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

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

December 31, 2020 and 2019

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
December 31, 2020 and 2019

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April 29, 2021

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

This report consists of management's representations concerning the finances of the Denver Urban Renewal Authority ("the Authority"). Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Authority 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 are 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.

BKD, LLP, Certified Public Accountants audited the Authority's financial statements. The goal of the independent audit is to provide reasonable assurance that the Authority's financial statements for the fiscal years ended December 31, 2020 and 2019 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there is a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal years ended December 31, 2020 and 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Authority

The City and County of Denver ("the City") created the Authority by ordinance in 1958 under Colorado Urban Renewal Law that was enacted by the State Legislature in the same year. The Authority is the redevelopment agency for the City, performing the traditional duties of an urban renewal authority – eliminating blight where it currently exists and helping prevent additional blight from developing. The Authority also has responsibility for implementing multiple housing rehabilitation programs designed to improve the quality of existing

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

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

Housing Rehabilitation

The Authority has assisted over 17,768 Denver residents renovate their homes or make emergency repairs. In 2020, 129 families were served across four DURA housing programs, and 16 of those families received assistance through multiple DURA programs.

Under the Single-Family Rehabilitation (SFR) Program, deferred and low-interest loans of up to $35,000 were available to help eligible homeowners make needed repairs and improvements to their homes. The program is designed to assist with major home repairs such as roofing, heating, electrical or plumbing that are necessary to make the home livable and safe.

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

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

The program terminated in early 2020. As a result, DURA did not originate any Denver Water loans in 2020.

In 2020, DURA continued its partnership with the City, through its Department of Public Health and Environment (DDPHE), to implement the Lead-Based Paint Hazard Control (LBPHC) Program, as part of an effort to improve the health, safety and living conditions of Denver residents. The LBPHC Program provides lead risk assessment and abatement services, free of charge, to low-income families in homes built prior to 1978 where children under age 6 reside or spend significant time. The LBPHC Program runs from 2018-2021, with an amended goal to abate lead in 50 Denver homes. This program officially terminates on January 31, 2021. Close-out work is expected to be completed by May 31, 2021.

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

Neighborhood Revitalization

In 2009, the Authority established DNRI, a registered State of Colorado not-for-profit organization, to address neighborhood revitalization needs in the Denver community, including foreclosed and/or abandoned homes. DNRI administered and executed the Neighborhood Stabilization Program (NSP) funds awarded by the City. DNRI activities included the acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City. These properties were sold to homebuyers with incomes at or below 120% of

HUD AMI. The program revenue from the sales was utilized to acquire and rehabilitate additional foreclosed properties for purposes of resale under the program prior to the NSP deadline in 2019. Additionally, DNRI partnered with Habitat for Humanity of Metro Denver to assist homeowners whose incomes were at or below 50% of HUD AMI. The NSP program terminated in March 2019, and the Authority is evaluating new potential neighborhood revitalization programs that may be implemented by DNRI moving forward.

Redevelopment

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

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

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

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

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

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

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

As of December 31, 2020, the Authority had two active bond-financed projects: Stapleton and 9th and Colorado. The Stapleton Project involves the redevelopment of the former Stapleton International Airport, a 7.5-square-mile area in Northwest Denver that is one of the largest infill developments in the nation. This project began in 2001 and is being completed in phases over a 25-year period. Once complete, the area is expected to house 35,000 residents, and have 3 million square feet of retail space, 10 million square feet of commercial space, and 1,100 square feet of parks and open space, in addition to numerous schools and community facilities.

The 9th Avenue Project is expected to include residential (attached, multi-family and senior housing) and commercial (office, retail, restaurants, theater, and services) land uses planned for completion over a multi-year period. Details on the Authority's bond-funded projects and their associated long-term liabilities can be found in Note 7 "Capital Projects" and Note 9 "Long-term Liabilities" in the financial statements that follow the management discussion and analysis.

Tax Increment Areas established pursuant to an Urban Redevelopment Plan approved by City Council have a statutory life of 25 years unless extended by government action and remain in place with dedicated sales and/or property tax increment until that time or until the obligations of the Redevelopment Agreement have been met. In those instances, the Tax Increment Areas may terminate prior to the maximum of 25 years.

In 2020, both the Highlands Garden Village and several Downtown tax increment areas terminated. DURA no longer receives property or sales tax increment related to these projects.

As of December 31, 2020, the Authority had 26 active reimbursement projects, through which eligible project costs are repaid, up to the maximum amount per each project's redevelopment agreement, as associated tax increment revenues become available. These projects are described more fully in Note 12 "Commitments and Contingencies" in the financial statements that follow the management discussion and analysis.

Colorado Regional Tourism Act – National Western Center Project

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

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

The City was notified in December 2015 of their award of $121.5 million in funding through the RTA. The funding will be generated from the portion of the state sales tax revenue collected within the boundaries of the Regional Tourism Zone that is more than the Base Year Revenue multiplied by 1.83 percent. The aggregate cap amount of $121.5 million will be paid to DURA, the Financing Entity, for payment of eligible NWC payments will cease. As of December 31, 2020, DURA has $223,468 in RTA funding available for future disbursement related to the National Western Center project.

COVID-19 Response

Beginning in March 2020, the U.S., state, and local economies were significantly impacted by the emergence of the COVID-19 pandemic.

With respect to the general fund, redevelopment and housing rehabilitation project delivery was slowed on some projects because of the pandemic, resulting in lower revenues than budgeted. Additionally, the Authority incurred some unforeseen costs related to cleaning, materials, and technology upgrades related to the pandemic. However, some operational savings from remote work and a reduction in travel were also realized. Understanding that the pandemic is ongoing, and that continued impact is uncertain, the Authority prepared updated short-and long-term forecasts that will continue to be closely monitored and updated accordingly.

As of April 14, 2021, the City and County of Denver was operating at Level Yellow status under the State of Colorado Department of Public Health & Environment COVID-19 Dial System. At Level Yellow, offices may operate at 50% capacity, but remote work is strongly encouraged, restaurants may operate at 50% with 6 feet spacing, and retail at 50% capacity.

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.

Tracy Huggins

Tracy Huggins, Executive Director

Charles Garcia

Charles Garcia, CFO

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Commissioners
Denver Urban Renewal Authority

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, and each major fund of the Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the annual 15c2-12 disclosure and the transmittal letter as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Commissioners
Denver Urban Renewal Authority

The schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the annual 15c2-12 disclosure is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 29, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
April 29, 2021

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2020

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, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's total net position increased by $26,052,311, or 41.59%, over the course of this year's operations.

- Governmental activities represented most of the increase in net position for 2020, as a result of the following activities:

    - The Authority retired principal of $21,955,000 in 2020, or 9.6%, of previously outstanding bond debt, amortized $3,222,630 in premiums on previous bond refunding issues, and amortized $22,731 in discounts on previous bond issuances. The net impact of these activities resulted in a $25.2 million increase in the Authority's net position. As of December 31, 2020, the Authority's outstanding bond debt was $206,750,000.

    - The capital projects fund reported a net decrease in fund balance of $401,519 from the prior year's fund balance. Although tax increment financing revenue increased, project expenses increased across both redevelopment projects and other taxing entities. The balance of the decrease is due to increased expenditures over associated tax increment financing revenue for the Stapleton, St. Anthony, and Downtown projects.

    - The debt service fund has an ending fund balance of $40,021,564, a net increase of $6,078,997 at December 31, 2020. The increase in the debt service fund balance is due to a $7.7 million increase in the net revenues and transfers in for the Stapleton bonds over associated expenditures, including principal, interest, and subordinate debt service payments. This increase is partially offset by $1.61 million in interest costs and other expenditures over associated tax increment financing and interest revenue for the 9th and Colorado project, the majority of which was funded through capitalized interest from the 2018 bond issuance for the project.

    - Total fund balance in the general fund at December 31, 2020, remained constant at $2,405,066 from the prior year. Of this amount, $2,318,078 at December 31, 2020 and $2,307,254 at December 31, 2019, were unassigned and can be used for Authority administration.

- The Authority's deferred outflows of resources decreased by $2,049,310, due to the scheduled amortization of the deferred loss on previous debt refunding issues.

- Business-type activities, which consist of the Authority's federal, state, and city-funded revolving rehabilitation loan and grant programs, reported an increase in net position of $109,671, or 1.9%. In 2019 these activities reported an increase in net position of $388,417, or 7.1%. The decreasing rate of change is due to lower revenues from contracts and loan payoffs and increased program expenditures.

Overview of the Financial Statements

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

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

DNRI was formed in 2009 and is a registered Colorado not-for-profit organization, exempt under Section 501(c)(3) of the Internal Revenue Code in a determination letter issued June 2014. DNRI was established to conduct neighborhood revitalization efforts, specifically to administer and execute the Neighborhood Stabilization Program. DNRI was awarded funding in 2009 by the City and County of Denver and continued to execute the program through the use of recycled funds until the program terminated in March 2019. The Authority has elected to present DNRI's financial statements as separate statements within the government-wide presentation.

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

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

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

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

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

In 2019, the Authority adopted the Government Accounting Standards Board Statement No. 84 (GASB 84), *Fiduciary Activities,* which provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes.

In 2020, the Authority adopted the Government Accounting Standards Board Statement No. 88 (GASB 88) which provides guidance regarding certain disclosures related to debt, including direct borrowings and private placements. The adoption of this standard did not have a material impact on the 2020 financial statements. Certain disclosures related to direct borrowings of the Authority have been updated to conform to the new standard.

The Authority, pursuant to various Cooperation Agreements, has agreed to provide tax increment revenue to other taxing districts, which include metropolitan districts, business improvement districts and general improvement districts, located in various urban renewal areas.

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

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

Also included in supplementary information is a statement of changes in assets and liabilities of the Authority's agency fund and the reporting required by U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
December 31, 2020

Table 1 reflects the Authority's Net Position (Deficit) as of December 31, 2020, 2019 and 2018:

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

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Current and other assets	$ 298,633	$ 302,221	$ 284,748	$ 6,986	$ 6,502	$ 6,082	$ 305,619	$ 308,723	$ 290,830
Total assets	298,633	302,221	284,748	6,986	6,502	6,082	305,619	308,723	290,830
Deferred Outflows	10,090	12,139	14,188	-	-	-	10,090	12,139	14,188
Other liabilities	29,991	42,212	47,820	1,046	671	640	31,037	42,883	48,460
Long-term liabilities	205,225	231,171	256,443	-	-	-	205,225	231,171	256,443
Total liabilities	235,216	273,383	304,263	1,046	671	640	236,262	274,054	304,903
Deferred Inflows	116,028	109,442	90,997	-	-	-	116,028	109,442	90,997
Net position									
Investment in capital assets	114	118	143	-	-	-	114	118	143
Restricted for									
Capital projects	93,755	94,942	100,440	-	-	-	93,755	94,942	100,440
Debt service	40,022	33,943	32,970	-	-	-	40,022	33,943	32,970
Housing program loans	-	-	-	5,940	5,830	5,442	5,940	5,830	5,442
Unrestricted (deficit)	(176,412)	(197,467)	(229,876)	-	-	-	(176,412)	(197,467)	(229,876)
Total net position (deficit)	$ (42,521)	$ (68,464)	$ (96,323)	$ 5,940	$ 5,830	$ 5,442	$ (36,581)	$ (62,634)	$ (90,881)

Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $36,581,539 (deficit) at the close of fiscal year 2020. The Authority's deficit was caused by outstanding bond debt of $206,750,000. At the close of fiscal year 2019, total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by $62,633,850 (deficit). The Authority's 2019 deficit was caused by outstanding bond debt of $228,705,000.

Bond debt is serviced with tax increment receipts (incremental property and sales taxes) generated by redevelopment projects (see Note 1, "Tax Increment Financing" in the financial statements that follow this analysis). Outstanding bond debt was used to finance redevelopment projects located in the City and County of Denver. Resulting assets are accounted for and capitalized by the developers and other beneficiaries, not by the Authority. Types of project costs paid by the Authority include, but are not limited to, capital costs for demolishing improvements, excavating, grading, landscaping, and constructing improvements within the areas covered by Urban Renewal Plans.

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

Table 2 reflects the Authority's Changes in Net Position (Deficit) for the years ended December 31, 2020, 2019 and 2018:

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

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenues									
Intergovernmental - program	$ 312	$ 388	$ 205	$ 2,461	$ 2,607	$ 2,414	$ 2,773	$ 2,996	$ 2,619
General revenues									
Tax increment financing	143,065	120,988	118,137	-	-	-	143,065	120,988	118,137
Investment income	3,022	5,366	2,913	16	19	20	3,038	5,384	2,933
Other income	1,439	1,318	1,320	-	-	-	1,439	1,318	1,320
Transfers	-	-	(5)	-	-	5	-	-	-
Total revenues	147,838	128,060	122,570	2,477	2,626	2,439	150,315	130,686	125,009
Expenses									
Administration	3,796	3,857	4,392	2,367	2,238	2,764	6,163	6,095	7,156
Other expenses	-	-	-	-	-	(155)	-	-	(155)
Redevelopment projects	66,530	52,492	80,326	-	-	-	66,530	52,492	80,326
Project expense - other taxing entities	41,667	32,557	29,714	-	-	-	41,667	32,557	29,714
Debt service									
Interest	9,902	11,295	10,059	-	-	-	9,902	11,295	10,059
Total expenses	121,895	100,201	124,491	2,367	2,238	2,609	124,262	102,439	127,100
Change in net position	25,943	27,859	(1,921)	110	388	(170)	26,053	28,247	(2,091)
Net position (deficit), beginning of year	(68,464)	(96,323)	(94,402)	5,830	5,442	5,612	(62,634)	(90,881)	(88,790)
Net position (deficit), end of year	$ (42,521)	$ (68,464)	$ (96,323)	$ 5,940	$ 5,830	$ 5,442	$ (36,581)	$ (62,634)	$ (90,881)

Governmental activities: The Authority's governmental activities net position increased by $25,942,640, or 37.9% ,in 2020. An analysis of the key drivers of this increase can be found on page 11.

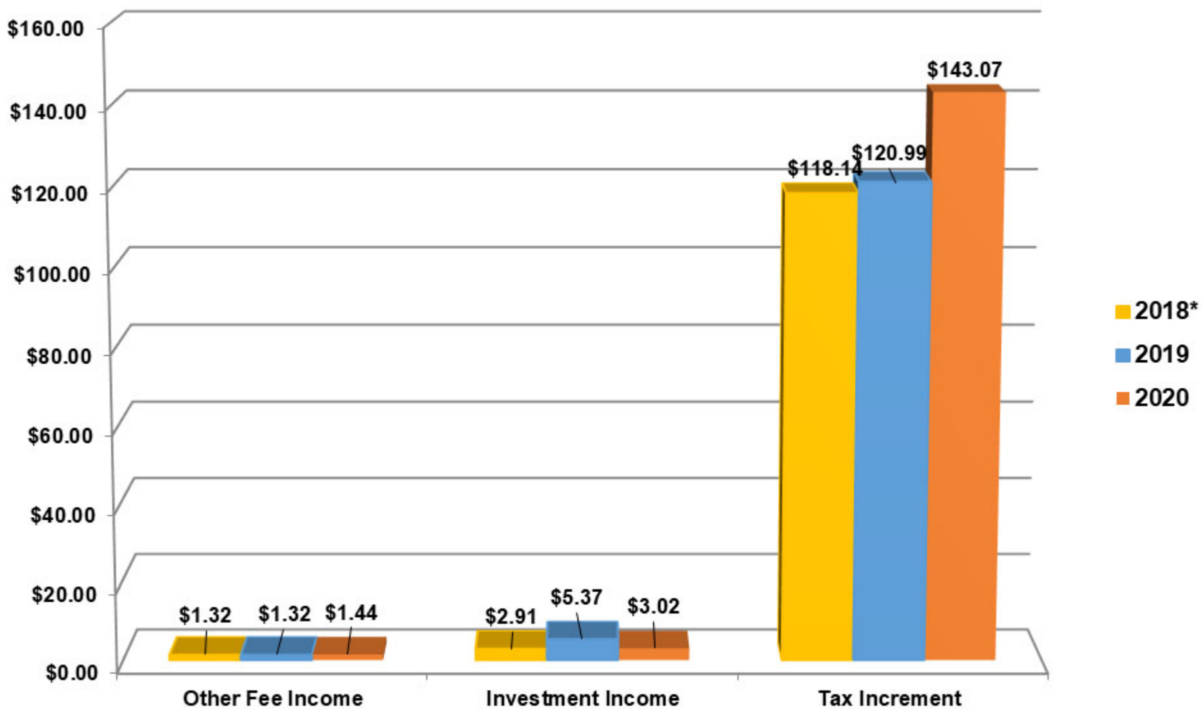
The Authority's tax increment financing revenues increased by $22,077,143 in 2020. Property tax increment revenue increased across a number of tax increment areas based on assessed values and mill levies certified in 2019 but collected in 2020, including Stapleton and newer tax increment areas such as I-25 and Broadway, St. Anthony, Globeville, and 4201 E. Arkansas. Sales and lodgers tax increment revenue decreased $5,043,019 because of the impact of COVID-19 on retail sales and lodging. The decrease in sales tax increment was offset by the reconciliation and one-time receipt of sales tax increment earned but not received in prior years for some tax increment areas.

Redevelopment project expenses increased by $14,038,498, or 26.7%. The increase is primarily attributable to an increase in the Retained Taxes payment made to the City and County of Denver associated with Stapleton Debt Service. In 2020, per the cooperation agreement between the Authority and the City, the City Retained Taxes payment increased to 47% of total tax increment in the Stapleton Tax Increment area. The percentage in 2019 was 30%. The payment increased by $14,528,425, or 68%, compared to 2019. Although there were increased project costs related to Highlands Garden Village and Emily Griffith and increased expenses within the Construction Employment Opportunities (CEO) program, they were offset by reduced project cost for others, notably Stapleton and Colorado National Bank. The nature of the Authority's redevelopment projects and agreements are such that there may be a timing difference between the receipt of tax increment revenue and the disbursement of project expenses.

The Authority, pursuant to various Cooperation Agreements, has agreed to provide tax increment revenue to other taxing districts, which include metropolitan districts, business improvement districts and general improvement districts, located in various urban renewal areas. The Authority records the remittance of this tax increment revenue as a project expense of other taxing entities. Accordingly, this increase in tax increment revenue associated with other taxing entities corresponds with the increase in project expenses. In 2020, project expenses for other taxing entities increased by $9,109,786, the majority of which is attributable to Westerly Creek and Stapleton Business Center metro districts that are in the Stapleton Urban Redevelopment Area.

The Authority's governmental activities net position increased by $27,858,789, or 28.9%, in 2019, and decreased by $1,920,682, or 2.03%, in 2018. In 2018, the primary driver of the decrease was redevelopment project costs for the 9th and Colorado project associated with the project's bond issuance.

Revenue Governmental Activities



2020

- Total governmental activities revenues of $147,838,807, excluding transfers, increased by $19,779,063, or 15.4%.

  - Tax increment financing is composed primarily of property and sales tax increment revenue that makes up 96.8% of total governmental activities revenues. Tax increment financing increased by $22,077,143, or 18.2%, primarily due to increased property taxes collected in 2020. As a result of property valuation increases that were certified in 2019, most tax increment areas experienced increased property tax increment revenue in 2020. In 2020, sales and lodgers tax increment decreased by $5,043,019 due to the impact of COVID-19 on sales and lodging activity. However, the decrease in sales tax increment was offset by a one-time receipt of sales tax revenue from the City and County of Denver based on a reconciliation of prior earned but not received sales tax increment in some tax increment areas.

  - Investment income represented 2.0% of total governmental activities revenues, and decreased by $2,343,244, or 43.7%, due to lower investment returns associated with fiscal and market responses to the COVID-19 pandemic.

- Other income included administration, origination, and other fees, and represented 1.2% of total governmental activities revenues.

2019

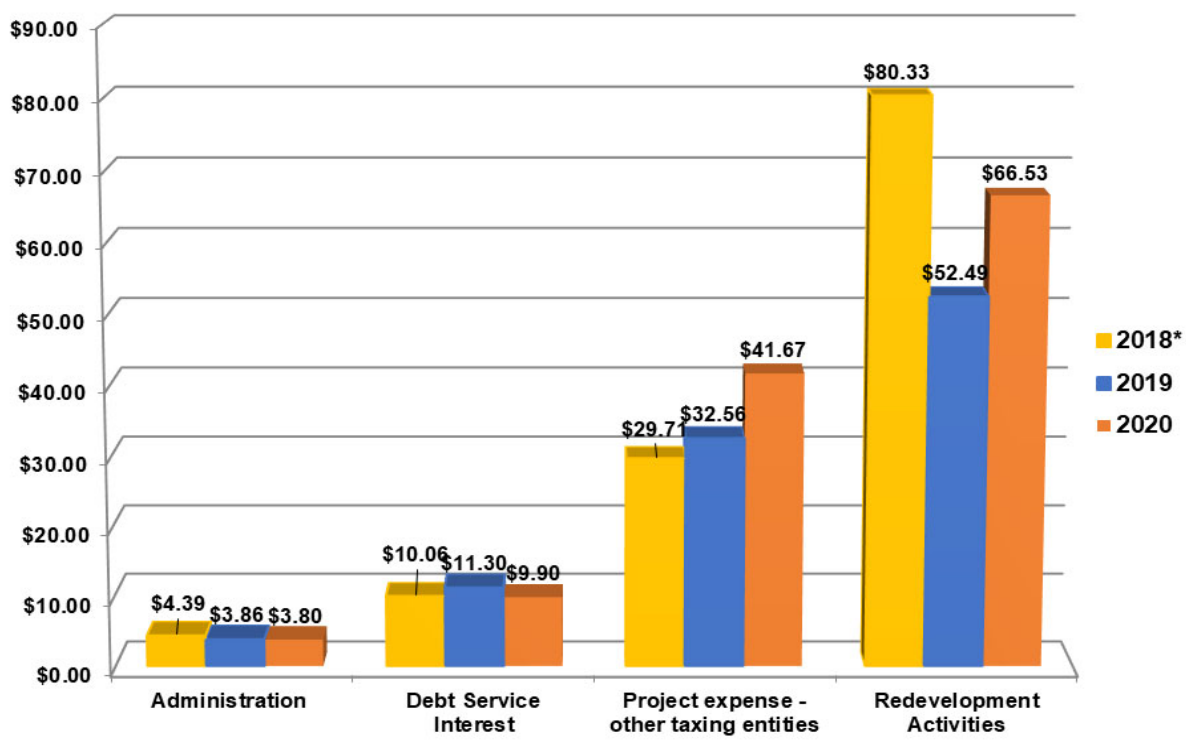
- Total governmental activities revenues of $128,059,744, excluding transfers, increased by $5,484,327, or 4.5%.

  - Tax increment financing, which represented 94.5% of total governmental activities revenues, increased from 2018 by $2,850,768, or 2.4%, primarily because of increased revenue generated by newer tax increment areas, including 9th and Colorado, Globeville, St. Anthony’s and Emily Griffith, as well as increased property tax revenue generated at Stapleton and in the Westerly Creek Metropolitan District.

  - Investment income represented 4.2% of total governmental activities revenues, and increased by $2,452,413, or 84.2%, due to the positive performance of the Authority’s managed investment portfolio.

  - Other income included administration, origination, and other fees, and represented 1.0% of total governmental activities revenues.

Expense Governmental Activities



<u>**2020**</u>

- Total governmental activities expenses of $121,896,167 increased by $21,695,212, or 21.7%, from 2019.

  - Redevelopment activity project expenses increased by $14,038,498, or 26.7%. The increase is primarily attributable to an increase in the Retained Taxes payment made to the City and County of Denver associated with Stapleton Debt Service. In 2020, per the cooperation agreement between the Authority and the City, the City Retained Taxes payment increased to 47% of total tax increment in the Stapleton Tax Increment area. The percentage was 30% in 2019. Although there were increased project costs related to Highlands Garden Village and Emily Griffith projects and increased program expenses to ETO, the increases were offset by reduced project costs among others, notably Stapleton and Colorado National Bank.

  - Project expenses for other taxing entities increased by $9,109,786, or 28.0%, due to increased expenditures across various metropolitan districts, including Westerly Creek and Stapleton Business Center in the Stapleton area, and Broadway Station, Sloan's Lake and Globeville metropolitan districts. As described earlier, by intergovernmental agreement, the Authority passes through property tax increment collected from other taxing entities to the other taxing entities. This passthrough is recorded as a project expense of the Authority.

- Interest expense decreased by $1,392,672, or 12.3%, due to decreased interest payments for the Stapleton bonds. There was no change in the interest expense for the 9th and Colorado bonds, the interest of which was paid from a capitalized interest account funded at issuance.

- Administration expenses represent 3.8% of total governmental activities expenses, and decreased by $60,450, or 1.6%.

<u>2019</u>

- Total governmental activities expenses of $100,200,955 decreased by $24,290,099, or 19.5%, from 2018, primarily due to the one-time project and issuance costs associated with the 9th and Colorado bonds in 2018.

  - Redevelopment project expenses decreased by $27,181,469, or 33.8%. The decrease reflects one-time projects costs associated with the 9th and Colorado project that occurred in 2018, which were paid with proceeds from the bond issuance.

  - Debt service expenses increased by $1,236,161, or 12.3%, due to increased debt service payments for the 9th and Colorado project, and partially offset by the decreased debt service obligations for Stapleton.

  - Project expenses for other taxing entities increased by $2,190,539, or 7.4%, primarily due to increased expenditures for Westerly Creek.

  - Administration expenses represent 3.8% of total governmental activities expenses, and decreased by $535,330, or 12.2%, due to bond issuance costs for the 9th and Colorado bonds in 2018 that did not reoccur in 2019.

Business-type activities of the Authority consist of Federal, State and Local financial assistance for the Authority's Housing Rehabilitation programs. Federal funds are passed through the City and County of Denver to the Authority via the City's Community Development Block Grant, HOME, and Lead-Based Paint Hazard Control Loan and Grant Programs. This proprietary activity is accounted for as business-type activity because the Authority has concluded that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Business-type activities increased the Authority's business-type activities net position by $109,671, or 1.9%, in 2020, primarily due to a decrease in other operating revenues that are derived from loan payoffs and an increase in the program expenses related to loans funded to benefit Denver homeowners throughout the year. The Authority's business-type activities net position increased by $388,417, or 7.1%, in 2019.

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 $174,221,546 compared to $168,544,068 in 2019 . This was an increase of $5,677,478 in 2020, compared to a decrease of $3,606,810 in 2019 and an increase of $31,540,755 in 2018. Unassigned fund balance was $2,318,078, or 1.3%, of the 2020 combined fund balance of $174,221,546. 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 2020, the *unassigned fund balance* of the general fund was $2,318,078 while total fund balance was $2,405,066. At December 31, 2020, $86,988 was non-spendable. On December 31, 2019 and 2018, unassigned fund balances were $2,307,254 and $2,339,317, respectively.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2020, the capital projects fund balance was $131,794,916, a net decrease of $401,519. Transfers in and out of the capital projects fund are affected by timing differences between the collection of tax increment revenue and associated expenditures, for all TIF projects. The capital projects fund balances were $132,196,435 and $136,775,963 at December 31, 2019 and 2018, respectively. All the fund balance of the capital projects fund is either restricted or committed.

The *debt service fund* is used for the servicing of long-term debt. The debt service fund has an ending fund balance of $40,021,564, a net increase of $6,078,997 at December 31, 2020. All fund balance of the debt service fund is restricted. As of December 31, 2020, $7,874,765 was restricted for future debt service payments on the 9th and Colorado bonds, and $32,146,799 was restricted for future debt service payments on the Stapleton bonds. The Authority's debt service fund balance was $33,942,567 and $32,969,849 in 2019 and 2018.

Proprietary Funds

The *enterprise fund* is used to account for operations related to the Authority's federal revolving rehabilitation loan program, historically a major program for Single Audit purposes consistent with the provisions of the Single Audit Act of 1996. The Authority was subject to compliance testing in accordance with Uniform Guidance for the year ended December 31, 2020, because the Authority's total expenditures of federal funds were greater than $750,000. At December 31, 2020, the proprietary fund has an ending fund balance of $5,940,150, a net increase of $109,671 from the prior year. Although the fund balance increased, there was a decreased rate of loan payoffs and receipts, and an increase in total loans funded throughout the year. At December 31, 2019 and 2018, fund balances were $5,830,479 and $5,442,062, respectively.

Fiduciary Funds

Pursuant to the Authority's adoption of GASB 84 in 2019, as described above, the Authority does not have fiduciary funds. Previously, the Authority used a type of fiduciary fund known as an *agency fund* to account for tax increment revenue that was remitted to various other special taxing districts through cooperation and intergovernmental agreements. These tax increment revenues and expenditures are now included in the governmental *capital projects fund*.

General Fund Budget

As a part of the Local Government Budget Law of Colorado, Title 29 Government – Local, General Provisions, the Authority is required to submit its general fund budget annually to the State of Colorado. See "Required Supplementary Information" for the Budgetary Comparison Schedule – General Fund. The Authority annually adopts a budget for the general fund for management purposes. During 2020, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Debt Administration

At December 31, 2020, the Authority had total bond debt outstanding of $206,750,000 as compared to $228,705,000 at the end of the prior year and $256,095,000 in 2018. The Authority's outstanding debt will be repaid from future collections of tax increment revenues or from reserves established by the Authority and maintained by the bond trustee.

As of December 31, 2020, the Stapleton Senior bonds are rated AA- (stable outlook) by Fitch, Inc. Additionally, as of December 31, 2020, the Stapleton Senior Subordinate bonds are rated Aa3 by Moody's Investors Service Inc. All other Authority bonds are unrated. (See Note 9 of the Financial Statements that follow this report for more detailed information regarding the Authority's debt).

Cash Management Policies and Practices

In accordance with the Authority's Investment Policy, cash during the year was invested in short-term fixed income securities and local government investment pools (LGIPs), including the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Pool (CSIP).

COLOTRUST invests in U.S. Treasury, U.S. Agency Securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency Securities. The maturities of the investments range from one day to one year, and as of December 31, 2020, had a weighted average maturity of approximately 51 days and a seven-day yield of 0.12%.

In 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). At fiscal year ended December 31, 2020, $115.5 million was under management at PFM, including $4.4 million in the CSIP local government investment pool; and $111.1 million in short-and long-term securities, inclusive of accrued interest at year-end. The maturities of the CSIP investments range from one day to one year, with an average maturity of approximately 46 days and a seven-day yield of 0.12%. The Authority's short-and long-term securities had yields at market ranging from 0.17% to 0.34%.

The Authority's cash balance as of December 31, 2020 was $170,710,141, including amounts held with trustees for the Authority's bond-funded projects. Of this cash balance, $163,507,527 was restricted, primarily for future expenditures on capital projects and associated debt service. Projects with significant restricted cash balances include 9th and Colorado ($20.1 million), Stapleton ($26.9 million), and Downtown ($56.8 million). Per the project funding agreement, the Downtown project cash balance must be expended by the December 31, 2027, deadline. See Note 2 of the Financial Statements that follow this report for more detailed information regarding the Authority's "Cash and Investments."

Economic Factors Impacting the Authority's Financial Position

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 considered the impact of the current U.S., state and local economies when projecting revenue growth in 2021.

COVID-19

As the COVID-19 pandemic continues, the ongoing economic impact and effect on the Authority's financial position is uncertain. In 2020, the Authority does not believe that the impacts of COVID-19 had a material adverse impact on its financial position. The 2021 budget contemplates continued modest impacts to revenues and expenses due to COVID, and longer-term forecasts also contain a range of scenarios to help evaluate potential impacts of a prolonged pandemic.

The Authority's primary revenue sources are property and sales tax increment receipts generated by redevelopment projects within urban renewal/redevelopment areas. As a result of assessed values and mill levies certified in 2019 for 2020 collection, property tax revenues from redevelopment areas and other taxing areas increased by $9,237,082 and $9,001,179, respectively. Sales and lodger's tax increment decreased by $5,043,019 due to the COVID-19 pandemic impact on retail sales, restaurants, and lodging.

At December 31, 2020, the unassigned fund balance in the general fund was $2,318,078 and was $2,339,317 in 2019. The Authority believes the general fund balance is sufficient to cover ongoing operations of the Authority. The Authority also expects 2021 tax increment revenue to meet debt service obligations to bondholders. (See "Supplementary Information" in the Financial Statements that follow this report.)

Metro Denver Key Economic Indicators

The Metro Denver EDC publishes monthly economic indicators that may be relevant to the local economy in which the Authority's redevelopment and housing projects occur.

The unemployment rate from February 2020 to 2021 was up 4.1%. 2021 year-to-date (YTD), the unemployment rate is up 4.2% from the 2020 YTD average.

Looking ahead to 2021, employment growth is expected across most key industries that drive Metro Denver economic activity with the fastest gains in leisure, hospitality, wholesale and retail trade, professional services, education, and health. In the same report, economic researchers estimated that it will likely be the end of 2022 before all jobs lost are added back into the economy.

With respect to total retail sales, national sales increased 7.8% from January 2020 to 2021. According to report contributor, Visit Denver, retail spending was up 3% in 2020, sales tax collection has remained steady, and a 4% increase in 2021 spending is estimated as consumers take advantage of more business openings later in the year. Additionally, the City's 2020 lodger's tax is estimated to be down 64% compared to 2019 and a 50% decline in 2021 lodger's tax is projected compared to 2019.

The direct office vacancy rate in Metro Denver rose to 11.5% in the first quarter (1Q) of 2021, the highest vacancy rate posted in the region since the fourth quarter of 2012. In 1st quarter 2021, the retail space vacancy rate increased 1.1% year over year. Vacancy rates increased .2% from 4Q 2020 to 1Q 2021. Industrial Vacancy Rates were up 1.7% year-over-year and continued to increase at .4% from 4Q4 2020 to 1Q 2021.

Home sales in Metro Denver are up 3.7% from the same time last year. Median Home Prices (Denver - Aurora MSA) were up 11.9% year over year at $512,500.

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 CFO, 1555 California Street, Suite 200, Denver, Colorado 80202.

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Basic Financial Statements

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2020
(With Comparative Summarized Information as of December 31, 2019)

	Governmental Activities	Business-type Activities	Total Primary Government 2020	Total Primary Government 2019
Assets				
Cash and investments	$ 2,051,540	$ 5,151,074	$ 7,202,614	$ 7,010,135
Restricted cash and investments	163,507,527	-	163,507,527	179,461,952
Accounts receivable	418,484	25,051	443,535	476,356
Interest receivable	375,964	-	375,964	397,667
Due from the City and County of Denver	130,159,683	992,806	131,152,489	115,118,457
Prepaid items	86,988	1,038	88,026	99,340
Notes receivable (net of allowance of $7,457,882 and $7,387,451 2020 and 2019, respectively)	1,516,464	-	1,516,464	4,620,809
Loans receivable (net of allowance of $608,127 and $589,456 for 2020 and 2019, respectively)	-	1,218,487	1,218,487	1,420,357
Internal balances	402,260	(402,260)	-	-
Capital assets, net	114,100	-	114,100	117,936
Total assets	298,633,010	6,986,196	305,619,206	308,723,009
Deferred Outflows of Resources				
Deferred loss on refunding	10,089,652	-	10,089,652	12,138,961
	10,089,652	-	10,089,652	12,138,961
Liabilities				
Accrued liabilities	4,978,297	857,031	5,835,328	19,787,456
Accrued interest	1,437,192	-	1,437,192	1,621,465
Deposits	187,813	-	187,813	313,653
Due to the other governments	1,777,327	189,015	1,966,342	205,473
Noncurrent liabilities				
Due within one year	21,610,000	-	21,610,000	20,955,000
Due in more than one year	205,225,259	-	205,225,259	231,170,661
Total liabilities	235,215,888	1,046,046	236,261,934	274,053,708
Deferred Inflows of Resources	116,028,463	-	116,028,463	109,442,112
Net Position (Deficit)				
Investment in capital assets	114,100	-	114,100	117,936
Restricted for				
Capital projects	93,754,748	-	93,754,748	94,942,070
Debt service	40,021,564	-	40,021,564	33,942,567
Housing program loans	-	5,940,150	5,940,150	5,830,479
Unrestricted (deficit)	(176,412,101)	-	(176,412,101)	(197,466,902)
Total net position (deficit)	$ (42,521,689)	$ 5,940,150	$ (36,581,539)	$ (62,633,850)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments	$ 2,219,051	$ 4,791,084	$ 7,010,135
Restricted cash and investments	179,461,952	-	179,461,952
Accounts receivable	456,034	20,322	476,356
Interest receivable	397,667	-	397,667
Due from the City and County of Denver	114,748,172	370,285	115,118,457
Prepaid items	97,812	1,528	99,340
Notes receivable (net of allowance of $7,387,451)	4,620,809	-	4,620,809
Loans receivable (net of allowance of $589,456)	-	1,420,357	1,420,357
Internal balances	101,978	(101,978)	-
Capital assets, net	117,936	-	117,936
Total assets	302,221,411	6,501,598	308,723,009
Deferred Outflows of Resources			
Deferred loss on refunding	12,138,961	-	12,138,961
	12,138,961	-	12,138,961
Liabilities			
Accrued liabilities	19,317,287	470,169	19,787,456
Accrued interest	1,621,465	-	1,621,465
Deposits	313,653	-	313,653
Due to the other governments	4,523	200,950	205,473
Noncurrent liabilities			
Due within one year	20,955,000	-	20,955,000
Due in more than one year	231,170,661	-	231,170,661
Total liabilities	273,382,589	671,119	274,053,708
Deferred Inflows of Resources	109,442,112	-	109,442,112
Net Position (Deficit)			
Investment in capital assets	117,936	-	117,936
Restricted for			
Capital projects	94,942,070	-	94,942,070
Debt service	33,942,567	-	33,942,567
Housing program loans	-	5,830,479	5,830,479
Unrestricted (deficit)	(197,466,902)	-	(197,466,902)
Total net position (deficit)	$ (68,464,329)	$ 5,830,479	$ (62,633,850)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF FINANCIAL POSITION – DENVER NEIGHBORHOOD REVITALIZATION, INC.
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	$ 1,160,702	$ 1,189,761
Prepaid items	5,466	4,519
Total assets	1,166,168	1,194,280
Liabilities		
Accounts payable - related party	-	11,538
Total liabilities	-	11,538
Net Assets		
Without donor restrictions		
Undesignated	$ 1,166,168	$ 1,182,742

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(With Comparative Summarized Information for the year ended December 31, 2019)

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 3,796,482	$ 312,432
Redevelopment projects	66,529,952	-
Project expense - other taxing entities	41,667,118	-
Interest expense	9,902,615	-
Total governmental activities	121,896,167	312,432
Business-type activities		
Loan programs	2,367,382	2,460,872
Total business-type activities	2,367,382	2,460,872
Total	$ 124,263,549	$ 2,773,304
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Transfers		
Total general revenues		
Change in net position (deficit)		
Net position (deficit), beginning of year		
Net position (deficit), end of year		

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(With Comparative Summarized Information for the year ended December 31, 2019)

Net (Expense) Revenue and Changes in Net Position		Total Primary Government	
Governmental Activities	Business-type Activities	2020	2019
$ (3,484,050)	$ -	$ (3,484,050)	$ (3,468,559)
(66,529,952)	-	(66,529,952)	(52,491,454)
(41,667,118)	-	(41,667,118)	(32,557,332)
(9,902,615)	-	(9,902,615)	(11,295,237)
(121,583,735)	-	(121,583,735)	(99,812,582)
-	93,490	93,490	369,465
-	93,490	93,490	369,465
(121,583,735)	93,490	(121,490,245)	(99,443,117)
143,065,350	-	143,065,350	120,988,207
3,022,327	16,181	3,038,508	5,384,523
1,438,698	-	1,438,698	1,317,593
-	-	-	-
147,526,375	16,181	147,542,556	127,690,323
25,942,640	109,671	26,052,311	28,247,206
(68,464,329)	5,830,479	(62,633,850)	(90,881,056)
$ (42,521,689)	$ 5,940,150	$ (36,581,539)	$ (62,633,850)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

		Program Revenues
	Expenses	Operating Grants and Contributions
Function/Programs		
Governmental activities		
General government	$ 3,856,932	$ 388,373
Redevelopment projects	52,491,454	-
Project expenses - other taxing entities	32,557,332	-
Interest expense	11,295,237	-
Total governmental activities	100,200,955	388,373
Business-type activities		
Loan programs	2,237,921	2,607,386
Total business-type activities	2,237,921	2,607,386
Total	$ 102,438,876	$ 2,995,759
General revenues		
Tax increment financing		
Investment income		
Other revenues		
Transfers		
Total general revenues		
Change in net position (deficit)		
Net position (deficit), beginning of year		
Net position (deficit), end of year		

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total Primary Government
$ (3,468,559)	$ -	$ (3,468,559)
(52,491,454)	-	(52,491,454)
(32,557,332)	-	(32,557,332)
(11,295,237)	-	(11,295,237)
(99,812,582)	-	(99,812,582)
-	369,465	369,465
-	369,465	369,465
(99,812,582)	369,465	(99,443,117)
120,988,207	-	120,988,207
5,365,571	18,952	5,384,523
1,317,593	-	1,317,593
-	-	-
127,671,371	18,952	127,690,323
27,858,789	388,417	28,247,206
(96,323,118)	5,442,062	(90,881,056)
$ (68,464,329)	$ 5,830,479	$ (62,633,850)

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, 2020 and 2019

	2020	2019
Operating revenues		
Developer fee revenue	$ -	$ -
Total operating revenues	-	-
Operating expenses		
Program services	1,048	1,488
Support services	15,883	14,801
Total operating expenses	16,931	16,289
Operating revenues over (under) operating expenses	(16,931)	(16,289)
Nonoperating revenues		
Investment income	357	358
Total nonoperating revenues	357	358
Decrease in net assets	(16,574)	(15,931)
Net assets - unrestricted, beginning of year	1,182,742	1,198,673
Net assets - unrestricted, end of year	$ 1,166,168	$ 1,182,742

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2020
(With Comparative Summarized Information as of December 31, 2019)

	General	Capital Projects	Debt Service	Total Governmental Funds 2020	Total Governmental Funds 2019
Assets					
Cash and investments	$ 2,051,540	$ -	$ -	$ 2,051,540	$ 2,219,051
Restricted cash and investments	-	136,296,912	27,210,615	163,507,527	179,461,952
Accounts receivable	402,876	15,608	-	418,484	456,034
Interest receivable	-	361,997	-	361,997	376,259
Due from the City and County of Denver	39,628	126,778,441	3,341,614	130,159,683	114,748,172
Prepaid items	86,988	-	-	86,988	97,812
Advances to other funds	764,443	841,999	12,768,546	14,374,988	5,583,495
Total assets	$ 3,345,475	$ 264,294,957	$ 43,320,775	$ 310,961,207	$ 302,942,775
Liabilities and Fund Balances					
Liabilities					
Accrued liabilities	$ 98,410	$ 4,674,920	$ -	$ 4,773,330	$ 19,156,903
Deposits	-	187,813	-	187,813	313,653
Due to the City and County of Denver	-	1,777,327	-	1,777,327	4,523
Advances from other funds	841,999	13,130,729	-	13,972,728	5,481,516
Total liabilities	940,409	19,770,789	-	20,711,198	24,956,595
Deferred inflows of resources	-	112,729,252	3,299,211	116,028,463	109,442,112
Fund balances					
Nonspendable - prepaid items	86,988	-	-	86,988	97,812
Restricted					
Capital projects	-	93,754,748	-	93,754,748	94,942,070
Debt service	-	-	40,021,564	40,021,564	33,942,567
Committed	-	38,040,168	-	38,040,168	37,254,365
Unassigned	2,318,078	-	-	2,318,078	2,307,254
Total fund balances	2,405,066	131,794,916	40,021,564	174,221,546	168,544,068
Total liabilities, deferred inflows of resources, and fund balances	$ 3,345,475	$ 264,294,957	$ 43,320,775	$ 310,961,207	$ 302,942,775

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2019

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and investments	$ 2,219,051	$ -	$ -	$ 2,219,051
Restricted cash and investments	-	149,580,563	29,881,389	179,461,952
Accounts receivable	441,007	15,027	-	456,034
Interest receivable	-	376,259	-	376,259
Due from the City and County of Denver	41,349	112,252,028	2,454,795	114,748,172
Prepaid items	97,812	-	-	97,812
Advances to other funds	640,224	911,806	4,031,465	5,583,495
Total assets	$ 3,439,443	$ 263,135,683	$ 36,367,649	$ 302,942,775
Liabilities and Fund Balances				
Liabilities				
Accrued liabilities	$ 122,571	$ 19,034,332	$ -	$ 19,156,903
Deposits	-	313,653	-	313,653
Due to the City and County of Denver	-	4,523	-	4,523
Advances from other funds	911,806	4,569,710	-	5,481,516
Total liabilities	1,034,377	23,922,218	-	24,956,595
Deferred inflows of resources	-	107,017,030	2,425,082	109,442,112
Fund balances				
Nonspendable - prepaid items	97,812	-	-	97,812
Restricted				
Capital projects	-	94,942,070	-	94,942,070
Debt service	-	-	33,942,567	33,942,567
Committed	-	37,254,365	-	37,254,365
Unassigned	2,307,254	-	-	2,307,254
Total fund balances	2,405,066	132,196,435	33,942,567	168,544,068
Total liabilities, deferred inflows of resources, and fund balances	$ 3,439,443	$ 263,135,683	$ 36,367,649	$ 302,942,775

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
RECONCILIATIONS OF THE BALANCE SHEETS – GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION
December 31, 2020 and 2019

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

	2020	2019
Total fund balances - governmental funds	$ 174,221,546	$ 168,544,068
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,516,464	4,620,809
Interest receivable	13,967	21,406
Capital assets, net	114,100	117,936
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds		
Deferred loss on refundings	10,089,652	12,138,961
Long-term liabilities, including bonds payable, notes payable, interest payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable	(206,750,000)	(228,705,000)
(Premiums)/discount on bonds payable	(15,544,384)	(18,744,283)
Notes payable	(4,540,875)	(4,676,378)
Accrued interest	(1,437,192)	(1,621,465)
Compensated absences	(204,967)	(160,383)
Net position (deficit) of governmental activities	$ (42,521,689)	$ (68,464,329)

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, 2020
(With Comparative Summarized Information for the year ended December 31, 2019)

	General	Capital Projects	Debt Service	Total Governmental Funds 2020	Total Governmental Funds 2019
Revenues					
Intergovernmental	$ 312,432	$ -	$ -	$ 312,432	$ 388,373
Tax increment financing	-	140,580,934	2,484,416	143,065,350	121,075,984
Investment income	1,746	2,475,850	606,227	3,083,823	5,358,829
Other income	976,970	670,420	-	1,647,390	1,317,593
Total revenues	1,291,148	143,727,204	3,090,643	148,108,995	128,140,779
Expenditures					
Current					
Administration	3,620,285	86,140	13,900	3,720,325	3,658,502
Redevelopment projects	-	15,686,977	48,134,499	63,821,476	52,613,170
Project expense - other taxing	-	41,667,118	-	41,667,118	32,557,332
Bond issuance costs	-	-	-	-	6,500
Debt service					
Principal	-	-	21,955,000	21,955,000	27,390,000
Interest	-	-	11,236,963	11,236,963	12,512,681
Capital outlay	30,635	-	-	30,635	9,404
Total expenditures	3,650,920	57,440,235	81,340,362	142,431,517	128,747,589
Revenues over (under) expenditures	(2,359,772)	86,286,969	(78,249,719)	5,677,478	(606,810)
Other financing sources (uses)					
Transfers in	3,145,575	785,803	84,878,716	88,810,094	75,984,406
Transfers out	(785,803)	(87,474,291)	(550,000)	(88,810,094)	(75,984,406)
Issuance of note receivable	-	-	-	-	(3,000,000)
Total other financing sources (uses)	2,359,772	(86,688,488)	84,328,716	-	(3,000,000)
Net change in fund balances	-	(401,519)	6,078,997	5,677,478	(3,606,810)
Fund balances, beginning of year	2,405,066	132,196,435	33,942,567	168,544,068	172,150,878
Fund balances, end of year	$ 2,405,066	$ 131,794,916	$ 40,021,564	$ 174,221,546	$ 168,544,068

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, 2019

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Intergovernmental	$ 388,373	$ -	$ -	$ 388,373
Tax increment financing	-	119,255,094	1,820,890	121,075,984
Investment income	4,151	3,954,826	1,399,852	5,358,829
Other income	1,160,280	157,313	-	1,317,593
Total revenues	1,552,804	123,367,233	3,220,742	128,140,779
Expenditures				
Current				
Administration	3,559,454	85,150	13,898	3,658,502
Redevelopment projects	-	18,700,435	33,912,735	52,613,170
Project expense - other taxing entities	-	32,557,332	-	32,557,332
Bond issuance costs	-	6,500	-	6,500
Debt service				
Principal	-	-	27,390,000	27,390,000
Interest	-	-	12,512,681	12,512,681
Capital outlay	9,404	-	-	9,404
Total expenditures	3,568,858	51,349,417	73,829,314	128,747,589
Revenues over (under) expenditures	(2,016,054)	72,017,816	(70,608,572)	(606,810)
Other financing sources (uses)				
Transfers in	2,934,585	918,531	72,131,290	75,984,406
Transfers out	(918,531)	(74,515,875)	(550,000)	(75,984,406)
Bond proceeds	-	-	-	-
Discount on bonds	-	(3,000,000)	-	(3,000,000)
Total other financing sources (uses)	2,016,054	(76,597,344)	71,581,290	(3,000,000)
Net change in fund balances	-	(4,579,528)	972,718	(3,606,810)
Fund balances, beginning of year	2,405,066	136,775,963	32,969,849	172,150,878
Fund balances, end of year	$ 2,405,066	$ 132,196,435	$ 33,942,567	$ 168,544,068

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, 2020 and 2019

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

	2020	2019
Net change in fund balances, total governmental funds	$ 5,677,478	$ (3,606,810)
Repayment of bond principal and note principal are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statements of net position		
Repayment, payments/reduction of bond principal	21,955,000	27,390,000
Change in note payable	135,503	121,716
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds		
Change in accrued interest and other expenses	184,273	71,388
Change in compensated absences	(44,584)	(7,848)
Amortization of loss on refundings	(2,049,308)	(2,049,310)
Amortization of bond discount	(22,731)	(27,265)
Amortization of bond premium	3,222,630	3,222,630
Change in allowance on long-term note receivable	-	(149,636)
Depreciation on capital assets	(32,144)	(34,445)
Some expenses reporting in the fund statements are capitalized in the statements of net position and therefore do not result in expenses in the statements of activities		
Capital outlay capitalized in the statements of net position	28,308	9,404
Adjustment to note receivable	(3,000,000)	-
Change in note receivable	(104,346)	(87,777)
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	(7,439)	6,742
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	-	3,000,000
Change in net position (deficit) of governmental activities	$ 25,942,640	$ 27,858,789

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF NET POSITION – PROPRIETARY FUND
December 31, 2020 and 2019

	Total Enterprise Fund	
	2020	**2019**
Assets		
Current assets		
Cash and cash equivalents	$ 5,151,074	$ 4,791,084
Accounts receivable	25,051	20,322
Prepaids	1,038	1,528
Due from the City and County of Denver	992,806	370,285
Total current assets	6,169,969	5,183,219
Noncurrent assets		
Loans receivable (net of allowance of $608,127 and $589,456 for 2020 and 2019, respectively)	1,218,487	1,420,357
Total assets	7,388,456	6,603,576
Liabilities		
Current liabilities		
Accounts payable	857,031	470,169
Due to other governments	189,015	200,950
Total current liabilities	1,046,046	671,119
Noncurrent liabilities		
Advances from other funds	402,260	101,978
Total liabilities	1,448,306	773,097
Net Position		
Restricted - Housing program loans	$ 5,940,150	$ 5,830,479

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND
Years Ended December 31, 2020 and 2019

	Total Enterprise Fund	
	2020	2019
Operating revenues		
Contract revenue	$ 1,328,804	$ 1,217,888
Investment income	16,181	18,952
Other operating revenues	1,132,068	1,389,498
Total operating revenues	2,477,053	2,626,338
Operating expenses		
Programs	2,298,063	2,118,303
Bad debt expense	69,319	119,618
Total operating expenses	2,367,382	2,237,921
Operating income	109,671	388,417
Change in net position	109,671	388,417
Net position, beginning of year	5,830,479	5,442,062
Net position, end of year	$ 5,940,150	$ 5,830,479

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND
Years Ended December 31, 2020 and 2019

	Total Enterprise Fund	
	2020	**2019**
Cash flows from operating activities		
Cash received from loan payments, interest and other revenues	$ 1,058,020	$ 1,253,274
Cash received from contracts	706,283	1,521,256
Cash payments for loans and administration fees	(1,708,841)	(2,065,850)
Net cash provided by operating activities	55,462	708,680
Cash flows from noncapital financing activities		
Increase (decrease) in due to other governments	(11,935)	31,227
Advances from other funds	300,282	26,407
Net cash provided by noncapital financing activities	288,347	57,634
Cash flows from investing activities		
Cash received from investment income	16,181	18,952
Net increase in cash and cash equivalents	359,990	785,266
Cash and cash equivalents, beginning of year	4,791,084	4,005,818
Cash and cash equivalents, end of year	$ 5,151,074	$ 4,791,084
Reconciliation of operating gain to net cash provided by operating activities		
Operating income	$ 109,671	$ 388,417
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Bad debt expense (recovery)	69,319	119,618
Investment income included in operating revenues	(16,181)	(18,952)
Changes in assets and liabilities		
Accounts receivable	(4,729)	(16,606)
Due from the City and County of Denver	(622,521)	303,368
Prepaids	490	(1,528)
Loans receivable	132,551	(65,660)
Accrued liabilities	386,862	23
Net cash provided by operating activities	$ 55,462	$ 708,680

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Note 1: Summary of Significant Accounting Policies

Denver Urban Renewal Authority (the Authority) was created in 1958, pursuant to the Urban Renewal Law of the State of Colorado, to assist in the redevelopment of blighted property and to help foster the sound growth and development of the City and County of Denver (the City).

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

Reporting Entity and Financial Statement Presentation

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

The Authority is governed by a 13-member Board of Commissioners, 11 of whom are appointed by the Mayor of the City and confirmed by the Denver City Council.

For financial reporting purposes, the Authority is a component unit of the City and County of Denver under the provisions of Governmental Accounting Standards Board Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by Governmental Accounting Standards Board Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus,* as amended by GASB No. 84 *Fiduciary Activities*. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable because the Mayor appoints the majority of the Authority's Board of Commissioners, subject to City Council approval, and the Authority cannot undertake any urban renewal projects unless the City approves the urban renewal plan.

Discretely Presented Component Unit – Denver Neighborhood Revitalization, Inc.

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

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

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary 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 financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Capital Projects Fund is used to account for and reports various costs, and the related tax increment revenue and other financial resources 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.

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

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

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

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

DNRI considers developer fee revenues to be operating revenues and related expenses, including losses on sales of property, to be operating expenses.

Assets, Liabilities and Fund Balances

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

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

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

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

Due from/to the City and County of Denver 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 net 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 in the governmental funds represent payables due to the City and County of Denver for excess tax increment paid to the Authority. Due to the City and County of Denver in the proprietary fund represents money advanced to the Authority that is required to be repaid to the City.

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources – A deferred inflow of resource is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resource is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statements of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred outflows of resources of the Authority for the years ended December 31, 2020 and 2019 consist of deferred losses on previous debt refunding issuances. Deferred inflows of resources in the governmental fund financial statements are comprised of property taxes due from the City and County of Denver that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to the assets exists, but for which the levy pertains to the subsequent year.

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

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

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

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

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

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

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

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

The Authority has a stated goal of maintaining a minimum fund balance level of $2,100,000 of unassigned fund balance in the General Fund. In order to maintain the unassigned fund balance goal, a transfer in or out is recorded at year-end between the General Fund and the Development Fund (Capital Projects Fund). If the unassigned fund balance falls below the goal of $2,100,000, it must be replenished with Development Fund amounts within 12 months.

Use of Estimates

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

Tax Increment Financing

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

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

The Authority's bonds payable are payable solely from future TIF revenues pledged for such repayment or from reserves established by the Authority and maintained by the bond trustee. The reimbursement of eligible costs incurred by a developer are payable solely from future TIF revenues pledged for such reimbursement.

Budgets

As a part of the Local Government Budget Law of Colorado, Title 29 Government – Local, General Provisions, the Authority is required to submit its general fund budget annually to the State of Colorado. The Authority annually adopts a budget for the general fund for management purposes. During 2020, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

Risk Management

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

Reclassification

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the net position.

Recent Accounting Pronouncements

In 2020, the Authority implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Payments*. GASB 88 provides a definition of "debt" for the purposes of note disclosures and adds disclosures to the financial statements related to borrowings other than public debt, such as direct bank loans. GASB No. 88 provides for disclosure changes only. See Note 9 for long-term debt disclosure.

Note 2: Cash and Investments

A summary of cash and investments follows:

	2020	2019
Petty cash	$ 300	$ 300
Cash deposits	23,655,687	43,514,107
Investments	147,054,154	142,957,680
Total cash and investments	$ 170,710,141	$ 186,472,087

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

	2020	2019
Cash and investments	$ 7,202,614	$ 7,010,135
Restricted cash and investments	163,507,527	179,461,952
Total cash and investments	$ 170,710,141	$ 186,472,087

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, 2020 and 2019, state regulatory commissioners have indicated that all financial institutions holding deposits for the Authority are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Because the Authority's deposits are either insured by federal insurance or collateralized under the PDPA, such deposits are not exposed to custodial credit risk.

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

At December 31, 2020 and 2019, the Authority had deposits with financial institutions with a carrying amount of $24,913,673 and $43,514,107, respectively. The bank balances with the financial institutions were $24,169,156 as of December 31, 2020 and $43,609,177 as of December 31, 2019. Of these balances, $500,000 was covered by Federal Depository Insurance for 2020 and 2019 and $23,669,156 for 2020 and $43,109,177 for 2019 was covered by collateral held by authorized financial institutions in the Authority's name (PDPA).

Investments

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. By definition, investments in external investment pools and money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk – Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. This risk is commonly measured by the duration of an investment. The Authority's investment policy limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

As of December 31, 2020 and 2019, the Authority has the following investments subject to interest rate risk:

	2020		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
U.S. Treasury Notes	$ 41,219,988	$ 17,929,653	$ 23,290,335
Federal Agency Collateralized Mortgage Obligation	1,397,022	67,443	1,329,579
Federal Agency Bond/Notes	28,557,826	1,969,508	26,588,318
Corporate Notes	6,126,992	5,232,228	894,764
Supra-National Agency Bond/Notes	6,714,052	532,504	6,181,548
Municipal Bond/Notes	7,013,310	247,487	6,765,823
Commercial Paper	8,783,843	8,783,843	-
Total	$ 99,813,033	$ 34,762,666	$ 65,050,367

	2019		
	Investment Maturity (Years)		
	Fair Value	Less than One Year	1 to 5 Years
U.S. Treasury Notes	$ 53,124,892	$ 17,322,971	$ 35,801,921
Federal Agency Collateralized Mortgage Obligation	1,268,765	-	1,268,765
Federal Agency Bond/Notes	13,102,167	3,176,382	9,925,785
Corporate Notes	7,969,909	1,003,983	6,965,926
Supra-National Agency Bond/Notes	5,352,304	1,923,782	3,428,522
Municipal Bond/Notes	4,253,371	376,050	3,877,321
Commercial Paper	5,934,266	5,934,266	-
Total	$ 91,005,674	$ 29,737,434	$ 61,268,240

The local government investment pool of $744,517 and $739,120 for the years ended December 31, 2020 and 2019, respectively, $35,616,736 and $41,412,369 of money market funds for the years ended December 31, 2020 and 2019, respectively, and $10,879,866 and $9,800,517 of certificates of deposit for the years ended December 31, 2020 and 2019, respectively, are not included in the tables above as they are not subject to interest rate risk.

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

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks

- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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

At December 31, 2020 and 2019, the Authority had invested $744,517 and $739,120, 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 by U.S. Treasury and U.S. Agency securities. COLOTRUST is comprised of two funds: PRIME and PLUS+. Both funds carry an AAAm from Standards and Poor's.

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

Investment	S & P Rating	Moody's Rating
Federal Agencies Collateralized Mortgage Obligation	AA+	Aaa
Federal Agency Bond/Notes	AA+	Aaa
Corporate Notes	AA- to AAA	Aa3 to Aaa
Supra-National Agency Bond/Notes	AAA	Aaa
Municipal Bonds/Notes	AA- to AAA	Aa3 to Aaa
Commercial Paper	A-1	P-2
Certificates of Deposit	A-1 - A-1+	P-2 - P-1

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

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

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

Restricted Cash and Investments

At December 31, 2020 and 2019, the Authority had restricted cash and investments totaling $163,507,527 and $179,461,952, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements. Approximately $223,468 and $228,420 of cash restricted for future disbursement relates to the National Western Center, for the years ended December 31, 2020 and 2019, respectively.

Fair Value Measurements

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

The Authority has the following recurring fair value measurements as of December 31, 2020:

* U.S. Treasury securities of $41,219,988 and Corporate Notes of $6,126,992 are valued using quoted market prices (Level 1 inputs)

* Federal agency securities of $29,954,848, Supra-National Agency Bond/Notes of $6,714,052, Municipal Bonds/Notes of $7,013,310, and Commercial Paper of $8,783,843 are valued using a matrix pricing model (Level 2 inputs)

The Authority has the following recurring fair value measurements as of December 31, 2019:

* U.S. Treasury securities of $53,124,892 and Corporate Notes of $7,969,909 are valued using quoted market prices (Level 1 inputs)

* Federal agency securities of $14,370,932, Supra-National Agency Bond/Notes of $5,352,304, Municipal Bonds/Notes of $4,253,371, and Commercial Paper of $5,934,266 are valued using a matrix pricing model (Level 2 inputs)

The Authority has no investments that use Level 3 inputs for its fair value measurements for the years ended December 31, 2020 and 2019.

The local government investment pool and money market funds are measured at net asset value and is designed to approximate the share value. Therefore, these securities are not included in the fair value hierarchy. Certificates of deposit are also not held at fair value.

Note 3: Interfund Balances and Transfers

Interfund balances represent ongoing operations of the Authority occurring due to numerous transactions between the funds. Amounts are expected to be repaid within a reasonable period of time.

Interfund advances between funds are as follows:

2020

Receivable Fund	Payable Fund: General Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total
General Fund	$ -	$ 362,183	$ -	$ 402,260	$ 764,443
Capital Projects Fund	841,999	-	-	-	841,999
Debt Service Fund	-	12,768,546	-	-	12,768,546
Enterprise Fund	-	-	-	-	-
Total	$ 841,999	$ 13,130,729	$ -	$ 402,260	$ 14,374,988

2019

Receivable Fund	Payable Fund: General Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total
General Fund	$ -	$ 538,246	$ -	$ 101,978	$ 640,224
Capital Projects Fund	911,806	-	-	-	911,806
Debt Service Fund	-	4,031,465	-	-	4,031,465
Enterprise Fund	-	-	-	-	-
Total	$ 911,806	$ 4,569,711	$ -	$ 101,978	$ 5,583,495

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.

	2020			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 2,595,575	$ 550,000	$ 3,145,575
Capital Projects Fund	785,803	-	-	785,803
Debt Service Fund	-	84,878,716	-	84,878,716
Enterprise Fund	-	-	-	-
Total	$ 785,803	$ 87,474,291	$ 550,000	$ 88,810,094

	2019			
	Transfers Out			
Transfers In	General Fund	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ -	$ 2,384,585	$ 555,000	$ 2,939,585
Capital Projects Fund	918,531	-	-	918,531
Debt Service Fund	-	72,131,290	-	72,131,290
Enterprise Fund	-	-	-	-
Total	$ 918,531	$ 74,515,875	$ 555,000	$ 75,989,406

Note 4: Notes Receivable

DBH, Ltd.

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

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

Notes receivable from DBH, Ltd. totaled $3,322,345 as of December 31, 2020 and 2019. Repayment of the notes is doubtful and the receivable has been fully allowed for in the financial statements due to the uncertainty of the timing of the sale of the building and resulting proceeds.

Dunkeld-14 Co LLC

In 2014, the Authority, as lender, entered into a loan agreement for $1,900,000 with Dunkeld-14 Co LLC, as borrower, for purposes of rehabilitating and developing the 414 14th Street Redevelopment Area. The loan includes an interest rate on the outstanding principal balance of 4% simple interest per annum and amortization over 25 years. The Authority applies all amounts of Incremental Property Tax, after payment of all amounts due and owing to the Authority, to the outstanding loan balance due each year. Payments are first applied to accrued interest and then to the loan balance. In the event Incremental Property Taxes are not sufficient to make the annual scheduled debt service payment Dunkeld-14 Co LLC is responsible for paying any shortfalls. During 2014, the borrower drew $1,689,528 on the loan and in 2015 the borrower drew an additional $210,472 to reach the full $1,900,000. The outstanding balance for the years ended December 31, 2020 and 2019 totaled $1,516,463 and $1,620,809, respectively.

Westwood

In 2015, the Authority entered into redevelopment and disbursement agreements with two related entities, Westwood Crossing LLLP and Westwood Crossing Commercial LLC, in furtherance of the Westwood Crossing development project, located in the Westwood Urban Renewal Area. Typically, the Authority uses available tax increment to reimburse developers for project costs incurred pursuant to the applicable redevelopment agreements. In this instance, the redevelopers' legal and tax structures required the Authority to structure its financing as a loan, rather than a direct reimbursement. Accordingly, these agreements allowed for two loans in the amounts of $3,382,581 and $617,419, to be made by the Authority to Westwood Crossing LLLP and Westwood Crossing Commercial LLC, respectively. The loans earn interest at 1% per annum, compounded monthly. The loans are subordinate to all other liens and repayment positions on the project, and the timing of their collection is doubtful. The principal and interest balances of $3,493,269 and $642,268 as of December 31, 2020, for Westwood Crossing LLLP and Westwood Commercial LLC, respectively, have thus been fully allowed for in the financial statements due to the significant uncertainty in both the potential for and timing of collection.

Note 5: Loans Receivable

The Authority has entered into several agreements with the City to administer various community development home loan programs. Under certain guidelines, qualified homeowners/occupants within the City may borrow funds to rehabilitate single family housing units.

The major categories of loans are as follows:

Fully Amortized

Loans have been made to qualified program applicants under the Authority's Single Family Rehabilitation Program and Denver Water Lead Service Line replacement programs, and the State of Colorado, Department of Public Health and Environment Sanitary sewer repair program. As of December 31, 2020, the loans outstanding bear interest rates ranging from 0% to 3.95% per annum.

The loans are payable in monthly installments. All loans are collateralized by the properties on which the money is loaned. The loans originated under this loan category for the years ended December 31, 2020 and 2019 totaled \$40,089 and \$234,749, 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, 2020 and 2019:

Balance 1/1/2020	Additions	Payments/ Write-offs	Change in Allowance	Balance 12/31/2020
$ 1,420,357	$ 40,089	$ (223,285)	$ (18,674)	$ 1,218,487

Balance 1/1/2019	Additions	Payments/ Write-offs	Change in Allowance	Balance 12/31/2019
$ 1,474,316	$ 234,749	$ (256,850)	$ (31,858)	$ 1,420,357

Deferred Payment

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

New loans originated under this loan category for the years ended December 31, 2020 and 2019 totaled \$646,130 and \$835,512, respectively. Deferred loans outstanding at December 31, 2020 and 2019 totaled \$26,641,090 and \$25,721,655, respectively. Because these amounts are payable only upon the conditions discussed above, they are not recorded in the financial statements.

Note 6: Capital Assets

As of December 31, 2020 and 2019, capital assets of the Authority consisted of the following:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets being depreciated				
Computers and equipment	$ 137,887	$ 28,308	$ -	$ 166,195
Furniture and fixtures	54,131	-	-	54,131
Leasehold improvements	94,300	-	-	94,300
Less: accumulated depreciation	(168,382)	(32,144)	-	(200,526)
Capital assets, net	$ 117,936	$ (3,836)	$ -	$ 114,100

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets being depreciated				
Computers and equipment	$ 128,483	$ 9,404	$ -	$ 137,887
Furniture and fixtures	54,131	-	-	54,131
Leasehold improvements	94,300	-	-	94,300
Less: accumulated depreciation	(133,937)	(34,445)	-	(168,382)
Capital assets, net	$ 142,977	$ (25,041)	$ -	$ 117,936

Depreciation expense of $32,144 and $34,445 for the years ended December 31, 2020 and 2019, respectively, was charged to governmental activities, general government expense in the statements of activities.

Note 7: Capital Projects

There are two ways in which the Authority finances urban renewal projects, through the issuance of bonds or through reimbursements to developers for a portion of the developer's project financing. The Authority is currently financing 24 reimbursement projects (see Note 12 under "Reimbursement Projects"). Reimbursements to developers are payable solely from incremental tax revenues generated by each project. Tax increment revenue is based on the project's current property value and retail sales performance. The projects financed through issuance of bonds currently outstanding are as follows:

Stapleton Project

The Stapleton project involves the redevelopment of the former Stapleton International Airport. This 7.5 square mile project, encompassing approximately 4,700 acres, is one of the largest infill developments in the nation. Generally, the project area consists of the land area south of 64th Avenue, east of Quebec Street, west of Havana, and north of Montview Boulevard. The project began in March 2001. The entire project will be developed in a series of phases over a period of approximately 25 years. When completed, the project will be home to approximately 14,000 housing units, three million square feet of retail facilities, 10 million square feet of commercial space, numerous schools and community facilities, with a work force population of 35,000 employees and 35,000 residents. The Stapleton redevelopment will also include over 1,100 acres of parks and open space.

As of December 31, 2020, there is approximately 2.6 million square feet of retail development in Stapleton, as well as 3.3 million square feet of industrial/flex space, and hotel development totaling 401 rooms. Office space totals approximately 419,000 square feet. The cumulative number of residential for sale units sold through December 31, 2020 was 9,422, and the cumulative number of apartment units built was 2,443.

9th and Colorado

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

A portion of the proceeds of the Series 2018A Bonds (the “Restricted Proceeds Term Bond”), were deposited to the Restricted Amounts Subaccount of the Project Fund and are subject to transfer to the Unrestricted Amounts Subaccount and released to 9th Avenue Land LLC in accordance with the Bond Proceeds Holdback and Release Agreement upon the satisfaction of certain development milestones with respect to the 9th Avenue Project. To the extent any proceeds of the Restricted Proceeds Term Bond are on deposit in the Restricted Amounts Subaccount or the Unrestricted Amounts Subaccount on September 18, 2021, such proceeds will be used, together with any amounts released from the Series 2018A Senior Bond Reserve Account, to redeem the Restricted Proceeds Term Bond on October 18, 2021, in whole or in part. The balance in the Restricted Amounts Subaccount of the Project Fund as December 31, 2020 was $12,186,923.

A summary of redevelopment agreement obligations is provided in Note 12.

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

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

	2020	2019
Deferred outflows of resources		
Deferred loss on refundings	$ 10,089,652	$ 12,138,961
Total deferred outflows of resources	$ 10,089,652	$ 12,138,961

	2020	2019
Deferred inflows of resources		
Property taxes not yet received or for which levy pertains to subsequent year	$ 116,028,463	$ 109,442,112
Total deferred inflows of resources	$ 116,028,463	$ 109,442,112

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

Note 9: Long-term Liabilities

The following is a summary of debt transactions of the Authority for the years ended December 31, 2020 and 2019:

	Balance 1/1/2020	Additions	Payments/ Reductions	Balance 12/31/2020	Due Within One Year
Bonds payable	$ 228,705,000	$ -	$ (21,955,000)	$ 206,750,000	$ 21,610,000
Premium on bonds payable	19,196,107	-	(3,222,630)	15,973,477	-
Discount on bonds payable	(451,824)	-	22,731	(429,093)	-
Notes payable	4,676,378	-	(135,503)	4,540,875	-
Compensated absences	160,383	101,928	(57,344)	204,967	-
Total	$ 252,286,044	$ 101,928	$ (25,347,746)	$ 227,040,226	$ 21,610,000

	Balance 1/1/2019	Additions	Payments/ Reductions	Balance 12/31/2019	Due Within One Year
Bonds payable	$ 256,095,000	$ -	$ (27,390,000)	$ 228,705,000	$ 20,955,000
Premium on bonds payable	22,418,737	-	(3,222,630)	19,196,107	-
Discount on bonds payable	(479,089)	-	27,265	(451,824)	-
Notes payable	4,798,094	-	(121,716)	4,676,378	-
Compensated absences	152,535	89,230	(81,382)	160,383	-
Total	$ 282,985,277	$ 89,230	$ (30,788,463)	$ 252,286,044	$ 20,955,000

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

A comparison of TIF revenues pledged as collateral for the payment of Tax Increment Revenue Bonds (Bonds) recognized for the years ended December 31, 2020 and 2019 to the principal and interest requirements of the Bonds for those periods is as follows:

	2020	2019
Stapleton Series 2010B, 2013A-1, and 2014D-2		
TIF revenues recognized, net of priority fees	$ 75,970,748	$ 69,435,851
Principal and interest requirements	29,837,996	36,555,281
9th and Colorado		
TIF revenues recognized, net of priority fees	1,854,159	1,270,890
Principal and interest requirements*	3,347,400	3,347,400

* Capitalized interest, as defined by the bond agreements, of $3,347,400 and $3,347,400 was used to meet 2020 and 2019, respectively, principal and interest requirements on the 9th and Colorado bonds.

Bonds Payable

Tax Increment Revenue Bonds

The Authority has outstanding tax increment revenue bonds and notes from direct borrowings totaling $177,810,000 and $28,940,000, respectively.

Bonds payable as of December 31, 2020 are:

	Balance 1/1/2020	Additions	Payments/ Reductions	Balance 12/31/2020	Due Within One Year
Stapleton Senior Subordinate Tax Increment Revenue Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds varies from 3.0% to 5.0% and the bonds mature on December 1, 2025.	$ 41,650,000	$ -	$ 5,320,000	$ 36,330,000	$ 5,165,000
Stapleton Senior Tax Increment Revenue Bonds Series 2013A-1 for the Stapleton Project. The interest rate on the bonds is 5.0% and the bonds mature on December 1, 2025.	88,305,000	-	10,585,000	77,720,000	11,645,000
9th and Colorado Tax Increment Revenue Bonds Series 2018A for the 9th and Colorado Project. The interest rate is 5.25% and the bonds mature on December 1, 2039.	63,760,000	-	-	63,760,000	1,200,000
Total	193,715,000	-	15,905,000	177,810,000	18,010,000
Direct Borrowings and Direct Placements					
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. The interest rates on the loans are 4.100% and 4.189% and the loans mature on December 20, 2025.	34,990,000	-	6,050,000	28,940,000	3,600,000
Total	$ 228,705,000	$ -	$ 21,955,000	$ 206,750,000	$ 21,610,000

Tax Increment Revenue Bonds (continued)

Bonds payable as of December 31, 2019 are:

	Balance 1/1/2019	Additions	Payments/ Reductions	Balance 12/31/2019	Due Within One Year
Stapleton Senior Subordinate Tax Increment Revenue Bonds Series 2010B-1 for the Stapleton Project. The interest rate on the bonds varies from 3.0% to 5.0% and the bonds mature on December 1, 2025.	$ 49,325,000	$ -	$ 7,675,000	$ 41,650,000	$ 5,320,000
Stapleton Senior Tax Increment Revenue Bonds Series 2013A-1 for the Stapleton Project. The interest rate on the bonds is 5.0% and the bonds mature on December 1, 2025.	102,370,000	-	14,065,000	88,305,000	10,585,000
9th and Colorado Tax Increment Revenue Bonds Series 2018A for the 9th and Colorado Project. The interest rate is 5.25% and the bonds mature on December 1, 2039.	63,760,000	-	-	63,760,000	-
Total	215,455,000	-	21,740,000	193,715,000	15,905,000
Direct Borrowings and Direct Placements					
Stapleton Loan Agreement Series 2014D-2 for the Stapleton Project. The interest rates on the loans are 4.100% and 4.189% and the loans mature on December 20, 2025.	40,640,000	-	5,650,000	34,990,000	5,050,000
Total	$ 256,095,000	$ -	$ 27,390,000	$ 228,705,000	$ 20,955,000

The 2014D-2 direct borrowings have the following terms related to events of default with finance-related consequences: Immediately upon the occurrence of a Loan Default, each Advance Amount or the Outstanding Loan Amount, as applicable, will accrue interest at the applicable Premium Rate. The Premium Rate shall be the applicable interest rate until such time as the applicable Loan Default or an Event of Loan Default is cured to the satisfaction of the Lenders.

Debt service requirements to maturity for the Bonds are as follows:

Year Ending December 31, 2020	Principal	Interest	Total
2021	$ 21,610,000	$ 10,237,967	$ 31,847,967
2022	25,855,000	9,228,354	35,083,354
2023	28,680,000	8,020,363	36,700,363
2024	32,010,000	6,672,643	38,682,643
2025	44,150,000	5,044,329	49,194,329
2026-2030	13,790,000	12,917,363	26,707,363
2031-2035	17,810,000	8,897,700	26,707,700
Thereafter	22,845,000	3,446,625	26,291,625
	$ 206,750,000	$ 64,465,344	$ 271,215,344

Notes Payable

Notes payable activity for the years ended December 31, 2020 and 2019 consists of the following:

	Balance 1/1/2020	Additions	Payments/ Reductions	Balance 12/31/2020	Due Within One Year
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	$ 4,676,378	$ -	$ 135,503	$ 4,540,875	$ -

	Balance 1/1/2019	Additions	Payments/ Reductions	Balance 12/31/2019	Due Within One Year
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	$ 4,798,094	$ -	$ 121,716	$ 4,676,378	$ -

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

Stapleton Obligations

The Authority has outstanding tax increment revenue bonds and notes from direct borrowings totaling $177,810,000 and $28,940,000, respectively, related to Stapleton obligations.

2010B-1

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

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

2013A-1

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

2013D-2

On July 8, 2013, the Authority and Denver Public Schools (DPS) entered into a Second Supplement to Amended and Restated Stapleton School Funding Agreement (the Second School Funding Agreement Supplement). In connection with the execution of the Second School Funding Agreement Supplement, the Authority and the Trustee entered into a Series 2013D-2 DPS Junior Subordinate Bond Supplemental Trust Indenture dated as of July 8, 2013, pursuant to which this reimbursement obligation is deemed to be a Junior Subordinate Bond of the Authority under the Stapleton Master Indenture. As the 2013D-2 Junior Subordinate Bond is a reimbursement obligation, subject to the availability of pledged revenue as defined in the Stapleton Master Indenture, it is not included as a bond payable and will be expensed as payments are made consistent with the accounting treatment of other developer reimbursement obligations. Under the Second School Funding Agreement Supplement, DPS has agreed to advance up to $58,715,000 of the actual development costs of two additional schools at Stapleton. The Authority is obligated, subject to the terms and provisions of the Second School Funding Agreement Supplement and of the Stapleton Master Indenture, to reimburse DPS for the advances, together with certain related financing and administrative costs, in an amount of up to $81,799,825. Actual development project costs submitted by DPS were $57,474,700 and the total maximum reimbursement to DPS was revised to $80,488,461.

2014D-2

On December 23, 2014, the Authority issued its Stapleton Junior Subordinate Tax Increment Revenue Bonds, Series 2014D-2, in an aggregate principal amount of up to $60,000,000 (the Series 2014D-2 Bonds) evidenced by a direct borrowing between the Authority and Compass Mortgage Corporation and Vectra Bank Colorado National Association (the Series 2014D 2 Banks). The bonds were issued pursuant to the Stapleton Master Indenture and the Series 2014D-2/3/4 Supplemental Trust Indenture dated as of December 23, 2014 (the Series 2014D-2/3/4 Supplemental Indenture) between the Authority and the Trustee. The Series 2014D-2 Bonds evidence amounts payable by the Authority pursuant to a Loan Agreement dated as of December 23, 2014 (the Series 2014D-2 Loan Agreement) between the Authority and Compass Mortgage Corporation and Vectra Bank Colorado National Association (the Series 2014D-2 Banks). The loan made pursuant to the Series 2014D-2 Loan Agreement (the Series 2014D-2 Loan) is a drawdown loan, with $36,000,000 in principal amount drawn by the Authority at closing and outstanding as of December 31, 2014. Proceeds of such initial draw were used and will be used to: (a) finance additional development at Stapleton; (b) repay the outstanding amounts advanced by Park Creek under the Second Master Redevelopment Agreement Supplement and discharge the Authority's repayment obligation thereunder; (c) repay the outstanding amounts advanced by Park Creek under the Third Master Redevelopment Agreement Supplement and discharge the Authority's repayment obligation thereunder; and (d) pay certain costs incurred by the Authority in connection with the issuance of the Series 2014D-2 Bonds. On December 18, 2015, the Authority drew an additional $24,000,000 in principal amount on the Series 2014D-2 Loan, representing all of the remaining undrawn principal amount thereof. Proceeds of such draw were used and will be used to finance additional development at Stapleton and pay costs incurred by the Authority in connection with making such draw.

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

2014 Subordinate Bond

In consideration for making amounts in the City Retained Taxes Fund available for such payments, the Authority has agreed in the 2014 City/Authority Services Agreement to pay to the City an amount equal to 20% of incremental sales and property taxes collected in 2025, which is estimated to be $16,000,000, subject to the limitations of the Stapleton Master Indenture, the Series 2014D-2/3/4 Supplemental Indenture and the 2014 City/Authority Services Agreement, which obligation is, pursuant to the Series 2014D-2/3/4 Supplemental Indenture, designated as the 2014D-4 Junior Subordinate Bond. Due to the contingent nature of this obligation it is not currently recorded as a bond payable.

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

On July 26, 2017, the Authority finalized an agreement with an effective date of May 15, 2017, for the purpose of paying the costs of certain trunk infrastructure at Stapleton described below: (a) the Third Supplement to Amended and Restated Stapleton School Funding Agreement between the Authority and DPS (the Third Supplement to School Funding Agreement); (b) the Second Supplemental Infrastructure Funding Agreement between the Authority and the City (the City Second Supplemental Infrastructure Funding Agreement); and (c) the Fifth Supplement to Amended and Restated Master Redevelopment Agreement between the Authority and Park Creek (the Fifth Master Redevelopment Agreement Supplement). As the 2017 D-1/2/3/4/5 Junior Subordinate Bond is a reimbursement obligation, subject to the availability of pledged revenue as defined in the Stapleton Master Indenture, it is not included as a bond payable and will be expensed as payments are made consistent with the accounting treatment of other developer reimbursement obligations.

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

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

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

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

The 2017D-3, 2017D-4, and 2017D-5 obligations, respectively, were contingent obligations. After completion of the City Second Supplemental Infrastructure Funding Agreement and the Fifth Master Redevelopment Agreement Supplement the need for the aforementioned advances related to the actual development costs of the North Fire Station and the actual development costs of the construction of the second span of the Central Bark Boulevard bridge over Sand Creek (the CPB Bridge) did not materialize. Because the actual development costs of these projects did not materialize, the obligations of the Authority to reimburse the City and Park Creek did not materialize. Accordingly, the Authority no longer expects to have reimbursement obligations related to the Junior Subordinate Bonds, Series 2017D-3, 2017D-4, and 2017D-5, respectively.

9th and Colorado Tax Increment Revenue Bonds Series 2018A

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

Note 10: Retirement Plan

The Authority maintains a defined contribution retirement plan organized in accordance with the provisions of Section 401(a) of the Internal Revenue Code. The contribution requirements of plan members and the Authority are established and may be amended by the Board of Commissioners. Irrevocable upon an election to participate, employees with six consecutive months of service are required to contribute 5% of their compensation to the plan. The Authority contributes 10% of their compensation to the plan. Participants in the plan are vested in the Authority's contribution as follows: 20% after one year of participation, 40% after two years of participation, and 100% after three years of participation. During the years ended December 31, 2020 and 2019, the Authority's contribution to the plan totaled $134,134 and $119,333, respectively, and the employee contributions totaled $67,067 and $55,606, respectively, which are equal to the required contributions. There is no retirement plan liability related to the plan for the year ended December 31, 2020. The Plan investments are administered by ICMA-RC.

Note 11: Lease Commitment

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

Year Ending December 31,	
2021	$ 216,042
2022	216,750
2023	216,750
2024	36,125
Total	$ 685,667

Total rental expense under this lease for the years ended December 31, 2020 and 2019 was $211,791 and $211,792, respectively.

Note 12: Commitments and Contingencies

Denver Dry Building

In connection with the Authority's development of the Denver Dry Building, the Authority has guaranteed certain loans made to DBH, Ltd. by the Bank of Denver with an outstanding balance as of December 31, 2020 of $2,321,107. In addition, the Authority has guaranteed all obligations of the Denver Dry Development Corporation as general partner, under the terms and conditions of the limited partnership agreement of DBH, Ltd. No amounts have been recorded as a liability in these financial statements as management believes the possibility of having to make payments under these guarantees is remote.

Contracts

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

Stapleton City Retained Taxes

This major residential and commercial development, which will provide new housing and job opportunities, calls for providing the same city services that other residents of Denver enjoy. To mitigate a portion of the impact that Stapleton development will have on the City's general fund, the City intended to retain a portion of the tax increment in consideration for services and facilities that the City provides to the redevelopment area "City Retained Taxes." As the City's need to provide services to the Stapleton neighborhoods increase through the years, the City's share of the tax increment increases as shown below. The details of this revenue split are included in a Cooperation Agreement between the Authority and the City. In 2004, the City agreed to subordinate its retained portion of tax increment revenues generated in the Stapleton Urban Redevelopment Area to Stapleton project bond debt service. Under the amended Cooperation Agreement, the Authority has agreed to return the City Retained Taxes amount not used for debt service in December of each year. In 2020 and 2019, the Authority returned $35,921,131 and $21,376,004 of retained amounts not used for debt service, respectively.

Stapleton City Retained Taxes as a
Percentage of Annual Incremental Taxes

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

Reimbursement Projects

The Authority has entered into various Redevelopment Agreements (Agreements) with various redevelopers whereby the redeveloper has agreed to construct certain improvements under specific urban renewal plans approved by the City. Under the Agreements, the Authority reimburses the redeveloper, generally with interest, in a principal amount not to exceed the maximum reimbursable project costs specified in the Agreements. These reimbursements are payable solely from incremental sales and/or property tax revenues generated by the project and are not a general obligation of the Authority. Tax increment revenue is based on the project's current property value and retail sales performance. As the collectability of a project's tax increment is uncertain, the obligation is not recorded as a reimbursement liability in these financial statements. The Redevelopment Agreements have various original expiration terms, up to a maximum of 25 years.

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

For those reimbursement obligations that were approved and where available tax increment will be used to pay for approved expenditures, the liability has been recorded. As of December 31, 2020 and 2019, $4,074,134 and $19,000,333, respectively, met these criteria and has been accrued in the Capital Projects Fund. These amounts include both principal and interest components.

	Maximum Reimbursable Project Costs per Redevelopment Agreement	TIF Commitment Obligations	Reimbursable Project Costs Approved as of December 31, 2020	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2020	Accrued TIF Reimbursement Obligation as of December 31, 2020
101 Broadway	$ 2,800,000	$ -	$ -	$ -	$ -	$ -
2300 Welton	769,000	-	769,000	247,088	521,912	-
2460 Welton	1,350,000	-	1,350,000	126,763	1,223,237	-
2560 Welton	4,200,000	-	4,200,000	-	4,200,000	362
2801 Welton	350,000	-	350,000	-	350,000	903
38th and York	3,600,000	-	3,600,000	1,273,500	2,326,500	3,466
414 14th Street	1,900,000	-	1,900,000	381,202	1,518,798	-
Colorado National Bank	10,000,000	-	10,000,000	4,595,507	5,404,493	4,535
Downtown Projects	-	35,730,259	(32,003,335)	32,003,335	-	3,726,923
Emily Griffith Opportunity School	21,800,000	-	-	-	-	-
Highlands Garden Village	8,120,810	-	8,120,810	6,890,603	1,230,206	-
I-25 and Broadway	89,438,030	-	-	-	-	-
Lowry - Agreement Terminated	85,375,000	-	85,375,000	85,375,000	-	-
Lowry Boulevard 1	3,539,223	-	3,539,223	3,504,043	35,180	35,180
Marycrest - Subordinate	650,000	-	650,000	-	650,000	-
Source - 3330 Brighton Blvd	6,500,000	-	6,500,000	383,625	6,116,375	31,839
South Broadway - Terminated	13,000,000	-	13,000,000	7,308,806	-	65,000
St. Anthony's - Sloan's Block 3	6,995,000	-	-	-	-	-
St. Anthony's - Sloan's Block 7 East	1,650,000	-	1,650,000	650,418	999,582	11,789
St. Anthony's - Sloan's Block 7 West	3,400,000	-	3,400,000	1,473,407	1,926,593	1,834
St. Anthony's - Sloan's Block 9	5,555,555	-	5,501,089	-	5,501,089	-
Tamarac Square	5,000,000	-	5,000,000	4,389,268	610,732	192,303
The Point	1,504,183	-	1,504,183	1,420,851	83,332	-
Westwood Projects	7,710,000	732,000	8,438,665	8,438,665	-	-
Total	$ 285,206,801	$ 36,462,259	$ 132,844,634	$ 158,462,081	$ 32,698,029	$ 4,074,134

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

Under these agreements, the Authority has agreed to pass certain amounts of tax increment revenue through to the City or other taxing entities for purposes defined within the agreements. These agreements can generally be broken into two types: those for with a defined maximum amount of tax increment revenue (project costs) must be transferred to the extent of available tax increment, and those for which all available tax increment revenue for a specific special taxing district must be transferred. The obligations of the Authority under these IGA and Cooperation Agreements are payable solely from incremental sales and/or property tax revenues generated by the project and are not a general obligation of the Authority. Tax increment revenue is based on the project's current property value and retail sales performance. As the collectability of a project's tax increment is uncertain, these obligations are not recorded as reimbursement liabilities in the Authority's financial statements.

The following table provides detailed information relating to the various IGA and Cooperation Agreements with defined maximum reimbursable project costs that the Authority has entered into as part of its redevelopment projects. The table includes the eligible maximum reimbursable project costs and the unpaid maximum reimbursable costs as of December 31, 2020. Amounts arising from the Stapleton Junior Subordinate bonds are included, as these obligations are payable only to the extent that tax increment revenue is available and are not recorded as bond liabilities in the Authority's financial statements. IGA and Cooperation agreements for which no maximum reimbursable project costs exist are not included in the chart below, as all available tax increment generated is transferred to the other taxing entities upon receipt by the Authority, and thus there were no unpaid maximum reimbursable project costs as of December 31, 2020.

	Maximum Reimbursable Project Costs per IGA/Cooperation Agreement	TIF Commitment Obligations	Reimbursable Project Costs Approved as of December 31, 2020	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2020	Accrued TIF Reimbursement Obligation as of December 31, 2020
4201 E. Arkansas - DPS Agreement	$ 1,228,800	$ -	$ 1,228,800	$ -	$ 1,228,800	$ -
9th and Colorado - City Services	6,300,000	-	900,000	900,000	-	-
9th and Colorado - DPS School District No. 1	1,000,000	-	1,000,000	1,000,000	-	-
Globeville - Cooperation Agreement (Original Obligation Terminated)	10,500,000	-	344,082	344,082	-	-
I-25 and Broadway - DPS School Support	3,000,000	-	3,000,000	3,000,000	-	-
National Western Center - RTA	121,500,000	-	-	-	-	-
St. Anthony's DPS School Support	2,500,000	-	2,500,000	1,400,000	1,100,000	-
Stapleton - 2013 D-2 Junior Subordinate Bond	58,715,000	-	57,474,700	18,209,087	39,265,613	-
Stapleton - 2014 D-4 Junior Subordinate Bond	16,000,000	-	-	-	-	-
Stapleton - 2017 D-1 DPS Junior Subordinate Bond	16,450,000	-	16,348,234	3,614,907	12,733,327	-
Stapleton - 2017 D-2 DPS Junior Subordinate Bond	23,640,331	-	23,640,331	11,841,468	11,798,863	-
Stapleton - 2017 D-5 City Junior Subordinate Bond	8,400,000	-	8,338,844	-	8,338,843	-
Total	$ 269,234,131	$ -	$ 114,774,991	$ 40,309,544	$ 74,465,446	$ -

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, 2020 were $677,204, of which $646,130 is attributable to deferred payment loans as discussed in Note 5.

Note 13: Tabor Amendment

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

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Required Supplementary Information

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	$ 495,000	$ 495,000	$ 312,432	$ (182,568)
Investment income	3,000	3,000	1,746	(1,254)
Other income	1,098,400	1,098,400	976,970	(121,430)
Total revenues	1,596,400	1,596,400	1,291,148	(305,252)
Expenditures				
Current				
Administration	4,153,565	4,153,565	3,620,285	(533,280)
Capital outlay	49,000	49,000	30,635	(18,365)
Total expenditures	4,202,565	4,202,565	3,650,920	(551,645)
Excess of revenues over (under) expenditures	(2,606,165)	(2,606,165)	(2,359,772)	246,393
Other Financing Sources (Uses)				
Transfers in	3,348,000	3,348,000	3,145,575	(202,425)
Transfers out	(741,835)	(741,835)	(785,803)	(43,968)
Total other financing sources (uses)	2,606,165	2,606,165	2,359,772	(246,393)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	2,405,066	2,405,066	2,405,066	-
Fund Balance, End of Year	$ 2,405,066	$ 2,405,066	$ 2,405,066	$ -

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended December 31, 2020

Note 1: Budgets and Budgetary Accounting

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

In October, the preliminary proposed budget is presented to the Board in accordance with state statute. In December of each year, the budget is adopted by the Board for the subsequent year.

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

For the year ended December 31, 2020, administration expenditures were lower than budget by $551,645, and other income was lower than budget by $121,429, due to timing changes for expected project revenues and expenses, and a corresponding decrease in intergovernmental revenue. Both revenues and expenses were impacted by distancing requirements including remote-working conditions.

Supplementary Information

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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, 2020

	Stapleton 2013A-1		Stapleton 2010B-1	
Mill Levy				
General Fund, Denver	7.451		7.451	
Affordable Housing	0.392		0.392	
Social Services, Denver	2.479		2.479	
Denver Schools/General Fund	37.096		37.096	
Denver Schools/Bond Fund	9.568		9.568	
Bond Sinking Fund, Denver	4.500		4.500	
Bond Interest, Denver	2.000		2.000	
Fire Pension Fund	1.042		1.042	
Urban Drainage/Flood Control	0.997		0.997	
Police Pension Fund	1.243		1.243	
Capital Improvement	1.809		1.809	
Capital Maintenance	2.528		2.528	
	71.105		71.105	
Property Tax Base Amount (Assessed Value)	58,059,476		-	
Sales Tax Base Amount (Revenue)	856,917		-	
Property Tax Increment Revenue	55,704,281		-	
Sales Tax Increment Revenue	20,839,508		-	
Debt Service Reserve Earnings	340,152		-	
Other Interest Earnings	76,580		-	
Capitalized Interest	-		-	
Net Revenues	76,960,521		-	
BONDS & PRIORITY EXPENSE				
Debt Service	15,000,250	(1)	7,273,319	(1)
DURA Priority Fee	584,370		-	
Other Expenses	9,400		-	
Annual Coverage Ratio	5.09	(2)	3.43	(3)

NOTES

(1) The ***Stapleton Senior 2013 A-1 bonds*** were issued March 2013.
The 2013 A-1 Stapleton bonds are tax exempt and fixed rate.
The 2013 A-1 bonds defeased the 2008 A-1 and 2008 A-2 Stapleton bonds.
The 2013 A-1 Stapleton bonds are Subordinate to the DURA priority fee and other expenses.
The 2013 A-1 Stapleton bonds are Senior to the 2010 B-1 Stapleton bonds with respect to collected property and sales taxes available for debt service.

The ***Stapleton Senior Subordinate 2010 B-1 bonds*** were issued May 2010.
The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.
The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 Stapleton bonds are Subordinate to the 2013 A-1 Stapleton bonds with respect to collected property and sales taxes available for debt service and DURA priority fee.
The 2010 B-1 bonds were remarketed on December 23, 2015 at lower fixed interest rates for the purpose of annual debt service savings.

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

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

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2020

	9th and Colorado **2018A**	(1)
Fund Balances		
Senior Bond Fund	3,776,988	
Senior Bond Reserve Fund	5,343,938	
Restricted Amounts Subaccount	15,756,479	
Supplemental Reserve Fund	-	
Assessed Value		
Current Assessed Value of Property in the URA	34,105,649	(2)
Tax Increment Base and Revenue		
Property Tax Base Amount (Assessed Value)	-	
Property Tax Increment Revenue	1,791,175	(3)
Sales Tax Base Amount (Revenue)	-	
Sales Tax Increment Revenue	-	(3)

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

(2) This is the Final Certified Assessed Value as of December 10, 2019.

(3) Includes all property and sales tax increment revenue collected by the Authority between January 1, 2019 and December 31, 2019.

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

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2019

	Stapleton 2013A-1		Stapleton 2010B-1	
Mill Levy				
General Fund, Denver	7.869		7.869	
Affordable Housing	0.444		0.444	
Social Services, Denver	3.374		3.374	
Denver Schools/General Fund	38.676		38.676	
Denver Schools/Bond Fund	9.568		9.568	
Bond Sinking Fund, Denver	7.000		7.000	
Bond Interest, Denver	1.433		1.433	
Fire Pension Fund	1.183		1.183	
Urban Drainage/Flood Control	0.820		0.820	
Police Pension Fund	1.411		1.411	
Capital Improvement	2.053		2.053	
Capital Maintenance	2.525		2.525	
	76.356		76.356	
Property Tax Base Amount (Assessed Value)	48,305,499		-	
Sales Tax Base Amount (Revenue)	856,917		-	
Property Tax Increment Revenue	47,729,833		-	
Sales Tax Increment Revenue	22,267,912		-	
Debt Service Reserve Earnings	344,737		-	
Other Interest Earnings	755,269		-	
Capitalized Interest	-		-	
Net Revenues	71,097,750		-	
BONDS & PRIORITY EXPENSE				
Debt Service	19,183,500	(1)	10,012,069	(1)
DURA Priority Fee	561,894		-	
Other Expenses	9,400		-	
Annual Coverage Ratio	3.68	(2)	2.42	(3)

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2019

NOTES

(1) The ***Stapleton Senior 2013 A-1 bonds*** were issued March 2013.
The 2013 A-1 Stapleton bonds are tax exempt and fixed rate.
The 2013 A-1 bonds defeased the 2008 A-1 and 2008 A-2 Stapleton bonds.
The 2013 A-1 Stapleton bonds are Subordinate to the DURA priority fee and other expenses.
The 2013 A-1 Stapleton bonds are Senior to the 2010 B-1 Stapleton bonds with respect to collected property and sales taxes available for debt service.

The ***Stapleton Senior Subordinate 2010 B-1 bonds*** were issued May 2010.
The 2010 B-1 Stapleton bonds are tax exempt and fixed rate.
The 2010 B-1 bonds defeased the remaining $100 million of the 2004 B-1 Stapleton bonds.
The 2010 B-1 Stapleton bonds are Subordinate to the 2013 A-1 Stapleton bonds with respect to collected property and sales taxes available for debt service and DURA priority fee.
The 2010 B-1 bonds were remarketed on December 23, 2015 at lower fixed interest rates for the purpose of annual debt service savings.

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

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

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
ANNUAL 15c2-12 DISCLOSURE
Year Ended December 31, 2019

	9th and Colorado 2018A	(1)
Fund Balances		
Senior Bond Fund	3,776,988	
Senior Bond Reserve Fund	5,343,938	
Restricted Amounts Subaccount	15,756,479	
Supplemental Reserve Fund	-	
Assessed Value		
Current Assessed Value of Property in the URA	34,105,649	(2)
Tax Increment Base and Revenue		
Property Tax Base Amount (Assessed Value)	-	
Property Tax Increment Revenue	1,791,175	(3)
Sales Tax Base Amount (Revenue)	-	
Sales Tax Increment Revenue	-	(3)

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

(2) This is the Final Certified Assessed Value as of December 10, 2019.

(3) Includes all property and sales tax increment revenue collected by the Authority between January 1, 2019 and December 31, 2019.

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

Single Audit

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Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through from the City and County of Denver:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	OEDEV-202053107-00	$ -	$ 199,560
	14.218	OEDEV-202053109-00	-	212,589
Total CDBG - Entitlement Grants Cluster				412,149
Passed through from the City and County of Denver:				
HOME Investment Partnerships Program	14.239	OEDEV-202053108-00	-	638,007
Passed through from the City and County of Denver:				
Lead-Based Paint Hazard Control in Privately-owned Housing	14.900	ENHVL-201843088-00	-	447,866
	14.900	OEDEV-201950880-00	-	140,435
Total Department of Housing and Urban Development				1,638,457
Total Federal Awards				**$ 1,638,457**

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

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

3. Loans made from the recycled federal funding for the year ended December 31, 2020 total $850,776. Recycled federal funding used for administrative costs for the year ended December 31, 2020 totaled $266,518.

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

Independent Auditor's Report

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Board of Commissioners
Denver Urban Renewal Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the of financial statements. 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*.

Authority's Response to Findings

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

Purpose of this Report

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

BKD, LLP

Denver, Colorado
April 29, 2021

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

Independent Auditor's Report

Board of Commissioners
Denver Urban Renewal Authority
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited Denver Urban Renewal Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Denver Urban Renewal Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Denver, Colorado
April 29, 2021

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

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

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

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

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

Federal Awards

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

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

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

7. The Authority's major programs were:

Cluster/Program	CFDA Number
LEAD – Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900

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

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

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2020-001	**Finding: Financial Information Preparation**

Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely and in the proper reporting period, thereby providing accurate financial data. Specifically, the Authority should have controls in place to ensure transactions are recorded in accordance with applicable accounting standards/guidance. Accounting tasks such as cross-checks and reviews play a key role in proving the accuracy of accounting data and financial information that comprise year-end financial statements.

Condition: The following items were identified during the 2020 audit that resulted in audit adjustments:

- Property tax receivable from the City and County of Denver required an adjustment of approximately $8.3 million in order to properly state property tax receivable at December 31, 2020 due to an error in recording the year-end entry.
- An audit adjustment of $3.5 million was required to properly state the ending cash balance of one escrow account at December 31, 2020. Authority staff in the Redevelopment department prepared the drawdowns in accordance with the redevelopment agreement, which were reviewed by the Executive Director and provided to the Finance department through the Deputy Director/CFO. However, the appropriate journal entries were not recorded in order to reduce the outstanding cash balance by approximately $1.9 million prior to the departure of the Deputy Director/CFO in July 2020. Following the departure of the Deputy Director/CFO, the drawdown documentation was not provided to the Finance department to in order to record an additional $1.6 million in disbursements.

Reference Number	Finding

Effect: The conditions noted above resulted in $11.8 million of gross audit adjustments.

Cause: During fiscal year 2020, the Authority was impacted by significant turnover as well as difficulties caused by the remote work environment. During this turnover, certain information was not provided internally to the Accounting and Finance Department.

Recommendation: We recommend that internal controls, including policies and procedures be reviewed and developed to help ensure the accurate presentation of financial information necessary for external reporting. Additionally, we recommend that policies be put in place to ensure that relevant information is obtained and provided to Accounting and Finance from all departments within the Authority.

Views of Responsible Officials: The Authority agrees with the finding. See separate report for planned corrective actions.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Findings Required to be Reported by the Uniform Guidance

Reference Number	Summary of Finding
	No matters are reportable.

Denver Urban Renewal Authority
(A Component Unit of the City and County of Denver)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status
	No matters are reportable.	