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

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

December 31, 2011 and 2010

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2011 and 2010

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Supplementary Information

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April 26, 2012

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

This report consists of management's representations concerning the finances of 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, 2011 and 2010 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 unqualified opinion that the Authority's financial statements for the fiscal years ended December 31, 2011 and 2010 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 require 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 Denver Urban Renewal Authority (DURA) was created by ordinance of the City and County of Denver in 1958 under Colorado Urban Renewal Law which was enacted by the State Legislature in that same year. DURA is the redevelopment agency for the City and County of Denver, performing the traditional duties of an urban renewal authority – eliminating blight where it currently exists and helping prevent additional blight from developing. DURA also has responsibility for implementing two city housing rehabilitation programs 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., for implementation of the Neighborhood Stabilization Program as contracted with the City and County of Denver.

Housing Rehabilitation

The Authority has assisted over 16,492 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 $24,999 are available to help eligible homeowners make needed repairs and improvements to their homes. The program is designed to assist with major home renovations such as roofing, heating, electrical or plumbing that are necessary to make the home livable and safe.

For emergency situations, the Emergency Home Repair 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.

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

DURA 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 Denver Neighborhood Revitalization, Inc. (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 Area Median Income (AMI). The proceeds from the sales will be utilized to acquire additional foreclosed properties for purposes of resale under the program prior to the NSP deadline in March of 2013. DNRI also partners with Habitat for Humanity of Metro Denver to assist homeowners whose incomes are at or below 50% of the HUD AMI.

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, DURA 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 payments 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*, Authority liabilities normally exceed assets, thus resulting in a deficit in the Authority-wide statement of net assets. 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 eleven Commissioners is appointed by the Mayor and confirmed by Denver's City Council to oversee the Authority. The Executive Director is appointed by the Board and directs the Authority staff and its operations.

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

Respectfully submitted,

Tracy Huggins

Tracy Huggins, Executive Director

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Janet Colley, Financial Manager

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority, a component unit of the City and County of Denver, as of and for the years ended December 31, 2011 and 2010, which collectively comprise Denver Urban Renewal Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Denver Urban Renewal Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Commissioners
Denver Urban Renewal Authority

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2012, on our consideration of Denver Urban Renewal 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* and should be considered when assessing the results of our 2011 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 audits 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.

Our audits were conducted for the purposes of forming opinions on the financial statements that collectively comprise Denver Urban Renewal Authority's basic financial statements. The accompanying supplementary information, including the Annual 15c2-12 Disclosure and Statement of Changes in Assets and Liabilities – Agency Fund as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

BKD, LLP

April 13, 2012

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2011 and 2010

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, 2011 and 2010. 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 assets increased by $13,872,584, or 5.8%, over the course of this year's operations. Governmental activities represented $12,990,658 of the increase in net assets for 2011. This amount represents principally the portion of general revenues, in particular tax increment financing, which is not used to pay administration, redevelopment projects and debt service interest expense.

- The Authority retired $23,793,725 of previously outstanding bond debt in 2011. Additionally, the Authority issued $3,173,402 of Stapleton Series 2010 B-1 Junior Subordinate Bonds. Currently, the Authority's outstanding bond debt is $295,184,677.

- Business-type activities, which consist of the Authority's federally funded revolving rehabilitation loan program, reported an increase in net assets of $881,926 or 29.5%, from the prior year primarily due to a transfer of $950,000 from the Authority's general operating fund to its Housing program for ongoing and future program activity.

- Total fund balance in the general fund at December 31, 2011 remained relatively constant at $2,405,066, from the December 31, 2010 fund balance of $2,408,565. Of these amounts, $2,348,279 and $2,358,295 at December 31, 2011 and 2010, respectively, is unassigned and can be used for Authority administration.

- The capital projects fund reported a net decrease in fund balance of $5,770,803 from the prior year's fund balance due primarily to expenditures related to project draws for the Stapleton DPS School #3.

Denver Urban Renewal Authority
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2011 and 2010

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) Authority-wide (government-wide) financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. Notwithstanding the treatment of the Authority's audited financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP), the Authority is not a government and is not subject to the restrictions of the Taxpayer Bill of Rights, Article X, Section 20 of the Constitution of the State of Colorado.

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

DNRI was formed in 2009 and is a registered Colorado not-for-profit organization. DNRI was established to administer and execute the Neighborhood Stabilization Program. The program was awarded funding in 2009 by the City and County of Denver. The Authority has elected to present DNRI's financial statements as separate statements within the government-wide presentation.

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

The *Statement of Net Assets* reports all nonfiduciary financial and capital resources of the Authority. The Authority presents the statement in a format that displays *assets less liabilities equal net assets/(deficit).* The Authority's net assets display two components: restricted net assets and unrestricted net assets. Net 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 assets changed during the most recent fiscal year. All changes in net assets 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 loan program activity.

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

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

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

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

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

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

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

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*.

Denver Urban Renewal Authority
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2011 and 2010

Table 1 reflects the Authority's Net Assets (Deficit) as of December 31, 2011, 2010 and 2009:

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

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Current and other assets	$ 141,859	$ 150,218	$ 137,438	$ 4,102	$ 3,041	$ 3,389	$ 145,961	$ 153,259	$ 140,827
Total assets	141,859	150,218	137,438	4,102	3,041	3,389	145,961	153,259	140,827
Deferred Outflows	23,789	9,759	7,164	-	-	-	23,789	9,759	7,164
Other liabilities	295,787	297,882	311,767	232	53	243	296,019	297,935	312,010
Long-term liabilities	96,984	101,731	92,219	-	-	-	96,984	101,731	92,219
Total liabilities	392,771	399,613	403,986	232	53	243	393,003	399,666	404,229
Deferred Inflows	-	478	2,645	-	-	-	-	478	2,645
Restricted for									
Capital projects	14,484	21,850	15,779	-	-	-	14,484	21,850	15,779
Debt service	34,486	38,681	33,948	-	-	-	34,486	38,681	33,948
Housing program loans	-	-	-	3,870	2,988	3,146	3,870	2,988	3,146
Unrestricted (deficit)	(276,093)	(300,645)	(311,756)	-	-	-	(276,093)	(300,645)	(311,756)
Total net assets (deficit)	$ (227,123)	$ (240,114)	$ (262,029)	$ 3,870	$ 2,988	$ 3,146	$ (223,253)	$ (237,126)	$ (258,883)

Total government-wide liabilities exceeded total government-wide assets and deferred outflows of resources by $(223,253,354) (deficit) at the close of fiscal year 2011. The Authority's large deficit was caused by outstanding bond debt of $295,184,677. Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $(237,125,938) (deficit) at the close of fiscal year 2010. The Authority's 2010 large deficit was caused by outstanding bond debt of $315,805,000. Bond debt is serviced with tax increment receipts (incremental property and sales taxes) generated by redevelopment projects to provide financing (See Note 1, "Tax Increment Financing" in the financial statements that follow this analysis). Outstanding bond debt was used to finance redevelopment projects located in the City and County of Denver. Resulting assets are accounted for and capitalized by the developers and other beneficiaries, not by the Authority. Types of project costs paid by the Authority include, but were not limited to, capital costs for demolishing improvements, excavating, grading, landscaping and constructing improvements within the areas covered by Urban Renewal Plans.

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

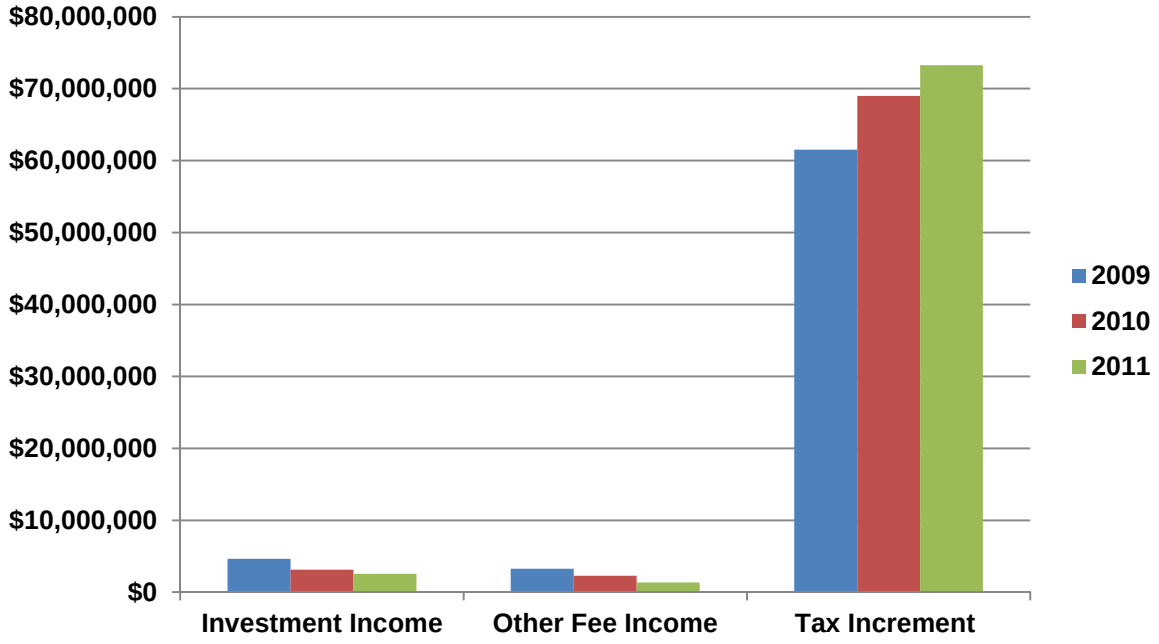
Table 2 reflects the Authority's Changes in Net Assets (Deficit) for the years ended December 31, 2011, 2010 and 2009:

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

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Revenues									
Intergovernmental - program	$ 57	$ -	$ 200	$ 1,448	$ 1,146	$ 1,500	$ 1,505	$ 1,146	$ 1,700
General revenues							-		
Tax increment financing	73,249	69,013	61,515	-	-	-	73,249	69,013	61,515
Investment income	2,573	3,155	3,781	33	36	38	2,606	3,191	3,819
Other income	2,227	2,268	3,047	-	-	-	2,227	2,268	3,047
Transfers	(950)	-	-	950	-	-	-	-	-
Total revenues	77,156	74,436	68,543	2,431	1,182	1,538	79,587	75,618	70,081
Expenses									
Administration	4,093	3,600	4,536	1,348	1,160	2,121	5,441	4,760	6,657
Other expenses	-	-	-	201	180	80	201	180	80
Redevelopment projects	40,973	29,398	24,711	-	-	-	40,973	29,398	24,711
Debt service							-		
Interest	19,099	19,523	21,388	-	-	-	19,099	19,523	21,388
Total expenses	64,165	52,521	50,635	1,549	1,340	2,201	65,714	53,861	52,836
Change in net assets	12,991	21,915	17,908	882	(158)	(663)	13,873	21,757	17,245
Net assets (deficit), beginning of year	(240,114)	(262,029)	(279,937)	2,988	3,146	3,809	(237,126)	(258,883)	(276,128)
Net assets (deficit), end of year	$ (227,123)	$ (240,114)	$ (262,029)	$ 3,870	$ 2,988	$ 3,146	$ (223,253)	$ (237,126)	$ (258,883)

Governmental activities increased the Authority's governmental activities net assets by $12,990,658, or 5.4%, in 2011, $21,914,899, or 8.4%, in 2010, and $17,908,627, or 6.4%, in 2009.

Revenue Governmental Activities



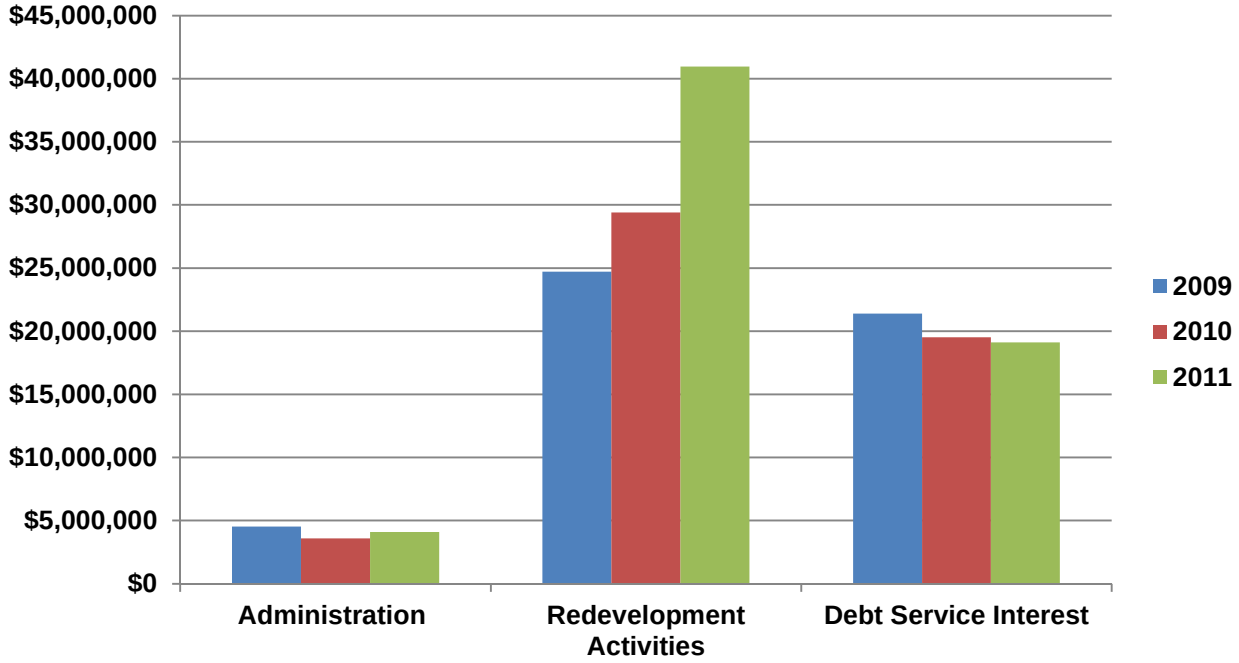
2011

- Total governmental activities revenues, excluding transfers, increased by $3,669,164, or 4.9%, from the prior year, primarily due to increased property tax receipts in the Stapleton and Downtown TIF areas.
- Tax increment financing, which represents 93.8% of total governmental activities revenues, increased from last year by $4,235,687, or 6.1%.
- Investment income represents 3.3% of total governmental activities revenues.
- Other income represents 2.9% of total governmental activities revenues.

2010

- Total governmental activities revenues increased by $5,892,577, or 8.6%, from the prior year, primarily due to increased property tax receipts in the Stapleton and Downtown TIF areas.
- Tax increment financing, which represents 92.7% of total governmental activities revenues, increased from last year by $7,497,762, or 12.2%.
- Investment income represents 4.2% of total governmental activities revenues.
- Other income represents 3.1% of total governmental activities revenues.

Expense Governmental Activities



2011

- Total governmental activities expenses of $64,164,623 increased by $11,643,405, or 22.2%, from last year. In 2011, the Authority's administration expenses reflected a $493,340, or 13.7% increase in operational costs.
- Increased expenses in 2011 redevelopment activities reflect early repayment of South Broadway and Stapleton TIF bonds. The increased expenses are directly related to increased tax increment receipts which were used to pay outstanding obligations in 2011.
- The decrease in debt service interest in 2011 reflects the benefit derived from earlier than scheduled bond repayment, the full year effect of refinancing the Stapleton Subordinate debt and subsequent lower interest rates.

2010

- Total governmental activities expenses of $52,521,218 increased by $1,886,305, or 3.7%, from last year. In 2010, the Authority's administration expenses reflected no new operational costs and a decrease of $936,245.
- Increased expenses in 2010 redevelopment activities reflect repayment of bond principal and payment of TIF reimbursement obligations.
- The decrease in debt service interest in 2010 reflects bond repayments, Stapleton Senior Subordinate bond refinancing and subsequent lower interest rates.

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 and its Skyline Funds. This proprietary activity is accounted for as business-type activity because the Authority has concluded that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Financial Analysis of the Authority's Funds

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

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

At the end of the current fiscal year, the Authority's governmental funds reported *combined fund balances* of $76,776,222 as compared to $86,745,459 in 2010 and $76,600,567 in 2009. This was a decrease of $9,969,237 in 2011 as compared to an increase of $10,144,892 in 2010 and $1,349,346 in 2009. $2,348,279, or 3.1%, of the 2011 combined fund balance constitutes *unassigned 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 2011, the *unassigned fund balance* of the general fund was $2,348,279, while total fund balance was $2,405,066. At December 31, 2011, $56,787 was nonspendable. At December 31, 2010 and 2009, unassigned fund balances were $2,358,295 and $2,359,225, respectively.

The *capital projects fund* is used to account for the disbursement of funds for various redevelopment project obligations. At December 31, 2011, the capital projects fund balance was $39,885,250, a net decrease of $5,770,803 during the fiscal year, due principally to expenditures and draws of project funds related to the Stapleton DPS School #3. At December 31, 2010 and 2009, fund balances were $45,656,053 and $40,243,891, respectively.

The *debt service fund* is used for the servicing of long-term debt. The debt service fund has an ending fund balance of $34,485,906 at December 31, 2011. The Authority's debt service fund balance was $38,680,841 in 2010. At December 31, 2009, fund balance was $33,948,111.

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 not subject to compliance testing in accordance with OMB Circular A-133 for the year ended December 31, 2011 because the Authority's total expenditures of federal funds were less than $500,000.

Fiduciary funds

The Authority, pursuant to the Stapleton Redevelopment Area Cooperation Agreement with the City and County of Denver 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 2011, an *agency fund* was used to account for the $11,741,546 of tax increment revenue that passed through the Authority to the districts. The amount of pass-through in 2010 was $11,241,469 and $8,334,154 in 2009.

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 2011, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Debt Administration

At December 31, 2011, the Authority had total bond debt outstanding of $295,184,677 as compared to $315,805,000 at the end of the prior year and $323,360,000 in 2009. 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.

Moody's Investors Service bond rating is A1/VMIG1 for the Downtown Denver bond series. The Stapleton Senior bonds are rated AA+/A-1+ by Standard & Poor's and AA-/F1+ by Fitch, Inc., with an underlying rating of BBB+ by Fitch, Inc. The Letter of Credit provider for the Stapleton Bonds, U.S. Bank National Association is rated A+/Stable by Standard & Poor's. All other Authority bonds are unrated. (See "Note 8" 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 35 days. For fiscal year ended December 31, 2011, the average yield on investments was .11%.

Economic Factors Impacting the Authority's Financial Position

At December 31, 2011, unassigned fund balance in the general fund was $2,348,279 and $2,358,295 in 2010. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2012 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. economy when projecting revenue growth in 2012. "As the national economy struggles out of the recession, so will Metro Denver's economy. Employment growth and other key economic indicators will slowly improve, but will largely hover around the national average." *Patty Silverstein, Chief Economist, Metro Denver Economic Development Corporation, 2012 Economic Forecast for Metro Denver,* www.metrodenver.org. The Authority understands that the current economic downturn will pose challenges for new and current redevelopment projects and its housing clients (See Note 11, "Current Economic Conditions" in the financial statements that follow this report).

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 ASSETS
December 31, 2011
(With Comparative Summarized Information as of December 31, 2010)

	Governmental Activities	Business-type Activities	Total Primary Government 2011	Total Primary Government 2010
Assets				
Cash and investments	$ 3,972,860	$ 1,193,238	$ 5,166,098	$ 4,058,176
Restricted cash and investments	72,179,545	-	72,179,545	80,908,561
Accounts receivable	234,370	38,596	272,966	332,605
Interest receivable	156,053	-	156,053	103,702
Due from the City and County of Denver	57,115,147	140,588	57,255,735	57,545,854
Prepaid items	56,787	-	56,787	50,270
Other assets	8,514	-	8,514	12,771
Notes receivable - Component Unit	1,672,230	-	1,672,230	515,778
Notes receivable (net of allowance of $3,237,815)	1,100,328	-	1,100,328	1,100,328
Loans receivable (net of allowance of $727,278 and $1,017,550 for 2011 and 2010, respectively)	-	2,738,546	2,738,546	2,660,496
Deferred charges, net	5,354,797	-	5,354,797	5,970,717
Internal balances	8,623	(8,623)	-	-
Total assets	141,859,254	4,102,345	145,961,599	153,259,258
Deferred Outflows				
Accumulated decrease in fair value of hedging derivatives	23,789,279	-	23,789,279	9,758,637
Liabilities				
Accrued liabilities	1,974,889	13,904	1,988,793	799,926
Accrued interest	417,017	-	417,017	462,901
Deposits	163,463	-	163,463	383,463
Due to the City and County of Denver	2,996,310	218,250	3,214,560	2,631,283
Deferred revenue	51,846,041	-	51,846,041	52,179,534
Interest rate swaps	41,523,071	-	41,523,071	28,942,605
Bonds with demand features (Note 8)	190,270,000	-	190,270,000	209,410,000
Noncurrent liabilities				
Due within one year	6,597,384	-	6,597,384	3,125,132
Due in more than one year	96,983,903	-	96,983,903	101,731,297
Total liabilities	392,772,078	232,154	393,004,232	399,666,141
Deferred Inflows				
Accumulated increase in fair value of hedging derivatives	-	-	-	477,692
Net Assets				
Restricted for				
Capital projects	14,484,261	-	14,484,261	21,850,087
Debt service	34,485,906	-	34,485,906	38,680,841
Housing program loans	-	3,870,191	3,870,191	2,988,265
Unrestricted (deficit)	(276,093,712)	-	(276,093,712)	(300,645,131)
Total net assets (deficit)	$ (227,123,545)	$ 3,870,191	$ (223,253,354)	$ (237,125,938)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET ASSETS
December 31, 2010

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	$ 3,700,004	$ 358,172	$ 4,058,176
Restricted cash and investments	80,908,561	-	80,908,561
Accounts receivable	309,277	23,328	332,605
Interest receivable	103,702	-	103,702
Due from the City and County of Denver	57,385,541	160,313	57,545,854
Prepaid items	50,270	-	50,270
Other assets	12,771	-	12,771
Notes receivable - Component Unit	515,778	-	515,778
Notes receivable (net of allowance of $3,237,815)	1,100,328	-	1,100,328
Loans receivable (net of allowance of $1,017,550)	-	2,660,496	2,660,496
Deferred charges, net	5,970,717	-	5,970,717
Internal balances	160,652	(160,652)	-
Total assets	150,217,601	3,041,657	153,259,258
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	9,758,637	-	9,758,637
Liabilities			
Accrued liabilities	746,534	53,392	799,926
Accrued interest	462,901	-	462,901
Deposits	383,463	-	383,463
Due to the City and County of Denver	2,631,283	-	2,631,283
Deferred revenue	52,179,534	-	52,179,534
Interest rate swaps	28,942,605	-	28,942,605
Bonds with demand features (Note 8)	209,410,000	-	209,410,000
Noncurrent liabilities			
Due within one year	3,125,132	-	3,125,132
Due in more than one year	101,731,297	-	101,731,297
Total liabilities	399,612,749	53,392	399,666,141
Deferred Inflows			
Accumulated increase in fair value of hedging derivatives	477,692	-	477,692
Net Assets			
Restricted for			
Capital projects	21,850,087	-	21,850,087
Debt service	38,680,841	-	38,680,841
Housing program loans	-	2,988,265	2,988,265
Unrestricted (deficit)	(300,645,131)	-	(300,645,131)
Total net assets (deficit)	$ (240,114,203)	$ 2,988,265	$ (237,125,938)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FINANCIAL POSITION –
DENVER NEIGHBORHOOD REVITALIZATION, INC.
December 31, 2011 and 2010

	2011	2010
Assets		
Cash	$ 2,580,141	$ 736,880
Accounts receivable	276,771	263,016
Interest receivable	-	353
Property held for resale	1,712,986	1,382,204
Prepaid items	5,646	9,295
Total assets	4,575,544	2,391,748
Liabilities		
Accounts payable	26,057	17,143
Accounts payable - related party	15,341	145,663
Advances from other government	533,750	1,823,087
Notes payable - Primary Government	1,672,230	515,778
Total liabilities	2,247,378	2,501,671
Net Assets (Deficit)		
Unrestricted net assets (deficit)	$ 2,328,166	$ (109,923)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011
(With Comparative Summarized Information for the year ended December 31, 2010)

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 4,093,099	$ 56,822
Redevelopment projects	40,972,964	-
Interest expense	19,098,560	-
Total governmental activities	64,164,623	56,822
Business-type activities		
Loan programs	1,549,871	1,448,549
Total business-type activities	1,549,871	1,448,549
Total	$ 65,714,494	$ 1,505,371
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Proceeds from developer		
Transfers		
Total general revenues		
Change in net assets		
Net assets (deficit), beginning of year		
Net assets (deficit), end of year		

Net (Expense) Revenue and Changes in Net Assets		Total Primary Government	
Governmental Activities	Business-type Activities	2011	2010
$ (4,036,277)	$ -	$ (4,036,277)	$ (3,599,759)
(40,972,964)	-	(40,972,964)	(29,398,182)
(19,098,560)	-	(19,098,560)	(19,523,277)
(64,107,801)	-	(64,107,801)	(52,521,218)
-	(101,322)	(101,322)	(194,348)
-	(101,322)	(101,322)	(194,348)
(64,107,801)	(101,322)	(64,209,123)	(52,715,566)
73,248,610	-	73,248,610	69,012,923
2,573,070	33,248	2,606,318	3,191,247
2,226,779	-	2,226,779	1,746,071
-	-	-	522,279
(950,000)	950,000	-	-
77,098,459	983,248	78,081,707	74,472,520
12,990,658	881,926	13,872,584	21,756,954
(240,114,203)	2,988,265	(237,125,938)	(258,882,892)
$ (227,123,545)	$ 3,870,191	$ (223,253,354)	$ (237,125,938)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 30, 2010

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 3,599,759	$ -
Redevelopment projects	29,398,182	-
Interest expense	19,523,277	-
Total governmental activities	52,521,218	-
Business-type activities		
Loan programs	1,340,379	1,146,031
Total business-type activities	1,340,379	1,146,031
Total	$ 53,861,597	$ 1,146,031
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Proceeds from developer		
Total general revenues		
Change in net assets		
Net assets (deficit), beginning of year		
Net assets (deficit), end of year		

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total Primary Government
$ (3,599,759)	$ -	$ (3,599,759)
(29,398,182)	-	(29,398,182)
(19,523,277)	-	(19,523,277)
(52,521,218)	-	(52,521,218)
-	(194,348)	(194,348)
-	(194,348)	(194,348)
(52,521,218)	(194,348)	(52,715,566)
69,012,923	-	69,012,923
3,154,844	36,403	3,191,247
1,746,071	-	1,746,071
522,279	-	522,279
74,436,117	36,403	74,472,520
21,914,899	(157,945)	21,756,954
(262,029,102)	3,146,210	(258,882,892)
$ (240,114,203)	$ 2,988,265	$ (237,125,938)

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, 2011 and 2010

	2011	2010
Operating revenues		
Forgiveness of advance - City and County of Denver	$ 3,178,543	$ 401,238
Developer fee revenue	432,713	240,425
Other	24,000	27,000
Total operating revenues	3,635,256	668,663
Operating expenses		
Service agreement expense	246,196	229,717
Loss on sale of property	915,688	401,238
Other expenses	40,768	68,035
Total operating expenses	1,202,652	698,990
Operating revenues over (under) operating expenses	2,432,604	(30,327)
Nonoperating revenues		
Investment income	5,485	5,657
Total nonoperating revenues	5,485	5,657
Increase (decrease) in net assets	2,438,089	(24,670)
Net deficit - unrestricted, beginning of year	(109,923)	(85,253)
Net assets (deficit) - unrestricted, end of year	$ 2,328,166	$ (109,923)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011
(With Comparative Summarized Information as of December 31, 2010)

	General	Capital Projects	Debt Service	Total Governmental Funds 2011	Total Governmental Funds 2010
Assets					
Cash and investments	$ 3,972,860	$ -	$ -	$ 3,972,860	$ 3,700,004
Restricted cash and investments	-	39,281,307	32,898,238	72,179,545	80,908,561
Accounts receivable	219,317	15,053	-	234,370	309,277
Interest receivable	-	-	69,708	69,708	62,748
Due from the City and County of Denver	24,285	45,861,208	11,229,654	57,115,147	57,385,541
Prepaid items	56,787	-	-	56,787	50,270
Advances to other funds	110,456	1,790,464	1,615,919	3,516,839	1,822,277
Total assets	$ 4,383,705	$ 86,948,032	$ 45,813,519	$ 137,145,256	$ 144,238,678
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	$ 163,175	$ 1,508,503	$ 183,326	$ 1,855,004	$ 637,314
Deposits	25,000	138,463	-	163,463	383,463
Due to the City and County of Denver	-	2,251,996	744,314	2,996,310	2,631,283
Advances from other funds	1,790,464	1,717,752	-	3,508,216	1,661,625
Deferred revenue	-	41,446,068	10,399,973	51,846,041	52,179,534
Total liabilities	1,978,639	47,062,782	11,327,613	60,369,034	57,493,219
Fund balances					
Nonspendable - prepaid items	56,787	-	-	56,787	50,270
Restricted					
Capital projects	-	14,484,261	-	14,484,261	21,850,087
Debt service	-	-	34,485,906	34,485,906	38,680,841
Committed	-	25,400,989	-	25,400,989	23,805,966
Unassigned	2,348,279	-	-	2,348,279	2,358,295
Total fund balances	2,405,066	39,885,250	34,485,906	76,776,222	86,745,459
Total liabilities and fund balances	$ 4,383,705	$ 86,948,032	$ 45,813,519	$ 137,145,256	$ 144,238,678

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$ 3,700,004	$ -	$ -	$ 3,700,004
Restricted cash and investments	-	42,538,244	38,370,317	80,908,561
Accounts receivable	288,088	21,189	-	309,277
Interest receivable	1,660	54	61,034	62,748
Due from the City and County of Denver	-	43,906,170	13,479,371	57,385,541
Prepaid items	50,270	-	-	50,270
Advances to other funds	202,606	1,476,238	143,433	1,822,277
Total assets	$ 4,242,628	$ 87,941,895	$ 52,054,155	$ 144,238,678
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	$ 82,825	$ 554,489	$ -	$ 637,314
Deposits	275,000	108,463	-	383,463
Due to the City and County of Denver	-	1,291,227	1,340,056	2,631,283
Advances from other funds	1,476,238	185,387	-	1,661,625
Deferred revenue	-	40,146,276	12,033,258	52,179,534
Total liabilities	1,834,063	42,285,842	13,373,314	57,493,219
Fund balances				
Nonspendable - prepaid items	50,270	-	-	50,270
Restricted				
Capital projects	-	21,850,087		21,850,087
Debt service	-	-	38,680,841	38,680,841
Committed	-	23,805,966	-	23,805,966
Unassigned	2,358,295	-	-	2,358,295
Total fund balances	2,408,565	45,656,053	38,680,841	86,745,459
Total liabilities and fund balances	$ 4,242,628	$ 87,941,895	$ 52,054,155	$ 144,238,678

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 ASSETS
December 31, 2011 and 2010

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

	2011	2010
Total fund balances - governmental funds	$ 76,776,222	$ 86,745,459
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,100,328	1,100,328
Notes receivable - Component Unit	1,672,230	515,778
Interest receivable	86,345	40,954
Other assets	8,514	12,771
Bond issuance costs, net of accumulated amortization, are deferred and reported in the statements of net assets but not in the funds	5,354,797	5,970,717
Other long-term assets and deferred outflows are not available to pay for current-period expenditures and therefore are deferred in the funds		
Accumulated decrease in fair value of hedging derivatives	23,789,279	9,758,637
Long-term liabilities and deferred inflows, 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		
Interest rate swap liability	(41,523,071)	(28,942,605)
Bonds payable, net	(293,622,810)	(313,664,247)
Notes payable	(228,477)	(602,182)
Interest payable	(417,017)	(462,901)
Compensated absences	(119,885)	(109,220)
Accumulated increase in fair value of hedging derivatives	-	(477,692)
Net assets (deficit) of governmental activities	$(227,123,545)	$(240,114,203)

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, 2011
(With Comparative Summarized Information for the year ended December 31, 2010)

	General	Capital Projects	Debt Service	Total Governmental Funds 2011	Total Governmental Funds 2010
Revenues					
Intergovernmental	$ 56,822	$ -	$ -	$ 56,822	$ -
Tax increment financing	-	56,548,174	16,700,436	73,248,610	69,012,923
Investment income	11,568	90,659	880,182	982,409	1,080,388
Other income	2,226,779	-	-	2,226,779	1,746,072
Total revenues	2,295,169	56,638,833	17,580,618	76,514,620	71,839,383
Expenditures					
Current					
Administration	2,958,274	-	503,982	3,462,256	3,063,110
Redevelopment projects	-	27,759,046	13,213,918	40,972,964	29,398,182
Bond issuance costs	-	-	-	-	1,381,407
Swap termination payment	-	-	382,600	382,600	-
Debt service					
Principal	-	373,704	23,793,725	24,167,429	17,136,994
Interest	-	25,969	18,539,589	18,565,558	20,354,340
Total expenditures	2,958,274	28,158,719	56,433,814	87,550,807	71,334,033
Revenues over (under) expenditures	(663,105)	28,480,114	(38,853,196)	(11,036,187)	505,350
Other financing sources (uses)					
Transfers in	2,254,629	2,175,031	34,134,877	38,564,537	34,580,954
Transfers out	(1,595,023)	(35,269,496)	(2,650,018)	(39,514,537)	(34,580,954)
Proceeds from developer	-	-	-	-	522,279
Bond proceeds	-	-	3,173,402	3,173,402	5,000,000
Refunding bonds issued	-	-	-	-	100,740,000
Premium on refunding bonds	-	-	-	-	3,543,349
Payments to refunded bond escrow agent and others	-	-	-	-	(99,320,401)
Proceeds from repayment of notes receivable	-	243,548	-	243,548	-
Issuance of note receivable	-	(1,400,000)	-	(1,400,000)	(845,685)
Total other financing sources (uses)	659,606	(34,250,917)	34,658,261	1,066,950	9,639,542
Net change in fund balances	(3,499)	(5,770,803)	(4,194,935)	(9,969,237)	10,144,892
Fund balances, beginning of year	2,408,565	45,656,053	38,680,841	86,745,459	76,600,567
Fund balances, end of year	$ 2,405,066	$ 39,885,250	$ 34,485,906	$ 76,776,222	$ 86,745,459

The accompanying notes are an integral part of these financial statements

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, 2010

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Tax increment financing	-	53,921,649	15,091,274	69,012,923
Investment income	22,608	150,206	907,574	1,080,388
Other income	1,746,072	-	-	1,746,072
Total revenues	1,768,680	54,071,855	15,998,848	71,839,383
Expenditures				
Current				
Administration	2,859,281	-	203,829	3,063,110
Redevelopment projects	-	22,035,448	7,362,734	29,398,182
Bond issuance costs	-	-	1,381,407	1,381,407
Debt service				
Principal	-	351,994	16,785,000	17,136,994
Interest	-	47,680	20,306,660	20,354,340
Total expenditures	2,859,281	22,435,122	46,039,630	71,334,033
Revenues over (under) expenditures	(1,090,601)	31,636,733	(30,040,782)	505,350
Other financing sources (uses)				
Transfers in	2,371,398	1,280,797	30,928,759	34,580,954
Transfers out	(1,280,797)	(32,181,962)	(1,118,195)	(34,580,954)
Proceeds from developer	-	522,279	-	522,279
Bond proceeds	-	5,000,000	-	5,000,000
Refunding bonds issued	-	-	100,740,000	100,740,000
Premium on refunding bonds	-	-	3,543,349	3,543,349
Payments to refunded bond escrow agent and others	-	-	(99,320,401)	(99,320,401)
Issuance of note receivable	-	(845,685)	-	(845,685)
Total other financing sources (uses)	1,090,601	(26,224,571)	34,773,512	9,639,542
Net change in fund balances	-	5,412,162	4,732,730	10,144,892
Fund balances, beginning of year	2,408,565	40,243,891	33,948,111	76,600,567
Fund balances, end of year	$ 2,408,565	$ 45,656,053	$ 38,680,841	$ 86,745,459

The accompanying notes are an integral part of these financial statements

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, 2011 and 2010

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

	2011	2010
Net change in fund balances, total governmental funds	$ (9,969,237)	$ 10,144,892
Repayment of bond principal and note principal are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statements of net assets		
Repayment of bond principal	23,793,725	16,785,000
Repayment of note principal	373,704	351,994
Bond issuance costs	-	1,381,407
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	45,884	1,134,504
Change in compensated absences	(10,665)	(23,254)
Amortization of loss on refundings	(815,109)	(421,553)
Amortization of bond issuance costs	(615,920)	(509,137)
Amortization of bond premium	236,223	118,112
Other changes in assets	(4,258)	(4,258)
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	45,391	21,865
Amortization of imputed debt - swap	1,927,870	2,052,590
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 note receivable	1,400,000	845,685
Proceeds from the repayment of notes receivable	(243,548)	-
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 assets and do not affect the statements of activities.		
Bond proceeds	(3,173,402)	-
Refunding bonds issued	-	(105,740,000)
Payments to refunding bond escrow agent and others	-	99,320,401
Premium on refunding bonds	-	(3,543,349)
Change in net assets of governmental activities	$ 12,990,658	$ 21,914,899

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET ASSETS - PROPRIETARY FUND
December 31, 2011 and 2010

	Total Enterprise Fund	
	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,193,238	$ 358,172
Accounts receivable	38,596	23,328
Due from the City and County of Denver	140,588	160,313
Total current assets	1,372,422	541,813
Noncurrent assets		
Loans receivable (net of allowance of $727,278 and $1,137,696 for 2011 and 2010, respectively)	2,738,546	2,660,496
Total assets	4,110,968	3,202,309
Liabilities		
Current liabilities		
Accrued liabilities	13,904	53,392
Due to the City and County of Denver	218,250	-
Total current liabilities	232,154	53,392
Noncurrent liabilities		
Advances from other funds	8,623	160,652
Total liabilities	240,777	214,044
Net Assets		
Restricted - Housing program loans	$ 3,870,191	$ 2,988,265

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
Years Ended December 31, 2011 and 2010

	Total Enterprise Fund	
	2011	2010
Operating revenues		
Contract revenue	$ 372,009	$ 713,280
Investment income	33,248	36,403
Other operating revenues	1,076,540	432,751
Total operating revenues	1,481,797	1,182,434
Operating expenses		
Programs	1,348,355	1,160,349
Bad debt expense	201,516	180,030
Total operating expenses	1,549,871	1,340,379
Operating loss	(68,074)	(157,945)
Transfers in	950,000	-
Change in net assets	881,926	(157,945)
Net assets, beginning of year	2,988,265	3,146,210
Net assets, end of year	$ 3,870,191	$ 2,988,265

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
Years Ended December 31, 2011 and 2010

	Total Enterprise Fund	
	2011	2010
Cash flows from operating activities		
Cash received from loan payments and other revenues	$ 948,684	$ 808,792
Cash received from contracts	391,734	599,965
Cash payments for loans and administration fees	(1,554,827)	(1,422,939)
Net cash used in operating activities	(214,409)	(14,182)
Cash flows from noncapital financing activities		
Due to the City and County of Denver	218,250	(204,912)
Advances from other funds	(152,029)	(33,063)
Transfer in	950,000	-
Net cash provided by (used in) noncapital financing activities	1,016,221	(237,975)
Cash flows from investing activities		
Cash received from investment income	33,254	36,397
Net increase (decrease) in cash and cash equivalents	835,066	(215,760)
Cash and cash equivalents, beginning of year	358,172	573,932
Cash and cash equivalents, end of year	$ 1,193,238	$ 358,172
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (68,074)	$ (157,945)
Adjustments to reconcile operating loss to net cash used in operating activities		
Bad debt expense	201,518	180,030
Investment income included in operating revenues	(33,254)	(36,397)
Changes in assets and liabilities		
Accounts receivable	(15,268)	34,881
Due from the City and County of Denver	19,725	(113,316)
Loans receivable	(279,568)	63,048
Accrued liabilities	(39,488)	15,517
Net cash used in operating activities	$ (214,409)	$ (14,182)

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, 2011 and 2010

	2011	2010
Assets		
Taxes receivable	$ 11,078,501	$ 12,341,244
Total assets	$ 11,078,501	$ 12,341,244
Liabilities		
Due to other governments	$ 11,078,501	$ 12,341,244
Total liabilities	$ 11,078,501	$ 12,341,244

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity and Financial Statement Presentation

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

The Authority is governed by an eleven-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, *The Financial Reporting Entity*. 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 DURA Board of Commissioners, subject to City Council approval, and DURA 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 Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, the Authority has elected to present DNRI's financial statements as separate statements within the government-wide presentation.

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

Government-wide and Fund Financial Statements

The government-wide financial statements *(i.e.*, the statement of net assets and the statement 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 statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include governmental grants and payments made on loans. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

The Authority also reports the following major proprietary fund:

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

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

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

Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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 Revenue – Deferred revenue in the funds statements is comprised principally 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 period. Deferred revenue in the government-wide financial statements represents property taxes for which an enforceable legal claim to the assets exists but for which the levy pertains to the subsequent year.

Long-term Debt – In the government-wide financial statements, and for the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Bond premiums and discounts, as well as issuance costs, 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 Assets and Fund Balances – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are 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.

During the year ended December 31, 2011, the Authority adopted the requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) (see Note 2). In accordance with GASB 54 the Authority reports its fund balances based primarily on the extent to which it is bound to honor constraints. Fund balances consist of five categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable fund balances of the Authority include prepaid items.

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

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

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

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

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

Use of Estimates

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

Tax Increment Financing

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

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

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

Budgets

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

Risk Management

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

Reclassifications

Certain reclassifications have been made to the 2010 totals to conform with the 2011 presentation.

Note 2: Adoption of Accounting Principle

During the year ended December 31, 2011, The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (see Fund Balance in Note 1). GASB 54 requires the Authority to classify fund balances based primarily on the extent to which it is bound to honor constraints on how the funds can be spent. GASB 54 also clarifies the definitions of governmental fund types. Adoption of GASB 54 had no effect on beginning fund balances or change in fund balances. However, with the adoption of GASB 54, the fund balance categories of nonspendable, restricted, committed, assigned and unassigned, as applicable, are now presented. Fund balance classifications as of December 31, 2010 have been reclassified to conform to the requirements of GASB 54.

Note 3: Cash and Investments

A summary of cash and investments follows:

	2011	2010
Petty cash	$ 300	$ 300
Cash deposits	24,187,171	20,855,662
Investments	53,158,172	64,110,775
Total cash and investments	$ 77,345,643	$ 84,966,737

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

	2011	2010
Cash and investments	$ 5,166,098	$ 4,058,176
Restricted cash and investments	72,179,545	80,908,561
Total cash and investments	$ 77,345,643	$ 84,966,737

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, 2011 and 2010, 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. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Because the Authority's deposits are either insured by federal insurance or collateralized under 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, 2011 and 2010, the Authority had deposits with financial institutions with a carrying amount of $24,187,171 and $20,855,662, respectively. The bank balances with the financial institutions were $24,303,999 as of December 31, 2011 and $20,888,117 as of December 31, 2010. Of these balances, $500,000 was covered by Federal Depository Insurance and $23,803,999 for 2011 and $20,388,117 for 2010 was covered by collateral held by authorized escrow agents 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. Guaranteed investment contracts are exposed to custodial credit risk as of December 31, 2011. The Authority has no investment policy that addresses custodial credit risk.

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

As of December 31, 2011 and 2010, the Authority has the following investments:

	2011		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
Money market funds	$ 19,537,418	$ 19,537,418	$ -
Guaranteed investment contracts	18,000,000	-	18,000,000
Local government investment pool	15,620,754	15,620,754	-
Total	$ 53,158,172	$ 35,158,172	$ 18,000,000

	2010		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
Money market funds	$ 23,624,242	$ 23,624,242	$ -
Guaranteed investment contracts	24,882,596	-	24,882,596
Local government investment pool	15,603,937	15,603,937	-
Total	$ 64,110,775	$ 39,228,179	$ 24,882,596

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

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

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

At December 31, 2011 and 2010, the Authority had invested $15,620,754 and $15,603,937, 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, AAA/V1+ from Fitch and Aaa from Moody's.

The Authority is also invested in a guaranteed investment contract that pays a fixed rate of interest on the funds invested in certain bond reserve accounts under the Stapleton bonds. At December 31, 2011 and 2010, the Authority was invested in two separate agreements that pay a guaranteed rate of interest of 4.859% and 4.950%, respectively.

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

	2011	2010
Guaranteed investment contracts	33.86%	38.81%

Restricted Cash and Investments

At December 31, 2011 and 2010, the Authority had restricted cash and investments totaling $72,179,545 and $80,908,561, respectively, for debt service payments or reimbursements under certain redevelopment agreements.

Note 4: Interfund Balances and Transfers

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

Interfund advances between funds are as follows:

	2011			
	Payable Fund			
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	$ -	$ 101,833	$ 8,623	$ 110,456
Capital Projects Fund	1,790,464	-	-	1,790,464
Debt Service Fund	-	1,615,919	-	1,615,919
Total	$ 1,790,464	$ 1,717,752	$ 8,623	$ 3,516,839

	2010			
	Payable Fund			
Receivable Fund	General Fund	Capital Projects Fund	Enterprise Fund	Total
General Fund	$ -	$ 41,954	$ 160,652	$ 202,606
Capital Projects Fund	1,476,238	-	-	1,476,238
Debt Service Fund	-	143,433	-	143,433
Total	$ 1,476,238	$ 185,387	$ 160,652	$ 1,822,277

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.

	2011			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 1,134,619	$ 1,120,010	$ 2,254,629
Capital Projects Fund	1,595,023	-	580,008	2,175,031
Debt Service Fund	-	34,134,877	-	34,134,877
Enterprise Fund	-	-	950,000	950,000
Total	$ 1,595,023	$ 35,269,496	$ 2,650,018	$ 39,514,537

	2010			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 1,253,203	$ 1,118,195	$ 2,371,398
Capital Projects Fund	1,280,797	-	-	1,280,797
Debt Service Fund	-	30,928,759	-	30,928,759
Total	$ 1,280,797	$ 32,181,962	$ 1,118,195	$ 34,580,954

Note 5: Notes Receivable

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

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

Notes receivable from DBH, Ltd. totaled $3,237,815 as of December 31, 2011 and 2010. Repayment of the notes is doubtful and the receivable amount has been fully allowed for in the financial statements.

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 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, 2011 and 2010 is $770,421. At December 31, 2011 and 2010, the note had accrued $73,148 and $38,480 in interest, respectively.

In 2009, the Authority, as lender, entered into a loan agreement with Denver Neighborhood Revitalization, Inc. (DNRI), its discretely presented component unit, for $1,700,000 with $1,000,000 outstanding at December 31, 2009. The outstanding balance was repaid during 2010 and DNRI subsequently borrowed an additional $1,000,000 from the Authority. At December, 31, 2010 the loan balance was $515,778. In 2011, DNRI borrowed another $1,400,000 and made payments of $243,548, making the loan balance at December 31, 2011 $1,672,230. The note is due and payable on December 31, 2012, and bears no interest.

In 2010, the Authority, as lender, entered into a loan agreement with DSS Two Land Company LLC for $329,907 for purposes of acquiring property in the Dahlia Square Subdivision. The outstanding balance is $329,907 at December 31, 2011 and 2010. The note is due and payable on October 1, 2015, and accrues simple interest of 3% during year one, 4% during year two, and 5% during years three through five. At December 31, 2011, the note had accrued $13,196 in interest.

Note 6: Loans Receivable

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

The major categories of loans are as follows:

Fully Amortized

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

The loans are payable in monthly installments. All loans are collateralized by the properties on which the money is loaned. The loans originated under these programs for the years ended December 31, 2011 and 2010 totaled $163,320 and $175,290, 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, 2011 and 2010:

Balance January 1, 2011	Additions	Payments/ Write-offs	Change in Allowance	Balance December 31, 2011
$ 2,660,496	$ 163,320	$ (495,788)	$ 410,518	$ 2,738,546

Balance January 1, 2010	Additions	Payments/ Write-offs	Change in Allowance	Balance December 31, 2010
$ 2,903,574	$ 175,290	$ (298,222)	$ (120,146)	$ 2,660,496

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, 2011 and 2010 totaled $519,969 and $652,483, respectively. Deferred loans outstanding at December 31, 2011 and 2010 totaled $28,833,285 and $29,157,317, respectively. Because these amounts are payable only upon the conditions discussed above, they are not recorded in the financial statements.

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 six projects via the issuance of debt, of which three bond issues are currently outstanding. The Authority is currently financing 21 reimbursement projects (see note 11, 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 three projects financed through issuance of bonds currently outstanding are as follows:

Stapleton Project

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

A significant amount of development has occurred in the southern portion of the project and construction continues in the northern half of the project. The large regional retail center, Northfield Mall, opened during the fourth quarter of 2005 featuring Bass Pro Shops and Super Target. The second phase of the mall opened in October 2006 featuring a Macy's and Harkins Theaters, and the third phase opened in 2007 with a JC Penney's. There is approximately 1.1 million square feet of retail space at Northfield Mall. Retail space at Quebec Square is 761,000 square feet and 165,000 square feet at the Town Center. Office space totals 393,000 square feet at the project. The cumulative number of residential units sold through 2011 and 2010 were 5,002 and 4,595, respectively. A new interchange with Interstate 70 is open and enables continued development in the northern part of the project.

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.

Downtown Denver Bonds

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

Note 8: Long-term Liabilities

The following is a summary of debt transactions of the Authority for the years ended December 31, 2011 and 2010:

	Balance 1/1/2011	Additions	Payments/ Reductions	Balance 12/31/2011	Due Within One Year
Bonds payable	$ 315,805,000	$ 3,173,402	$ (23,793,725)	$ 295,184,677	$ 15,448,907 *
Premium on bonds payable	3,425,237	-	(236,223)	3,189,014	-
Deferred amount on refundings	(5,565,990)	-	815,109	(4,750,881)	-
Notes payable	602,182	-	(373,705)	228,477	228,477
Compensated absences	109,220	97,877	(87,212)	119,885	-
Total	$ 314,375,649	$ 3,271,279	$ (23,675,756)	$ 293,971,172	$ 15,677,384

* Includes bonds with demand features of $9,080,000

	Balance 1/1/2010	Additions	Payments/ Reductions	Balance 12/31/2010	Due Within One Year
Bonds payable	$ 323,360,000	$ 105,740,000	$ (113,295,000)	$ 315,805,000	$ 12,576,428 **
Premium on bonds payable	-	3,543,349	(118,112)	3,425,237	-
Deferred amount on refundings	(4,523,227)	(1,464,316)	421,553	(5,565,990)	-
Notes payable	954,176	-	(351,994)	602,182	373,704
Compensated absences	85,966	23,254	-	109,220	-
Total	$ 319,876,915	$ 107,842,287	$ (113,343,553)	$ 314,375,649	$ 12,950,132

** Includes bonds with demand features of $9,825,000

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

A comparison of TIF revenues pledged as collateral for the payment of Tax Increment Revenue Bonds (Bonds) recognized for the years ended December 31, 2011 and 2010 to the principal and interest requirements of the Bonds for those periods is as follows:

	2011	2010
TIF revenues recognized, net of priority fees	$ 47,627,654	$ 47,372,501
Principal and interest requirements	29,456,913	23,789,138
Swap settlement payments	8,923,994	10,364,165

Bonds Payable

Bonds payable as of December 31, 2011 are:

Tax Increment Revenue Bonds

	Balance 1/1/2011	Additions	Payments	Balance 12/31/2011	Due Within One Year
South Broadway/ Montgomery Ward Urban Renewal Project Series 2002, due in varying installments through 2015 with variable interest rates at a maximum of 12%. The interest rate at December 31, 2010 was 3.00%, maturing on December 1, 2015. Fully paid during the year ended December 31, 2011.	$ 1,715,000	$ -	$ 1,715,000	$ -	$ -
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-1 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was 0.12% and the bonds mature on December 1, 2025.	76,170,000	-	2,190,000	73,980,000 *	2,760,000
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-2 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was 0.12% and the bonds mature on December 1, 2025.	102,685,000	-	3,170,000	99,515,000 *	3,905,000

Bonds Payable

Tax Increment Revenue Bonds (continued)

	Balance 1/1/2011	Additions	Payments	Balance 12/31/2011		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.	97,455,000	-	2,365,000	95,090,000		3,805,000
Stapleton Junior Subordinate Build America Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds is 8.07% and the bonds mature on December 1, 2025.	5,000,000	-	2,053,725	2,946,275		1,133,406
Stapleton & School District No. 1 of the City and County of Denver Junior Subordinate Bonds Series 2010B-1, relating to the school funding of the Stapleton Project. The interest rate on the bonds is 5.25% and the bonds mature on December 1, 2014.	-	3,173,402	-	3,173,402		1,220,501
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006A (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was 1.00% and the bonds mature on September 1, 2017.	6,945,000	-	3,635,000	3,310,000	*	375,000
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006B (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was .75% and the bonds mature on September 1, 2017.	8,405,000	-	1,120,000	7,285,000	*	1,105,000

Bonds Payable

Tax Increment Revenue Bonds (continued)

	Balance 1/1/2011	Additions	Payments	Balance 12/31/2011	Due Within One Year
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006C (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was 1.00% and the bonds mature on September 1, 2017.	12,080,000	-	6,545,000	5,535,000 *	840,000
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006D (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2011 was 1.0% and the bonds mature on September 1, 2017.	1,410,000	-	765,000	645,000 *	95,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007, with fixed interest at 5.25% until 2016 with variable interest rate thereafter. The bonds mature on December 1, 2023.	3,940,000	-	235,000	3,705,000	210,000
	$ 315,805,000	$ 3,173,402	$ 23,793,725	$ 295,184,677	$ 15,448,907

Tax Increment Revenue Bonds (continued)

Bonds payable as of December 31, 2010 were:

	Balance 1/1/2010	Additions	Payments	Balance 12/31/2010		Due Within One Year
South Broadway/ Montgomery Ward Urban Renewal Project Series 2002, due in varying installments through 2015 with variable interest rates at a maximum of 12%. The interest rate at December 31, 2010 was 3.00%, maturing on December 1, 2015.	$ 3,195,000	$ -	$ 1,480,000	$ 1,715,000	*	$ 1,030,000
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-1 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was 0.34% and the bonds mature on December 1, 2025.	77,735,000	-	1,565,000	76,170,000	*	2,190,000
Stapleton Senior Tax Increment Revenue Bonds Series 2008A-2 for the Stapleton Project. The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was 0.34% and the bonds mature on December 1, 2025.	105,045,000	-	2,360,000	102,685,000	*	3,170,000

Tax Increment Revenue Bonds (continued)

	Balance 1/1/2010	Additions	Payments	Balance 12/31/2010		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.	-	100,740,000	3,285,000	97,455,000		2,365,000
Stapleton Junior Subordinate Build America Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds is 8.07% and the bonds mature on December 1, 2025.	-	5,000,000	-	5,000,000		206,428
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006A (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was 1.00% and the bonds mature on September 1, 2017.	8,885,000	-	1,940,000	6,945,000	*	645,000
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006B (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was .90% and the bonds mature on September 1, 2017.	9,995,000	-	1,590,000	8,405,000	*	1,070,000
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006C (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was 1.0% and the bonds mature on September 1, 2017.	16,015,000	-	3,935,000	12,080,000	*	1,540,000

Tax Increment Revenue Bonds (continued)

	Balance 1/1/2010	Additions	Payments	Balance 12/31/2010	Due Within One Year
Downtown Denver Urban Renewal Project Tax Increment Revenue Bonds, Series 2006D (Downtown Bonds). The bonds are variable rate with swap interest payments due the first business day of the month. The variable interest rate at December 31, 2010 was 1.0% and the bonds mature on September 1, 2017.	1,870,000	-	460,000	1,410,000 *	180,000
Highlands Garden Village Urban Renewal Project Tax Exempt Series 2007, with fixed interest at 5.25% until 2016 with variable interest rate thereafter. The bonds mature on December 1, 2023.	4,110,000	-	170,000	3,940,000	180,000
	$ 226,850,000	$ 105,740,000	$ 16,785,000	$ 315,805,000	$ 12,576,428

* Bonds with demand features - Included in balances above are $190,270,000 and $209,410,000 at December 31, 2011 and 2010, respectively, of tax increment revenue bonds that have certain demand features discussed below. The proceeds of these bonds were used to a) refund various bond issuances, b) establish a bond reserve fund in accordance with the bond agreements, and c) pay cost incurred to issue the bonds. The redemption schedule for these bonds is included in the debt services requirements schedule shown below.

The bonds are subject to tender on the demand of the holder at a price equal to the principal plus accrued interest upon delivery of an irrevocable notice of tender to the Remarketing Agent and the Tender Agent not less than seven days before the Optional Tender Date specified by the owner in such notice. Each series of bonds is required, with certain exceptions, to maintain a credit facility to provide security and liquidity during any period that the bonds bear a daily rate, weekly rate, unit pricing rate or a term rate. The Remarketing Agency agent is authorized to use its best efforts to sell the tendered bonds.

Under existing irrevocable letters of credit for each series of demand bonds, the trustee is entitled to draw an amount sufficient to pay the purchase price of the tendered bonds. The letters of credit expiration dates range from April 30, 2014 to September 30, 2014 and it is the intention of the Authority to further extend the applicable letters until the maturity of all the bonds. The letter of credit reimbursement agreements require the Authority to pay a fee ranging from 1.00% to 1.35% per annum of the undrawn stated amount of the letter of credit.

Because these bonds have not matured and are payable solely from future TIF revenues, they have not been included as liabilities in the balance sheets of the fund statements.

Debt service requirements to maturity for the Bonds are as follows (using variable interest rates in effect as of December 31, 2011):

Year Ending December 31,	Principal	Interest	Total
2012	$ 15,448,907	$ 5,244,112	$ 20,693,019
2013	17,690,262	4,895,959	22,586,221
2014	19,815,508	4,531,770	24,347,278
2015	16,625,000	4,157,860	20,782,860
2016	19,605,000	3,923,401	23,528,401
2017-2021	95,480,000	14,372,034	109,852,034
2022-2026	110,520,000	5,159,107	115,679,107
Total	$295,184,677	$ 42,284,243	$337,468,920

Notes Payable

Notes payable activity for the years ended at December 31, 2011 and 2010 consists of the following:

	Balance 1/1/2011	Additions	Payments	Balance 12/31/2011	Due Within One Year
Note payable to the City and County of Denver, for St. Luke's project, to be paid over a 15-year period, with interest accruing at a rate of 6% per annum. The maturity date is August 1, 2012.	$ 602,182	$ -	$ 373,705	$ 228,477	$ 228,477

	Balance 1/1/2010	Additions	Payments	Balance 12/31/2010	Due Within One Year
Note payable to the City and County of Denver, for St. Luke's project, to be paid over a 15-year period, with interest accruing at a rate of 6% per annum. The maturity date is August 1, 2012.	$ 954,176	$ -	$ 351,994	$ 602,182	$373,704

Debt service requirements to maturity for the note payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2012	$ 228,477	$ 4,760	$ 233,237
Total	$ 228,477	$ 4,760	$ 233,237

Refunded Bonds

On May 18, 2010, the Authority issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1, in the aggregate principal amount of $100,740,000 (the “Series 2010B-1 Bonds”), pursuant to the Trust Indenture dated as of May 1, 2004 (the “Stapleton Master Indenture”) between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the Series 2010B-1 Supplemental Indenture dated as of April 1, 2010 (the “Series 2010B-1 Supplemental Indenture”) between the Authority and the Trustee. Proceeds of the Series 2010B-1 Bonds were used to: (a) refund and redeem on May 18, 2010 the $96,510,000 in principal amount of Authority’s Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2004B-1 (the “Series 2004B-1 Bonds”), that remained outstanding as of such date; and (b) pay certain costs incurred by the Authority in connection with the issuance of the Series 2010B-1 Bonds, including without limitation the cost of reimbursing the Authority for the termination payment paid by the Authority in connection with the termination on March 9, 2010 on the Series 2008A-1 Lehman Swap Agreement. The reserve account for the Series 2010B-1 Bonds (the “Series 2010B-1

Reserve Account") was funded in the amount of $6,000,000 (the "Series 2010B-1 Reserve Requirement") from a transfer of the amount that had been held in the reserve account for the refunded Series 2004B-1 Bonds. In consideration of certain services provided by the Authority to the City within the Stapleton Urban Redevelopment Area pursuant to a Services Agreement dated as of April 1, 2010 (the "2010 City/Authority Services Agreement") between the City and the Authority, the City agreed that the City's Manager of Finance will submit a request for appropriation to the City Council of the City for the purpose of replenishing the Series 2010B-1 Reserve Account to the Series 2010B-1 Reserve Requirement following any draw thereon (payments by the City to the Authority of such appropriated amounts being referred to in the 2010 City/Authority Services Agreement as the "Supplemental Payments"). The Authority will be obligated, subject to the terms and provisions of the 2010 City/Authority Services Agreement and of the Stapleton Master Indenture, to reimburse the City for any Supplemental Payments. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation is deemed to be a Junior Bond of the Authority under the Stapleton Master Indenture.

In connection with the issuance of the Series 2010B-1 Bonds, the Authority entered into separate agreements dated as of April 1, 2010 with School District No. 1, in the City and County of Denver and State of Colorado ("Denver Public Schools"), and Forest City Stapleton, Inc. ("FCS") (the "2010 Supplemental Denver Public Schools Funding Agreement" and the "2010 FCS School Funding Agreement," respectively) for the purpose of accelerating the construction of the third DPS school at Stapleton. The Authority incurred $3,173,402 of debt relating to this funding during the year ended December 31, 2011, as shown in the bonds payable table.

Pursuant to the 2010 Supplemental Denver Public Schools (DPS) Funding Agreement, Denver Public Schools agreed to advance up to $7,000,000 to be applied to the construction of such school. The Authority is obligated, subject to the terms and provisions of the 2010 Supplemental Denver Public Schools Funding Agreement and of the Stapleton Master Indenture, to repay Denver Public Schools for such advances as provided in the 2010 Supplemental Denver Public Schools Funding Agreement and only upon the occurrence of specific events, including the submission and approval of construction costs and only as TIF revenue is available after the payment of other obligations. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation is deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. The Authority has not incurred any debt relating to this funding as of December 31, 2011.

Pursuant to the 2010 FCS School Funding Agreement, FCS agreed to advance up to $5,000,000 to be applied to the construction of such school. The Authority is obligated, subject to the terms and provisions of the 2010 FCS School Funding Agreement and of the Stapleton Master Indenture, to repay FCS for such advances as provided in the 2010 FCS School Funding Agreement and only upon the occurrence of specific events, including the submission and approval of construction costs and only as TIF revenue is available after the payment of other obligations. Pursuant to the Series 2010B-1 Supplemental Indenture, this obligation is deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture (the 2010 FCS Junior Subordinate Bond). The Authority has not incurred any debt relating to this funding as of December 31, 2011.

The Authority has designated the 2010 FCS Junior Subordinate Bond as a taxable Build America Bond as authorized by the American Recovery and Reinvestment Act of 2009 (the Recovery Act). As such, interest on the 2010 FCS Junior Subordinate Bond is not excludable from gross income for federal income tax purposes. Pursuant to the Recovery Act, the Authority will receive cash

subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2010 FCS Junior Subordinate Bond. According to the United States Treasury, its priority of making the cash subsidy payment is the same as its refunding of overpayments of tax.

The Internal Revenue Code of 1986 imposes requirements that the Authority must continue to meet on an ongoing basis in order to receive the cash subsidy payments. These requirements generally involve the way that proceeds of the 2010 FCS Junior Subordinate Bond must be invested and ultimately used, and the periodic submission of requests for payment. If the Authority does not meet these requirements, it is possible that the Authority may not receive the cash subsidy payments. Furthermore, in certain circumstances, the cash subsidy payments may be reduced (offset) by amounts determined by the United States Treasury to be applicable. For example, offsets may occur by reason of any past-due legally enforceable debt of the Authority to any federal agency. The amount of any such offsets is not predictable, but the Authority does not currently expect that any such offsets will apply to the subsidy payments the Authority expects to receive.

Swap Agreements

The Denver Urban Renewal Authority has entered into interest swap rate agreements in order to lock in interest rate savings and protect against rising interest rates. The swaps are all pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index. At December 31, 2011 and 2010, fixed payments to the counterparties ranged from 3.06% to 5.26%. The interest rate swaps have the effect of creating a synthetic interest rate on the bonds within the same range of 3.06% to 5.26%. All of the activity related to the swaps is recorded in the Authority's governmental activities.

Swap payments and associated debt. As of December 31, 2011, debt service requirements of the variable-rate debt under swap agreements and net swap payments using variable interest rates in effect at December 31, 2011, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending December 31,	Principal	Interest	Interest Rate Swaps, Net	Total
2012	$ 11,205,000	$ 372,182	$ 8,147,514	$ 19,724,696
2013	20,810,000	387,602	7,840,548	29,038,150
2014	9,580,000	183,078	6,872,897	16,635,975
2015	8,945,000	172,578	6,478,183	15,595,761
2016	9,605,000	157,523	5,917,723	15,680,246
2017-2021	56,065,000	575,706	21,589,446	78,230,152
2022-2025	74,060,000	216,198	8,081,679	82,357,877
Total	$ 190,270,000	$ 2,064,867	$ 64,927,990	$ 257,262,857

The fair value balances and notional amounts of the swaps outstanding at December 31, 2011 and 2010 and the changes in fair value of such swaps for the years then ended, are as follows:

Counterparty	Effective Date	Maturity Date	Notional Amount	Associated Debt Series	Payable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2011
2006 Swap Agreements								
Royal Bank of Canada	10/25/2006	9/1/2013	$ 16,775,000	2006A,B,C,D	3.816%	Deferred Outflow	$ (1,041,567)	$ (846,632)
2008A-1 and 2008 A-2 Swap Agreements								
Royal Bank of Canada	3/11/2010	12/1/2024	16,667,416	2008 A-1	3.059%	Deferred Outflow	1,168,731	(1,726,215)
Merrill Lynch	5/1/2007	12/1/2024	29,160,167	2008 A-1	5.259%	Deferred Inflow	303,824	(7,608,035)
						Deferred Outflow	2,105,620	-
						Investment Revenue	(694,486)	-
Bank of America	5/1/2007	12/1/2024	16,667,417	2008 A-1	5.259%	Deferred Inflow	173,868	(4,348,613)
						Deferred Outflow	1,203,336	-
						Investment Revenue	(396,966)	-
Merrill Lynch	6/1/2008	12/1/2025	111,000,000	2008 A-1, 2008 A-2	4.598%	Deferred Outflow	10,594,522	(26,993,576)
						Investment Revenue	(836,416)	-
Total			$ 190,270,000					$ (41,523,071)

Counterparty	Effective Date	Maturity Date	Notional Amount	Associated Debt Series	Payable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2010
2006 Swap Agreements								
Royal Bank of Canada	10/25/2006	9/1/2013	$ 30,760,000	2006A,B,C,D	3.816%	Deferred Outflow	$ (318,359)	$ (1,888,199)
2008A-1 and 2008 A-2 Swap Agreements								
Royal Bank of Canada	3/11/2010	12/1/2024	17,563,529	2008 A-1	3.059%	Deferred Outflow	557,484	(557,484)
Merrill Lynch	5/1/2007	12/1/2024	30,727,942	2008 A-1	5.259%	Deferred Inflow	931,738	(5,893,077)
						Investment Revenue	(717,253)	-
Bank of America	5/1/2007	12/1/2024	17,563,529	2008 A-1	5.259%	Deferred Inflow	530,866	(3,368,375)
						Investment Revenue	(409,979)	-
Merrill Lynch	6/1/2008	12/1/2025	113,000,000	2008 A-1, 2008 A-2	4.598%	Deferred Outflow	2,354,916	(17,235,470)
						Investment Revenue	(815,132)	-
Total			$ 209,615,000					$ (28,942,605)

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon

discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

The Authority had entered into three swap agreements with separate counterparties with respect to the Series 2004A-1 Stapleton Senior Bonds (the "Series 2004A-1 Swap Agreements"). The three Series 2004A-1 Swap Agreements had an aggregate notional amount equal to the aggregate outstanding principal amount of the Series 2004A-1 Bonds. The counterparties for the Series 2004A-1 Swap Agreements were Merrill Lynch Capital Services, Inc., Lehman Brothers Special Financing Inc. and Bank of America, N.A., respectively.

Upon the issuance of the Series 2008A-1 Bonds, the Series 2004A-1 Swap Agreements were re-designated by the Authority to relate to a $75,000,000 principal amount portion of the Series 2008A-1 Bonds (as used hereafter, the "Series 2008A-1 Swap Agreements"). The fixed rate payable by the Authority is set at 5.259%.

On September 16, 2008, Lehman Brothers Holdings Inc., the guarantor of the obligations of Lehman Brothers Special Financing Inc. ("LBSF") under the Series 2008A-1 Swap Agreement between the Authority and LBSF (the "Series 2008A-1 Lehman Swap Agreement"), filed for federal bankruptcy protection. Under the provisions of the Series 2008A-1 Lehman Swap Agreement, such filing constituted an Event of Default by LBSF. The Event of Default by LBSF gave the Authority the right, but not the obligation, to terminate the swap.

During the pendency of the LBSF bankruptcy, the Authority suspended making regularly-scheduled payments to LBSF under the Series 2008A-1 Lehman Swap Agreement, but collected and accounted for the amounts of such payments within the trust account from which such payments were previously paid, so as to make them available for payment upon any such termination.

On February 23, 2010, in anticipation of terminating the Series 2008A-1 Lehman Swap Agreement, the Authority paid to LBSF the accrued, suspended regularly-scheduled payments mentioned above, in the amount of $1,031,595, and on March 1, 2010, the Authority paid the regularly-scheduled payment for that date to LBSF. On March 9, 2010, the Authority and LBSF terminated the Series 2008A-1 Lehman Swap Agreement with the agreement that the Authority would pay the agreed-upon termination payment to LBSF. Such termination amount was immediately paid by the Authority from the Authority's Capital Projects fund. On May 18, 2010, the Authority's Debt Service fund reimbursed the Capital Projects fund for the agreed-upon termination payment from a portion of the proceeds of the Authority's Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1. This amount is included in the total outstanding principal of the 2010 B-1 bond issuance.

Simultaneously with the termination of the Series 2008A-1 Lehman Swap Agreement, the Authority and the Royal Bank of Canada entered into a replacement Series 2008A-1 Swap Agreement to maintain the interest rate hedge with respect to the portion of the Series 2008A-1 Bonds previously hedged by the Series 2008A-1 Lehman Swap Agreement. This swap agreement with the Royal Bank of Canada contains substantially identical terms to the terminated Series

2008A-1 Lehman Swap Agreement, except that the fixed rate payable by the Authority is set at 3.059%.

In 2005, the Authority entered into a swap agreement with Merrill Lynch Capital Services, Inc. with respect to the Series 2004B-1 Bonds. The notional amount of this swap agreement was $100,000,000, representing half of the then-outstanding $200,000,000 aggregate principal amount of the Series 2004B-1 Bonds. In connection with the refunding of $100,000,000 in principal amount of the Series 2004B-1 Bonds with the proceeds of the Series 2008A-2 Bonds, as described earlier, this swap agreement was amended to increase the notional amount to $113,900,000 and to adjust the fixed payment rate payable by the Authority to 4.598% to account for the change in cash flows from the original date of the swap agreement, and was re-designated by the Authority as relating to the Series 2008A-2 Bonds (and a portion of the Series 2008A-1 Bonds) and the regularly scheduled payments to be made thereunder were re-designated as Senior Obligations (as so amended, this swap agreement is referred to as the "Series 2008A-2 Swap Agreement"). The notional amount was increased to provide a hedge for the $4,000,000 in principal amount of the Series 2008A-1 Bonds unhedged by the Series 2008A-1 Swap, the $7,000,000 in principal amount of the Series 2008A-2 Bonds that would not have been hedged by the original $100,000,000 notional amount, and $2,900,000 in principal amount of the Series 2004B-1 Bonds remaining outstanding.

In September 2011, the Authority partially terminated the swap associated with the 2006 Downtown Bonds by paying a fee of $382,600 with the purpose of creating agreement between the notional amount of the swap and the outstanding balance on the bonds. At the time of the partial termination the outstanding balance on the bonds was $23,865,000 and the notional amount on the swap was $30,760,000. After the partial termination the outstanding balance on the bonds and the notional amount on the swap were equal at $23,865,000 and are in agreement at year end with both the notional amount of the swap and the outstanding balance of the bonds at $16,775,000. The Authority recorded a reduction in investment income (government-wide statements) and an expenditure (fund statements) for the termination fee.

Regularly-scheduled swap payments by the Authority under the Series 2008A-1 Swap Agreements and the 2008A-2 Swap Agreement are Senior Obligations under the Stapleton Master Indenture payable on parity with debt service on the Series 2008A-1 Bonds, the Series 2008A-2 Bonds and any additional Senior Bonds issued by the Authority under the Stapleton Master Indenture.

All termination payments payable by the Authority under the Series 2008A-1 Swap Agreements and the Series 2008A-2 Swap Agreement, other than termination payments resulting from a default by the counterparty under any of such agreements, are payable on a pro rata basis amongst themselves on a priority that is subordinate to that of required administrative costs of the trustee and the Authority's agents appointed pursuant to the Stapleton Master Indenture, any required rebate payments to the United States Treasury, debt service on Senior Bonds and Senior Subordinate Bonds, required deposits to the debt service reserve established for the Senior Bonds and that established for the Senior Subordinate Bonds, and payments of City Retained Taxes to the City. Such termination payments are payable by the Authority on a priority that is superior to that of payments of debt service on Junior Bonds and Junior Subordinate Bonds issued pursuant to the Stapleton Master Indenture. All termination payments payable by the Authority under the Series 2008A-1 Swap Agreements and the Series 2008A-2 Swap Agreement that result from a default by the counterparty, under the applicable swap agreement are payable on a pro rata basis amongst

themselves on a priority that is subordinate to all other payment priorities for the revenues subject to the Stapleton Master Indenture (other than deposits to the surplus fund created thereunder), including debt service on all bonds issued thereunder.

The following risks are generally associated with the swap agreements:

Credit Risk – All of the swap agreements described above rely on the performance of the respective swap counterparties. The Authority is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Authority. The Authority measures the extent of this risk based upon the credit ratings of each counterparty (or, with respect to a swap agreement for which the counterparty's payment obligations are guaranteed by another entity, the credit ratings of such guarantor) and the fair value of the swap agreement.

Under the Series 2008A-1 Swap Agreement and Series 2008A-2 Swap Agreement between the Authority and Merrill Lynch Capital Services, Inc., the payment obligations of Merrill Lynch Capital Services, Inc., are guaranteed by Merrill Lynch & Co., Inc. These swap agreements do not require Merrill Lynch Capital Services, Inc., or Merrill Lynch & Co., Inc., to maintain a specific rating. The Series 2008A-1 Swap Agreement between the Authority and Bank of America, N.A., will terminate if the long-term certificates of deposit of Bank of America, N.A., cease to be rated, on an unenhanced basis, at least Baa2 by Moody's, BBB by S&P, or BBB by Fitch, unless Bank of America, N.A., assigns its obligations under such swap agreement to a third-party acceptable to the Authority, or provides evidence of credit support for its obligations that is acceptable to the Authority, or posts collateral for its payment obligations thereunder in the amount required by the swap agreement. Such swap agreement will also terminate if any party providing such credit support to Bank of America, N.A., has outstanding unenhanced, unsubordinated indebtedness that ceases to be rated at least Aa3 by Moody's, AA- by S&P, or AA- by Fitch. The Series 2008A-1 Swap Agreement between the Authority and the Royal Bank of Canada (which replaced the terminated Series 2008A-1 Lehman Swap Agreement effective March 9, 2010) will terminate if the Royal Bank of Canada has one or more outstanding issues of rated unsecured, unenhanced senior debt and none of such issues has a rating of at least Baa2 by Moody's, BBB by S&P or an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties, unless the Royal Bank of Canada posts collateral in the amount required by the swap agreement.

The ratings of the counterparties or their current guarantors or other credit support providers for the 2008A-1 and 2008A-2 swap agreements as of December 31, 2011 and 2010 are as follows:

	2011		
	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Merrill Lynch Capital Services, Inc.	A	Baa1	A
Bank of America, N.A.	A+	A2	A
Royal Bank of Canada	AA-	Aa1	AA

	2010		
	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Merrill Lynch Capital Services, Inc.	A	A2	A+
Bank of America, N.A.	A	A2	A+
Royal Bank of Canada	AA-	Aa1	AA

As of December 31, 2011, there was no risk of loss as the fair values of the swap agreements are negative. However, a negative fair value results in a termination payment being owed by the Authority upon a termination, as described above with respect to the Series 2008A-1 Lehman Swap Agreement.

Termination Risk – Any party to any of the Series 2008A-1 Swap Agreements and the Series 2008A-2 Swap Agreement may terminate such swap agreement if the other party fails to perform as required by the terms of such swap agreement. Additionally, the Authority may optionally terminate any of such swap agreements at any time in its discretion, provided that if the Authority would be required to make a termination payment to the applicable counterparty upon such termination, the Authority may not optionally terminate unless it has sufficient funds available to make such payment.

Further, additional termination events specified in each of such swap agreements will cause such swap agreement to terminate, including events both within and outside the control of the Authority. Examples of such events include the failure of the Authority to meet certain rating requirements, as described above, and defaults by the Authority with respect to its bonds. If, at the time of termination, the applicable swap agreement has a negative fair value to the Authority, determined as provided in such swap agreement, the Authority will be liable to the applicable counterparty for a termination payment approximately equal to such fair value.

Additionally, if any of the Series 2008A-1 Swap Agreements or the Series 2008A-2 Swap Agreement is terminated and the related Series 2008A-1 Bonds or Series 2008A-2 Bonds, as applicable, are then in a variable rate mode, such bonds would no longer have the benefit of the interest rate risk hedge represented by such swap agreement. The Authority is not aware of any current circumstances that would lead to a termination event with respect to any of such swap agreements.

Basis Risk – Each of the Series 2008A-1 Swap Agreements and the Series 2008A-2 Swap Agreement provides for the applicable counterparty to pay variable payments to the Authority based on the SIFMA Municipal Swap Index (formerly the BMA Municipal Swap Index). To the extent that the rate produced by such index from time to time does not equal the interest rate on the associated Series 2008A-1 Bonds or Series 2008A-2 Bonds, as applicable, there will either be a net loss or net benefit to the Authority.

Interest Rate Risk – The Authority is exposed to interest rate risk in that as the SIFMA swap index decreases the Authority’s notes payment on the swap increases.

The Authority has further entered into a swap agreement with Royal Bank of Canada (the "Series 2006 Swap Agreement") with respect to the Tax Increment Revenue Refunding Bonds, *Downtown Denver Urban Renewal Project* Series *2006A, 2006B, 2006C, and 2006D* (the "Series 2006 Bonds"). Regularly-scheduled payments on the Series 2006 Swap Agreement commenced as of November 1, 2006.

Regularly-scheduled swap payments by the Authority under the Series 2006 Swap Agreement are secured under the Indenture of Trust relating to the Series 2006 Bonds on parity with payment of interest on the Series 2006 Bonds. All termination payments payable by the Authority under the Series 2006 Swap Agreement are payable by the Authority on a basis subordinate to payment of any debt service on the Series 2006 Bonds and any other amounts payable pursuant to the Indenture of Trust (provided the Authority has agreed to further subordinate payment of certain amounts which are subordinate to debt service) to which it is due to the payment of any termination payments, but only at the times and to the extent such amounts are payable pursuant to the Indenture of Trust.

The following risks are generally associated with the Series 2006 Swap Agreement:

Credit Risk – The Series 2006 Swap Agreement relies on the performance of the counterparty. The Authority is exposed to the risk of the counterparty being unable to fulfill its financial obligations to the Authority. The Authority measures the extent of this risk based upon the credit ratings of the counterparty and the value of the swap agreement. The Series 2006 Swap Agreement does not require the Authority's bonds or the counterparty to maintain a specific rating. The ratings of the counterparty as of December 31, 2011 and 2010 are as follows:

	2011		
	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Royal Bank of Canada	AA-	Aa1	AA

	2010		
	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
Royal Bank of Canada	AA-	Aa1	AA

Termination Risk – Any party to the Series 2006 Swap Agreement may terminate the swap agreement if the other party fails to perform as required by the terms of such swap agreement. Additionally, the Authority may optionally terminate the Series 2006 Swap Agreement at any time in its discretion, provided that if the Authority would be required to make a termination payment to the counterparty upon such termination, the Authority may not optionally terminate unless it has sufficient funds available to make such payment. Further, additional termination events specified in the Series 2006 Swap Agreement will cause the swap agreement to terminate, including events both within and outside the control of the Authority. An example of such an event is a default by the Authority with respect to the Series 2006 Bonds. If, at the time of termination, the Series 2006 Swap Agreement has a negative market value determined provided in the swap agreement, the Authority could be liable to the counterparty for a termination payment equal to such value. If the Series 2006 Swap Agreement is terminated, the Series 2006 Bonds bearing interest at a variable rate would either no longer be hedged with a synthetic fixed rate, or the nature of the basis risk associated with the swap agreement may change. The Authority is not aware of any current circumstances that would lead to a termination event with respect to the Series 2006 Swap Agreement.

Basis Risk – The Series 2006 Swap Agreement provides for the counterparty to pay variable payments to the Authority based on the SIFMA Municipal Swap Index. To the extent that the rate produced by such index from time to time does not equal the interest rate on the Series 2006 Bonds there will either be a net loss or net benefit to the Authority.

Interest Rate Risk – The Authority is exposed to interest rate risk in that as the SIFMA swap index decreases the Authority's notes payment on the swap increases.

Note 9: 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, 2011 and 2010, the Authority's contribution to the Plan totaled $141,268 and $146,250 and the employee contributions totaled $70,634 and $73,124, respectively, which are equal to the required contributions.

Note 10: Lease Commitment

The Authority's office space is leased under an agreement expiring on the last day of February 2014, unless terminated earlier pursuant to the terms of the lease. The Authority's commitment under the lease is as follows:

Year Ending December 31,	
2012	$ 169,292
2013	173,542
2014	29,042
Total	$ 371,876

Total rental expense under this lease for the years ended December 31, 2011 and 2010 was $209,668 and $216,640, respectively.

Note 11: Commitments and Contingencies

In connection with the Authority's development of the Denver Dry Building, the Authority has guaranteed certain loans made to the DBH, Ltd. by the Bank of Denver with an outstanding balance as of December 31, 2011 and 2010 of $2,746,697 and $2,784,053, respectively.

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 the DBH, Ltd. No amounts have been recorded as a liability in these financial statements as management believes the possibility of having to make payments under these guarantees is remote.

Contracts

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

Other

In 2008, the Lowry Economic Redevelopment Authority (LRA) refunded, paid and discharged the Series 2002 bonds and issued $65,000,000 of 2008A bonds. In accordance with the redeveloper agreement, the source of repayment for these bonds is tax increment revenue collected by the Authority and distributed to the LRA. The tax increment revenue is derived from the Lowry Urban

Renewal area for the portion of Lowry lying within Denver. However, these bonds do not constitute an obligation of the Denver Urban Renewal Authority and are not recorded as a liability in these financial statements. As part of the Lowry bond refinance in 2008, the LRA, City and County of Denver, and DURA agreed that 50% of the revenue available after annual debt service on the 2008A bonds be returned to DURA for financing supplemental projects at Lowry. During 2010, DURA approved two supplemental projects: a $2 million reimbursement obligation for the restoration and redevelopment of the Historic Hangar No. 2 at Lowry and a $4.4 million reimbursement obligation for Lowry Storm Sewer Projects.

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

The Denver Urban Renewal 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 2011 and 2010, the Authority returned $7,639,663 and $7,300,423 of retained amounts not used for debt service, respectively.

The Authority entered into a Cooperation Agreement with the City and County of Denver related to the South Broadway Urban Renewal Project to return to the City excess tax increment revenue not used for debt service. The calculation is performed each year in March at which time the funds are returned. The Authority has accrued as a liability to the City $891,848 and $1,273,269 for December 31, 2011 and 2010, 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 five to twenty-five years.

Tax increment revenue received for Lowry is paid to the developer monthly for debt service payment on outstanding Lowry project bonds. As of December 31, 2011, the Authority has the following open redevelopment agreements:

	Unpaid Maximum Reimbursable Project Costs
Rio Grande Building	$ 1,500,000
The Boston Lofts	944,495
Holtze Executive Place	1,950,000
The Bank Lofts	809,948
City Park South	5,197,769
The Pepsi Center	11,984,060
Forney Museum/REI	259,124
St. Luke's	1,016,042
38th and York	3,564,000
Highland's Garden Village	924,839
The Point	1,167,087
Lowry	50,295,000
Lowry Hangar 2	550,275
Lowry Supplemental Projects	575,915
Executive Tower Inn	15,362,871
Alameda Square	7,690,892
Lowenstein Theater	2,424,955
DPS Stapleton School #1	6,500,000
DPS Stapleton School #3	1,615,059
South Broadway	665,730
Colorado National Bank	10,000,000
Total	$ 124,998,061

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, 2011 and 2010, $1,533,985 and $554,489, respectively, met this criteria and has been accrued in the Capital Projects fund.

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

Undisbursed Loan Commitments

The Authority has committed to fund loans during the year that were not fully disbursed as of year-end. The total undisbursed loan commitments as of December 31, 2011 and 2010 were $234,453,

of which $234,453, and $306,156, of which $301,652, is attributable to deferred payment loans as discussed in Note 6.

Current Economic Conditions

Modest employment growth has returned in Colorado, with the economy adding jobs during each of the past three months. Overall performance is expected to improve during 2012, while even stronger performance seems on tap during 2013. Such welcome growth follows the most painful Colorado Recession since the Great Depression.

Improving Colorado economic performance has resulted in part from a return of U.S. and global economic growth. The U.S. economy officially returned to growth in June 2009, following 18 months of serious recession. The global economy returned to growth later in 2009. Improving economic growth has led state tax revenues to improve, both in Colorado and across the nation. State tax revenues nationwide rose during the July-September 2010 period for the third consecutive quarter. However, such revenues still trail those of two years earlier. The state's recovery from its most painful and pervasive recession since the Great Depression continues to unfold, with net job gains expected in 2012. *Insight: Economic News of Colorado and the Nation, Colorado Economic Outlook, Winter 2011*.

Notwithstanding, the impact of the economic recovery on the Authority's future tax increment revenues (sales and property taxes) and the ability to borrowers to repay loans made by the Authority cannot be determined at this time.

Note 12: 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: Marian L. Olson v. City of Golden, et. al., 53 P.3d 747 (Co. App.), certiorari denied.

Note 13: Subsequent Event

On April 10, 2012, DNRI renegotiated its Neighborhood Stabilization Program (NSP) contracts with the City. Under the amended contracts, DNRI is no longer required to repay any unused funding to the City and is permitted to retain all revenues under the contracts. The amount previously recorded as advances from the City and County of Denver has been forgiven and recorded as revenue for the year ended December 31, 2011. Any advances received by DNRI under the NSP contract funded by the State of Colorado (the State) must still be remitted to the State upon the conclusion of the program in March 2013 and is shown as a liability on the DNRI statement of financial position as advances from other government.

Supplementary Information

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Write-offs	Balance December 31, 2011
Agency					
Assets					
Cash	$ -	$ 11,741,546	$ (11,741,546)	$ -	$ -
Taxes receivable	12,341,244	10,478,803	(11,741,546)	-	11,078,501
Total assets	$ 12,341,244	$ 22,220,349	$ (23,483,092)	$ -	$ 11,078,501
Liabilities					
Due to other governments	$ 12,341,244	$ 10,478,803	$ (11,741,546)	$ -	11,078,501
Total liabilities	$ 12,341,244	$ 10,478,803	$ (11,741,546)	$ -	$ 11,078,501

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Write-offs	Balance December 31, 2010
Agency					
Assets					
Cash	$ -	$ 11,246,860	$ (11,246,860)	$ -	$ -
Taxes receivable	11,068,705	12,514,008	(11,241,469)	-	12,341,244
Total assets	$ 11,068,705	$ 23,760,868	$ (22,488,329)	$ -	$ 12,341,244
Liabilities					
Due to other governments	$ 11,068,705	$ 12,514,008	$ (11,241,469)	$ -	$ 12,341,244
Total liabilities	$ 11,068,705	$ 12,514,008	$ (11,241,469)	$ -	$ 12,341,244

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2011

	Stapleton 2008A-1		Stapleton 2008A-2		Stapleton 2010B-1		Downtown Denver 2006A,B,C,D		Highlands Garden Village 2007A	
NET REVENUES										
Mill Levy										
General Fund, Denver	8.455		8.455		8.455		8.455		8.455	
Social Services	3.556		3.556		3.556		3.556		3.556	
Denver Schools/General Fund	33.172		33.172		33.172		33.172		33.172	
Denver Schools/Bond Fund	6.800		6.800		6.800		6.800		6.800	
Bond Sinking Fund, Denver	4.470		4.470		4.470		4.470		4.470	
Bond Interest, Denver	3.110		3.110		3.110		3.110		3.110	
Fire Pension Fund	1.317		1.317		1.317		1.317		1.317	
Urban Drainage/Flood Control	0.576		0.576		0.576		0.576		0.576	
Developmentally Disabled	1.019		1.019		1.019		1.019		1.019	
Police Pension Fund	1.572		1.572		1.572		1.572		1.572	
Capital Improvement	-		-		-		-		-	
Capital Maintenance	2.544		2.544		2.544		2.544		2.544	
	66.591		66.591		66.591		66.591		66.591	
Property Tax Base Amount	41,760,473		41,760,473		41,760,473		75,266,354		1,878,469	
Sales Tax Base Amount	856,917		(1)		(1)		912,632	(2)	-	
Collected Property Taxes	21,589,703		(1)		(1)		11,097,745	(3)	484,398	
Collected Sales Taxes	12,918,933		(1)		(1)		3,547,317	(2)	102,269	
Debt Service Reserve Earnings	578,217		(1)		293,931		1,028		99	
Other Interest Earnings	4,870		(1)		1,859		63		-	
Net Revenues	35,091,723		(1)		295,790		14,646,154	(4)	586,766	
BONDS & PRIORITY EXPENSE										
Debt Service	17,607,620		(1)		9,170,725		5,469,750	(4)	389,502	
DURA Priority and Other Expenses	1,426,994		(1)		(1)		877,219	(4)	57,791	
Annual Coverage Ratio	1.86	(5)	(1)		1.78	(5)	2.68	(6)	1.31	(5)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2011

NOTES:

(1) The 2004 A-1 and 2004 B-1 Stapleton bonds were issued May 2004.
The 2008 A-1 and A-2 Stapleton bonds were issued May 2008 and July 2008 respectively. The 2008 A-1 and A-2 Stapleton bonds are tax exempt and variable rate.
The 2008 A-1 bonds defeased the 2004 A-1 and the 2008 A-2 bonds defeased $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 bonds were issued May 2010. The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.
The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 Stapleton bonds are subordinate to the 2008 A-1 and A-2 Stapleton bonds with respect to collected property and sales taxes available for debt service, DURA priority fee and the Denver Public Schools reimbursement for Stapleton School #1 .

(2) Includes Lodgers' Taxes for the Adams Mark project.

(3) Includes payments in lieu of taxes for the Adams Mark project.

(4) The Downtown Denver Bond Series was issued October 25, 2006. The 2006A, B, C and D Bonds are tax-exempt and variable rate.
The Downtown Denver Bond Series defeased the Mercantile Square 1995A bonds, the Adams Mark 1996A and 1998A bonds, the Denver Pavilions 1997A, 2001B-1 and 2001B-2 bonds and the Denver Dry 2002A and 2002B bonds. The net revenues, debt service and expenses presented represent the combined total collected and paid in 2011 for the downtown project debt.

(5) The coverage ratio presented is calculated after debt service payment, priority and other expenses.

(6) Priority and other expenses are subordinate to the Downtown Denver bonds debt service. The coverage ratio presented is calculated after debt service payment only.

See Note 8 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, 2010

	South Broadway 2002		Stapleton 2008A-1		Stapleton 2008A-2		Stapleton 2010B-1		Downtown Denver 2006A,B,C,D		Highlands Garden Village 2007A	
NET REVENUES												
Mill Levy												
General Fund, Denver	5.867		5.867		5.867		5.867		5.867		5.867	
Social Services	3.394		3.394		3.394		3.394		3.394		3.394	
Denver Schools/General Fund	32.912		32.912		32.912		32.912		32.912		32.912	
Denver Schools/Bond Fund	6.350		6.350		6.350		6.350		6.350		6.350	
Bond Sinking Fund, Denver	4.470		4.470		4.470		4.470		4.470		4.470	
Bond Interest, Denver	3.110		3.110		3.110		3.110		3.110		3.110	
Fire Pension Fund	1.258		1.258		1.258		1.258		1.258		1.258	
Urban Drainage/Flood Control	0.569		0.569		0.569		0.569		0.569		0.569	
Developmentally Disabled	1.013		1.013		1.013		1.013		1.013		1.013	
Police Pension Fund	1.502		1.502		1.502		1.502		1.502		1.502	
Capital Improvement	2.170		2.170		2.170		2.170		2.170		2.170	
Capital Maintenance	2.524		2.524		2.524		2.524		2.524		2.524	
	65.139		65.139		65.139		65.139		65.139		65.139	
Property Tax Base Amount	8,655,144		41,760,473		41,760,473		41,760,473		71,799,327		1,878,469	
Sales Tax Base Amount	261,496		856,917		(2)		(2)		886,381	(1)	-	
Collected Property Taxes	1,198,498		20,912,111		(2)		(2)		8,397,305	(3)	457,999	
Collected Sales Taxes	1,836,094		12,403,412		(2)		(2)		3,508,448	(1)	82,638	
Debt Service Reserve Earnings	269		589,918		(2)		282,876		494		93	
Other Interest Earnings	331		25,355		(2)		62		854		49	
Net Revenues	3,035,192		33,930,796		(2)		282,937		11,907,101	(4)	540,780	
BONDS & PRIORITY EXPENSE												
Debt Service	1,117,078	(5)	16,190,671		(2)		9,238,429		4,350,242	(4)	388,275	
DURA Priority and Other Expenses	185,000		1,394,780		(2)		(2)		875,404	(4)	57,791	
Annual Coverage Ratio	2.72	(6)	1.95	(7)	(2)		1.80	(7)	2.74	(8)	1.21	(9)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2010

NOTES:

(1) Includes Lodgers' Taxes for the Adams Mark project.

(2) The 2004 A-1 and 2004 B-1 Stapleton bonds were issued May 2004.
The 2008 A-1 and A-2 Stapleton bonds were issued May 2008 and July 2008 respectively. The 2008 A-1 and A-2 Stapleton bonds are tax exempt and variable rate.
The 2008 A-1 bonds defeased the 2004 A-1 and the 2008 A-2 bonds defeased $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 bonds were issued May 2010. The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.
The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 Stapleton bonds are subordinate to the 2008 A-1 and A-2 Stapleton bonds with respect to collected property and sales taxes available for debt service, DURA priority fee and the Denver Public Schools reimbursement for Stapleton School #1 .

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(4) The Downtown Denver Bond Series was issued October 25, 2006. The 2006A, B, C and D Bonds are tax-exempt and variable rate.
The Downtown Denver Bond Series defeased the Mercantile Square 1995A bonds, the Adams Mark 1996A and 1998A bonds, the Denver Pavilions 1997A, 2001B-1 and 2001B-2 bonds and the Denver Dry 2002A and 2002B bonds. The net revenues, debt service and expenses presented represent the combined total collected and paid in 2010 for the downtown project debt.

(5) The 1992 South Broadway Bonds were refunded in full in July, 2002. The bonds were defeased and optionally redeemed on May 1, 2003. The 2002 South Broadway Bonds are tax exempt-variable rate.

(6) Priority and other expenses are subordinate to the South Broadway bonds debt service. The coverage ratio presented is calculated after debt service payment only.

(7) The coverage ratio presented is calculated after debt service payment, priority and other expenses.

(8) Priority and other expenses are subordinate to the Downtown Denver bonds debt service. The coverage ratio presented is calculated after debt service payment only.

(9) The coverage ratio presented is calculated after debt service payment, priority and other expenses.

See Note 8 to Financial Statements for principal amounts outstanding and final maturity dates.

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

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of and for the year ended December 31, 2011, which collectively comprise its basic financial statements and have issued our report thereon dated April 13, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board of Commissioners, management and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

April 13, 2012