

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, 2015 and 2014

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2015 and 2014

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2015 and 2014

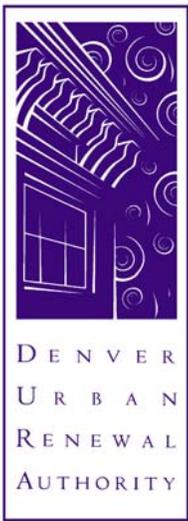
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Denver Urban Renewal Authority

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April 26, 2016

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, 2015 and 2014 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, 2015 and 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Authority

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

Housing Rehabilitation

The Authority has assisted over 16,967 Denver residents who already own homes to renovate them or make emergency repairs. Under the Single Family Rehabilitation Program, deferred and low-interest loans of up to \$35,000 are available to help eligible homeowners make needed repairs and improvements to their homes. The program is designed to assist with major home repairs such as roofing, heating, electrical or plumbing that are necessary to make the home livable and safe.

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

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

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

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

Neighborhood Revitalization

In 2009, the Authority established DNRI, a registered State of Colorado not-for-profit

organization to address the needs in the Denver community related to foreclosed and/or abandoned homes. DNRI administers and executes the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities include acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. These properties will be sold to homebuyers whose incomes are at or below 120% of the HUD AMI. The program revenue from the sales will be utilized to acquire and rehabilitate additional foreclosed properties for purposes of resale under the program prior to the NSP deadline in 2019. Additionally, DNRI has partnered with Habitat for Humanity of Metro Denver to assist homeowners whose incomes are at or below 50% of the HUD AMI.

Environmental Protection Agency Grant Project

The Authority entered into a Cooperative Agreement with the U.S. Environmental Protection Agency to provide \$900,000 of grant funding for environmental assessments of brownfields sites along the Colfax Corridor and the West Corridor light rail line. Environmental site assessments and cleanup planning on hazardous substance and petroleum brownfields properties are conducted through the Colfax Mainstreet Coalition, a collaboration among the City and County of Denver, the City of Lakewood and the Authority. The Authority's administration of the grant terminates September 30, 2016.

Redevelopment

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

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

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

Due to the nature of redevelopment financing and changes in the financial reporting requirements established by the Governmental Accounting Standards Board (GASB) under GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Authority liabilities normally exceed assets, thus resulting in a deficit in the Authority-wide statement of net position. Redevelopment activities, which benefit and increase property assessed values in the redevelopment project areas are either financed through the issuance of tax increment revenue bonds or with developer reimbursement obligations.

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

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

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

A Board of 11 Commissioners, 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. As a result of Colorado House Bill 1348, signed into law in 2015, effective January 1, 2016, the Authority Board will consist of 13 Commissioners, 11 of which are appointed by the Mayor and confirmed by Denver's City Council, one commissioner must be a board member of a special district selected by agreement of the special districts levying a mill levy within the urban renewal authority area and one commissioner must also be an elected member of the board of education of a school district within the boundaries of the urban renewal authority area.

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

Respectfully submitted,



Tracy Huggins, Executive Director



Janet Colley, Financial Manager

Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of and for the year ended December 31, 2015, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Authority as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the statement of changes in assets and liabilities – agency fund, and the annual 15c2-12 disclosure listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Denver, Colorado
April 26, 2016

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

December 31, 2015

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, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's total net position increased by \$8,278,942, or 4.68%, over the course of this year's operations. Governmental activities represented 96% of the increase in net position for 2015. While most of the TIF projects experienced an increase in TIF receipts, the primary change in net position is attributable to Stapleton project funds drawn and deposited for use in December 2015 in the amount of \$23.9 million.
- The Authority retired scheduled principal of \$28,210,000, or 10.1%, of previously outstanding bond debt in 2015 and an additional redemption of \$425,000 of Highlands Garden Village Bonds that were redeemed earlier than scheduled. Also in 2015, the Authority issued an additional \$24 million of Stapleton 2014D-2 Bonds and remarketed the Stapleton 2010B-1 Bonds to achieve lower interest cost, which resulted in a present value debt service saving of \$10,528,577. The total amount remarketed was \$67,700,000. Therefore, total principal retired of bond debt was \$96,335,000 for the year ended December 31, 2015. Currently, the Authority's outstanding bond debt is \$273,199,631.
- Total fund balance in the general fund at December 31, 2015 remained constant at \$2,405,066 from the prior year. Of these amounts, \$2,357,365 and \$2,359,353 at December 31, 2015 and 2014, respectively, were unassigned and can be used for Authority administration.
- The capital projects fund reported a net increase in fund balance of \$13,131,121 from the prior year's fund balance, primarily due to increases in property and sales tax increment receipts and \$23.9 million of new project funds to be used for future identified projects at Stapleton.
- The debt service fund has an ending fund balance of \$20,790,082, a net increase of \$1,650,122 at December 31, 2015. The increase in debt service fund balance is due to an increase in transferred property and sales TIF revenue pledged to the Stapleton bonds and debt service activity related to the remarketing of the Stapleton 2010B-1 Bonds.
- Business-type activities, which consist of the Authority's federally funded revolving rehabilitation loan program, reported an increase in net position of \$357,819, or 7.93%, from the prior year related to operations of the fund.

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

Denver Urban Renewal Authority
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

December 31, 2015

basic financial statements. Notwithstanding the treatment of the Authority's audited financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP), the Authority is not a government and is not subject to the restrictions of the Taxpayer Bill of Rights, Article X, Section 20 of the Constitution of the State of Colorado.

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

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

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

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

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

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

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

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(A Component Unit of the City and County of Denver)
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(UNAUDITED)

December 31, 2015

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).

Authority-wide Financial Analysis

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

Denver Urban Renewal Authority
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

December 31, 2015

Table 1 reflects the Authority's Net Position (Deficit) as of December 31, 2015, 2014 and 2013:

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

	Governmental Activities			Business-Type Activities			Total Government		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Current and other assets	\$ 220,629	\$ 191,109	\$ 153,647	\$ 5,114	\$ 4,591	\$ 4,143	\$ 225,743	\$ 195,700	\$ 157,790
Total assets	220,629	191,109	153,647	5,114	4,591	4,143	225,743	157,790	156,249
Deferred outflows	20,336	22,386	24,435	-	-	-	20,336	22,386	24,435
Other liabilities	47,256	40,843	24,954	242	77	189	47,498	40,920	25,143
Long-term liabilities	289,557	287,046	265,728	-	-	-	289,557	287,046	265,728
Total liabilities	336,813	327,889	290,682	242	77	189	337,055	327,966	290,871
Deferred inflows	77,798	67,173	64,161	-	-	-	77,798	67,173	64,161
Net position									
Investment in capital assets	87	51	12	-	-	-	87	51	12
Restricted for									
Capital projects	60,440	49,356	34,211	-	-	-	60,440	49,356	34,211
Debt service	20,790	19,140	17,905	-	-	-	20,790	19,140	17,905
Housing program loans	-	-	-	4,872	4,514	3,954	4,872	4,514	3,954
Unrestricted (deficit)	(254,963)	(250,114)	(228,889)	-	-	-	(254,963)	(250,114)	(228,889)
Total net position (deficit)	\$ (173,646)	\$ (181,567)	\$ (176,761)	\$ 4,872	\$ 4,514	\$ 3,954	\$ (168,774)	\$ (177,053)	\$ (172,807)

Total government-wide liabilities exceeded total government-wide assets and deferred outflows of resources by \$(168,773,887) (deficit) at the close of fiscal year 2015. The Authority's deficit was caused by outstanding bond debt of \$273,199,631. Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by \$(177,052,829) (deficit) at the close of fiscal year 2014. The Authority's 2014 deficit was caused by outstanding bond debt of \$276,811,930. Bond debt is serviced with tax increment receipts (incremental property and sales taxes) generated by redevelopment projects to provide financing (see Note 1, "Tax Increment Financing" in the financial statements that follow this analysis). Outstanding bond debt was used to finance redevelopment projects located in the City and County of Denver. Resulting assets are accounted for and capitalized by the developers and other beneficiaries, not by the Authority. Types of project costs paid by the Authority include, but were not limited to, capital costs for demolishing improvements, excavating, grading, landscaping and constructing improvements within the areas covered by Urban Renewal Plans.

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

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(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

December 31, 2015

Table 2 reflects the Authority's Changes in Net Position (Deficit) for the years ended December 31, 2015, 2014 and 2013:

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

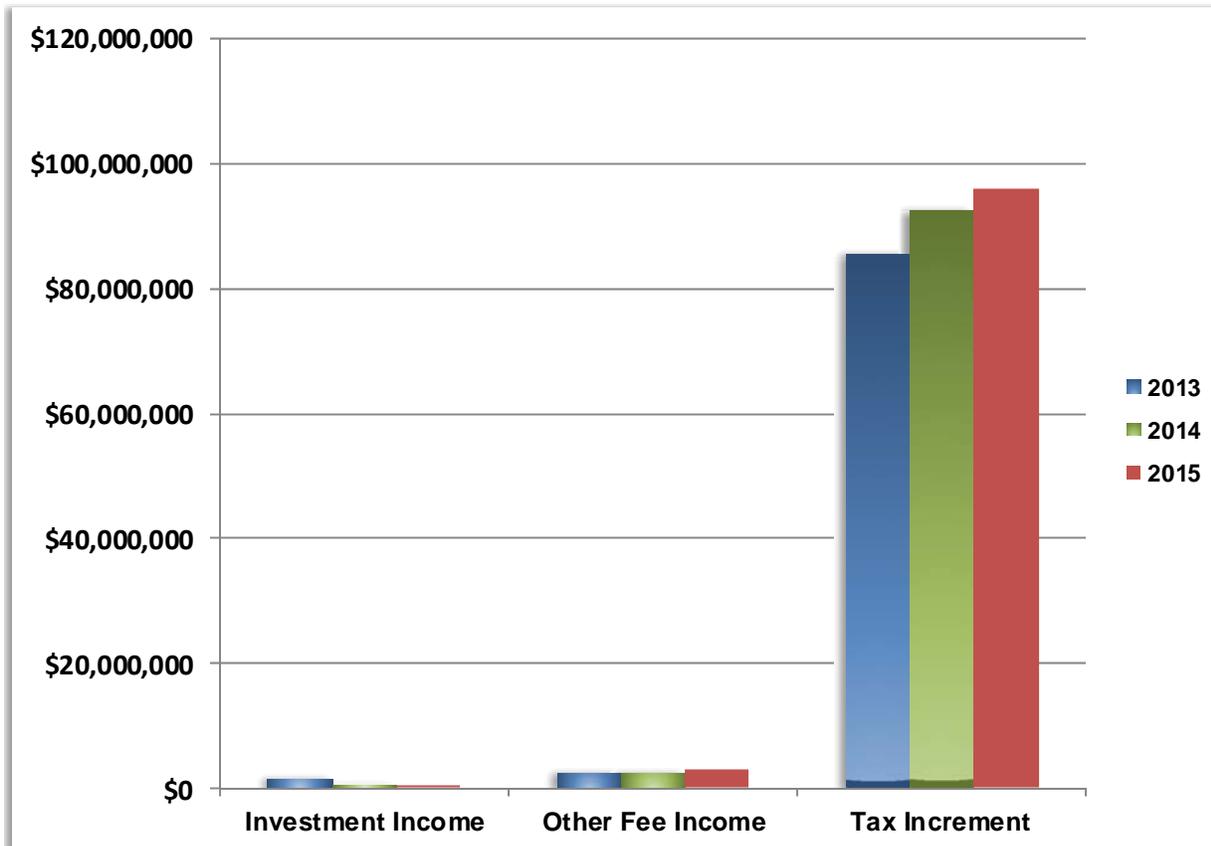
	Governmental Activities			Business-Type Activities			Total Government		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Revenues									
Intergovernmental - program	\$ 93	\$ 108	\$ 101	\$ 1,725	\$ 2,132	\$ 1,974	\$ 1,818	\$ 2,240	\$ 2,075
General revenues									
Tax increment financing	96,103	92,520	85,487	-	-	-	96,103	92,520	85,487
Investment income	145	136	1,452	21	22	24	166	158	1,476
Other income	2,873	2,433	2,206	-	-	-	2,873	2,433	2,206
Transfers	-	-	(37)	-	-	37	-	-	-
Total revenues	99,214	95,197	89,209	1,746	2,154	2,035	100,960	97,351	91,244
Expenses									
Administration	5,013	4,380	4,224	1,386	1,803	1,755	6,399	6,183	5,979
Other expenses	-	-	-	2	(209)	187	2	(209)	187
Redevelopment projects	73,257	83,419	40,776	-	-	-	73,257	83,419	40,776
Debt service									
Interest	13,023	12,204	16,005	-	-	-	13,023	12,204	16,005
Total expenses	91,293	100,003	61,005	1,388	1,594	1,942	92,681	101,597	62,947
Change in net position	7,921	(4,806)	28,204	358	560	93	8,279	(4,246)	28,297
Net position (deficit)									
beginning of year	(181,567)	(176,761)	(204,965)	4,514	3,954	3,861	(177,053)	(172,807)	(201,104)
Net position (deficit), end of year	\$ (173,646)	\$ (181,567)	\$ (176,761)	\$ 4,872	\$ 4,514	\$ 3,954	\$ (168,774)	\$ (177,053)	\$ (172,807)

Governmental activities increased the Authority's governmental activities net position by \$7,921,123, or 4.36%, in 2015, decreased by \$4,806,157, or 2.72%, in 2014 and increased by \$28,203,741, or 13.7%, in 2013.

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

December 31, 2015

Revenue Governmental Activities



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

December 31, 2015

2015

- Total governmental activities revenues, excluding transfers, increased by \$4,017,006, or 4.22%, from the prior year, primarily due to increased property and sales tax receipts in the Downtown, Colorado National Bank, 414 14th Street, Highlands Garden Village and 9th & Colorado TIF areas.
- Tax increment financing, which represents 96.8% of total governmental activities revenues, increased from last year by \$3,582,536, or 3.87%.
- Investment income represents less than 1% of total governmental activities revenues.
- Other income represents 2.9% of total governmental activities revenues.

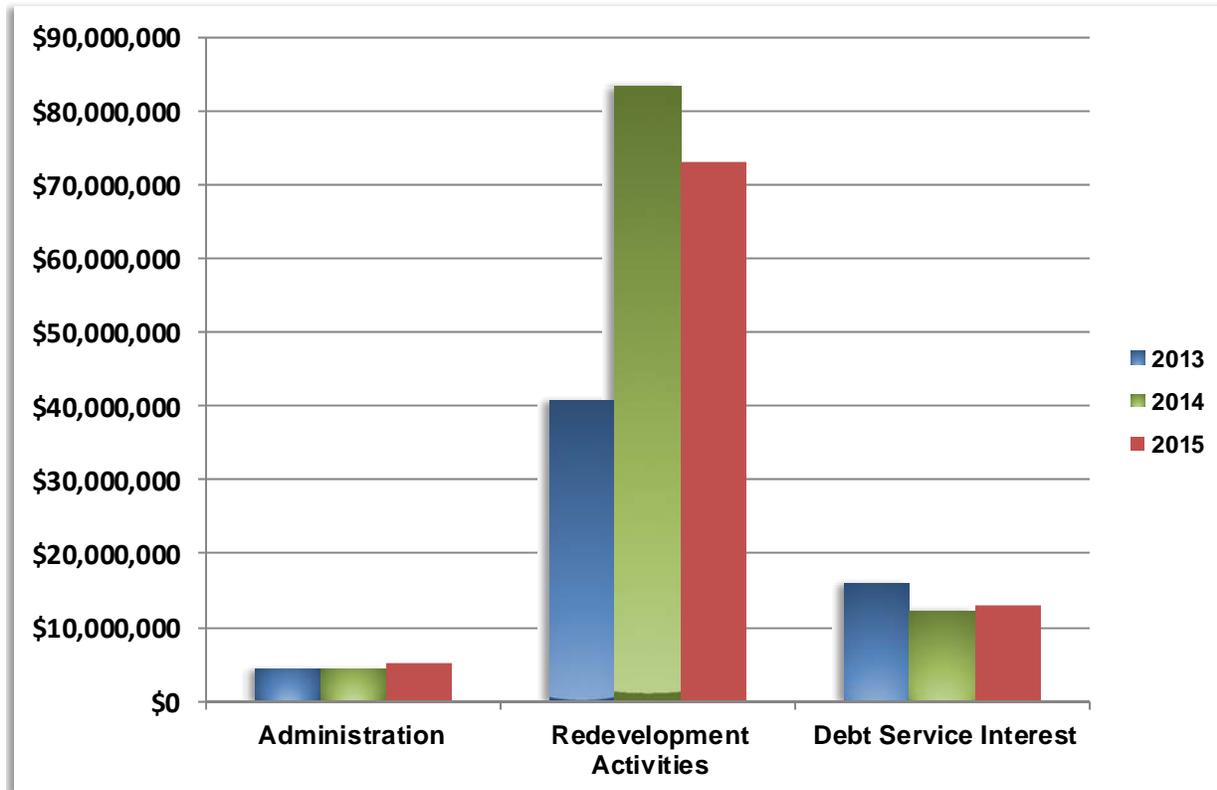
2014

- Total governmental activities revenues, excluding transfers, increased by \$5,952,069, or 6.67%, from the prior year, primarily due to increased property and sales tax receipts in the Lowry, Stapleton and Downtown TIF areas, as well as previously approved redevelopment projects beginning to generate incremental taxes and 1st year projects commencing in 2014.
- Tax increment financing, which represents 97.3% of total governmental activities revenues, increased from last year by \$7,032,894, or 8.23%.
- Investment income represents less than 1% of total governmental activities revenues.
- Other income represents 2.56% of total governmental activities revenues.

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

December 31, 2015

Expense Governmental Activities



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

December 31, 2015

2015

- Total governmental activities expenses of \$91,293,725 decreased by \$8,710,274, or 8.7%, from last year primarily related to the reduction of Downtown, Stapleton and Lowry TIF area project commitments that were accrued for in 2014 and disbursed in 2015.
- Decreased expenses of \$10,161,960, or 12.2% redevelopment activities reflect TIF project commitment activity not present in 2015 related to Downtown, Stapleton and Lowry TIF areas.
- The increase in debt service interest of \$818,403, or 6.71% in 2015 reflects the addition of \$36 million of debt related to the 2014D-2 Stapleton Bonds issued in December 2014.

2014

- Total governmental activities expenses of \$100,003,999 increased by \$38,998,960, or 63.9%, from last year, primarily due to increased project expenses related to existing and new projects commencing in 2013-2014.
- Increased expenses of \$42,643,470, or 104.58%, in 2014 redevelopment activities reflect increased activity in disbursed and committed redevelopment projects in the Downtown URA (\$22 million), at Lowry (\$2.4 million), at Stapleton (\$17 million), Marycrest, Tamarac Square, the Source, Colorado National Bank and 9th & Colorado.
- The decrease in debt service interest of \$3,800,610, or 23.75 %, in 2014 reflects the benefit derived from earlier than scheduled bond repayment related to the Downtown Bond Series.

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

Financial Analysis of the Authority's Funds

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

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

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

December 31, 2015

At the end of the current fiscal year, the Authority's governmental funds reported *combined fund balances* of \$115,765,554 as compared to \$100,984,311 in 2014 and \$83,236,720 in 2013. This was an increase of \$14,781,243 in 2015 as compared to an increase of \$17,747,591 in 2014 and a decrease of \$3,141,847 in 2013. Unassigned fund balance is \$2,357,365, or 2.04%, of the 2015 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 2015, the *unassigned fund balance* of the general fund was \$2,357,365 while total fund balance was \$2,405,066. At December 31, 2015, \$47,701 was nonspendable. At December 31, 2014 and 2013, unassigned fund balances were \$2,359,353 and \$2,353,829, respectively. This year, the EPA grant program which was accounted for in the general fund was subject to compliance testing in accordance with Uniform Guidance for the year ended December 31, 2015.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2015, the capital projects fund balance was \$92,570,406, a net increase of \$13,131,121 during the fiscal year, due principally to increases in property and sales tax increment receipts and \$23,977,500 of unspent Stapleton 2014 D-2 project funds for future Stapleton TIF projects. At December 31, 2014 and 2013, fund balances were \$79,439,285 and \$62,926,771, respectively.

The *debt service fund* is used for the servicing of long-term debt. The debt service fund has an ending fund balance of \$20,790,082, a net increase of \$1,650,122 at December 31, 2015. The Authority's debt service fund balance was \$19,139,960 in 2014. At December 31, 2013, fund balance was \$17,904,883. The increase of the 2015 debt service fund balance is due to an increase in transferred property and sales TIF revenue pledged to the Stapleton bonds.

Proprietary Funds

The *enterprise fund* is used to account for operations related to the Authority's federal revolving rehabilitation loan program, historically a major program for Single Audit purposes consistent with the provisions of the Single Audit Act of 1996. The Authority was subject to compliance testing in accordance with Uniform Guidance for the year ended December 31, 2015, because the Authority's total expenditures of federal funds were greater than \$750,000.

Fiduciary Funds

The Authority, pursuant to the various Metropolitan District Agreements, has agreed to pass through tax increment related to the Westerly Creek, SBC and three Broadway Station Metropolitan Districts. Per the Agreement, this increment cannot be used to finance Authority operations or programs. In 2015, an *agency fund* was used to account for the \$17,130,357 of tax increment revenue that passed through the Authority to the districts. The amount of pass-through in 2014 was \$15,874,104 and \$11,686,763 in 2013.

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

December 31, 2015

General Fund Budgetary Highlights

The Authority is not legally required to budget its activities, therefore, no budgetary statements are presented in the financial statements. However, the Authority annually adopts a budget for the general fund for management purposes only. During 2015, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Debt Administration

At December 31, 2015, the Authority had total bond debt outstanding of \$ 273,199,631 as compared to \$276,811,930 at the end of the prior year and \$252,547,955 in 2013. The Authority's outstanding debt will be repaid from future collections of tax increment revenues or from reserves established by the Authority and maintained by the bond trustee.

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

Cash Management Policies and Practices

In accordance with the Authority's Investment Policy, cash during the year was invested in short-term money market securities, the Colorado Local Government Liquid Asset Trust (COLOTRUST) and guaranteed investment contracts. COLOTRUST invests in U.S. Treasury, U.S. Agency Securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency Securities. The maturities of the investments range from days to one year, with an average maturity of approximately 53 days. For fiscal year ended December 31, 2015, the average yield on investments was .175%.

In October 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). At fiscal year ended December 31, 2015, \$76 million was under management at PFM. \$45.2 million in cash in the Colorado Statewide Investment Program (CSIP), a money market portfolio sweep account and \$30.8 million in short- and long-term securities. The maturities of the CSIP money market investments range from days to one year, with an average maturity of approximately 52 days. The average yield on the CSIP investment was .19%. See "Note 2" of the Financial Statements that follow this report for more detailed information regarding the Authority's Cash and Investments.

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

December 31, 2015

Economic Factors Impacting the Authority's Financial Position

At December 31, 2015, unassigned fund balance in the general fund was \$2,357,365 and \$2,359,353 in 2014. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2015 tax increment revenue to meet debt service obligations to the bondholders. (See "Supplementary Information" in the Financial Statements that follow this report).

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

The Authority will consider the impact of the current U.S., state and local economies when projecting revenue growth in 2016.

"Metro Denver will continue to perform better than the national economy and will expand at a faster than average pace in 2016. The four super sectors of the regional economy should post strong employment growth in 2016: natural resources & construction (4.2 percent), education and healthcare services (4.1 percent), professional and business services (3.9 percent), and financial activities (3 percent). Metro Denver's job growth in 2016 is forecast to be 2.9 percent, which represents the addition of about 45,000 jobs. The region will still benefit from strong in-migration, especially among Millennials. With limited supply in the residential real estate market and above average population growth, Metro Denver home prices will continue to rise and construction activity will continue at a quick pace, but the market will be constrained due to limited inventory in 2016." *Patty Silverstein, Chief Economist, [Metro Denver Economic Development Corporation](http://www.metrodenver.org), 2016 Economic Forecast for Metro Denver, www.metrodenver.org.*

Request For Information

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

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, 2015

(With Comparative Summarized Information as of December 31, 2014)

	Governmental Activities	Business-type Activities	Total Primary Government	
			2015	2014
Assets				
Cash and investments	\$ 4,434,280	\$ 3,134,169	\$ 7,568,449	\$ 6,050,746
Restricted cash and investments	127,384,231	-	127,384,231	107,720,540
Accounts receivable	3,001,323	39,099	3,040,422	3,646,998
Interest receivable	71,350	-	71,350	199,712
Due from the City and County of Denver	83,669,084	223,856	83,892,940	73,606,524
Prepaid items	47,701	-	47,701	45,713
Notes receivable (net of allowance of \$3,237,815)	1,899,374	-	1,899,374	2,459,949
Loans receivable (net of allowance of \$735,613 and \$769,342 for 2015 and 2014, respectively)	-	1,751,832	1,751,832	1,919,498
Internal balances	35,202	(35,202)	-	-
Capital assets, net	86,608	-	86,608	50,946
Total assets	220,629,153	5,113,754	225,742,907	195,700,626
Deferred Outflows of Resources				
Deferred loss on refunding	20,336,195	-	20,336,195	22,385,504
	20,336,195	-	20,336,195	22,385,504
Liabilities				
Accrued liabilities	24,141,847	9,848	24,151,695	19,364,786
Accrued interest	1,344,503	-	1,344,503	1,216,015
Deposits	1,087,566	-	1,087,566	1,034,525
Due to the other governments	-	231,809	231,809	75,181
Noncurrent liabilities				
Due within one year	20,681,610	-	20,681,610	19,230,000
Due in more than one year	289,557,498	-	289,557,498	287,045,771
Total liabilities	336,813,024	241,657	337,054,681	327,966,278
Deferred Inflows of Resources	77,798,308	-	77,798,308	67,172,681
Net Position (Deficit)				
Investment in capital assets	86,608	-	86,608	50,946
Restricted for				
Capital projects	60,440,156	-	60,440,156	49,356,393
Debt service	20,790,082	-	20,790,082	19,139,960
Housing program loans	-	4,872,097	4,872,097	4,514,278
Unrestricted (deficit)	(254,962,830)	-	(254,962,830)	(250,114,406)
Total net position (deficit)	\$ (173,645,984)	\$ 4,872,097	\$ (168,773,887)	\$ (177,052,829)

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

STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	\$ 3,568,197	\$ 2,482,549	\$ 6,050,746
Restricted cash and investments	107,720,540	-	107,720,540
Accounts receivable	3,630,229	16,769	3,646,998
Interest receivable	199,712	-	199,712
Due from the City and County of Denver	73,396,098	210,426	73,606,524
Prepaid items	45,713	-	45,713
Notes receivable (net of allowance of \$3,237,815)	2,459,949	-	2,459,949
Loans receivable (net of allowance of \$769,342)	-	1,919,498	1,919,498
Internal balances	38,024	(38,024)	-
Capital assets, net	50,946	-	50,946
Total assets	<u>191,109,408</u>	<u>4,591,218</u>	<u>195,700,626</u>
Deferred Outflows of Resources			
Deferred loss on refunding	22,385,504	-	22,385,504
	<u>22,385,504</u>	<u>-</u>	<u>22,385,504</u>
Liabilities			
Accrued liabilities	19,357,837	6,949	19,364,786
Accrued interest	1,216,015	-	1,216,015
Deposits	1,034,525	-	1,034,525
Due to the other governments	5,190	69,991	75,181
Noncurrent liabilities			
Due within one year	19,230,000	-	19,230,000
Due in more than one year	287,045,771	-	287,045,771
Total liabilities	<u>327,889,338</u>	<u>76,940</u>	<u>327,966,278</u>
Deferred Inflows of Resources			
	<u>67,172,681</u>	<u>-</u>	<u>67,172,681</u>
Net Position (Deficit)			
Investment in capital assets	50,946	-	50,946
Restricted for			
Capital projects	49,356,393	-	49,356,393
Debt service	19,139,960	-	19,139,960
Housing program loans	-	4,514,278	4,514,278
Unrestricted (deficit)	<u>(250,114,406)</u>	<u>-</u>	<u>(250,114,406)</u>
Total net position (deficit)	<u>\$ (181,567,107)</u>	<u>\$ 4,514,278</u>	<u>\$ (177,052,829)</u>

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

STATEMENTS OF FINANCIAL POSITION –
DENVER NEIGHBORHOOD REVITALIZATION, INC.

December 31, 2015 and 2014

	2015	2014
Assets		
Cash	\$ 761,722	\$ 1,177,350
Property held for resale	758,721	473,566
Prepaid items	4,860	7,141
Total assets	1,525,303	1,658,057
Liabilities		
Accounts payable	6,858	1,182
Accounts payable - related party	16,227	10,108
Total liabilities	23,085	11,290
Net Assets		
Unrestricted net assets	\$ 1,502,218	\$ 1,646,767

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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, 2015
(With Comparative Summarized Information
for the year ended December 31, 2014)

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental activities		
General government	\$ 5,013,264	\$ 93,699
Redevelopment projects	73,257,085	-
Interest expense	13,023,376	-
Total governmental activities	91,293,725	93,699
Business-type activities		
Loan programs	1,388,691	1,725,676
Total business-type activities	1,388,691	1,725,676
Total	\$ 92,682,416	\$ 1,819,375
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	
		2015	2014
\$ (4,919,565)	\$ -	\$ (4,919,565)	\$ (4,271,753)
(73,257,085)	-	(73,257,085)	(83,419,045)
(13,023,376)	-	(13,023,376)	(12,204,973)
<u>(91,200,026)</u>	<u>-</u>	<u>(91,200,026)</u>	<u>(99,895,771)</u>
<u>-</u>	<u>336,985</u>	<u>336,985</u>	<u>538,885</u>
<u>-</u>	<u>336,985</u>	<u>336,985</u>	<u>538,885</u>
<u>(91,200,026)</u>	<u>336,985</u>	<u>(90,863,041)</u>	<u>(99,356,886)</u>
96,102,687	-	96,102,687	92,520,151
145,110	20,834	165,944	157,773
2,873,352	-	2,873,352	2,433,195
<u>99,121,149</u>	<u>20,834</u>	<u>99,141,983</u>	<u>95,111,119</u>
7,921,123	357,819	8,278,942	(4,245,767)
<u>(181,567,107)</u>	<u>4,514,278</u>	<u>(177,052,829)</u>	<u>(172,807,062)</u>
<u>\$ (173,645,984)</u>	<u>\$ 4,872,097</u>	<u>\$ (168,773,887)</u>	<u>\$ (177,052,829)</u>

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- type Activities	Total Primary Government
\$ (4,271,753)	\$ -	\$ (4,271,753)
(83,419,045)	-	(83,419,045)
(12,204,973)	-	(12,204,973)
<u>(99,895,771)</u>	<u>-</u>	<u>(99,895,771)</u>
-	538,885	538,885
-	538,885	538,885
<u>(99,895,771)</u>	<u>538,885</u>	<u>(99,356,886)</u>
92,520,151	-	92,520,151
136,268	21,505	157,773
<u>2,433,195</u>	<u>-</u>	<u>2,433,195</u>
<u>95,089,614</u>	<u>21,505</u>	<u>95,111,119</u>
(4,806,157)	560,390	(4,245,767)
<u>(176,760,950)</u>	<u>3,953,888</u>	<u>(172,807,062)</u>
<u>\$ (181,567,107)</u>	<u>\$ 4,514,278</u>	<u>\$ (177,052,829)</u>

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, 2015 and 2014

	2015	2014
Operating revenues		
Other fee revenue	\$ 28,812	\$ 21,173
Total operating revenues	28,812	21,173
Operating expenses		
Service agreement expense	107,803	104,273
Loss on sale of property	47,713	138,087
Other expenses	18,285	25,196
Total operating expenses	173,801	267,556
Operating revenues over (under) operating expenses	(144,989)	(246,383)
Nonoperating revenues		
Investment income	440	1,380
Total nonoperating revenues	440	1,380
Decrease in net assets	(144,549)	(245,003)
Net assets - unrestricted, beginning of year	1,646,767	1,891,770
Net assets - unrestricted, end of year	\$ 1,502,218	\$ 1,646,767

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2015
(With Comparative Summarized Information as of December 31, 2014)

	General	Capital Projects	Debt Service	Total Governmental Funds	
				2015	2014
Assets					
Cash and investments	\$ 4,434,280	\$ -	\$ -	\$ 4,434,280	\$ 3,568,197
Restricted cash and investments	-	108,172,691	19,211,540	127,384,231	107,720,540
Accounts receivable	90,544	2,910,779	-	3,001,323	3,630,229
Interest receivable	-	55,317	-	55,317	-
Due from the City and County of Denver	12,055	82,699,622	957,407	83,669,084	73,396,098
Prepaid items	47,701	-	-	47,701	45,713
Advances to other funds	176,163	2,242,799	1,510,827	3,929,789	3,186,059
	<u>4,760,743</u>	<u>196,081,208</u>	<u>21,679,774</u>	<u>222,521,725</u>	<u>191,546,836</u>
Total assets	<u>\$ 4,760,743</u>	<u>\$ 196,081,208</u>	<u>\$ 21,679,774</u>	<u>\$ 222,521,725</u>	<u>\$ 191,546,836</u>
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	\$ 112,878	\$ 23,857,568	\$ 5,264	\$ 23,975,710	\$ 19,202,094
Deposits	-	1,087,566	-	1,087,566	1,034,525
Due to the City and County of Denver	-	-	-	-	5,190
Advances from other funds	2,242,799	1,651,788	-	3,894,587	3,148,035
	<u>2,355,677</u>	<u>26,596,922</u>	<u>5,264</u>	<u>28,957,863</u>	<u>23,389,844</u>
Total liabilities	<u>2,355,677</u>	<u>26,596,922</u>	<u>5,264</u>	<u>28,957,863</u>	<u>23,389,844</u>
Deferred inflows of resources					
	<u>-</u>	<u>76,913,880</u>	<u>884,428</u>	<u>77,798,308</u>	<u>67,172,681</u>
Fund balances					
Nonspendable - prepaid items	47,701	-	-	47,701	45,713
Restricted					
Capital projects	-	60,440,156	-	60,440,156	49,356,393
Debt service	-	-	20,790,082	20,790,082	19,139,960
Committed	-	32,130,250	-	32,130,250	30,082,892
Unassigned	2,357,365	-	-	2,357,365	2,359,353
	<u>2,405,066</u>	<u>92,570,406</u>	<u>20,790,082</u>	<u>115,765,554</u>	<u>100,984,311</u>
Total fund balances	<u>2,405,066</u>	<u>92,570,406</u>	<u>20,790,082</u>	<u>115,765,554</u>	<u>100,984,311</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,760,743</u>	<u>\$ 196,081,208</u>	<u>\$ 21,679,774</u>	<u>\$ 222,521,725</u>	<u>\$ 191,546,836</u>

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2014

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	\$ 3,568,197	\$ -	\$ -	\$ 3,568,197
Restricted cash and investments	-	90,079,751	17,640,789	107,720,540
Accounts receivable	217,968	3,412,261	-	3,630,229
County of Denver	16,164	72,492,113	887,821	73,396,098
Prepaid items	45,713	-	-	45,713
Advances to other funds	195,525	1,562,246	1,428,288	3,186,059
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,043,567</u>	<u>\$ 167,546,371</u>	<u>\$ 19,956,898</u>	<u>\$ 191,546,836</u>
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	\$ 71,065	\$ 19,131,029	\$ -	\$ 19,202,094
Deposits	-	1,034,525	-	1,034,525
Due to the City and County of Denver	5,190	-	-	5,190
Advances from other funds	1,562,246	1,585,789	-	3,148,035
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,638,501</u>	<u>21,751,343</u>	<u>-</u>	<u>23,389,844</u>
Deferred inflows of resources	<u>-</u>	<u>66,355,743</u>	<u>816,938</u>	<u>67,172,681</u>
Fund balances				
Nonspendable - prepaid items	45,713	-	-	45,713
Restricted				
Capital projects	-	49,356,393	-	49,356,393
Debt service	-	-	19,139,960	19,139,960
Committed	-	30,082,892	-	30,082,892
Unassigned	2,359,353	-	-	2,359,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,405,066</u>	<u>79,439,285</u>	<u>19,139,960</u>	<u>100,984,311</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,043,567</u>	<u>\$ 167,546,371</u>	<u>\$ 19,956,898</u>	<u>\$ 191,546,836</u>

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, 2015 and 2014

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

	2015	2014
Total fund balances - governmental funds	\$ 115,765,554	\$ 100,984,311
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,899,374	2,459,949
Interest receivable	16,033	199,712
Capital assets, net	86,608	50,946
Other long-term assets and deferred outflows are not available to pay for current-period expenditures and therefore are deferred in the funds		
Deferred loss on refundings	20,336,195	22,385,504
Long-term liabilities, including interest rate swap liability, bonds payable, notes payable, interest payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable, net	(305,286,258)	(301,322,921)
Notes payable	(4,952,850)	(4,952,850)
Accrued interest	(1,344,503)	(1,216,015)
Compensated absences	(166,137)	(155,743)
Net position (deficit) of governmental activities	\$ (173,645,984)	\$ (181,567,107)

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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, 2015
(With Comparative Summarized Information
for the year ended December 31, 2014)

	General	Capital Projects	Debt Service	Total Governmental Funds	
				2015	2014
Revenues					
Intergovernmental	\$ 93,699	\$ -	\$ -	\$ 93,699	\$ 108,228
Tax increment financing	-	94,832,656	1,270,031	96,102,687	92,520,151
Investment income	1,926	76,520	62,222	140,668	86,747
Other income	2,873,352	-	-	2,873,352	2,433,195
Total revenues	<u>2,968,977</u>	<u>94,909,176</u>	<u>1,332,253</u>	<u>99,210,406</u>	<u>95,148,321</u>
Expenditures					
Current					
Administration	3,302,476	-	87,900	3,390,376	2,943,656
Redevelopment projects	146,393	57,004,397	16,106,295	73,257,085	83,419,045
Bond Issuance Costs	-	-	618,703	618,703	1,282,730
Debt service					
Principal	-	-	96,335,000	96,335,000	19,812,757
Interest	-	-	13,106,146	13,106,146	12,294,066
Capital outlay	70,287	-	-	70,287	165,944
Total expenditures	<u>3,519,156</u>	<u>57,004,397</u>	<u>126,254,044</u>	<u>186,777,597</u>	<u>119,918,198</u>
Revenues over (under) expenditures	<u>(550,179)</u>	<u>37,904,779</u>	<u>(124,921,791)</u>	<u>(87,567,191)</u>	<u>(24,769,877)</u>
Other financing sources (uses)					
Transfers in	2,597,537	2,489,221	48,490,161	53,576,919	55,242,890
Transfers out	(2,047,358)	(51,029,907)	(499,654)	(53,576,919)	(55,242,890)
Bond proceeds	-	23,977,500	68,745,201	92,722,701	9,376,732
Refunding bonds issued	-	-	-	-	34,700,000
Premium on bond issuance	-	-	9,836,205	9,836,205	-
Proceeds from notes payable	-	-	-	-	130,264
Issuance of note receivable	-	(210,472)	-	(210,472)	(1,689,528)
Total other financing sources (uses)	<u>550,179</u>	<u>(24,773,658)</u>	<u>126,571,913</u>	<u>102,348,434</u>	<u>42,517,468</u>
Net change in fund balances	<u>-</u>	<u>13,131,121</u>	<u>1,650,122</u>	<u>14,781,243</u>	<u>17,747,591</u>
Fund balances, beginning of year	<u>2,405,066</u>	<u>79,439,285</u>	<u>19,139,960</u>	<u>100,984,311</u>	<u>83,236,720</u>
Fund balances, end of year	<u>\$ 2,405,066</u>	<u>\$ 92,570,406</u>	<u>\$ 20,790,082</u>	<u>\$ 115,765,554</u>	<u>\$ 100,984,311</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS**

Year Ended December 31, 2014

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	\$ 108,228	\$ -	\$ -	\$ 108,228
Tax increment financing	-	91,465,266	1,054,885	92,520,151
Investment income	3,957	79,460	3,330	86,747
Other income	2,376,413	-	56,782	2,433,195
	<u>2,488,598</u>	<u>91,544,726</u>	<u>1,114,997</u>	<u>95,148,321</u>
Total revenues				
Expenditures				
Current				
Administration	2,924,436	-	19,220	2,943,656
Redevelopment projects	452,470	64,248,559	18,718,016	83,419,045
Bond Issuance Costs	-	-	1,282,730	1,282,730
Debt service				
Principal	-	-	19,812,757	19,812,757
Interest	-	-	12,294,066	12,294,066
Capital outlay	165,944	-	-	165,944
	<u>3,542,850</u>	<u>64,248,559</u>	<u>52,126,789</u>	<u>119,918,198</u>
Total expenditures				
Revenues over (under) expenditures	<u>(1,054,252)</u>	<u>27,296,167</u>	<u>(51,011,792)</u>	<u>(24,769,877)</u>
Other financing sources (uses)				
Transfers in	2,421,057	5,630,355	47,191,478	55,242,890
Transfers out	(1,366,805)	(49,554,744)	(4,321,341)	(55,242,890)
Bond proceeds	-	-	9,376,732	9,376,732
Refunding bonds issued	-	34,700,000	-	34,700,000
Proceeds from notes payable	-	130,264	-	130,264
Issuance of note receivable	-	(1,689,528)	-	(1,689,528)
	<u>1,054,252</u>	<u>(10,783,653)</u>	<u>52,246,869</u>	<u>42,517,468</u>
Total other financing sources (uses)				
Net change in fund balances	-	16,512,514	1,235,077	17,747,591
Fund balances, beginning of year	<u>2,405,066</u>	<u>62,926,771</u>	<u>17,904,883</u>	<u>83,236,720</u>
Fund balances, end of year	<u><u>\$ 2,405,066</u></u>	<u><u>\$ 79,439,285</u></u>	<u><u>\$ 19,139,960</u></u>	<u><u>\$ 100,984,311</u></u>

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, 2015 and 2014

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

	<u>2015</u>	<u>2014</u>
Net change in fund balances, total governmental funds	\$ 14,781,243	\$ 17,747,591
Repayment of bond principal and note principal are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statements of net position		
Repayment of bond principal	96,335,000	19,812,757
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	(128,488)	(100,606)
Change in compensated absences	(10,427)	(26,105)
Amortization of loss on refundings	(2,049,310)	(2,049,310)
Amortization of bond premium	2,260,568	2,239,009
Depreciation on capital assets	(16,316)	(10,377)
Loss on forgiveness of note receivable	(959,133)	-
Some expenses reporting in the fund statements are capitalized in the statements of net position and therefore do not result in expenses in the statements of activities		
Capital outlay capitalized in statements of net position	51,978	48,831
Some revenues reported in the statements of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds		
Interest revenue	4,442	49,521
The outflow of the issuance of notes receivables and the proceeds of repayments of notes receivables are other financing sources and uses in the governmental funds, but do not affect the statements of activities		
Issuance of notes receivable	210,472	1,689,528
Proceeds from the issuance of bonds, payments to escrow agent, and related costs are other financing sources and uses/expenditures in the governmental funds, but are long-term liabilities and assets in the statements of net position and do not affect the statements of activities		
Bond proceeds	(92,722,701)	(44,076,732)
Premium on bonds issued	(9,836,205)	-
Proceeds on notes payable and developers	-	(130,264)
Change in net position (deficit) of governmental activities	<u>\$ 7,921,123</u>	<u>\$ (4,806,157)</u>

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET POSITION – PROPRIETARY FUND
December 31, 2015 and 2014

	Total Enterprise Fund	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 3,134,169	\$ 2,482,549
Accounts receivable	39,099	16,769
Due from the City and County of Denver	223,856	210,426
Total current assets	3,397,124	2,709,744
Noncurrent assets		
Loans receivable (net of allowance of \$735,613 and \$769,342 for 2015 and 2014, respectively)	1,751,832	1,919,498
Total assets	5,148,956	4,629,242
Liabilities		
Current liabilities		
Accrued liabilities	9,848	6,949
Due to other governments	231,809	69,991
Total current liabilities	241,657	76,940
Noncurrent liabilities		
Advances from other funds	35,202	38,024
Total liabilities	276,859	114,964
Net Position		
Restricted - Housing program loans	\$ 4,872,097	\$ 4,514,278

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, 2015 and 2014

	Total Enterprise Fund	
	2015	2014
Operating revenues		
Contract revenue	\$ 754,864	\$ 1,195,691
Investment income	20,834	21,505
Other operating revenues	970,812	936,371
Total operating revenues	1,746,510	2,153,567
Operating expenses		
Programs	1,386,184	1,803,070
Bad debt expense (recovery)	2,507	(209,893)
Total operating expenses	1,388,691	1,593,177
Operating income (loss)	357,819	560,390
Transfers in	-	-
Change in net position	357,819	560,390
Net position, beginning of year	4,514,278	3,953,888
Net position, end of year	\$ 4,872,097	\$ 4,514,278

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

STATEMENTS OF CASH FLOWS – PROPRIETARY FUND

Years Ended December 31, 2015 and 2014

	Total Enterprise Fund	
	2015	2014
Cash flows from operating activities		
Cash received from loan payments, interest and other revenues	\$ 887,436	\$ 895,366
Cash received from contracts	741,436	1,251,637
Cash payments for loans and administration fees	(1,137,328)	(1,682,064)
Net cash provided by operating activities	491,544	464,939
Cash flows from noncapital financing activities		
Decrease (increase) in due to other governments	161,818	(97,009)
Advances from (repayments to) other funds	(2,821)	6,672
Net cash provided by (used in) noncapital financing activities	158,997	(90,337)
Cash flows from investing activities		
Cash received from investment income	1,079	1,338
Net increase in cash and cash equivalents	651,620	375,940
Cash and cash equivalents, beginning of year	2,482,549	2,106,609
Cash and cash equivalents, end of year	\$ 3,134,169	\$ 2,482,549
Reconciliation of operating loss to net cash used in operating activities		
Operating income	\$ 357,819	\$ 560,390
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense (recovery)	2,507	(209,893)
Investment income included in operating revenues	(1,079)	(1,338)
Changes in assets and liabilities		
Accounts receivable	(22,332)	2,846
Due from the City and County of Denver	(13,430)	55,947
Loans receivable	165,160	72,477
Accrued liabilities	2,899	(15,489)
Net cash provided by operating activities	\$ 491,544	\$ 464,940

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, 2015 and 2014

	2015	2014
Assets		
Taxes receivable	\$ 22,434,873	\$ 17,293,384
Total assets	\$ 22,434,873	\$ 17,293,384
Liabilities		
Due to other governments	\$ 22,434,873	\$ 17,293,384
Total liabilities	\$ 22,434,873	\$ 17,293,384

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity and Financial Statement Presentation

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

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

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

Discretely Presented Component Unit – Denver Neighborhood Revitalization, Inc.

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statements of net position and the statements of activities) report information on all of the activities of the Authority except fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus and Basis of Accounting

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

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

The General Fund is the Authority's primary operating fund. It accounts for and reports all financial resources of the Authority, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for and reports various costs, and the related tax revenue and other financial resources, including debt, received for urban renewal projects.

The Debt Service Fund accounts for and reports resources accumulated and payments made on long-term debt obligations of the Authority, including expenditures related to debt obligations.

The Authority also reports the following major proprietary fund:

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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.”

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources – A deferred inflow of resource is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resource is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statements of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred outflows of resources of the Authority for the years ended December 31, 2015 and 2014 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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

government-wide financial statements represents property taxes for which an enforceable legal claim to the assets exists, but for which the levy pertains to the subsequent year.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

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

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

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

Denver Urban Renewal Authority

(A Component Unit of the City and County of Denver)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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

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

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

Use of Estimates

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

Tax Increment Financing

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

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

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

Budgets

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

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Risk Management

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

Reclassifications

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

Note 2: Cash and Investments

A summary of cash and investments follows:

	2015	2014
Petty cash	\$ 300	\$ 300
Cash deposits	51,435,631	71,217,171
Investments	83,516,749	42,553,815
Total cash and investments	\$ 134,952,680	\$ 113,771,286

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

	2015	2014
Cash and investments	\$ 7,568,449	\$ 6,050,746
Restricted cash and investments	127,384,231	107,720,540
Total cash and investments	\$ 134,952,680	\$ 113,771,286

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, 2015 and 2014, 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

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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, 2015 and 2014, the Authority had deposits with financial institutions with a carrying amount of \$51,435,631 and \$71,217,171, respectively. The bank balances with the financial institutions were \$47,472,975 as of December 31, 2015 and \$71,356,523 as of December 31, 2014. Of these balances, \$750,000 and \$500,000 was covered by Federal Depository Insurance and \$46,722,975 for 2015 and \$70,856,523 for 2014 was covered by collateral held by authorized financial institutions in the Authority's name (PDPA).

Investments

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

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

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As of December 31, 2015 and 2014, the Authority has the following investments:

	2015		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
Money market funds	\$ 52,058,133	\$ 52,058,133	\$ -
Local government investment pool	694,834	694,834	-
U.S. Treasury Notes	24,590,893	114,695	24,476,198
Federal Agency Collateralized Mortgage Obligation	280,164	-	280,164
Federal Agency Bond/Note	2,846,517	859,916	1,986,601
Corporate Note	2,671,749	-	2,671,749
Bank Note	374,459	-	374,459
Total	\$ 83,516,749	\$ 53,727,578	\$ 29,789,171

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

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

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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, 2015 and 2014, the Authority had invested \$694,834 and \$693,615, respectively, in the Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLOTRUST is comprised of two funds: PRIME and PLUS+. COLOTRUST PRIME carries an AAAM from Standards and Poor's. COLOTRUST PLUS+ carries an AAAM rating from Standard and Poor's.

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/Note	AA+	Aaa
Corporate Notes	AA- to AAA	Aa3 to Aa1
Bank Note	AA-	A1

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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:

Security Type	Maximum Portfolio %	Maximum Issuer %	Maturity Restrictions	Rating Restrictions
U.S. Treasuries	100%	100%	5 years	N/A
Federal Agencies and Instrumentalities	75%	25%	5 years	AA by 2 NRSROs
Municipal Bonds of a Colorado Issuer	25%*	5%*	5 years	A by 2 NRSROs
Municipal Bonds of a Non-Colorado Issuer	25%*	5%*	5 years	AA by 2 NRSROs
Municipal Bonds, School District Certificates of Participation	25%*	5%*	5 years	A by 2 NRSROs
Municipal Bonds, Short-term	25%*	5%*	5 years	A-1 or MIG 1 by 1 NRSRO
Pre-Refunded Municipal Bonds	40%	5%	5 years	AA- by 2 NRSROs
Corporate Bonds	30%	3%	3 years	AA- by 1 NRSRO
Commercial Paper	40%	3%	270 days	A-1/P1/F1 by 1 NRSRO
Time Deposit/CD	10%	3%	1 year	AA by 1 NRSRO
Banker Acceptances	30%	3%	1 year	AA by 1 NRSRO
Repurchase Agreements	40%	10%	90 days	A-1/P1/F1
Money Market Funds	100%	100%	N/A	AAAm
Local Government Investment Pools	100%	100%	N/A	AAAm

The Authority does not hold any investment with a single issuer greater than 5%. Investments and U.S. Treasuries are exempt from this disclosure.

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Restricted Cash and Investments

At December 31, 2015 and 2014, the Authority had restricted cash and investments totaling \$127,384,231 and \$107,720,540, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements.

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:

2015				
Payable Fund				
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	-	\$ 140,961	\$ 35,202	\$ 176,163
Capital Projects Fund	2,242,799	-	-	2,242,799
Debt Service Fund	-	1,510,827	-	1,510,827
Total	\$ 2,242,799	\$ 1,651,788	\$ 35,202	\$ 3,929,789

2014				
Payable Fund				
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	\$ -	\$ 157,501	\$ 38,024	\$ 195,525
Capital Projects Fund	1,562,246	-	-	1,562,246
Debt Service Fund	-	1,428,288	-	1,428,288
Total	\$ 1,562,246	\$ 1,585,789	\$ 38,024	\$ 3,186,059

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

2015				
Transfers Out				
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	\$ -	\$ 2,539,746	\$ 57,791	\$ 2,597,537
Capital Projects Fund	2,047,358	-	441,863	2,489,221
Debt Service Fund	-	48,490,161	-	48,490,161
Total	\$ 2,047,358	\$ 51,029,907	\$ 499,654	\$ 53,576,919

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

Note 4: Notes Receivable

DBH, Ltd.

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

During 1993, the Authority sold certain portions of the Denver Dry Goods Building to DBH, Ltd. The sales price, \$2,225,000, was financed by the buyer in the form of a promissory note to the Authority. The Authority also received two additional notes receivable for expenditures to ready the building for use, one in the amount of \$437,815 and one in the amount of \$600,000 from DBH, Ltd. A payment of \$600,000 was received on one note during the year ended December 31, 2003,

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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, 2015 and 2014. Repayment of the notes is doubtful and the receivable amount has been fully allowed for in the financial statements.

Dahlia Square LLC

In 2008, the Authority, as lender, entered into a loan agreement for \$1,272,572 with Dahlia Square LLC, as borrower, for purposes of acquiring property in the North East Park Hill Urban Renewal Area. The loan is collateralized by the deed of trust on the property and matures on February 27, 2018 and the loan accrues simple interest beginning July 1, 2009 at 3% per annum, increasing to 4% per annum on July 1, 2010 and to 5% per annum on July 1, 2011 through final maturity. A payment was made by Dahlia Square LLC during 2010 and the loan balance at December 31, 2014 was \$770,421. This loan was assigned to the Mental Health Center of Denver in December 2013, with identical terms. During 2015, the balance of \$770,421 plus accrued interest of \$188,712 was forgiven by the Authority. The Authority recognized this total loss of \$959,133 on the statement of activities for the year ended December 31, 2015.

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 twenty-five years. The Authority shall apply 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 will first be applied to accrued interest and then to the loan balance. 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, 2015 and 2014 totaled \$1,899,374 and \$1,689,528, 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. In addition, the Authority administered programs which offered qualified first-time home buyers first and second mortgages to purchase qualifying residences. The loans were funded by the City, the U.S. Department of Housing and Urban Development (HUD) and other State and private sources.

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The major categories of loans are as follows:

Fully Amortized

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

The loans are payable in monthly installments. All loans are collateralized by the properties on which the money is loaned. The loans originated under these programs for the years ended December 31, 2015 and 2014 totaled \$282,193 and \$186,567, 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, 2015 and 2014:

Balance January 1, 2015	Additions	Payments/ Write-offs	Change in Allowance	Balance December 31, 2015
<u>\$ 1,919,498</u>	<u>\$ 282,193</u>	<u>\$ (483,588)</u>	<u>\$ 33,729</u>	<u>\$ 1,751,832</u>

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

Deferred Payment

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

New loans originated under these programs for the years ended December 31, 2015 and 2014 totaled \$858,837 and \$970,682, respectively. Deferred loans outstanding at December 31, 2015 and 2014 totaled \$26,136,340 and \$26,481,600, respectively. Because these amounts are payable only upon the conditions discussed above, they are not recorded in the financial statements.

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Note 6: Capital Assets

As of December 31, 2015 and 2014, capital assets of the Authority consisted of the following:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets being depreciated				
Computers and equipment	\$ 72,467	\$ 11,114	\$ -	\$ 83,581
Furniture and fixtures	13,267	40,864	-	54,131
Less: accumulated depreciation	(34,788)	(16,316)	-	(51,104)
Capital assets, net	<u>\$ 50,946</u>	<u>\$ 35,662</u>	<u>\$ -</u>	<u>\$ 86,608</u>
	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital assets being depreciated				
Computers and equipment	\$ 36,903	\$ 35,564	\$ -	\$ 72,467
Furniture and fixtures	-	13,267	-	13,267
Less: accumulated depreciation	(24,411)	(10,377)	-	(34,788)
Capital assets, net	<u>\$ 12,492</u>	<u>\$ 38,454</u>	<u>\$ -</u>	<u>\$ 50,946</u>

Depreciation expense of \$16,316 and \$10,377 for the years ended December 31, 2015 and 2014, 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 24 reimbursement projects (see Note 12 under reimbursement projects). Reimbursements to developers are payable solely from property and/or sales tax increment revenue generated by each project. Tax increment revenue is based on the project's current property value and retail sales performance. The projects financed through issuance of bonds currently outstanding are as follows:

Stapleton Project

The Stapleton project involves the redevelopment of the Stapleton Airport Area. This 7.5 square mile project, encompassing approximately 4,700 acres, is one of the largest infill developments in the nation. Generally, the project area consists of the land area south of 64th Avenue, east of Quebec Street, west of Havana, and north of Montview Boulevard. The 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

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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, 2015, there is approximately 2.4 million square feet of retail development in Stapleton, as well as 2.5 million of industrial/flex space. Office space totals 393,000 square feet at the project. The cumulative number of residential for sale units sold through December 31, 2015 was 6,769. Builders have purchased/taken title to 7,040 lots from the developer. There are also 1,473 apartment units built, with another 534 units under construction.

Highlands Garden Village

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

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

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

	2015	2014
Deferred outflows of resources		
Deferred loss on refundings	\$ 20,336,195	\$ 22,385,504
Total deferred outflows of resources	\$ 20,336,195	\$ 22,385,504
	2015	2014
Deferred inflows of resources		
Property taxes not yet received	\$ 77,798,308	\$ 67,172,681
Total deferred inflows of resources	\$ 77,798,308	\$ 67,172,681

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Note 9: Long-term Liabilities

The following is a summary of debt transactions of the Authority for the years ended December 31, 2015 and 2014:

	Balance 1/1/2015	Additions	Payments/ Reductions	Balance 12/31/2015	Due Within One Year
Bonds payable	\$ 276,811,930	\$ 92,722,701	\$ (96,335,000)	\$ 273,199,631	\$ 20,681,610
Premium on bonds payable	24,510,991	9,836,205	(2,260,569)	32,086,627	-
Notes payable	4,952,850	-	-	4,952,850	-
Compensated absences	155,743	117,137	(106,743)	166,137	-
Total	\$ 306,431,514	\$ 102,676,043	\$ (98,702,312)	\$ 310,405,245	\$ 20,681,610

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

The total additions and payments/reductions for bonds payable in the table above includes \$67,700,000 of additions and payments relating to the remarketing of the Stapleton 2010B-1 Bonds as described on page 64.

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, 2015 and 2014 to the principal and interest requirements of the Bonds for those periods is as follows:

	2015	2014
TIF revenues recognized, net of priority fees	\$ 65,842,868	\$ 63,231,565
Principal and interest requirements	32,544,134	32,106,822

The 2015 principal and interest shown above reflects only the required principal and interest payments on the bonds and does not include the additional principal and interest paid under the remarketing of the Stapleton 2010B-1 Bonds.

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Bonds Payable

Bonds payable as of December 31, 2015 are:

Tax Increment Revenue Bonds

	Balance 1/1/2015	Additions	Payments/ Reductions	Balance 12/31/2015	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.	\$ 81,340,000	\$ 67,700,000	\$ 81,340,000	\$ 67,700,000	\$ 6,180,000
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.	150,270,000	-	10,730,000	139,540,000	11,300,000
Stapleton Junior Subordinate Bonds Series 2013D-2 for the Stapleton Project. The bonds mature on December 1, 2025.	6,986,930	1,022,701	-	8,009,631	2,596,610
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. The interest rates on the loans are 4.101% and 4.189% and the loan matures on December 20, 2025.	36,000,000	24,000,000	3,600,000	56,400,000	350,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007, with interest at 5.25% until 2016 with variable interest rate thereafter. The bonds mature on December 1, 2023.	2,215,000	-	665,000	1,550,000	255,000
	<u>\$ 276,811,930</u>	<u>\$ 92,722,701</u>	<u>\$ 96,335,000</u>	<u>\$ 273,199,631</u>	<u>\$ 20,681,610</u>

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Tax Increment Revenue Bonds (continued)

Bonds payable as of December 31, 2014 are:

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

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Debt service requirements to maturity for the Bonds are as follows (using variable interest rates in effect as of December 31, 2015):

Year Ending December 31,	Principal	Interest	Total
2016	\$ 20,681,610	\$ 13,361,559	\$ 34,043,169
2017	25,485,224	12,777,910	38,263,134
2018	30,728,690	11,665,361	42,394,051
2019	26,909,107	9,393,809	36,302,916
2020	21,265,000	8,010,578	29,275,578
2021-2025	<u>148,130,000</u>	<u>23,915,159</u>	<u>172,045,159</u>
	<u>\$ 273,199,631</u>	<u>\$ 79,124,376</u>	<u>\$ 352,324,007</u>

Notes Payable

Notes payable activity for the years ended December 31, 2015 and 2014 consists of the following:

	Balance 1/1/2015	Additions	Payments/ Reductions	Balance 12/31/2015	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.	<u>\$ 4,952,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,952,850</u>	<u>\$ -</u>

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

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

Stapleton Obligations

On May 18, 2010, the Authority issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1, in the aggregate principal amount of \$100,740,000 (the Series 2010B-1 Bonds), pursuant to the Trust Indenture dated as of May 1, 2004 (the Stapleton Master Indenture) between the Authority and U.S. Bank National Association, as trustee (the Trustee), and the Series 2010B-1 Supplemental Indenture dated as of April 1, 2010 (the Series 2010B-1 Supplemental

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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.

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

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described under “*Investments*” in Note 2, were used to: (a) refund and redeem on April 1, 2013 the \$71,220,000 in principal amount of Authority’s Stapleton Senior Tax Increment Revenue Bonds, Series 2008A-1 (the Series 2008A-1 Bonds), that remained outstanding as of such date; (b) refund and redeem on April 1, 2013 the \$95,610,000 in principal amount of Authority’s Stapleton Senior Tax Increment Revenue Bonds, Series 2008A-2 (the Series 2008A-2 Bonds and, together with the Series 2008A-1 Bonds, the Refunded Bonds); (c) fund an account relating to the Series 2013A-1 Bonds of the reserve fund maintained for the Senior Bonds under the Stapleton Master Indenture in the amount of \$9,300,000; (d) pay the costs of terminating certain swap agreements relating to the Refunded Bonds and certain irrevocable letters of credit providing credit support for the Refunded Bonds; and (e) pay certain costs incurred by the Authority in connection with the issuance of the Series 2013A-1 Bonds. The cash flows that would have been required to service the 2008A-1 and 2008A-2 bonds was \$240,590,406 and the cash flows that are required to service the 2013A-1 bonds is \$224,667,806 for a cash flow savings of \$15,992,690. The present value of the savings, representing an economic gain on the refunding was \$12,539,210.

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

On July 8, 2013, the Authority and DPS entered into a Second Supplement to Amended and Restated Stapleton School Funding Agreement (the Second School Funding Agreement Supplement). Under the Second School Funding Agreement Supplement, DPS has agreed to advance up to \$81,799,825 to finance the construction of two additional schools at Stapleton. The Authority is obligated, subject to the terms and provisions of the Second School Funding Agreement Supplement and of the Stapleton Master Indenture, to repay DPS for the advances as provided in the Second School Funding Agreement Supplement. In connection with the execution of the Second School Funding Agreement Supplement, the Authority and the Trustee entered into a Series 2013D-2 DPS Junior Subordinate Bond Supplemental Trust Indenture dated as of July 8, 2013, pursuant to which this obligation is deemed to be a Junior Subordinate Bond of the Authority

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under the Stapleton Master Indenture. As of December 31, 2015 and 2014, the Authority has incurred \$8,009,631 and \$6,986,930 in advances under this agreement, respectively.

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

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

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

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

Note 10: Pension Plan

The Authority maintains a defined contribution pension plan organized in accordance with the provisions of Section 401(a) of the Internal Revenue Code. The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Commissioners. Employees with six consecutive months of service are required to contribute 5% of their compensation to the Plan. The Authority contributes 10% of their compensation to the Plan. Participants in the Plan are vested in the Authority's contribution as follows: 20% after one year of participation, 40% after two years of participation, and 100% after three years of participation. During the years ended December 31, 2015 and 2014, the Authority's contribution to the Plan totaled \$154,622 and \$128,195, respectively, and the employee contributions totaled \$77,311 and \$64,097, respectively, which are equal to the required contributions. There is no pension liability related to the plan for the year ended December 31, 2015.

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December 31, 2015 and 2014

Note 11: Lease Commitment

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

<u>Year Ending December 31,</u>	
2016	\$ 194,792
2017	199,042
2018	203,292
2019	207,542
2020	211,792
2021-2024	<u>685,667</u>
Total	<u><u>\$ 1,702,127</u></u>

Total rental expense under this lease for the years ended December 31, 2015 and 2014 was \$192,669 and \$183,380, 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, 2015 of \$2,553,862. 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.

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December 31, 2015 and 2014

Other

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

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

The Authority entered into a Cooperation Agreement with the City and County of Denver for the City to subordinate its retained portion of tax increment revenues generated in the Stapleton Urban Redevelopment Area to Stapleton project bond debt service. Under the agreement, the Authority has agreed to return to the City retained amounts not used for debt service in December of each year. In 2015 and 2014, the Authority returned \$15,059,655 and \$10,641,284 of retained amounts not used for debt service, respectively.

Reimbursement Projects

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Tax increment revenue received for Lowry is paid to the developer monthly for debt service payment on outstanding Lowry project bonds. As of December 31, 2015, the Authority has the following open Redevelopment Agreements:

	Unpaid Maximum Reimbursable Project Costs
Rio Grande	\$ 1,500,000
The Boston Lofts	944,495
The Bank Lofts	550,286
City Park South	352,261
The Pepsi Center	410,854
38th and York	3,564,000
The Point	814,828
Lowry	20,820,912
Executive Tower Inn	9,408,337
Alameda Square	8,290,892
Lowenstein Theater	704,820
DPS Stapleton School #1	2,500,000
South Broadway	8,228,472
Colorado National Bank	10,000,000
Marycrest	650,000
Tamarac Square	4,141,349
Source/Ironworks	669,030
9th & Colorado	2,280,302
Sloan's Block 7 West	3,377,146
Sloan's Block 7 East	1,650,000
2300 Welton	769,000
2460 Welton	1,350,000
2801 Welton	350,000
3330 Brighton Blvd	6,500,000
9th Avenue Denver Land	47,860,000
Total	\$ 137,686,984

The unpaid maximum reimbursable project costs only become a liability of the Authority once developer reimbursement requests are received and approved by the Authority and applicable incremental sales and property taxes are received by the Authority from the City. As of December 31, 2015 and 2014, \$1,819,604 and \$3,499,493, respectively, met this criteria and has been accrued in the Capital Projects Fund.

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

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NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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, 2015 were \$516,608, of which \$479,303 is attributable to deferred payment loans as discussed in Note 6.

Note 13: Tabor Amendment

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

Note 14: Adoption of Accounting Principle

For the year ended December 31, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB Statement No. 68*. GASB 68 was applicable to the disclosure of the Authority's defined contribution pension plan but did not result in the recognition of a net pension liability or have an impact on the Authority's net position for the year ended December 31, 2015.

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Supplementary Information

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Denver Urban Renewal Authority
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STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Write-offs	Balance December 31, 2015
Agency					
Assets					
Cash	\$ -	\$ 17,130,357	\$ (17,130,357)	\$ -	\$ -
Taxes receivable	17,293,384	22,271,846	(17,130,357)	-	22,434,873
Total assets	<u>\$ 17,293,384</u>	<u>\$ 39,402,203</u>	<u>\$ (34,260,714)</u>	<u>\$ -</u>	<u>\$ 22,434,873</u>
Liabilities					
Due to other governments	<u>\$ 17,293,384</u>	<u>\$ 22,271,846</u>	<u>\$ (17,130,357)</u>	<u>\$ -</u>	<u>\$ 22,434,873</u>
Total liabilities	<u>\$ 17,293,384</u>	<u>\$ 22,271,846</u>	<u>\$ (17,130,357)</u>	<u>\$ -</u>	<u>\$ 22,434,873</u>

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STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2014

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

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ANNUAL 15c2-12 DISCLOSURE

Year Ended December 31, 2015

	Stapleton 2013A-1		Stapleton 2010B-1		Highlands Garden Village 2007A	
Mill Levy						
General Fund, Denver	10.436		10.436		10.436	
Social Services	4.470		4.470		4.470	
Denver Schools/General Fund	38.780		38.780		38.780	
Denver Schools/Bond Fund	10.519		10.519		10.519	
Bond Sinking Fund, Denver	4.100		4.100		4.100	
Bond Interest, Denver	4.333		4.333		4.333	
Fire Pension Fund	1.568		1.568		1.568	
Urban Drainage/Flood Control	0.700		0.700		0.700	
Police Pension Fund	1.870		1.870		1.870	
Capital Improvement	2.720		2.720		2.720	
Capital Maintenance	2.542		2.542		2.542	
	82.038		82.038		82.038	
Property Tax Base Amount (Assessed Value)	39,948,498		-		2,047,894	
Sales Tax Base Amount (Revenue)	856,917		-		-	
Property Tax Increment Revenue	30,942,143		-		808,340	
Sales Tax Increment Revenue	19,012,236		-		461,691	
Debt Service Reserve Earnings	124,301		-		1,916	
Other Interest Earnings	-		-		-	
Net Revenues	50,078,680		-		1,271,947	
BONDS & PRIORITY EXPENSE						
Debt Service	18,243,500	(1)	8,397,500	(1)	357,527	
DURA Priority Fee	480,310		-		57,791	
Other Expenses	1,000,000		-		-	
Annual Coverage Ratio	2.66	(2)	1.82	(3)	3.06	(4)

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ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2015

NOTES:

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

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

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

The **Stapleton Senior Subordinate 2010 B-1 bonds** were issued May 2010. The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.

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

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

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

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

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

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

ANNUAL 15c2-12 DISCLOSURE

Year Ended December 31, 2014

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

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

NOTES:

- (1) The 2010 B-1 bonds were issued May 2010. The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.
The 2010 B-1 bonds defeased the remaining \$100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 Stapleton bonds are Subordinate to the 2013 A-1 Stapleton bonds with respect to collected property and sales taxes available for debt service, DURA priority fee and the Denver Public Schools reimbursement for Stapleton School #1 .
The 2013 A-1 bonds were issued March 2013. The 2013 A-1 Stapleton bonds are tax exempt and fixed rate.
The 2013 A-1 bonds defeased the 2008 A-1 and 2008 A-2 Stapleton bonds.
The 2013 A-1 Stapleton bonds are Senior to the 2010 B-1 Stapleton bonds with respect to collected property and sales taxes available for debt service.
- (2) The coverage ratio presented is calculated after payment of priority and other expenses.
- (3) The coverage ratio presented is calculated after payment of priority and other expenses and includes 2010B-1 and 2013 A-1 debt service payment.
- (4) The coverage ratio includes debt service payment, priority and other expenses.

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

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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, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through from the City and County of Denver:				
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201419658-00	\$ -	\$ 378,263
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201419595-00	-	250,000
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-201419596-00	-	180,000
Total 14.218			-	808,263
Home Investment Partnerships Program	14.239	OEDEV-201314419-00	-	22,919
Total 14.239			-	22,919
Total Department of Housing and Urban Development			-	831,182
<u>U.S. Environmental Protection Agency</u>				
Direct payments:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	146,393	146,393
Total 16.818			146,393	146,393
Total U.S. Environmental Protection Agency			146,393	146,393
Total Federal Awards			\$ 146,393	\$ 977,575

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, 2015

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, 2015. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Recycle Loans

Loans made from the recycled federal funding for the year ended December 31, 2015 total \$577,726. Recycled federal funding used for administrative costs for the year ended December 31, 2015, totaled \$249,491.

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

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of December 31, 2015, the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated April 26, 2016.

Internal Control Over Financial Reporting

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

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

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

Board of Commissioners
Denver Urban Renewal Authority

Compliance and Other Matters

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

We noted certain matters that we reported to the Authority's management in a separate letter dated April 26, 2016.

Purpose of this Report

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

BKD, LLP

Denver, Colorado
April 26, 2016

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

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited Denver Urban Renewal Authority's (the Authority), a component unit of the City and County of Denver, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Commissioners
Denver Urban Renewal Authority

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Denver, Colorado
April 26, 2016

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2015

7. The Organization's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grants/Entitlement Grants	14.218

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

9. The Organization qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2015

Section III – Federal Award Findings and Questioned Costs

Reference Number	Summary of Finding
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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, 2015

Reference Number	Summary of Finding	Status
2014-001	Reporting – We recommend that a detailed review of reports be performed by someone other than the preparer prior to reports being submitted. The detailed review should include agreeing amounts and other information reported to supporting records and documentation and reconciling the quarterly reports to the cash draw schedules. Evidence of this review should be maintained with the supporting documents used to prepare the report.	Implemented
2014-002	Reporting – We recommend that the Authority immediately register with the FSRS and report the obligation in accordance with the Transparency Act.	Implemented