the U.S. government, disclosure of credit ratings on these securities is not required by generally accepted accounting principles.

Investment	S & P Rating	Moody's Rating
Federal Agencies Collateralized Mortgage Obligation	AA+	Aaa
Federal Agency Bond/Notes	AA+	Aaa
Corporate Notes	A+ to AAA	A1 to AAA
Supra-National Agency Bond/Notes	AAA	Aaa
Municipal Bonds/Notes	A+ to AAA	A1 to Aa1
Commercial Paper	A to AAA	A3 to Aaa

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's Investment Policy states the following restrictions on investments with a single issuer along with the rating restrictions of the Nationally Recognized Statistical Ratings Organization (NRSRO):

Security Type	Maximum Portfolio %	Maximum Issuer %	Maturity Restrictions	Rating Restrictions
U.S. Treasuries	100%	100%	5 years	N/A
Federal Agencies and Instrumentalities	100%	35%	5 years	AA- by 2 NRSROs
Municipal Bonds of a Colorado Issuer	35%*	5%*	5 years	A- by 2 NRSROs
Municipal Bonds of a Non-Colorado Issuer	35%*	5%*	5 years	AA- by 2 NRSROs
Municipal Bonds, School District Certificates of Participation	35%*	5%*	5 years	A- by 2 NRSROs
Corporate Bonds	35%	5%	3 years	AA- by 2 NRSROs
Commercial Paper	35%	5%	270 days	A-1 by 2 NRSROs
Time Certificates of Deposit ("Time CDs")	5%	2%	1 year	N/A
Banker Acceptances	35%	5%	1 year	A-1 by 2 NRSROs
Repurchase Agreements	100%	25%	180 days	N/A
Money Market Funds	100%	100%	N/A	AAAm by any NRSRO
Local Government Investment Pools	100%	100%	N/A	AAAm or AAAf by any NRSRO
Negotiable Certificates of Deposit ("CDs")	35%	5%	3 years	AA- or A-1 by 2 NRSROs

* The aggregate exposure to municipal bonds may not exceed 35% of the Portfolio, and no more than 5% of the Portfolio may be invested with a single issuer.

Restricted Cash and Investments

At December 31, 2017 and 2016, the Authority had restricted cash and investments totaling $143,779,630 and $138,415,846, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements. Approximately $150,185 and $17,052 of cash restricted for future disbursement relates to the National Western Center, for the years ended December 31, 2017 and 2016, respectively.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of $31,752,121, Corporate Notes of $7,781,430 and Municipal Bonds/Notes of $2,743,792 are valued using quoted market prices (Level 1 inputs)

- Federal agency securities of $32,651,768, Supra-National Agency Bond/Notes of $7,971,985, and commercial paper of $13,123,109 are valued using a matrix pricing model (Level 2 inputs)

The Authority has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury securities of $30,364,596, Corporate Notes of $5,128,275 and Municipal Bonds/Notes of $2,270,601 are valued using quoted market prices (Level 1 inputs)

- Federal agency securities of $33,448,505, Supra-National Agency Bond/Notes of $1,221,897 and commercial paper of $10,473,054 are valued using a matrix pricing model (Level 2 inputs)

The Authority has no investments that use Level 3 inputs for its fair value measurements for the years ended December 31, 2017 and 2016.

The local government investment pool and money market funds are measured at net asset value and is designed to approximate the share value.

Note 3: Interfund Balances and Transfers

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:

2017

	Payable Fund				
Receivable Fund	General Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total
General Fund	$ -	$ 1,515,113	$ -	$ 52,567	$ 1,567,680
Capital Projects Fund	1,765,639	-	35,566	-	1,801,205
Debt Service Fund	-	1,712,883	-	-	1,712,883
Total	$ 1,765,639	$ 3,227,996	$ 35,566	$ 52,567	$ 5,081,768

2016

	Payable Fund			
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	$ -	$ 917,288	$ 31,892	$ 949,180
Capital Projects Fund	1,822,781	-	-	1,822,781
Debt Service Fund	-	2,084,493	-	2,084,493
Total	$ 1,822,781	$ 3,001,781	$ 31,892	$ 4,856,454

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.

	2017			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 2,846,348	$ 57,791	$ 2,904,139
Capital Projects Fund	1,456,095	-	1,153,173	2,609,268
Debt Service Fund	-	61,948,896	-	61,948,896
Total	$ 1,456,095	$ 64,795,244	$ 1,210,964	$ 67,462,303

	2016			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 3,023,041	$ 57,791	$ 3,080,832
Capital Projects Fund	1,586,451	-	451,307	2,037,758
Debt Service Fund	-	55,399,457	-	55,399,457
Total	$ 1,586,451	$ 58,422,498	$ 509,098	$ 60,518,047

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 Denver Dry Development Limited Partner, LLC.

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, 2017 and 2016. Repayment of the notes is doubtful and the receivable has been fully allowed for in the financial statements due to the uncertainty of the timing of the sale of the building and resulting proceeds.

Dunkeld-14 Co LLC

In 2014, the Authority, as lender, entered into a loan agreement for $1,900,000 with Dunkeld-14 Co LLC, as borrower, for purposes of rehabilitating and developing the 414 14^{th} Street Redevelopment Area. The loan includes an interest rate on the outstanding principal balance of 4% simple interest per annum and amortization over 25 years. The Authority applies all amounts of Incremental Property Tax, after payment of all amounts due and owing to the Authority, to the outstanding loan balance due each year. Payments are first applied to accrued interest and then to the loan balance. In the event Incremental Property Taxes are not sufficient to make the annual scheduled debt service payment Dunkeld-14 Co LLC is responsible for paying any shortfalls. During 2014, the borrower drew $1,689,528 on the loan and in 2015 the borrower drew an additional $210,472 to reach the full $1,900,000. The outstanding balance for the years ended December 31, 2017 and 2016 totaled $1,793,524 and $1,847,487, respectively.

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.

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 this loan category for the years ended December 31, 2017 and 2016 totaled $354,804 and $269,014, 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, 2017 and 2016:

Balance 1/1/2017	Additions	Payments/ Write-offs	Change in Allowance	Balance 12/31/2017
$ 1,532,059	$ 354,804	$ (523,327)	$ (83,478)	$ 1,280,058

Balance 1/1/2016	Additions	Payments/ Write-offs	Change in Allowance	Balance 12/31/2016
$ 1,751,832	$ 269,014	$ (504,239)	$ 15,452	$ 1,532,059

Deferred Payment

Certain applicants to the loan program qualify for a deferred payment home rehabilitation loan through the Single Family Rehabilitation Program or Emergency Home Repair 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 this loan category for the years ended December 31, 2017 and 2016 totaled $1,079,956 and $1,315,218, respectively. Deferred loans outstanding at December 31, 2017 and 2016 totaled $26,248,922 and $26,155,869, 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, 2017 and 2016, capital assets of the Authority consisted of the following:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets being depreciated				
Computers and equipment	$ 103,730	$ 24,753	$ -	$ 128,483
Furniture and fixtures	54,131	-	-	54,131
Less: accumulated depreciation	(70,298)	(32,329)	-	(102,627)
Capital assets, net	$ 87,563	$ (7,576)	$ -	$ 79,987

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets being depreciated				
Computers and equipment	$ 83,581	$ 20,149	$ -	$ 103,730
Furniture and fixtures	54,131	-	-	54,131
Less: accumulated depreciation	(51,104)	(19,194)	-	(70,298)
Capital assets, net	$ 86,608	$ 955	$ -	$ 87,563

Depreciation expense of $32,329 and $19,194 for the years ended December 31, 2017 and 2016, 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 28 reimbursement projects (see Note 12 under reimbursement projects). Reimbursements to developers are payable solely from incremental tax revenues 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 former Stapleton International Airport. 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 project began in March 2001. The entire project will be developed in a series of phases over a period of approximately 25 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.

As of December 31, 2017, there is approximately 2.6 million square feet of retail development in Stapleton, as well as 3.3 million square feet of industrial/flex space, and 185,000 square feet of hotel space (289 rooms). Office space totals 386,000 square feet. The cumulative number of residential for sale units sold through December 31, 2017 was 8,349, and the cumulative number of apartment units built was 1,748.

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.

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

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

	2017	2016
Deferred outflows of resources		
Deferred loss on refundings	$ 16,237,578	$ 18,286,886
Total deferred outflows of resources	$ 16,237,578	$ 18,286,886

	2017	2016
Deferred inflows of resources		
Property taxes not yet received	$ 55,812,912	$ 78,732,331
Total deferred inflows of resources	$ 55,812,912	$ 78,732,331

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources are reported at year-end.

Note 9: Long-term Liabilities

The following is a summary of debt transactions of the Authority for the years ended December 31, 2017 and 2016:

	Balance 1/1/2017	Additions	Payments/ Reductions	Balance 12/31/2017	Due Within One Year
Bonds payable	$ 245,655,000	$ -	$ (24,455,000)	$ 221,200,000	$ 27,865,000
Premium on bonds payable	28,863,997	-	(3,222,630)	25,641,367	-
Notes payable	4,938,741	-	(75,067)	4,863,674	-
Compensated absences	161,104	126,621	(120,673)	167,052	-
Total	$ 279,618,842	$ 126,621	$ (27,873,370)	$ 251,872,093	$ 27,865,000

	Balance 1/1/2016	Additions	Payments/ Reductions	Balance 12/31/2016	Due Within One Year
Bonds payable	$ 273,199,631	$ -	$ (27,544,631)	$ 245,655,000	$ 22,880,000
Premium on bonds payable	32,086,627	-	(3,222,630)	28,863,997	-
Notes payable	4,952,850	-	(14,109)	4,938,741	-
Compensated absences	166,137	111,684	(116,717)	161,104	-
Total	$ 310,405,245	$ 111,684	$ (30,898,087)	$ 279,618,842	$ 22,880,000

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, 2017 and 2016 to the principal and interest requirements of the Bonds for those periods is as follows:

	2017	2016
TIF revenues recognized, net of priority fees	$ 63,870,619	$ 57,663,395
Principal and interest requirements	36,145,421	31,917,380

Bonds Payable

Tax Increment Revenue Bonds

Bonds payable as of December 31, 2017 are:

	Balance 1/1/2017	Additions	Payments/ Reductions	Balance 12/31/2017	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 3.0% to 5.0% and the bonds mature on December 1, 2025.	$ 61,520,000	$ -	$ 5,395,000	$ 56,125,000	$ 6,800,000
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.	128,240,000	-	12,455,000	115,785,000	13,415,000
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. The interest rates on the loans are 4.100% and 4.189% and the loans mature on December 20, 2025.	55,050,000	-	5,760,000	49,290,000	7,650,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007, with interest at 5.25% until 2016, with variable rate thereafter. The bonds mature on December 1, 2023.	845,000	-	845,000	-	-
	$ 245,655,000	$ -	$ 24,455,000	$ 221,200,000	$ 27,865,000

Tax Increment Revenue Bonds (continued)

Bonds payable as of December 31, 2016 are:

	Balance 1/1/2016	Additions	Payments/ Reductions	Balance 12/31/2016	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 3.0% to 5.0% and the bonds mature on December 1, 2025.	$ 67,700,000	$ -	$ 6,180,000	$ 61,520,000	$ 5,395,000
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.	139,540,000	-	11,300,000	128,240,000	12,455,000
Stapleton Junior Subordinate Bonds Series 2013D-2 for the Stapleton Project. The bonds mature on December 1, 2025.	8,009,631	-	8,009,631	-	-
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. The interest rates on the loans are 4.100% and 4.189% and the loans mature on December 20, 2025.	56,400,000	-	1,350,000	55,050,000	4,760,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007. Interest rate at December 31, 2016 was 1.78%. The bonds mature on December 1, 2023.	1,550,000	-	705,000	845,000	270,000
	$ 273,199,631	$ -	$ 27,544,631	$ 245,655,000	$ 22,880,000

Debt service requirements to maturity for the Bonds are as follows (using variable interest rates in effect as of December 31, 2017):

Year Ending December 31, 2017	Principal	Interest	Total
2018	$ 27,865,000	$ 10,540,907	$ 38,405,907
2019	26,390,000	9,207,368	35,597,368
2020	20,955,000	7,925,085	28,880,085
2021	20,410,000	6,917,654	27,327,654
2022-2025	125,580,000	16,635,316	142,215,316
	$ 221,200,000	$ 51,226,330	$ 272,426,330

Notes Payable

Notes payable activity for the years ended December 31, 2017 and 2016 consists of the following:

	Balance 1/1/2017	Additions	Payments/ Reductions	Balance 12/31/2017	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.	$ 4,938,741	$ -	$ 75,067	$ 4,863,674	$ -

	Balance 1/1/2016	Additions	Payments/ Reductions	Balance 12/31/2016	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.	$ 4,952,850	$ -	$ 14,109	$ 4,938,741	$ -

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, net of amounts due and payable to the Authority, due quarterly on the 10th day of January, April, July, and October.

Stapleton Obligations

2010B-1

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.

Pursuant to the Series 2010B-1 Supplemental Indenture, the Authority retained the option to purchase the Series 2010B-1 Bonds from the bondholders thereof on any date on or after December 1, 2015 at a purchase price equal to the principal amount of the Series 2010B-1 Bonds so purchased (with no tender premium), plus accrued interest to the purchase date. On December 23, 2015, the Authority, pursuant to a Series 2010B-1 2015 Remarketing Supplemental Indenture, exercised this option and: (a) purchased all of the then-outstanding Series 2010B-1 Bonds, in the aggregate principal amount of $76,680,000; (b) remarketed and resold to new bondholders $67,700,000 in principal amount of the Series 2010B-1 Bonds at a resale price of $77,536,205; and (c) used the $9,836,205 premium included in such purchase price to (i) pay the accrued interest on the purchased Series 2010B-1 Bonds, (ii) pay the costs incurred by the Authority in connection with such remarketing and resale, including underwriters' discount, and (iii) pay and cancel the remaining $8,980,000 principal amount of the Series 2010B-1 Bonds. The present value of savings from cash flows, representing an economic gain on the remarketing was $10,528,577.

<u>2013A-1</u>

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 July 8, 2013, the Authority and Denver Public Schools (DPS) entered into a Second Supplement to Amended and Restated Stapleton School Funding Agreement (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 reimbursement obligation is deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. As the 2013D-2 Junior Subordinate Bond is a reimbursement obligation, subject to the availability of pledged revenue as defined in the Stapleton Master Indenture, it is not included as a bond payable and will be expensed as payments are made consistent with the accounting treatment of other developer reimbursement obligations. Under the Second School Funding Agreement Supplement, DPS has agreed to advance up to $58,715,000 of the actual development costs 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 reimburse DPS for the advances, together with certain related financing and administrative costs, in an amount of up to $81,799,825. Actual development project costs submitted by DPS were $57,422,325 and the total maximum reimbursement to DPS was revised to $80,488,461.

2014D-2

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; (c) repay the outstanding amounts advanced by Park Creek under the Third Master Redevelopment Agreement Supplement and discharge the Authority's repayment obligation thereunder; and (d) pay certain costs incurred by the Authority in connection with the issuance of the Series 2014D-2 Bonds. On December 18, 2015, the Authority drew an additional $24,000,000 in principal amount on the Series 2014D-2 Loan, representing all of the remaining undrawn principal amount thereof. Proceeds of such draw were used and will be used to finance additional development at Stapleton and pay costs incurred by the Authority in connection with making such draw.

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 the 2014D-3 Junior Subordinate Bond.

2014 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 20% of incremental sales and property taxes collected in 2025, which is estimated to be $16,000,000, 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 the 2014D-4 Junior Subordinate Bond. Due to the contingent nature of this obligation it is not currently recorded as a bond payable.

Series 2017 D-1/2/3/4/5

On July 26, 2017, the Authority finalized an agreement with an effective date of May 15, 2017, for the purpose of paying the costs of certain trunk infrastructure at Stapleton described below: (a) the Third Supplement to Amended and Restated Stapleton School Funding Agreement between the Authority and DPS (the Third Supplement to School Funding Agreement); (b) the Second

Supplemental Infrastructure Funding Agreement between the Authority and the City (the City Second Supplemental Infrastructure Funding Agreement); and (c) the Fifth Supplement to Amended and Restated Master Redevelopment Agreement between the Authority and Park Creek (the Fifth Master Redevelopment Agreement Supplement). As the 2017 D-1/2/3/4/5 Junior Subordinate Bond is a reimbursement obligation, subject to the availability of pledged revenue as defined in the Stapleton Master Indenture, it is not included as a bond payable and will be expensed as payments are made consistent with the accounting treatment of other developer reimbursement obligations.

Under the Third Supplement to School Funding Agreement, DPS has agreed to advance $7,050,000 to fund the actual development costs of the acquisition of a new school site and up to $9,400,000 for the actual development costs of the construction by the City of a new fire station (the North Fire Station) in the vicinity of such school site, and the Authority is obligated, subject to the terms and provisions of the Third Supplement to School Funding Agreement and of the Stapleton Master Indenture, to reimburse DPS for the actual development costs so advanced by DPS, together with certain related financing and administrative costs, in an amount up to $18,699,833. Additionally, the Third Supplement to School Funding Agreement obligates the Authority to annually transfer to DPS certain amounts attributable to a new DPS mill levy to facilitate DPS constructing a new school at such school site. Pursuant to the Stapleton Master Indenture and the Series 2017D-1/2/3/4/5 Supplemental Trust Indenture dated as of May 15, 2017 (the Series 2017D-1/2/3/4/5 Supplemental Indenture) between the Authority and the Trustee, such obligations are deemed to be separate Junior Subordinate Bonds (the Series 2017D-1 DPS Junior Subordinate Bond and the Series 2017D-2 DPS Junior Subordinate Bond, respectively).

Under the City Second Supplemental Infrastructure Funding Agreement, the City has agreed to advance up to $940,000 for the actual development costs of the North Fire Station to the extent that such actual development costs exceed the $9,400,000 agreed to be advanced therefore by DPS, and has further agreed to advance up to $8,400,000 for the actual development costs of the construction of the second span of the Central Bark Boulevard bridge over Sand Creek (the CPB Bridge). Pursuant to the City Second Supplemental Infrastructure Funding Agreement, the Authority is obligated, subject to the terms and provisions thereof and of the Master Indenture, to reimburse the City for the actual development costs actually advanced by the City for such projects, and pursuant to the Stapleton Master Indenture and the Series 2017D-1/2/3/4/5 Supplemental Indenture, such obligations are deemed to be separate Junior Subordinate Bonds (the Series 2017D-3 City Junior Subordinate Bond and the Series 2017D-5 City Junior Subordinate Bond, respectively).

Under the Fifth Master Redevelopment Agreement Supplement, Park Creek has agreed to advance up to $840,000 for the funding of the actual development costs of the CPB Bridge to the extent that such actual development costs exceed the $8,400,000 agreed to be advanced therefor by the City, and the Authority is obligated, subject to the terms and provisions thereof and of the Master Indenture, to reimburse Park Creek for the actual development costs actually advanced by Park Creek therefor. Pursuant to the Stapleton Master Indenture and the Series 2017D-1/2/3/4/5 Supplemental Indenture, such obligation is deemed to be a Junior Subordinate Bond (the Series 2017D-4 DPS Park Creek Junior Subordinate Bond).

The holders of the outstanding Junior Subordinate Bonds have agreed to a priority of payment thereof within the Junior Subordinate Tier whereby a Junior Subordinate Bond incurred prior in time shall be payable according its terms on a basis senior to a Junior Subordinate Bond incurred later in time, and, among Junior Subordinate Bonds incurred simultaneously (including the Series 2014D-2 Junior Subordinate Bond, the Series 2014D-3 Junior Subordinate Bond and the Series 2014 D-4 Junior Subordinate Bond, and, separately, the Series 2017D-1 DPS Junior Subordinate Bond, the Series 2017D-2 DPS Junior Subordinate Bond, the Series 2017D-3 City Junior Subordinate Bond, the Series 2017D-4 Park Creek Junior Subordinate Bond and the Series 2017D-5 City Junior Subordinate Bond), on a priority basis indicated by the final numeral in the name of the Bond.

Note 10: Retirement Plan

The Authority maintains a defined contribution retirement 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. Irrevocable upon an election to participate, 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, 2017 and 2016, the Authority’s contribution to the plan totaled $157,173 and $153,351, respectively, and the employee contributions totaled $78,587 and $76,676, respectively, which are equal to the required contributions. There is no retirement plan liability related to the plan for the year ended December 31, 2017. The Plan investments are administered by ICMA-RC.

Note 11: Lease Commitment

The Authority’s office space is leased under an agreement that expires on the last day of February 2024.

Year Ending December 31,	
2018	$ 203,292
2019	207,542
2020	211,792
2021	216,042
2022	216,750
2023-2024	252,875
Total	$ 1,308,292

Total rental expense under this lease for the years ended December 31, 2017 and 2016 was $207,255 and $199,298, respectively.

Note 12: Commitments and Contingencies

Denver Dry Building

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, 2017 of $2,428,682. 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.

Lowry

On May 1, 2012, the Lowry Economic Redevelopment Authority (LRA) refunded the issued $65,000,000 of Series 2008A Bonds in their entirety and replaced them with the Series 2012A Refunding Loan. This loan carries a fixed interest rate of 2.16% annually is secured by TIF revenue, and matures December 1, 2020. In connection with the Series 2012A Loan, the LRA also acquired a Series 2012B Advancing Improvement Loan in the amount of $6.5 million to be used for demolition on the Boulevard One project. This loan is provided at variable tax-exempt rates, is secured by TIF revenue, and matures December 1, 2020. In accordance with the Redevelopment Agreement, the source of repayment for these loans 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 loans 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, the LRA, the City and the Authority agreed that 50% of the revenue available after annual debt service would be used to mandatorily repay the 2012 loan principal, and the remaining 50% would be returned to the Authority for financing supplemental projects at Lowry. If no supplemental projects are identified, that amount would also be used to mandatorily repay principal on the 2012 loan principal. In 2017 and 2016, $0 and $3,539,224, respectively, was returned to the Authority for potential supplemental projects. These loans were fully repaid in December 2017.

Agency Funds

The Authority, pursuant to the various Cooperation Agreements, has agreed to pass through tax increment related to the Westerly Creek, SBC, Sloan's Lake, River North (RINO) Five Points and Broadway Station districts. Per the agreements, this increment cannot be used to finance Authority operations or programs. An Agency Fund is used to account for the $23,830,902 of tax increment revenue that passed through the Authority to the districts in 2017. The amount of pass-through in 2016 was $21,912,227. District bonds outstanding do not constitute an obligation of the Authority. During 2017 and 2016, additions to the Agency Fund were $30,195,190 and $23,527,839. Distributions from the Agency Fund to the districts were $23,830,902 and $21,912,227 leaving a balance of $30,414,773 and $24,050,485 and at December 31, 2017 and 2016, respectively.

Stapleton City Retained Taxes

This major residential and commercial development, which will provide new housing and job opportunities, calls for providing the same city services that other residents of Denver enjoy. To mitigate a portion of the impact that Stapleton development will have on the City's general fund, the City intended to retain a portion of the tax increment in consideration for services and facilities that the City provides to the redevelopment area "City Retained Taxes". As the City's need to provide services to the Stapleton neighborhoods increase through the years, the City's share of the tax increment increases as shown below. The details of this revenue split are included in a Cooperation Agreement between the Authority and the City. In 2004, the City agreed to subordinate its retained portion of tax increment revenues generated in the Stapleton Urban Redevelopment Area to Stapleton project bond debt service. Under the amended Cooperation Agreement, the Authority has agreed to return the City Retained Taxes amount not used for debt service in December of each year. In 2017 and 2016, the Authority returned $18,837,032 and $17,016,389 of retained amounts not used for debt service, respectively.

Stapleton City Retained Taxes as a Percentage of Annual Incremental Taxes

Years		
1-5	2000-2004	0%
6-10	2005-2009	13%
11-15	2010-2014	22%
16-20	2015-2019	30%
21-25	2020-2024	47%

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, generally with interest, in a principal amount not to exceed the maximum reimbursable project costs specified in the Agreements. These reimbursements are payable solely from incremental sales and/or property tax revenues generated by the 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. As the collectability of a project's tax increment is uncertain, the obligation is not recorded as a reimbursement liability in these financial statements. The Redevelopment Agreements have various original expiration terms, up to a maximum of 25 years.

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.

For those reimbursement obligations which were approved and the tax increment has already been collected and available for payment of approved expenditures, the liability has been recorded. As of December 31, 2017 and 2016, $17,575,475 and $19,098,345, respectively, met this criteria and has been accrued in the Capital Projects Fund.

The following table provides detailed information relating to the various reimbursement projects, including the eligible maximum reimbursement project costs and the reimbursement obligations as of December 31, 2017.

	Maximum Reimbursable Project Costs per Redevelopment Agreement	TIF Commitment Obligations	Reimbursable Project Costs Approved as of December 31, 2017	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2017	Accrued TIF Reimbursement Obligation as of December 31, 2017
The Boston Lofts	$ 944,495	$ -	$ 944,495	$ -	$ 944,495	$ -
The Bank Lofts - Terminated	963,000	-	963,000	687,155	-	-
38th and York	3,564,000	-	3,564,000	-	3,564,000	3,466
The Point	1,504,183	-	1,504,183	1,026,999	477,184	5,637
Lowry	85,375,000	3,546,411	85,375,000	85,375,000	-	3,546,411
Executive Tower Inn	22,805,000	-	22,805,000	18,864,918	3,940,082	365,370
Lowenstein Theater - Terminated	3,936,000	-	3,936,000	3,936,000	-	-
DPS Stapleton School #1	12,500,000	-	12,500,000	12,000,000	500,000	-
South Broadway - Terminated	13,000,000	-	13,000,000	7,308,806	-	65,000
Colorado National Bank	10,000,000	-	10,000,000	719,120	9,280,880	257,949
Marycrest-Subordinate	650,000	-	650,000	-	650,000	-
Tamarac Square	5,000,000	-	5,000,000	2,095,120	2,904,880	194,725
Source/Ironworks	1,115,000	-	1,115,000	1,105,909	9,091	9,174
414 14th Street	1,900,000	-	1,900,000	52,513	1,847,487	146,887
9th & Colorado	2,400,000	-	2,400,000	454,253	1,945,747	24,000
Sloan's Block 7 West	3,400,000	-	3,400,000	22,854	3,377,146	35,718
Sloan's Block 7 East	1,650,000	-	1,650,000	26,922	1,623,078	-
2300 Welton	769,000	-	769,000	-	769,000	-
2460 Welton	1,350,000	-	1,350,000	-	1,350,000	28,686
Downtown Projects	-	29,844,873	21,054,469	21,054,469	-	8,790,404
Westwood Projects	-	8,432,000	7,457,669	7,457,669	-	974,331
St Lukes Projects	-	3,131,000	209,889	209,889	-	2,921,111
CEO Projects Grants	-	335,000	128,394	128,394	-	206,606
2560 Welton	4,200,000	-	-	-	-	-
2801 Welton	350,000	-	350,000	-	350,000	-
3330 Brighton Blvd	6,500,000	-	6,435,000	-	6,435,000	-
9th Avenue Denver Land	47,860,000	-	-	-	-	-
Sloan's Block 3	1,000,000	-	-	-	-	-
Sloan's Block 9	1,200,000	-	-	-	-	-
Total	$ 233,935,678	$ 45,289,284	$ 208,461,099	$ 162,525,990	$ 39,968,070	$ 17,575,475

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, 2017 were $426,336, of which $350,395 is attributable to deferred payment loans as discussed in Note 5.

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).

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Required Supplementary Information

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	$ 164,500	$ 164,500	$ 152,615	$ (11,885)
Investment income	2,100	2,100	2,249	149
Other income	1,475,042	1,475,042	2,194,308	719,266
Total revenues	1,641,642	1,641,642	2,349,172	707,530
Expenditures				
Current				
Administration	3,679,917	3,679,917	3,772,463	(92,546)
Debt service				
Capital outlay	30,000	30,000	24,753	5,247
Total expenditures	3,709,917	3,709,917	3,797,216	(87,299)
Excess of revenues over (under) expenditures	(2,068,275)	(2,068,275)	(1,448,044)	620,231
Other Financing Sources (Uses)				
Transfers in	2,951,142	2,951,142	2,904,139	(47,003)
Transfers out	(882,867)	(882,867)	(1,456,095)	(573,228)
Total other financing sources (uses)	2,068,275	2,068,275	1,448,044	(620,231)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	2,405,066	2,405,066
Fund Balance, End of Year	$ -	$ -	$ 2,405,066	$ 2,405,066

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended December 31, 2017

Note 1: Budgets and Budgetary Accounting

Annual budgets are adopted by the Board of Commissioners (the Board) on a basis consistent with accounting principles generally accepted in the United States of America for the general fund.

In December of each year, the budget is adopted by the Board for the subsequent year.

The budget is submitted to the State of Colorado as required under Title 29 – Government – Local, General Provisions, of the Local Government Budget Law of Colorado.

For the year ended December 31, 2017, the administration expenditures exceeded budget by $92,546 due to unbudgeted activity in both expenditures and corresponding revenues.

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, 2017

	Balance January 1, 2017	Additions	Deductions	Write-offs	Balance December 31, 2017
Agency					
Assets					
Cash	$ 6,803	$ 23,824,099	$ (23,830,902)	$ -	$ -
Taxes receivable	24,043,682	30,201,993	(23,830,902)	-	30,414,773
Total assets	$ 24,050,485	$ 54,026,092	$ (47,661,804)	$ -	$ 30,414,773
Liabilities					
Due to other governments	$ 24,050,485	$ 30,195,190	$ (23,830,902)	$ -	$ 30,414,773
Total liabilities	$ 24,050,485	$ 30,195,190	$ (23,830,902)	$ -	$ 30,414,773

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, 2016

	Balance January 1, 2016	Additions	Deductions	Write-offs	Balance December 31, 2016
Agency					
Assets					
Cash	$ -	$ 21,919,030	$ (21,912,227)	$ -	$ 6,803
Taxes receivable	22,434,873	23,521,036	(21,912,227)	-	24,043,682
Total assets	$ 22,434,873	$ 45,440,066	$ (43,824,454)	$ -	$ 24,050,485
Liabilities					
Due to other governments	$ 22,434,873	$ 23,527,839	$ (21,912,227)	$ -	$ 24,050,485
Total liabilities	$ 22,434,873	$ 23,527,839	$ (21,912,227)	$ -	$ 24,050,485

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2017

	Stapleton 2013A-1		Stapleton 2010B-1		Highlands Garden Village 2007A	
Mill Levy						
General Fund, Denver	8.943		8.943		8.943	
Affordable Housing	0.500		0.500		0.500	
Public Welfare, Denver	3.835		3.835		3.835	
Denver Schools/General Fund	41.013		41.013		41.013	
Denver Schools/Bond Fund	9.383		9.383		9.383	
Bond Sinking Fund, Denver	7.433		7.433		7.433	
Bond Interest, Denver	1.000		1.000		1.000	
Fire Pension Fund	1.345		1.345		1.345	
Urban Drainage/Flood Control	0.620		0.620		0.620	
Police Pension Fund	1.604		1.604		1.604	
Capital Improvement	2.333		2.333		2.333	
Capital Maintenance	2.528		2.528		2.528	
	80.537		80.537		80.537	
Property Tax Base Amount (Assessed Value)	43,736,974		-		2,353,605	
Sales Tax Base Amount (Revenue)	856,917		-		-	
Property Tax Increment Revenue	40,641,875		-		912,858	
Sales Tax Increment Revenue	22,461,403		-		391,443	
Debt Service Reserve Earnings	173,507		-		2,611	
Other Interest Earnings	291,104		-		7,539	
Net Revenues	63,567,889		-		1,314,451	
BONDS & PRIORITY EXPENSE						
Debt Service	18,867,000	(1)	8,341,819	(1)	285,041	
DURA Priority Fee	519,503		-		57,791	
Other Expenses	1,000,000		-		-	
Annual Coverage Ratio	3.29	(2)	2.28	(3)	3.83	(4)

NOTES:

(1) The ***Stapleton Senior 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.

The ***Stapleton Senior Subordinate 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 2010 B-1 bonds were remarketed on December 23, 2015 at lower fixed interest rates for the purpose of annual debt service savings.

(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 payments.

(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, 2016

	Stapleton 2013A-1		Stapleton 2010B-1		Highlands Garden Village 2007A	
Mill Levy						
General Fund, Denver	11.331		11.331		11.331	
Social Services	3.849		3.849		3.849	
Denver Schools/General Fund	37.147		37.147		37.147	
Denver Schools/Bond Fund	10.250		10.250		10.250	
Bond Sinking Fund, Denver	5.433		5.433		5.433	
Bond Interest, Denver	3.000		3.000		3.000	
Fire Pension Fund	1.350		1.350		1.350	
Urban Drainage/Flood Control	0.611		0.611		0.611	
Police Pension Fund	1.610		1.610		1.610	
Capital Improvement	-		-		-	
Capital Maintenance	2.534		2.534		2.534	
	77.115		77.115		77.115	
Property Tax Base Amount (Assessed Value)	43,736,974		-		2,353,605	
Sales Tax Base Amount (Revenue)	856,917		-		-	
Property Tax Increment Revenue	35,909,373		-		875,998	
Sales Tax Increment Revenue	21,012,794		-		422,543	
Debt Service Reserve Earnings	73,908		-		1,002	
Other Interest Earnings	102,706		-		3,109	
Net Revenues	57,098,781		-		1,302,652	
BONDS & PRIORITY EXPENSE						
Debt Service	18,277,000	(1)	9,120,805	(1)	337,622	
DURA Priority Fee	499,522		-		57,791	
Other Expenses	1,000,000		-		-	
Annual Coverage Ratio	3.04	(2)	2.03	(3)	3.29	(4)

NOTES:

(1) The ***Stapleton Senior 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.

The ***Stapleton Senior Subordinate 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 2010 B-1 bonds were remarketed on December 23, 2015 at lower fixed interest rates for the purpose of annual debt service savings.

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

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

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

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

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Single Audit

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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, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Subcrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through from the City and County of Denver:				
Community Development Block Grants/Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201732726-00	$ -	$ 250,000
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201732729-00	-	200,000
Total 14.218				450,000
HOME Investment Partnerships Program	14.239	OEDEV-201732731-00	-	469,512
Total 14.239				469,512
Total Department of Housing and Urban Development				**919,512**
Total Federal Awards				**$ 919,512**

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, 2017

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, under programs of the federal government for the year ended December 31, 2017. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Recycle Loans

Loans made from the recycled federal funding for the year ended December 31, 2017 total $1,123,615. Recycled federal funding used for administrative costs for the year ended December 31, 2017 totaled $429,144.

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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 financial statements of the governmental activities, the business-type activities, the aggregate 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 December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated April 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners
Denver Urban Renewal Authority

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*.

We noted certain matters that we reported to the Authority's management in a separate letter dated April 19, 2018.

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 19, 2018

BKD LLP
CPAs & Advisors

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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 Denver Urban Renewal Authority's (the Authority), a component unit of the City and County of Denver, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
April 19, 2018

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was (were):
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion(s) expressed in the independent auditor's report on compliance for major federal awards was (were):
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Authority's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnerships Program	14.239

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Authority qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

Section III – Federal Award Findings and Questioned Costs

Reference Number	Summary of Finding
	No matters are reportable.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

Reference Number	Summary of Finding	Status
	No matters are reportable.	