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, 2018 and 2017

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
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April 11, 2019

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, 2018 and 2017 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, 2018 and 2017 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

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improve the quality of existing single-family homes owned by low to moderate income residents. Through its discretely presented component unit, Denver Neighborhood Revitalization, Inc. (DNRI), the Authority implemented the Neighborhood Stabilization Program as contracted with the City from 2009 until the program terminated in March 2019.

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 17,485 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 2018 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 Housing and Urban Development (HUD) Area Median Income (AMI). These funds do not increase the number of homeowners assisted but do upgrade the improvements provided in the home.

The Rental/Homeowner 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 participants' incomes cannot exceed 50% of HUD AMI.

In 2018, Denver Water and DURA continued to partner to provide homeowners with low-cost financing options to replace their lead service lines. DURA provides eligible property owners with 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.

In 2018, the City and County of Denver, through its Department of Public Health and Environment (DDPHE), contracted with the Authority to implement the Lead-Based Paint Hazard Control (LBPHC) Program, as part of an effort to improve the health, safety and living conditions of Denver residents. The LBPHC Program provides lead risk assessment and abatement services, free of charge, to low income families in homes built prior to 1978 where children under age 6 reside or spend significant time. The LBPHC Program will run from 2018-2021 and aims to abate lead in 130 Denver homes.

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 loans have averaged $6,500. Homeowners with income levels between 50% and 100% AMI are eligible to apply. The initial funding contract expired in 2018 and is expected to be amended and extended in 2019.

The Authority has a role in the rehabilitation effort from its beginning to its conclusion. That role includes helping people fill out 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 neighborhood revitalization needs in the Denver community, including foreclosed and/or abandoned homes. DNRI administered and executed the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities included the acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. These properties were sold to homebuyers with incomes at or below 120% of the HUD AMI. The program revenue from the sales was utilized to acquire and rehabilitate additional foreclosed properties for purposes of resale under the program prior to the NSP deadline in 2019. Additionally, DNRI partnered with Habitat for Humanity of Metro Denver to assist homeowners whose incomes were at or below 50% of the HUD AMI. The NSP program terminated in March 2019, and the Authority is evaluating new potential neighborhood revitalization programs that may be implemented by DNRI moving forward.

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.

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.

Due to the nature of redevelopment financing described above and 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.

As of December 31, 2018, the Authority had two active bond-financed projects: Stapleton and 9th and Colorado. The Stapleton Project involves the redevelopment of the former Stapleton International Airport, a 7.5-square-mile area in Northwest Denver that is one of the largest infill developments in the nation. This project began in 2001 and is being completed in phases over a 25-year period. Once complete, the area is expected to house 30,000 residents, and have 3 million square feet of retail space, 10 million square feet of commercial space, and 1,100 square feet of parks and open space, in addition to numerous schools and community facilities.

The 9th and Colorado Project will redevelop 32 acres vacated by the relocation of the University of Colorado Health Sciences Center over a multiyear period. The project is expected to result in approximately 900 residential units, 300,000 square feet of retail, 200,00 square feet of office space, as well as greenspace, parking, a restaurant, and a hotel. Details on the Authority's bond-funded projects and their associated long-term liabilities can be found in Note 7 "Capital Projects" and Note 9 "Long-Term Liabilities" in the financial statements that follow the management discussion and analysis.

As of December 31, 2018, the Authority had 29 active reimbursement projects, through which eligible project costs are repaid, up to maximum amount per each project's redevelopment agreement, as associated tax increment revenues become available. These projects are described more fully in Note 12 "Commitments and Contingencies" in the financial statements that follow the management discussion and analysis.

Colorado Regional Tourism Act – National Western Center Project

In February 2015, the 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 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. As of December 31, 2018, DURA has $115,945 in RTA funding available 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

Tracy Huggins, Executive Director

Robin Hickey, Deputy Director & CFO

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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 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 and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as 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 Authority'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 Authority'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, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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.

Other 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 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, the annual 15c2-12 disclosure and the transmittal letter as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 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. Such 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 11, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's 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 11, 2019

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2018

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, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's total net position decreased by $2,091,032 or 2.4%, over the course of this year's operations.

- Governmental activities represented the majority of the decrease in net position for 2018, as a result of the following activities:

    - The Authority retired principal of $28,865,000 or 13.1%, of previously outstanding Stapleton bond debt in 2018, amortized $3,222,627 in premiums on previous bond refundings, and issued new bonds in the amount of $63,760,000 for the 9th and Colorado project. The net impact of these activities resulted in a $31.2 million decrease in the Authority's net position. As of December 31, 2018, the Authority's outstanding bond debt was $256,095,000.

    - The capital projects fund reported a net increase in fund balance of $25,498,401 from the prior year's fund balance, primarily due to $18.8 million in net project activity from the 9th and Colorado bond issuance, which is reserved for future project expenses. The balance of the net increase is due to tax increment revenues received for which corresponding expenses have not yet been approved, for redevelopment projects including Stapleton, Highlands Garden Village, and Globeville.

    - The debt service fund has an ending fund balance of $32,969,849, a net increase of $6,022,354 at December 31, 2018. The increase in the debt service fund balance is due to $12.9 million in net bond proceeds held for debt service on the 9th and Colorado bonds, offset by increased principal debt service payments on the Stapleton bonds.

    - Total fund balance in the general fund at December 31, 2018, remained constant at $2,405,066 from the prior year. Of these amounts, $2,339,317 and $2,337,478 at December 31, 2018 and 2017, respectively, were unassigned and can be used for Authority administration.

    - The Authority's deferred outflows of resources decreased by $2,049,309, as a result of the scheduled amortization of the deferred loss on previous debt refundings.

- Business-type activities, which consist of the Authority's federal-, state- and city-funded revolving rehabilitation loan and grant programs, reported a decrease in net position of $170,350, or 3.0%, from the prior year primarily due to decreased revenues from loan payoffs and increased spending of prior year program funds on current year 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 "local 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 conduct neighborhood revitalization efforts, specifically to administer and execute the Neighborhood Stabilization Program. DNRI was awarded funding in 2009 by the City and County of Denver and will continue to execute the program through the use of recycled funds until the program termination date of March 2019. 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 and grant 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, 2018, 2017 and 2016:

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

	Governmental Activities			Business-Type Activities			Total Government		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Current and other assets	$ 252,454	$ 216,923	$ 232,101	$ 6,082	$ 5,885	$ 5,507	$ 258,536	$ 222,808	$ 237,608
Total assets	252,454	216,923	232,101	6,082	5,885	5,507	258,536	222,808	237,608
Deferred outflows	14,188	16,237	18,286	-			14,188	16,237	18,286
Other liabilities	47,820	47,909	45,363	640	273	252	48,460	48,182	45,615
Long-term liabilities	256,443	223,840	256,577				256,443	223,840	256,577
Total liabilities	304,263	271,749	301,940	640	273	252	304,903	272,022	302,192
Deferred inflows	58,702	55,813	78,732	-			58,702	55,813	78,732
Net position									
Investment in capital assets	143	80	87	-			143	80	87
Restricted for									
Capital projects	100,440	76,085	68,242	-			100,440	76,085	68,242
Debt service	32,970	26,947	26,020	-			32,970	26,947	26,020
Housing program loans	-			5,442	5,612	5,255	5,442	5,612	5,255
Other purposes	-			-			-	-	-
Unrestricted (deficit)	(229,876)	(197,514)	(224,634)	-			(229,876)	(197,514)	(224,634)
Total net position (deficit)	$ (96,323)	$ (94,402)	$ (130,285)	$ 5,442	$ 5,612	$ 5,255	$ (90,881)	$ (88,790)	$ (125,030)

Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $90,881,056 (deficit) at the close of fiscal year 2018. The Authority's deficit was caused by outstanding bond debt of $256,095,000. 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 2017 deficit was caused by outstanding bond debt of $221,200,000.

Bond debt is serviced with tax increment receipts (incremental property and sales taxes) generated by redevelopment projects (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 are 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 represents funds that are subject to restrictions set forth in Redevelopment Agreements and Bond Indentures and for prepaid items.

Table 2 reflects the Authority's Changes in Net Position (Deficit) for the years ended December 31, 2018, 2017 and 2016:

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

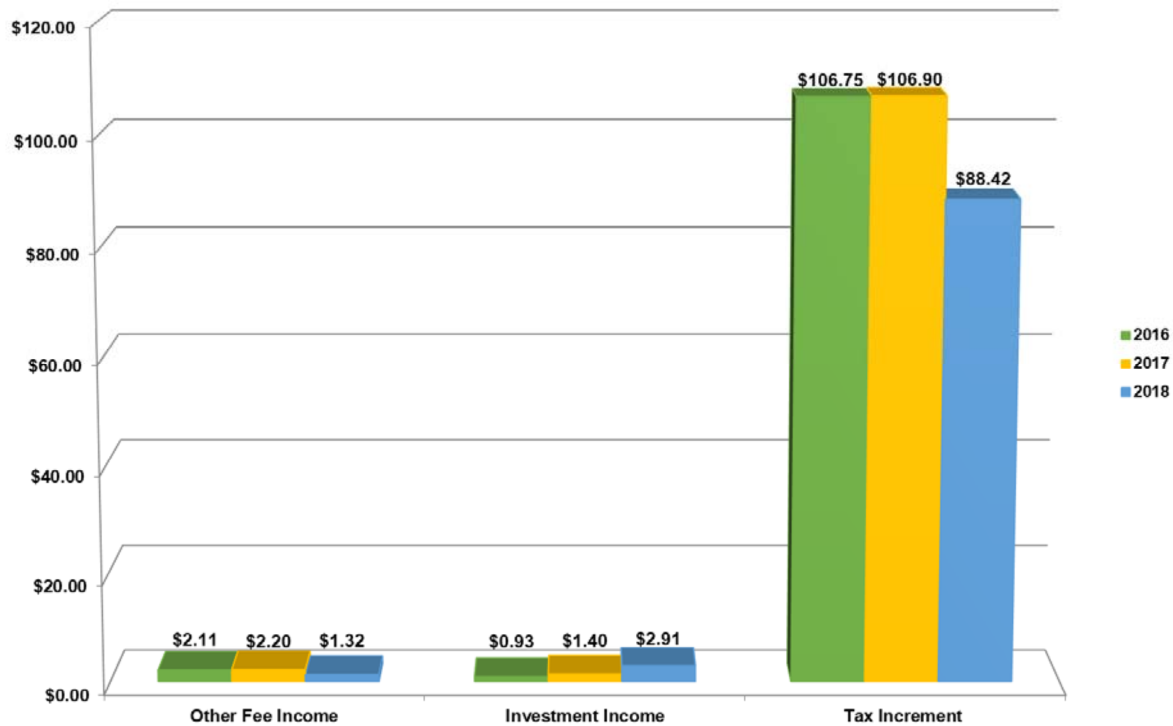
	Governmental Activities			Business-Type Activities			Total Government		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Revenues									
Intergovernmental - program	$ 205	$ 152	$ 103	$ 2,414	$ 2,658	$ 2,425	$ 2,619	$ 2,810	$ 2,528
General revenues									
Tax increment financing	88,424	106,900	106,754	-	-	-	88,424	106,900	106,754
Investment income	2,913	1,400	929	20	20	16	2,933	1,420	945
Other income	1,320	2,200	2,105	-	-	-	1,320	2,200	2,105
Transfers	(5)	-	-	5	-	-	-	-	-
Total revenues	92,857	110,652	109,891	2,439	2,678	2,441	95,296	113,330	112,332
Expenses									
Administration	4,392	3,902	3,322	2,764	2,238	2,073	7,156	6,140	5,395
Other expenses	-	-	-	(155)	83	(15)	(155)	83	(15)
Redevelopment projects	80,326	60,376	52,064	-	-	-	80,326	60,376	52,064
Debt service									
Interest	10,059	10,491	11,144	-	-	-	10,059	10,491	11,144
Total expenses	94,777	74,769	66,530	2,609	2,321	2,058	97,386	77,090	68,588
Change in net position	(1,920)	35,883	43,361	(170)	357	383	(2,090)	36,240	43,744
Net position (deficit), beginning of year	(94,402)	(133,400)	(176,761)	5,612	(7,385)	(7,768)	(92,823)	(129,063)	(172,807)
Net position (deficit), end of year	$ (96,322)	$ (97,517)	$ (133,400)	$ 5,442	$ (7,028)	$ (7,385)	$ (94,913)	$ (92,823)	$ (129,063)

Governmental activities: the Authority's governmental activities net position decreased by $1,920,682, or 2.03% in 2018. An analysis of the key drivers of this decrease can be found on page 9.

The Authority's tax increment financing revenues decreased by $18,476,078 in 2018, due to the expiration of two significant tax increment areas, Lowry and Downtown, in the prior year. These decreases were partially offset by increased revenue generated from newer tax increment areas, including Globeville, Emily Griffith, and St. Anthony's. At the same time, redevelopment project expenses increased by $19,949,814 in 2018, primarily as a result of project costs associated with the 9th and Colorado project, which were funded through bond proceeds rather than tax increment. Debt service on the 9th and Colorado bonds will be repaid with future tax increment revenue. Additionally, tax increment revenues received in prior years were used to pay for project expenses for Downtown and Westwood. The nature of the Authority's redevelopment projects and agreements are such that there may be a timing difference between the receipt of tax increment revenue and the disbursement of project expenses.

The Authority's governmental activities net position increased by $35,882,570, or 29.03%, in 2017, and $43,360,978, or 24.97%, in 2016. In both 2017 and 2016, the primary driver of increase was a reduction in outstanding Stapleton bonds of $23.6 million and $26 million, respectively.

Revenue Governmental Activities



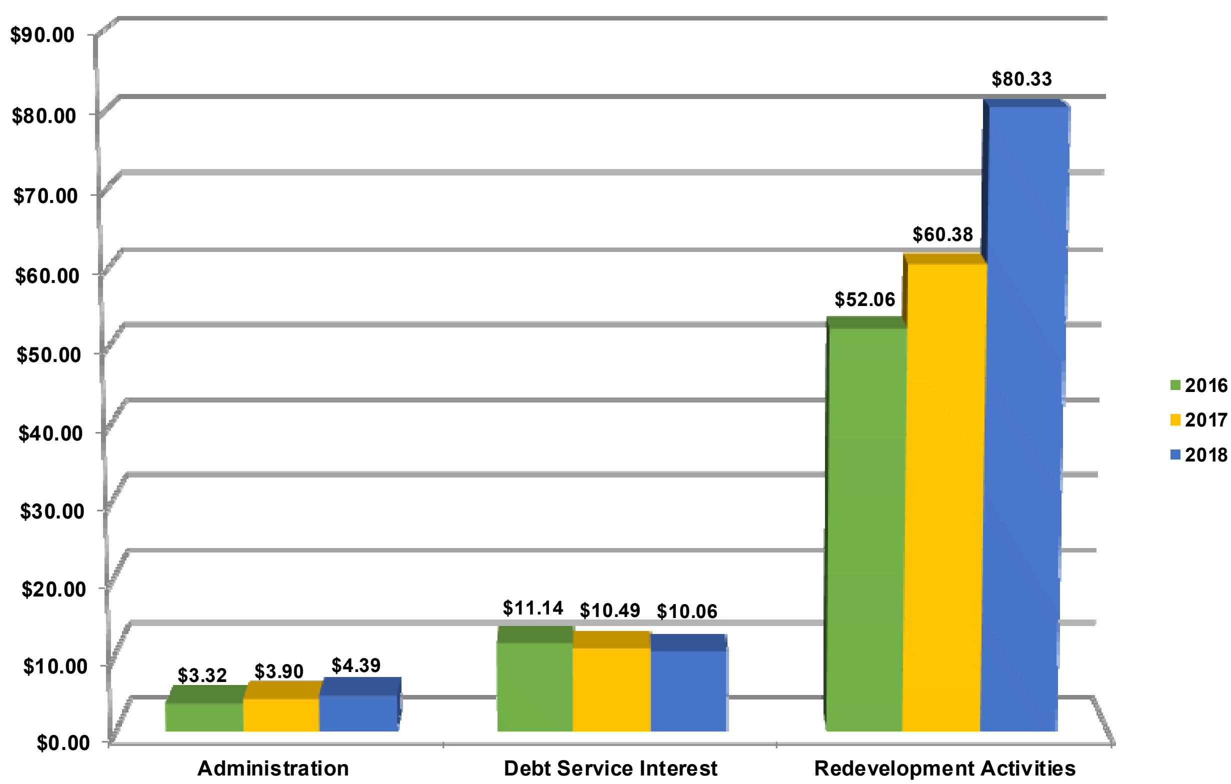
2018

- Total governmental activities revenues of $92,861,612, excluding transfers, decreased by $17,790,425, or 16.1%.
  - Tax increment financing, which represents 95.2% of total governmental activities revenues, decreased from last year by $18,476,078 or 17.3%, primarily as a result of decreased tax increment receipts due to the expiration of the Downtown and Lowry Tax Increment Areas. Newer redevelopment projects have not yet begun generating tax increment revenue in an amount sufficient to offset this reduction. As new projects fully develop, the amount of tax increment revenue that they generate generally increases.
  - Investment income represents 3.1% of total governmental activities revenues, and increased by $1,513,388, or 108% over 2017, due to the positive performance of DURA's managed investment portfolio.
  - Other income includes administration, origination and other fees, and represents 1.4% of total governmental activities revenues.

2017

- Total governmental activities revenues of 110,652,037, excluding transfers, increased by $760,171, or 0.7%, from 2016.
    - Tax increment financing, which represented 96.6% of total governmental activities revenues, increased from 2016 by $145,259 or 0.1%, primarily due to the combination of increased tax increment receipts (primarily property tax) and amounts that were no longer collected in 2017 because the TIF areas have expired.
    - Investment income represented 1.3% of total governmental activities revenues, and increased by $470,867, or 50.7%, over 2016 due to the positive performance of DURA's managed investment portfolio.
    - Other income represented 2% of total governmental activities revenues.

Expense Governmental Activities



2018

- Total governmental activities expenses of $94,777,250 increased by $20,007,783, or 26.8%, from last year, primarily related to the project and issuance costs associated with the 9th and Colorado bonds.

    - Redevelopment project expenses increased by $19,949,814, or 33.0%. The increase reflects projects costs associated with the 9th and Colorado project, which were paid with proceeds from the bond issuance.

    - Debt service expenses decreased by $431,539, or 4.12%, due to the 2017 retirement of the Highlands Garden Village bonds.

    - Administration expenses represent 4.6% of total governmental activities expenses, and increased by $489,908, or 12.5%, due to bond issuance costs for the 9th and Colorado bonds.

2017

- Total governmental activities expenses of $74,769,467 increased by $8,238,579, or 12.4%, from 2016 primarily due 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 16.0%, was the primary contributor to the total governmental activities expenses increase described above. The increase reflected 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 5.9% in 2017 reflected 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.

Business-type activities of the Authority consist of Federal, State and Local financial assistance for the Authority's Housing Rehabilitation programs. Federal funds are passed through the City and County of Denver to the Authority via the City's Community Development Block Grant, HOME, and Lead-Based Paint Hazard Control Loan and Grant Programs. State funds are provided through an intergovernmental contract with the State of Colorado. Local funds are provided through an intergovernmental agreement with Denver Water. 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. Business-type activities decreased the Authority's business-type activities net position by $170,350, or 3.0% in 2018, primarily due to a reduction in loan payoffs and an increase in loans funded through prior year program income. The Authority's business-type activities net position increased by $357,684, or 6.8%, in 2017.

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 $172,150,878 as compared to $140,610,123 in 2017 and $130,383,974 in 2016. This was an increase of $31,540,755 in 2018 as compared to an increase of $10,226,149 and an increase of $14,618,419 in 2016. Unassigned fund balance was $2,339,317, or 1.4%, of the 2018 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 2018, the *unassigned fund balance* of the general fund was $2,339,317 while total fund balance was $2,405,066. At December 31, 2018, $65,749 was nonspendable. At December 31, 2017 and 2016, unassigned fund balances were $2,337,478 and $2,366,806 respectively.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2018, the capital projects fund balance was $136,775,963, a net increase of $25,518,401. This net increase was due primarily to the proceeds from the 9th and Colorado bond issuance, which resulted in restricted cash of approximately $50.8 million held for future reimbursement of eligible costs related to the project. This restricted cash receipt was partially offset by a decrease in property and sales tax increment receipts due to the expiration of the Lowry and Downtown Tax Increment Areas. The capital projects fund balances were $111,257,562 and $101,958,783 at December 31, 2017 and 2016, respectively. 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 $32,969,849, a net increase of $6,022,354 at December 31, 2018. All of the fund balance of the debt service fund is restricted. As of December 31, 2018, $12,428,982 was restricted for future interest payments on the 9th and Colorado bonds, and $20,540,867 was restricted for future interest payments on the Stapleton bonds. The Authority's debt service fund balance was $26,947,495 in 2017 and $26,020,125 in 2016.

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, 2018, because the Authority's total expenditures of federal funds were greater than $750,000. At December 31, 2018, the proprietary fund has an ending fund balance of $5,442,062, a net decrease of $170,350 from the prior year primarily due to decreased revenues from loan payoffs and receipts, and an increase in loans funded through program funds received in prior years. At December 31, 2017 and 2016, fund balances were $5,612,412 and $5,254,728 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 $29,713,804 of tax increment revenue that passed through the Authority to the districts in 2018. The amount of pass-through tax increment revenue was $23,830,902 and $21,912,227 in 2017 and 2016, respectively.

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. 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 2018, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

For the year ended December 31, 2018, the capital outlay expenditures exceeded budget by $70,434 due to unbudgeted activity in both expenditures and corresponding revenue.

Debt Administration

At December 31, 2018, the Authority had total bond debt outstanding of $256,095,000 as compared to $221,200,000 at the end of the prior year and $245,655,000 in 2016. 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.

As of December 31, 2018, the Stapleton Senior bonds are rated AA- (stable outlook) by Fitch, Inc. Additionally, as of December 31, 2018, the Stapleton Senior Subordinate bonds are rated Aa3 by Moody's Investors Service Inc. 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 fixed income securities and local government investment pools, including the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Pool (CSIP).

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 one day to one year, and as of December 31, 2018, had a weighted average maturity of approximately 41 days and a seven-day yield of 2.53%.

In 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). At fiscal year ended December 31, 2018, $98.1 million was under management at PFM, including $199,495 in cash in CSIP; $43,386 in cash held in banking institutions; and $97.9 million in short-and long-term securities. The maturities of the CSIP investments range from one day to one year, with an average maturity of approximately 30 days and a seven-day yield of 2.57%. The Authority's short-and long-term securities had yields at market ranging from 2.57% to 2.72%.

The Authority's cash balance as of December 31, 2018, was $189,069,444, including amounts held with trustees for the Authority's bond-funded projects. Of this cash balance, $182,330,435 was restricted, primarily for future expenditures on capital projects and associated debt service. Projects with significant restricted cash balances include 9th and Colorado ($31.2 million), Stapleton ($36.4 million), and Downtown ($64.3 million). Per the project funding agreement, the Downtown project cash balance must be expended by the December 31, 2022, deadline. 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, 2018, the unassigned fund balance in the general fund was $2,339,317 and was $2,337,478 in 2017. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2019 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 2019.

Metro Denver's economy is expected to continue to grow in the coming year, albeit at a slower pace than in recent years, according to the 2019 Metro Denver Economic Forecast, which can be found at www.metrodenver.org. The Forecast reports that the Metro Denver area can expect slower new construction activity, slower net migration activity, lower retail sales and slower hiring in 2019. As a result, Metro Denver's unemployment rate is expected to move up slightly to 3.4 percent in 2019. The Authority will continue to monitor the local, state and U.S. economic outlooks when preparing its short- and long-term forecasts.

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 Deputy Director/CFO, 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, 2018
(With Comparative Summarized Information as of December 31, 2017)

	Governmental Activities	Business-type Activities	Total Primary Government 2018	Total Primary Government 2017
Assets				
Cash and investments	$ 2,733,191	$ 4,005,818	$ 6,739,009	$ 6,608,207
Restricted cash and investments	182,330,434	-	182,330,434	143,779,630
Accounts receivable	455,126	3,716	458,842	7,027,401
Interest receivable	396,606	-	396,606	260,099
Due from the City and County of Denver	64,545,602	673,653	65,219,255	61,911,970
Prepaid items	65,749	-	65,749	67,588
Notes receivable (net of allowance of $3,237,815 for 2018 and 2017)	1,708,586	-	1,708,586	1,793,524
Loans receivable (net of allowance of $621,314 and $781,671 for 2018 and 2017, respectively)	-	1,474,315	1,474,315	1,280,058
Internal balances	75,571	(75,571)	-	-
Capital assets, net	142,977	-	142,977	79,987
Total assets	252,453,842	6,081,931	258,535,773	222,808,464
Deferred Outflows of Resources				
Deferred loss on refunding	14,188,269	-	14,188,269	16,237,578
	14,188,269	-	14,188,269	16,237,578
Liabilities				
Accrued liabilities	19,572,046	470,146	20,042,192	17,893,701
Accrued interest	1,543,217	-	1,543,217	1,266,695
Deposits	314,856	-	314,856	917,104
Due to the other governments	-	169,723	169,723	240,613
Noncurrent liabilities				
Due within one year	26,390,000	-	26,390,000	27,865,000
Due in more than one year	256,442,742	-	256,442,742	223,840,041
Total liabilities	304,262,861	639,869	304,902,730	272,023,154
Deferred Inflows of Resources	58,702,368	-	58,702,368	55,812,912
Net Position (Deficit)				
Investment in capital assets	142,977	-	142,977	79,987
Restricted for				
Capital projects	100,440,129	-	100,440,129	76,084,766
Debt service	32,969,849	-	32,969,849	26,947,495
Housing program loans	-	5,442,062	5,442,062	5,612,412
Unrestricted (deficit)	(229,876,073)	-	(229,876,073)	(197,514,684)
Total net position (deficit)	$ (96,323,118)	$ 5,442,062	$ (90,881,056)	$ (88,790,024)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	$ 2,159,452	$ 4,448,755	$ 6,608,207
Restricted cash and investments	143,779,630	-	143,779,630
Accounts receivable	6,977,685	49,716	7,027,401
Interest receivable	260,099	-	260,099
Due from the City and County of Denver	61,752,094	159,876	61,911,970
Prepaid items	67,588	-	67,588
Notes receivable (net of allowance of $3,237,815)	1,793,524	-	1,793,524
Loans receivable (net of allowance of $781,671)	-	1,280,058	1,280,058
Internal balances	52,567	(52,567)	-
Capital assets, net	79,987	-	79,987
Total assets	216,922,626	5,885,838	222,808,464
Deferred Outflows of Resources			
Deferred loss on refunding	16,237,578	-	16,237,578
	16,237,578	-	16,237,578
Liabilities			
Accrued liabilities	17,860,888	32,813	17,893,701
Accrued interest	1,266,695	-	1,266,695
Deposits	917,104	-	917,104
Due to the other governments	-	240,613	240,613
Noncurrent liabilities			
Due within one year	27,865,000	-	27,865,000
Due in more than one year	223,840,041	-	223,840,041
Total liabilities	271,749,728	273,426	272,023,154
Deferred Inflows of Resources	55,812,912	-	55,812,912
Net Position (Deficit)			
Investment in capital assets	79,987	-	79,987
Restricted for			
Capital projects	76,084,766	-	76,084,766
Debt service	26,947,495	-	26,947,495
Housing program loans	-	5,612,412	5,612,412
Unrestricted (deficit)	(197,514,684)	-	(197,514,684)
Total net position (deficit)	$ (94,402,436)	$ 5,612,412	$ (88,790,024)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FINANCIAL POSITION – DENVER NEIGHBORHOOD REVITALIZATION, INC.
December 31, 2018 and 2017

	2018	2017
Assets		
Cash	$ 1,198,899	$ 420,063
Property held for resale	-	930,270
Prepaid items	3,865	4,457
Total assets	1,202,764	1,354,790
Liabilities		
Accounts payable	-	864
Accounts payable - related party	4,091	55,596
Total liabilities	4,091	56,460
Net Assets		
Without donor restrictions		
Undesignated	$ 1,198,673	$ 1,298,330

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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, 2018
(With Comparative Summarized Information for the year ended December 31, 2017)

	Expenses	Program Revenues: Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 4,392,263	$ 204,772
Redevelopment projects	80,325,912	-
Interest expense	10,059,076	-
Total governmental activities	94,777,251	204,772
Business-type activities		
Loan programs	2,609,034	2,414,066
Total business-type activities	2,609,034	2,414,066
Total	$ 97,386,285	$ 2,618,838
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Transfers		
Total general revenues		
Change in net position (deficit)		
Net position (deficit), beginning of year		
Net position (deficit), end of year		

Net (Expense) Revenue and Changes in Net Position		Total Primary Government	
Governmental Activities	Business-type Activities	2018	2017
$ (4,187,491)	$ -	$ (4,187,491)	$ (3,750,140)
(80,325,912)	-	(80,325,912)	(60,376,098)
(10,059,076)	-	(10,059,076)	(10,490,615)
(94,572,479)	-	(94,572,479)	(74,616,853)
-	(194,968)	(194,968)	337,206
-	(194,968)	(194,968)	337,206
(94,572,479)	(194,968)	(94,767,447)	(74,279,647)
88,423,635	-	88,423,635	106,899,713
2,913,158	19,574	2,932,732	1,420,248
1,320,048	-	1,320,048	2,199,940
(5,044)	5,044	-	-
92,651,797	24,618	92,676,415	110,519,901
(1,920,682)	(170,350)	(2,091,032)	36,240,254
(94,402,436)	5,612,412	(88,790,024)	(125,030,278)
$ (96,323,118)	$ 5,442,062	$ (90,881,056)	$ (88,790,024)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	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		
Governmental Activities	Business-type Activities	Total Primary Government
$ (3,750,140)	$ -	$ (3,750,140)
(60,376,098)	-	(60,376,098)
(10,490,615)	-	(10,490,615)
(74,616,853)	-	(74,616,853)
-	337,206	337,206
-	337,206	337,206
(74,616,853)	337,206	(74,279,647)
106,899,713	-	106,899,713
1,399,770	20,478	1,420,248
2,199,940	-	2,199,940
110,499,423	20,478	110,519,901
35,882,570	357,684	36,240,254
(130,285,006)	5,254,728	(125,030,278)
$ (94,402,436)	$ 5,612,412	$ (88,790,024)

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, 2018 and 2017

	2018	2017
Operating revenues		
Developer fee revenue	$ 15,401	$ -
Total operating revenues	15,401	-
Operating expenses		
Program services	102,481	47,977
Support services	12,815	14,158
Total operating expenses	115,296	62,135
Operating revenues over (under) operating expenses	(99,895)	(62,135)
Nonoperating revenues		
Investment income	238	218
Total nonoperating revenues	238	218
Decrease in net assets	(99,657)	(61,917)
Net assets - unrestricted, beginning of year	1,298,330	1,360,247
Net assets - unrestricted, end of year	$ 1,198,673	$ 1,298,330

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2018
(With Comparative Summarized Information as of December 31, 2017)

	General	Capital Projects	Debt Service	Total Governmental Funds 2018	Total Governmental Funds 2017
Assets					
Cash and investments	$ 2,733,191	$ -	$ -	$ 2,733,191	$ 2,159,452
Restricted cash and investments	-	151,138,995	31,191,439	182,330,434	143,779,630
Accounts receivable	411,256	43,870	-	455,126	6,977,685
Interest receivable	-	381,939	-	381,939	244,958
Due from the City and County of Denver	66,403	62,670,507	1,808,692	64,545,602	61,752,094
Prepaid items	65,749	-	-	65,749	67,588
Advances to other funds	415,016	1,163,038	1,778,410	3,356,464	5,081,768
Total assets	$ 3,691,615	$ 215,398,349	$ 34,778,541	$ 253,868,505	$ 220,063,175
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	$ 122,347	$ 19,297,163	$ -	$ 19,419,510	$ 17,693,835
Deposits	1,164	313,692	-	314,856	917,104
Due to the City and County of Denver	-	-	-	-	-
Advances from other funds	1,163,038	2,117,855	-	3,280,893	5,029,201
Total liabilities	1,286,549	21,728,710	-	23,015,259	23,640,140
Deferred inflows of resources	-	56,893,676	1,808,692	58,702,368	55,812,912
Fund balances					
Nonspendable - prepaid items	65,749	-	-	65,749	67,588
Restricted					
Capital projects	-	100,440,129	-	100,440,129	76,084,766
Debt service	-	-	32,969,849	32,969,849	26,947,495
Committed	-	36,335,834	-	36,335,834	35,172,796
Unassigned	2,339,317	-	-	2,339,317	2,337,478
Total fund balances	2,405,066	136,775,963	32,969,849	172,150,878	140,610,123
Total liabilities, deferred inflows of resources, and fund balances	$ 3,691,615	$ 215,398,349	$ 34,778,541	$ 253,868,505	$ 220,063,175

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2017

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$ 2,159,452	$ -	$ -	$ 2,159,452
Restricted cash and investments	-	118,544,114	25,235,516	143,779,630
Accounts receivable	581,605	6,396,080	-	6,977,685
Interest receivable	-	244,958	-	244,958
Due from the City and County of Denver	1,898	61,715,534	34,662	61,752,094
Prepaid items	67,588	-	-	67,588
Advances to other funds	1,567,680	1,801,205	1,712,883	5,081,768
Total assets	$ 4,378,223	$ 188,701,891	$ 26,983,061	$ 220,063,175
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	$ 207,518	$ 17,486,317	$ -	$ 17,693,835
Deposits	-	917,104	-	917,104
Due to the City and County of Denver	-	-	-	-
Advances from other funds	1,765,639	3,227,996	35,566	5,029,201
Total liabilities	1,973,157	21,631,417	35,566	23,640,140
Deferred inflows of resources	-	55,812,912	-	55,812,912
Fund balances				
Nonspendable - prepaid items	67,588	-	-	67,588
Restricted				
Capital projects	-	76,084,766	-	76,084,766
Debt service	-	-	26,947,495	26,947,495
Committed	-	35,172,796	-	35,172,796
Unassigned	2,337,478	-	-	2,337,478
Total fund balances	2,405,066	111,257,562	26,947,495	140,610,123
Total liabilities, deferred inflows of resources, and fund balances	$ 4,378,223	$ 188,701,891	$ 26,983,061	$ 220,063,175

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, 2018 and 2017

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

	2018	2017
Total fund balances - governmental funds	$ 172,150,878	$ 140,610,123
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,708,586	1,793,524
Interest receivable	14,666	15,140
Capital assets, net	142,977	79,987
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds		
Deferred loss on refundings	14,188,269	16,237,578
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	(278,034,648)	(246,841,367)
Notes payable	(4,798,094)	(4,863,674)
Accrued interest	(1,543,217)	(1,266,695)
Compensated absences	(152,535)	(167,052)
Net position (deficit) of governmental activities	$ (96,323,118)	$ (94,402,436)

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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, 2018
(With Comparative Summarized Information for the year ended December 31, 2017)

	General	Capital Projects	Debt Service	Total Governmental Funds 2018	Total Governmental Funds 2017
Revenues					
Intergovernmental	$ 204,772	$ -	$ -	$ 204,772	$ 152,615
Tax increment financing	-	88,508,573	-	88,508,573	106,899,713
Investment income	3,616	1,877,970	1,016,907	2,898,493	1,384,631
Other income	1,003,811	316,237	-	1,320,048	2,327,827
Total revenues	1,212,199	90,702,780	1,016,907	92,931,886	110,764,786
Expenditures					
Current					
Administration	3,408,109	84,402	11,402	3,503,913	3,864,477
Redevelopment projects	-	52,649,568	27,741,926	80,391,494	60,503,985
Bond issuance costs	-	865,422	-	865,422	-
Debt service					
Principal	-	-	28,865,000	28,865,000	24,455,000
Interest	-	-	10,940,735	10,940,735	11,690,422
Capital outlay	100,434	-	-	100,434	24,753
Total expenditures	3,508,543	53,599,392	67,559,063	124,666,998	100,538,637
Revenues over (under) expenditures	(2,296,344)	37,103,388	(66,542,156)	(31,735,112)	10,226,149
Other financing sources (uses)					
Transfers in	3,464,426	9,613,044	68,185,705	81,263,175	67,462,303
Transfers out	(1,168,082)	(71,650,131)	(8,450,006)	(81,268,219)	(67,462,303)
Bond proceeds	-	50,823,394	12,936,606	63,760,000	-
Discount on bonds	-	(371,294)	(107,795)	(479,089)	-
Total other financing sources (uses)	2,296,344	(11,584,987)	72,564,510	63,275,867	-
Net change in fund balances	-	25,518,401	6,022,354	31,540,755	10,226,149
Fund balances, beginning of year	2,405,066	111,257,562	26,947,495	140,610,123	130,383,974
Fund balances, end of year	$ 2,405,066	$ 136,775,963	$ 32,969,849	$ 172,150,878	$ 140,610,123

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

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	$ 152,615	$ -	$ -	$ 152,615
Tax increment financing	-	105,595,412	1,304,301	106,899,713
Investment income	2,249	964,814	417,568	1,384,631
Other income	2,194,308	133,519	-	2,327,827
Total revenues	2,349,172	106,693,745	1,721,869	110,764,786
Expenditures				
Current				
Administration	3,772,463	79,883	12,131	3,864,477
Redevelopment projects	-	35,129,107	25,374,878	60,503,985
Debt service				
Principal	-	-	24,455,000	24,455,000
Interest	-	-	11,690,422	11,690,422
Capital outlay	24,753	-	-	24,753
Total expenditures	3,797,216	35,208,990	61,532,431	100,538,637
Revenues over (under) expenditures	(1,448,044)	71,484,755	(59,810,562)	10,226,149
Other financing sources (uses)				
Transfers in	2,904,139	2,609,268	61,948,896	67,462,303
Transfers out	(1,456,095)	(64,795,244)	(1,210,964)	(67,462,303)
Total other financing sources (uses)	1,448,044	(62,185,976)	60,737,932	-
Net change in fund balances	-	9,298,779	927,370	10,226,149
Fund balances, beginning of year	2,405,066	101,958,783	26,020,125	130,383,974
Fund balances, end of year	$ 2,405,066	$ 111,257,562	$ 26,947,495	$ 140,610,123

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, 2018 and 2017

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

	2018	2017
Net change in fund balances, total governmental funds	$ 31,540,755	$ 10,226,149
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	28,865,000	24,455,000
Change in note payable	65,580	-
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 and other expenses	(291,661)	26,485
Change in compensated absences	14,517	(5,948)
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	(31,310)	(32,329)
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	94,300	24,753
Change in note receivable	(84,938)	-
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	14,666	15,140
Proceeds from the issuance of bonds, payments to escrow agent, and related costs are other financing sources and uses/expenditures in the governmental funds, but are long-term liabilities and assets in the statements of net position and do not affect the statements of activities		
Bond proceeds	(63,760,000)	-
Discount on bonds issued	479,089	-
Change in net position (deficit) of governmental activities	$ (1,920,682)	$ 35,882,570

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET POSITION – PROPRIETARY FUND
December 31, 2018 and 2017

	Total Enterprise Fund	
	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 4,005,818	$ 4,448,755
Accounts receivable	3,716	49,716
Due from the City and County of Denver	673,653	159,876
Total current assets	4,683,187	4,658,347
Noncurrent assets		
Loans receivable (net of allowance of $621,314 and $781,671 for 2018 and 2017, respectively)	1,474,315	1,280,058
Total assets	6,157,502	5,938,405
Liabilities		
Current liabilities		
Accounts payable	470,146	32,813
Due to other governments	169,723	240,613
Total current liabilities	639,869	273,426
Noncurrent liabilities		
Advances from other funds	75,571	52,567
Total liabilities	715,440	325,993
Net Position		
Restricted - Housing program loans	$ 5,442,062	$ 5,612,412

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, 2018 and 2017

	Total Enterprise Fund	
	2018	**2017**
Operating revenues		
Contract revenue	$ 1,271,468	$ 1,001,169
Investment income	19,574	20,478
Other operating revenues	1,142,598	1,657,288
Total operating revenues	2,433,640	2,678,935
Operating expenses		
Programs	2,763,947	2,237,773
Bad debt expense (recovery)	(154,913)	83,478
Total operating expenses	2,609,034	2,321,251
Operating income (loss)	(175,394)	357,684
Transfers in	5,044	-
Change in net position	(170,350)	357,684
Net position, beginning of year	5,612,412	5,254,728
Net position, end of year	$ 5,442,062	$ 5,612,412

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND
Years Ended December 31, 2018 and 2017

	Total Enterprise Fund	
	2018	2017
Cash flows from operating activities		
Cash received from loan payments, interest and other revenues	$ 1,343,511	$ 1,909,685
Cash received from contracts	757,691	1,001,169
Cash payments for loans and administration fees	(2,520,871)	(2,377,820)
Net cash provided by operating activities	(419,669)	533,034
Cash flows from noncapital financing activities		
Increase (decrease) in due to other governments	(70,890)	30,843
Advances from (repayments to) other funds	23,004	20,675
Transfer in	5,044	-
Net cash provided by (used in) noncapital financing activities	(42,842)	51,518
Cash flows from investing activities		
Cash received from investment income	19,574	541
Net increase in cash and cash equivalents	(442,937)	585,093
Cash and cash equivalents, beginning of year	4,448,755	3,863,662
Cash and cash equivalents, end of year	$ 4,005,818	$ 4,448,755
Reconciliation of operating gain to net cash provided by operating activities		
Operating income	$ (175,394)	$ 357,684
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Bad debt expense (recovery)	(154,913)	83,478
Investment income included in operating revenues	(19,574)	541
Changes in assets and liabilities		
Accounts receivable	46,000	5,389
Due from the City and County of Denver	(513,777)	(72,120)
Loans receivable	(39,344)	167,441
Accrued liabilities	437,333	(9,379)
Net cash provided by operating activities	$ (419,669)	$ 533,034

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, 2018 and 2017

	2018	2017
Assets		
Taxes receivable	$ 32,294,511	$ 30,414,773
Total assets	$ 32,294,511	$ 30,414,773
Liabilities		
Due to other governments	$ 32,294,511	$ 30,414,773
Total liabilities	$ 32,294,511	$ 30,414,773

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: Deputy Director and CFO, 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 acquisition value. Capitalization thresholds for recognition is $5,000, except for capital improvements, where the threshold is $10,000 per project. Capital assets are depreciated using a straight-line approach over the following useful lives:

Capital Asset Class	Estimated Useful Life
Computers and equipment	3 - 7 years
Furniture and fixtures	10 years
Leasehold improvements	Lesser of 10 years or remainder of lease

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, 2018 and 2017 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 stated goal of maintaining a minimum fund balance level of $2,100,000 of unassigned fund balance in the General Fund. In order to maintain the unassigned fund balance goal, a transfer in or out is recorded at year-end between the General Fund and the Development Fund (Capital Projects Fund). If the unassigned fund balance falls below the goal of $2,100,000, 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 2018, 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.

Reclassification

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the net position.

Note 2: Cash and Investments

A summary of cash and investments follows:

	2018	2017
Petty cash	$ 300	$ 300
Cash deposits	38,403,026	36,172,947
Investments	150,666,108	114,214,590
Total cash and investments	$ 189,069,444	$ 150,387,837

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

	2018	2017
Cash and investments	$ 6,739,009	$ 6,608,207
Restricted cash and investments	182,330,435	143,779,630
Total cash and investments	$ 189,069,444	$ 150,387,837

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, 2018 and 2017, 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, 2018 and 2017, the Authority had deposits with financial institutions with a carrying amount of $38,403,026 and $36,172,947, respectively. The bank balances with the financial institutions were $38,606,619 as of December 31, 2018 and $36,356,442 as of December 31, 2017. Of these balances, $500,000 and $750,000 was covered by Federal Depository Insurance and $38,156,909 for 2018 and $35,606,442 for 2017 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.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

As of December 31, 2018 and 2017, the Authority has the following investments subject to interest rate risk:

	2018		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
U.S. Treasury Notes	$ 53,727,880	$ 17,202,982	$ 36,524,898
Federal Agency Collateralized Mortgage Obligation	716,001	10,977	705,024
Federal Agency Bond/Notes	8,585,010	1,641,012	6,943,998
Corporate Notes	5,595,360	2,155,331	3,440,029
Supra-National Agency Bond/Notes	8,947,792	1,191,092	7,756,700
Municipal Bond/Notes	2,445,054	561,059	1,883,995
Commercial Paper	7,150,515	7,150,515	-
Total	$ 87,167,612	$ 29,912,968	$ 57,254,644

	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

The local government investment pool of $722,069 and $707,215 for the years ended December 31, 2018 and 2017, respectively, $52,464,525 and $17,483,170 of money market funds for the years ended December 31, 2018 and 2017, respectively, and $10,311,902 and $0 of certificates of deposit for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the Authority had invested $722,069 and $707,215, 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	A2 to Aaa
Certificates of Deposit	A to AAA	A2 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, 2018 and 2017, the Authority had restricted cash and investments totaling $182,330,435 and $143,779,630, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements. Approximately $115,945 and $150,185 of cash restricted for future disbursement relates to the National Western Center, for the years ended December 31, 2018 and 2017, 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, 2018:

- U.S. Treasury securities of $53,727,880, Corporate Notes of $5,595,360 and Municipal Bonds/Notes of $2,445,054 are valued using quoted market prices (Level 1 inputs)

- Federal agency securities of $8,585,010, Supra-National Agency Bond/Notes of $8,947,792, and Commercial Paper of $7,150,515 are valued using a matrix pricing model (Level 2 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 no investments that use Level 3 inputs for its fair value measurements for the years ended December 31, 2018 and 2017.

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:

2018

Receivable Fund	Payable Fund: General Fund	Payable Fund: Capital Projects Fund	Payable Fund: Debt Service Fund	Payable Fund: Enterprise Fund	Total
General Fund	$ -	$ 339,445	$ -	$ 75,571	$ 415,016
Capital Projects Fund	1,163,038	-	-	-	1,163,038
Debt Service Fund	-	1,778,410	-	-	1,778,410
Total	$ 1,163,038	$ 2,117,855	$ -	$ 75,571	$ 3,356,464

2017

Receivable Fund	Payable Fund: General Fund	Payable Fund: Capital Projects Fund	Payable Fund: Debt Service Fund	Payable 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

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.

	2018			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 3,464,426	$ -	$ 3,464,426
Capital Projects Fund	1,163,038	-	8,450,006	9,613,044
Debt Service Fund	-	68,185,705	-	68,185,705
Enterprise Fund	5,044	-	-	5,044
Total	$ 1,168,082	$ 71,650,131	$ 8,450,006	$ 81,268,219

	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
Enterprise Fund	-	-	-	
Total	$ 1,456,095	$ 64,795,244	$ 1,210,964	$ 67,462,303

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, 2018 and 2017. 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 14th 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, 2018 and 2017 totaled $1,708,586 and $1,793,524, 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 Denver Water Lead Service Line Replacement programs 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, 2018 and 2017 totaled $698,098 and $354,804, 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, 2018 and 2017:

Balance 1/1/2018	Additions	Payments/ Write-offs	Change in Allowance	Balance 12/31/2018
$ 1,280,058	$ 698,098	$ (659,272)	$ 155,432	$ 1,474,316

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

Deferred Payment

Certain applicants to the loan programs qualify for 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, 2018 and 2017 totaled $836,671 and $1,079,956, respectively. Deferred loans outstanding at December 31, 2018 and 2017 totaled $26,352,182 and $26,248,922, 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, 2018 and 2017, capital assets of the Authority consisted of the following:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Capital assets being depreciated				
Computers and equipment	$ 128,483	$ -	$ -	$ 128,483
Furniture and fixtures	54,131	-	-	54,131
Leasehold improvements	-	94,300	-	94,300
Less: accumulated depreciation	(102,627)	(31,310)	-	(133,937)
Capital assets, net	$ 79,987	$ 62,990	$ -	$ 142,977

	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

Depreciation expense of $31,310 and $32,329 for the years ended December 31, 2018 and 2017, 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 29 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, 2018, 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 hotel development totaling 401 rooms. Office space totals approximately 419,000 square feet. The cumulative number of residential for sale units sold through December 31, 2018 was 8,928, and the cumulative number of apartment units built was 2,007.

9th and Colorado

The 9th and Colorado Project involves the redevelopment of approximately 32 acres vacated by the relocation of the University of Colorado Health Sciences Center. The project is expected to include residential and commercial land uses planned for completion over a multi-year period.

The proceeds of the Series 2018A Bonds are being issued for the purposes of (i) financing and reimbursement of a portion of certain costs of constructing public improvements, and other related costs, necessary to support the development, (ii) funding a bond reserve fund for the Series 2018A Bonds, (iii) paying capitalized interest on the Series 2018A Bonds, and (iv) paying certain costs of issuance related to the Series 2018A Bonds.

A portion of the proceeds of the Series 2018A Bonds, (the "Restricted Proceeds Term Bond"), were deposited to the Restricted Amounts Subaccount of the Project Fund and are subject to transfer to the Unrestricted Amounts Subaccount and released to 9th Avenue Land LLC in accordance with the Bond Proceeds Holdback and Release Agreement upon the satisfaction of certain development milestones with respect to the 9th Avenue Project. To the extent any proceeds of the Restricted Proceeds Term Bond are on deposit in the Restricted Amounts Subaccount or the Unrestricted Amounts Subaccount on September 18, 2021, such proceeds will be used, together with any amounts released from the Series 2018A Senior Bond Reserve Account, to redeem the Restricted Proceeds Term Bond on October 18, 2021, in whole or in part. The balance in the Restricted Amounts Subaccount of the Project Fund as December 31, 2018 was $18,660,395.

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:

	2018	2017
Deferred outflows of resources		
Deferred loss on refundings	$ 14,188,269	$ 16,237,578
Total deferred outflows of resources	$ 14,188,269	$ 16,237,578

	2018	2017
Deferred inflows of resources		
Property taxes not yet received or for which levy pertains to subsequent year	$ 58,702,368	$ 55,812,912
Total deferred inflows of resources	$ 58,702,368	$ 55,812,912

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, 2018 and 2017:

	Balance 1/1/2018	Additions	Payments/ Reductions	Balance 12/31/2018	Due Within One Year
Bonds payable	$ 221,200,000	$ 63,760,000	$ (28,865,000)	$ 256,095,000	$ 26,390,000
Premium on bonds payable	25,641,367	-	(3,222,630)	22,418,737	-
Discount on bonds payable	-	(479,089)	-	(479,089)	-
Notes payable	4,863,674	-	(65,580)	4,798,094	-
Compensated absences	167,052	102,565	(117,082)	152,535	-
Total	$ 251,872,093	$ 63,383,476	$ (32,270,292)	$ 282,985,277	$ 26,390,000

	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

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, 2018 and 2017 to the principal and interest requirements of the Bonds for those periods is as follows:

	2018	2017
Stapleton Series 2010B, 2013A-1, and 2014D-2		
TIF revenues recognized, net of priority fees	$ 68,110,597	$ 62,583,775
Principal and interest requirements	39,405,907	35,285,619
Highlands Gardens Village		
TIF revenues recognized, net of priority fees	-	1,286,844
Principal and interest requirements	-	859,802
9th & Colorado		
TIF revenues recognized, net of priority fees	165,990	-
Principal and interest requirements*	399,828	-

* Capitalized interest of $399,828 was used to meet 2018 principal and interest requirements on the 9th and Colorado bonds.

Bonds Payable

Tax Increment Revenue Bonds

Bonds payable as of December 31, 2018 are:

	Balance 1/1/2018	Additions	Payments/ Reductions	Balance 12/31/2018	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.	$ 56,125,000	$ -	$ 6,800,000	$ 49,325,000	$ 7,675,000
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.	115,785,000	-	13,415,000	102,370,000	14,065,000
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.	49,290,000	-	8,650,000	40,640,000	4,650,000
9th and Colorado Tax Increment Revenue Bonds Series 2018A for the 9th and Colorado Project. The interest rate is 5.25% and the bonds mature on December 1, 2039.	-	63,760,000	-	63,760,000	-
	$ 221,200,000	$ 63,760,000	$ 28,865,000	$ 256,095,000	$ 26,390,000

Tax Increment Revenue Bonds (continued)

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. Interest rate at December 31, 2016 was 1.78%. The bonds mature on December 1, 2023.	845,000	-	845,000	-	-
	$ 245,655,000	$ -	$ 24,455,000	$ 221,200,000	$ 27,865,000

Debt service requirements to maturity for the Bonds are as follows (using variable interest rates in effect as of December 31, 2018):

Year Ending December 31, 2018	Principal	Interest	Total
2019	$ 26,390,000	$ 12,512,679	$ 38,902,679
2020	20,955,000	11,230,396	32,185,396
2021	21,610,000	10,222,964	31,832,964
2022	25,855,000	9,214,151	35,069,151
2023	28,680,000	8,008,601	36,688,601
2024-2028	86,010,000	19,967,531	105,977,531
2029-2033	16,075,000	10,629,938	26,704,938
2034-2038	20,765,000	5,942,738	26,707,738
Thereafter	9,755,000	512,138	10,267,138
	$ 256,095,000	$ 88,241,134	$ 344,336,134

Notes Payable

Notes payable activity for the years ended December 31, 2018 and 2017 consists of the following:

	Balance 1/1/2018	Additions	Payments/ Reductions	Balance 12/31/2018	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.	$ 4,863,674	$ -	$ 65,580	$ 4,798,094	$ -

	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	$ -

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.

2013A-1

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.

2013D-2

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 $57,474,700 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, 2018 and 2017, the Authority's contribution to the plan totaled $128,183 and $157,173, respectively, and the employee contributions totaled $64,092 and $78,587, respectively, which are equal to the required contributions. There is no retirement plan liability related to the plan for the year ended December 31, 2018. 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,	
2019	$ 207,542
2020	211,792
2021	216,042
2022	216,750
2023	216,750
Thereafter	36,125
Total	$ 1,105,000

Total rental expense under this lease for the years ended December 31, 2018 and 2017 was $216,849 and $207,255, 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, 2018 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 2018 and 2017, $0 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 $29,713,804 of tax increment revenue that passed through the Authority to the districts in 2018. The amount of pass-through in 2017 was $23,830,902. District bonds outstanding do not constitute an obligation of the Authority. During 2018 and 2017, additions to the Agency Fund were $31,593,542 and $30,195,190, respectively. Distributions from the Agency Fund to the districts were $29,713,804 and $23,830,902 leaving a balance of $32,294,511 and $30,414,773 at December 31, 2018 and 2017, 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 2018 and 2017, the Authority returned $20,724,409 and $18,837,032 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, 2018 and 2017, $19,233,536 and $17,575,475, respectively, met this criteria and has been accrued in the Capital Projects Fund. These amounts include both principal and interest components.

	Maximum Reimbursable Project Costs per Redevelopment Agreement	TIF Commitment Obligations	Reimbursable Project Costs Approved as of December 31, 2018	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2018	Accrued TIF/Reimbursement Obligation as of December 31, 2018
2300 Welton	$ 769,000	$ -	$ 769,000	$ 141,569	$ 627,431	$ -
2460 Welton	1,350,000	-	1,350,000	-	1,350,000	-
2560 Welton	4,200,000	-	-	-	-	-
2801 Welton	350,000	-	350,000	-	350,000	-
38th and York	3,564,000	-	3,564,000	310,080	3,253,920	3,466
414 14th Street	1,900,000	-	1,900,000	191,414	1,708,586	47,817
9th & Colorado - Agreement Terminated	2,400,000	-	2,400,000	2,400,000	-	24,000
Colorado National Bank	10,000,000	-	10,000,000	2,148,083	7,851,917	179,845
Downtown Projects	-	37,197,351	23,195,582	23,195,582	-	14,001,768
Executive Tower Inn	22,805,000	-	22,805,000	22,071,607	733,393	244,277
Highlands Garden Village	1,975,010	-	1,725,010	1,725,010	-	-
I-25 and Broadway	89,438,030	-	-	-	-	-
Lowry	85,375,000	3,539,436	85,375,000	85,375,000	-	3,539,436
Marycrest - Subordinate	650,000	-	650,000	-	650,000	-
Source - 3330 Brighton Blvd	6,500,000	-	6,500,000	-	6,500,000	77,773
Source - Ironworks - Agreement Terminated	1,115,000	-	1,115,000	1,115,000	-	-
South Broadway - Terminated	13,000,000	-	13,000,000	7,308,806	-	65,000
St Lukes Projects	-	3,131,000	2,543,069	2,543,069	-	587,931
St. Anthony's - Sloan's Block 3	6,995,000	-	-	-	-	-
St. Anthony's - Sloan's Block 7 East	1,650,000	-	1,650,000	155,699	1,494,301	-
St. Anthony's - Sloan's Block 7 West	3,400,000	-	3,400,000	376,947	3,023,053	3,120
St. Anthony's - Sloan's Block 9	5,555,555	-	3,544,016	-	3,544,016	-
Tamarac Square	5,000,000	-	5,000,000	2,908,284	2,091,716	51,181
The Boston Lofts - Terminated	944,495	-	944,495	-	-	-
The Point	1,504,183	-	1,504,183	1,146,792	357,391	1,605
Westwood Projects	-	8,432,000	8,432,000	8,025,683	406,317	406,317
Total	$ 270,440,273	$ 52,299,787	$ 201,716,355	$ 161,138,625	$ 33,942,041	$ 19,233,536

In addition, the Authority has entered into various Intergovernmental Agreements (IGA) and Cooperation Agreements with various other taxing entities for its redevelopment projects. As of January 1, 2016, pursuant to Colorado State Law 31-25-107(9.5), the Authority is required to enter into agreements with the other taxing entities prior to the approval of an Urban Renewal Plan, to ensure that there is agreement about the types and limits of tax revenues of each taxing entity to be allocated to the Plan. Additionally, the Authority may elect to enter into additional agreements with the City that further limit the amount of tax revenues allocated to a particular Urban Renewal Plan.

Under these agreements, the Authority has agreed to pass certain amounts of tax increment revenue through to the City or other taxing entities for purposes defined within the agreements. The obligations of the Authority under these IGA and Cooperation Agreements 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, these obligations are not recorded as reimbursement liabilities in the Authority's financial statements.

The following table provides detailed information relating to the various IGA and Cooperation Agreements that the Authority has entered into as part of its reimbursement projects, including the eligible maximum reimbursable project costs and the unpaid maximum reimbursable costs as of December 31, 2018. Amounts arising from the Stapleton Junior Subordinate bonds are included, as these obligations are payable only to the extent that tax increment revenue is available and are not recorded as bond liabilities in the Authority's financial statements.

	Maximum Reimbursable Project Costs per IGA/Cooperation Agreement	TIF Commitment Obligations	Reimbursable Project Costs Approved as of December 31, 2018	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2018	Accrued TIF/Reimbursement Obligation as of December 31, 2018
9th & Colorado - City Services	$ 6,300,000	$ -	$ 300,000	$ -	$ 300,000	$ -
9th & Colorado - DPS School District No. 1	1,000,000	-	1,000,000	239,902	760,098	-
Globeville - Cooperation Agreement	10,500,000	-	-	-	-	-
I-25 and Broadway - School Support	3,000,000	-	3,000,000	-	3,000,000	-
St. Anthony's DPS School Support	2,500,000	-	2,500,000	900,000	1,600,000	-
Stapleton - 2013 D-2 Junior Subordinate Bond	58,715,000	-	57,474,700	3,352,675	54,122,025	-
Stapleton - 2014 D-4 Junior Subordinate Bond	16,000,000	-	-	-	-	-
Stapleton - 2017 D-1 DPS Junior Subordinate Bond	16,450,000	-	7,050,000	1,972,333	-	-
Stapleton - 2017 D-2 DPS Junior Subordinate Bond	23,640,331	-	23,640,331	4,275,194	19,365,137	-
Stapleton - 2017 D-3 City Junior Subordinate Bond	940,000	-	-	-	-	-
Stapleton - 2017 D-4 Park Creek Junior Subordinate Bond	840,000	-	-	-	-	-
Stapleton - 2017 D-5 City Junior Subordinate Bond	8,400,000	-	7,480,313	-	7,480,313	-
Stapleton - DPS Stapleton School #1	12,500,000	-	12,500,000	12,500,000	-	-
Total	$ 160,785,331	$ -	$ 114,945,344	$ 23,240,104	$ 86,627,573	$ -

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, 2018 were $734,291, of which $426,060 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).

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, 2018

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	$ 417,023	$ 417,023	$ 204,772	$ (212,251)
Investment income	2,100	2,100	3,616	1,516
Other income	1,293,700	1,293,700	1,003,811	(289,889)
Total revenues	1,712,823	1,712,823	1,212,199	(500,624)
Expenditures				
Current				
Administration	3,910,838	3,910,838	3,408,109	502,729
Debt service				
Capital outlay	30,000	30,000	100,434	(70,434)
Total expenditures	3,940,838	3,940,838	3,508,543	432,295
Excess of revenues over (under) expenditures	(2,228,015)	(2,228,015)	(2,296,344)	(68,329)
Other Financing Sources (Uses)				
Transfers in	2,780,438	2,780,438	3,464,426	683,988
Transfers out	(552,423)	(552,423)	(1,168,082)	(615,659)
Total other financing sources (uses)	2,228,015	2,228,015	2,296,344	68,329
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, 2018

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, 2018, the capital outlay expenditures exceeded budget by $70,434 due to unbudgeted activity in both expenditures and corresponding revenue.

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, 2018

	Balance January 1, 2018	Additions	Deductions	Write-offs	Balance December 31, 2018
Agency					
Assets					
Cash	$ -	$ 29,713,804	$ (29,713,804)	$ -	$ -
Taxes receivable	30,414,773	31,593,542	(29,713,804)	-	32,294,511
Total assets	$ 30,414,773	$ 61,307,346	$ (59,427,608)	$ -	$ 32,294,511
Liabilities					
Due to other governments	$ 30,414,773	$ 31,593,542	$ (29,713,804)	$ -	$ 32,294,511
Total liabilities	$ 30,414,773	$ 31,593,542	$ (29,713,804)	$ -	$ 32,294,511

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)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2018

	Stapleton 2013A-1		Stapleton 2010B-1	
Mill Levy				
General Fund, Denver	7.888		7.888	
Affordable Housing	0.442		0.442	
Public Welfare, Denver	3.380		3.380	
Denver Schools/General Fund	38.594		38.594	
Denver Schools/Bond Fund	9.650		9.650	
Bond Sinking Fund, Denver	7.000		7.000	
Bond Interest, Denver	1.433		1.433	
Fire Pension Fund	1.185		1.185	
Urban Drainage/Flood Control	0.557		0.557	
Police Pension Fund	1.413		1.413	
Capital Improvement	2.056		2.056	
Capital Maintenance	2.526		2.526	
	76.124		76.124	
Property Tax Base Amount (Assessed Value)	48,305,499		-	
Sales Tax Base Amount (Revenue)	856,917		-	
Property Tax Increment Revenue	45,315,319		-	
Sales Tax Increment Revenue	23,335,561		-	
Debt Service Reserve Earnings	219,341		-	
Other Interest Earnings	730,403		-	
Capitalized Interest	-		-	
Net Revenues	69,600,624		-	
BONDS & PRIORITY EXPENSE				
Debt Service	19,204,250	(1)	9,477,069	(1)
DURA Priority Fee	540,283		-	
Other Expenses	500,000		-	
Annual Coverage Ratio	3.57	(2)	2.39	(3)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2018

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.

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, 2018

	9th and Colorado 2018A	(1)
Fund Balances		
Senior Bond Fund	7,085,044	
Senior Bond Reserve Fund	5,343,938	
Restricted Amounts Subaccount	18,660,395	
Supplemental Reserve Fund	-	
Assessed Value		
Current Assessed Value of Property in the URA	16,622,260	(2)
Tax Increment Base and Revenue		
Property Tax Base Amount (Assessed Value)	-	
Property Tax Increment Revenue (FY18)	1,460,939	(3)
Sales Tax Base Amount (Revenue)	-	
Sales Tax Increment Revenue (FY18)	-	

(1) The 9th and Colorado Senior 2018A bonds were issued October 18, 2018.
The 9th and Colorado Senior 2018A bonds are tax exempt and fixed rate.

(2) This is the Final Certified Assessed Value as of December 10, 2018.

(3) Includes all property tax increment revenue collected between January 1, 2018 and December 31, 2018.

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

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

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	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.

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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, 2018

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:				
CDBG - Entitlement Grants Cluser				
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201732726-00	$ -	$ 225,521
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201732729-00	-	200,000
Total CDBG - Entitlement Grants Cluster				425,521
HOME Investment Partnerships Program	14.239	OEDEV-201732731-00	-	695,371
Lead-Based Paint Hazard Control in Privately-owned Housing	14.900	ENHVL-201843088-00	-	182,181
Total Department of Housing and Urban Development				1,303,073
Total Federal Awards				**$ 1,303,073**

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, 2018

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, 2018. 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 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, 2018 total $1,445,645. Recycled federal funding used for administrative costs for the year ended December 31, 2018 totaled $467,683.

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

Independent Auditor's Report

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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated April 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BKD, LLP

Denver, Colorado
April 11, 2019

BKD LLP
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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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) 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, 2018. 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 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, 2018.

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 an 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 a 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 11, 2019

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

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
CDBG – Entitlement Grants Cluster	14.218

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.	

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, 2018

Reference Number	Summary of Finding	Status
	No matters are reportable.	