

**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, 2022 and 2021**





**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**December 31, 2022 and 2021**

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**May 1, 2023**

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.

FORVIS, LLP, formerly 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, 2022 and 2021 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, 2022 and 2021 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

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 their operations.

### **Housing Rehabilitation**

The Authority has a role in implementing housing rehabilitation programs in the city from the beginning to its conclusion. That role includes helping homeowners fill out applications, obtain required documentation, and before loan and grant underwriting, 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.

Under the Single-Family Rehabilitation (SFR) Program, deferred and low-interest loans of up to \$50,000 are available to help eligible homeowners make needed repairs and improvements to their homes. The program is designed to assist with major home repairs such as roofing, heating, electrical or plumbing that are necessary to make the home livable and safe.

For emergency situations, the Emergency Home Repair (EHR) Program is available to low-income Denver homeowners. The program provides deferred loans and grants 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 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).

In 2021, DURA concluded 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 provided 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 ran from 2018-2021, with an amended goal to abate lead in 50 Denver homes. This program officially terminated on January 31, 2021 and close-out work continued through May 31, 2021.

Additionally, the Authority officially concluded its grant funding program provided by the State of Colorado for the Wastewater Loan Program to assist homeowners in Denver and Arapahoe counties repair or replace sewer and plumbing lines. The loans averaged \$6,500. Homeowners with income levels between 50% and 100% AMI were eligible to apply. The initial funding contract expired in 2018, and in 2021, both the State and DURA agreed to close out the program. Accordingly, no loans were provided under this program in 2021.

### **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. DURA is evaluating new potential community support and development programs that align with the Authority's long-term strategic plan that may be implemented by DNRI in the future.

## **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. Tax increment revenues are used to pay costs related to eligible improvements in support of a development. Types of project costs reimbursed 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.

In certain instances, the Authority may issue municipal bonds to fund redevelopment costs. When issued, these bonds are secured by future tax increment revenues and are carried as liabilities in the Authority's financial statements. However, the use of the bond proceeds does 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, 2022, the Authority had two active bond-financed projects: Stapleton, in the area of the city since renamed Central Park and 9<sup>th</sup> 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 Colorado Project includes 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's 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 2022, the St. Anthony - Sloans Block 7 East Sales Tax Increment area terminated. In 2021, both the 38th & York and Tamarac Square Tax Increment Areas terminated. DURA no longer receives property and/or sales tax increment related to these projects.

As of December 31, 2022, the Authority had 20 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 project costs to the extent available. Once the cumulative amount dedicated to the NWC project has been reached, all future payments will cease. As of December 31, 2022, DURA has \$371,811 in RTA funding available for future disbursement related to the National Western Center project.



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



Tracy Huggins, Executive Director



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 Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Other Matter***

As discussed in Note 13 to the financial statements, in fiscal year 2022, the Authority adopted new accounting guidance relates to leases. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The annual 15c2-12 disclosure and the transmittal letter as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the annual 15c12 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.

Board of Commissioners  
Denver Urban Renewal Authority

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of 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 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 Authority's internal control over financial reporting and compliance.

**FORVIS, LLP**

Denver, Colorado  
May 1, 2023

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**December 31, 2022**

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, 2022 and 2021. 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 (deficit) increased by \$28,102,593, or 38.9%, in 2022.
- Governmental activities represented most of the increase in net position for 2022, as a result of the following activities:
  - The Authority retired principal of \$26,495,000 in 2022, or 15.5%, of previously outstanding bond debt, amortized \$3,222,630 in premiums on previous bond refunding issues, and amortized \$21,885 in discounts on previous bond issuances. The net impact of these activities resulted in a \$29.7 million increase in the Authority's net position. As of December 31, 2022, the Authority's outstanding bond debt was \$144,650,000.
  - The capital projects fund reported a net increase in fund balance of \$5,627,160 from the prior year's fund balance. This fund records the net activity of tax increment financing revenue and associated project expenditures. In 2022, the increase in fund balance is due to the receipt of property tax increment without current corresponding project expenditures.
  - The debt service fund has an ending fund balance of \$28,821,399, a net decrease of \$4,727,542 on December 31, 2022. The decrease in the debt service fund balance is due to an increase in junior subordinate bond expenditures including increased debt principal payments on junior subordinate bonds related to the Stapleton project.
  - Total fund balance in the general fund on December 31, 2022, was \$2,314,812. Per policy, the Authority transferred the excess of revenue over expenditures to the Development Fund resulting in virtually no change in the year over year balance. This amount is unassigned and can be used for Authority administration.
  - The Authority's deferred outflows of resources decreased by \$2,049,309, 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 a decrease in net position of \$747,654, or 13.1%. In 2021, these activities reported a decrease in net position of \$214,978, or 3.6%. The decrease in net position is due to the use of prior earned and available program income to fund program activity that was expensed in 2022.

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**December 31, 2022**

## **Overview of the Financial Statements**

This discussion and analysis are 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 the 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 can 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 using 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 three components: net investment in capital assets, 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



**Denver Urban Renewal Authority**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**December 31, 2022**

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.

**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.

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**December 31, 2022**

**Table 1** reflects the Authority's Net Position (Deficit) as of December 31, 2022, 2021 and 2020:

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

	Governmental Activities			Business-type Activities			Total Government		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current and other assets	\$ 284,832	\$ 287,132	\$ 298,633	\$ 5,678	\$ 6,343	\$ 6,986	\$ 290,510	\$ 293,475	\$ 305,619
Total assets	284,832	287,132	298,633	5,678	6,343	6,986	290,510	293,475	305,619
Deferred Outflows	5,991	8,040	10,090	-	-	-	5,991	8,040	10,090
Other liabilities	52,141	61,269	29,991	700	618	1,046	52,841	61,887	31,037
Long-term liabilities	157,547	187,647	205,225	-	-	-	157,547	187,647	205,225
Total liabilities	209,688	248,916	235,216	700	618	1,046	210,388	249,534	236,262
Deferred Inflows	130,326	124,297	116,028	-	-	-	130,326	124,297	116,028
Net position									
Investment in capital assets	57	84	114	-	-	-	57	84	114
Restricted for									
Capital projects	31,817	27,760	93,755	-	-	-	31,817	27,760	93,755
Debt service	28,821	33,549	40,022	-	-	-	28,821	33,549	40,022
Housing program loans	-	-	-	4,978	5,725	5,940	4,978	5,725	5,940
Unrestricted (deficit)	(109,886)	(139,434)	(176,412)	-	-	-	(109,886)	(139,434)	(176,412)
Total net position (deficit)	\$ (49,191)	\$ (78,041)	\$ (42,521)	\$ 4,978	\$ 5,725	\$ 5,940	\$ (44,213)	\$ (72,316)	\$ (36,581)

Total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by \$44,213,804 (deficit) at the close of fiscal year 2022. Liabilities are in excess of assets because of the outstanding debt that the Authority carries without the benefit of the corresponding asset. At the close of fiscal year 2021, total government-wide liabilities and deferred inflows of resources exceeded total government-wide assets and deferred outflows of resources by \$72,316,398 (deficit). The Authority's 2021 deficit primarily reflected outstanding bond debt of \$171,145,000.

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.

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**Table 2** reflects the Authority's Changes in Net Position (Deficit) for the years ended December 31, 2022, 2021 and 2020:

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

	<b>Governmental Activities</b>			<b>Business-type Activities</b>			<b>Total Government</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>									
Intergovernmental - program	\$ 270	\$ 221	\$ 312	\$ 1,146	\$ 2,241	\$ 2,461	\$ 1,416	\$ 2,462	\$ 2,773
General revenues									
Tax increment financing	155,619	143,035	143,065	-	-	-	155,619	143,035	143,065
Investment income (loss)	(1,455)	(311)	3,022	12	198	16	(1,443)	(113)	3,038
Other income	2,622	1,171	1,439	-	-	-	2,622	1,171	1,439
Transfers	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>157,056</b>	<b>144,116</b>	<b>147,838</b>	<b>1,158</b>	<b>2,439</b>	<b>2,477</b>	<b>158,214</b>	<b>146,555</b>	<b>150,315</b>
<b>Expenses</b>									
Administration	3,840	3,636	3,796	1,905	2,654	2,367	5,745	6,290	6,163
Redevelopment projects	71,360	125,133	66,530	-	-	-	71,360	125,133	66,530
Project expense - other taxing entities	45,783	41,987	41,667	-	-	-	45,783	41,987	41,667
Debt service									
Interest	7,223	8,880	9,902	-	-	-	7,223	8,880	9,902
<b>Total expenses</b>	<b>128,206</b>	<b>179,636</b>	<b>121,895</b>	<b>1,905</b>	<b>2,654</b>	<b>2,367</b>	<b>130,111</b>	<b>182,290</b>	<b>124,262</b>
<b>Change in net position</b>	<b>28,850</b>	<b>(35,520)</b>	<b>25,943</b>	<b>(747)</b>	<b>(215)</b>	<b>110</b>	<b>28,103</b>	<b>(35,735)</b>	<b>26,053</b>
<b>Net position (deficit), beginning of year</b>	<b>(78,041)</b>	<b>(42,521)</b>	<b>(68,464)</b>	<b>5,725</b>	<b>5,940</b>	<b>5,830</b>	<b>(72,316)</b>	<b>(36,581)</b>	<b>(62,634)</b>
<b>Net position (deficit), end of year</b>	<b>\$ (49,191)</b>	<b>\$ (78,041)</b>	<b>\$ (42,521)</b>	<b>\$ 4,978</b>	<b>\$ 5,725</b>	<b>\$ 5,940</b>	<b>\$ (44,213)</b>	<b>\$ (72,316)</b>	<b>\$ (36,581)</b>

*Governmental activities:* The Authority's governmental activities net position increased by \$28,850,247 or 37.0%, in 2022. The governmental activities net position decreased by \$35,519,881, or 83.5%, in 2021. A description of the key drivers for this activity is highlighted on page 11.

The Authority's tax increment financing revenues, including incremental property taxes, sales taxes, and lodgers' tax increased by \$12,584,148 from the prior year. Property tax increment revenue increased by \$8,999,508 with increases across most tax increment areas based on assessed values and mill levies certified in 2021 and collected in 2022. Sales tax increment revenue increased by \$3,272,193, with increases across all tax increment areas of the city compared to 2021. Lodgers tax increment increased by \$312,447.

Overall, redevelopment project expenses decreased by \$53,774,166 in 2022, due to the accrual of all project expenses related to the 16<sup>th</sup> Street Mall redevelopment project in 2021. There were no increases in project expense of that magnitude in 2022. In general, redevelopment expenses are a function of the amount of tax increment financing revenue received and the amount and timing of associated project expenditures.

# Denver Urban Renewal Authority

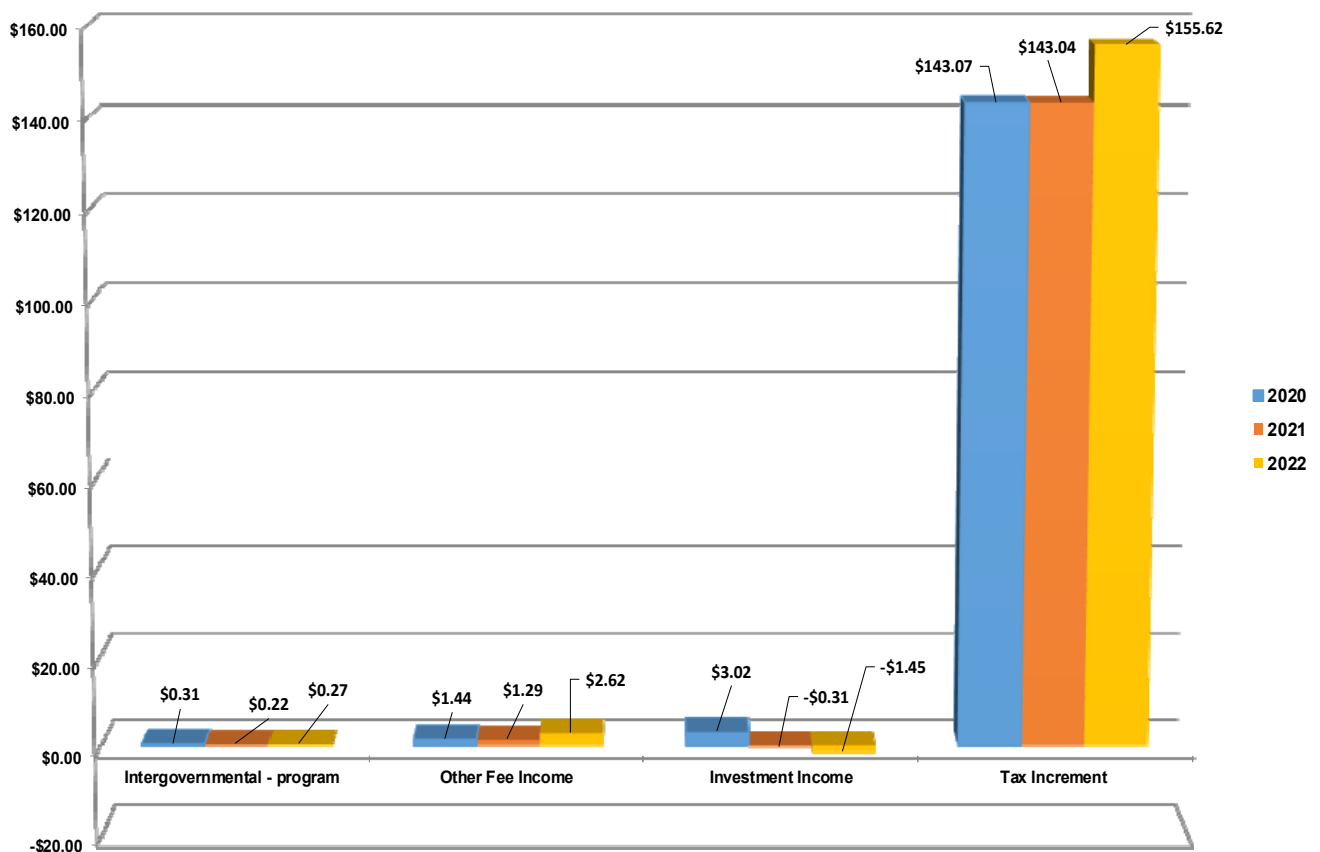
## (A Component Unit of the City and County of Denver)

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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, fire 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. Accordingly, the tax increment revenue associated with other taxing entities corresponds with the increase in project expenses. In 2022, project expenses for other taxing entities increased by \$3,795,976.

### Revenue Governmental Activities



#### 2022

- Tax increment financing is composed primarily of property and sales tax increment revenue that made up 99.1% of total governmental activities revenue in 2022. Tax increment financing increased by \$12,584,148, or 8.8%. As a result of property valuation increases that were certified in 2021 and collected in 2022, most tax increment areas experienced increased property tax increment revenue, with the Stapleton, St. Anthony and Globeville tax increment areas seeing the largest increases. In 2022, sales tax increment revenue increased \$3,272,193 with the largest increases occurring in the Stapleton and 9<sup>th</sup> & Colorado tax increment areas.

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Lodgers tax increment increased by \$312,447, with all revenue coming from the Colorado National Bank redevelopment project.

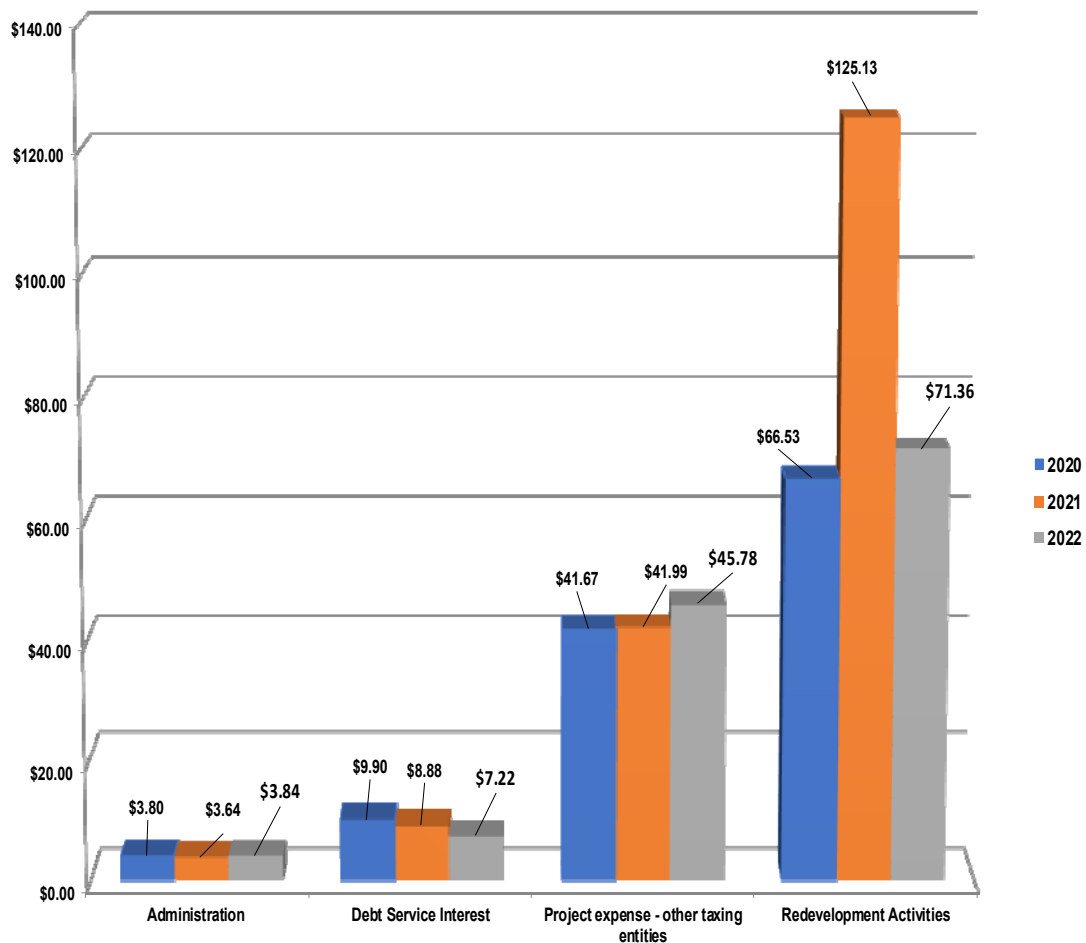
- Most of the Authority's funds are invested in bonds and fixed income investments. Rising interest rates such as those seen in 2022 typically impact bonds and fixed investments most as these types of investments drop in value as interest rates rise. The Authority makes market to market adjustments annually to reflect the fair value of investment accounts that fluctuate over time. Investment income decreased by \$1,143,700 due to lower total investment return associated with these sharp decreases in investment values.
- Other income including administration, origination, and other fees, increased by \$1,450,940, due to receipt of participating interest and origination fees on redevelopment projects. This component represented 1.7% of total governmental activities revenues in 2022.

**2021**

- Tax increment financing is composed primarily of property and sales tax increment revenue that made up 99.2% of total governmental activities revenue in 2021. Tax increment financing decreased by \$30,319, or .02%. As a result of property valuation increases that were certified in 2020 and collected in 2021, most tax increment areas experienced increased property tax increment revenue. In 2021, sales tax increment revenue received by the Authority decreased \$6,039,993. DURA recorded lower sales tax revenue than the prior year due to a one-time receipt of sales taxes in 2021 for incremental sales tax earned but not paid in prior years. Lodgers tax increment increased by \$215,205.
- Investment income decreased by \$3,333,349, or 110.3%, due to lower total investment returns associated with sharp decreases in investment values. The Authority makes mark to market adjustments annually to reflect the fair value of investment accounts that fluctuate over time.
- Other income included administration, origination, and other fees, decreased by \$267,339 and represented .8% of total governmental activities revenues.

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**Expense Governmental Activities**



**2022**

- Total governmental activities expenses of \$128,206,711 decreased by \$51,430,029, or 28.6%, from 2021.
  - Redevelopment activity project expenses decreased by \$53,774,166, or 43.0%. The majority of the decrease is due to the full accrual of the project expense associated with 16<sup>th</sup> Street Mall Reconstruction Project in 2021. There were no increases in project expense of that magnitude in 2022. There were notable increases to redevelopment expenses for projects in Stapleton and the projects within the St. Anthony redevelopment areas. Stapleton project expenses increased by \$1,363,876, and four projects within St. Anthony saw increased

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expenditures totaling \$632,000. Two notable areas of project expense recognized by the Authority were funded by developers: project expenses related to the relocation of residents of a motel redevelopment project were recognized in the amount of \$333,000, and expenses related to construction employment training opportunities were recognized in the amount of \$301,728.

- Interest expense on bonds decreased by \$1,656,431, or 18.7%, due to lower interest payments on both the Stapleton and the 9<sup>th</sup> & Colorado bonds.
- Project expenses for other taxing entities increased by \$3,795,976, or 9.0%. By intergovernmental agreement, the Authority passes through property tax increment collected from other taxing entities and records this as a project expense. Therefore, this increase was due exclusively to the increase in property tax revenue from value and/or mill levy increases.
- Administration expenses represented 3.0% of total governmental activities expenses in 2022 and increased by \$204,592, or 5.6%.

**2021**

- Total governmental activities expenses of \$179,636,740 increased by \$57,740,573, or 47.4%, from 2020.
  - Redevelopment activity project expenses increased by \$58,604,226, or 88.1%. The increase is attributable to an increase in project expenses for the Downtown Urban Renewal Area for the 16<sup>th</sup> Street Mall Reconstruction Project.
  - Interest expense decreased by \$1,022,713, or 10.3%, due to decreased interest payments on both the Stapleton and the 9<sup>th</sup> & Colorado bonds.
  - Project expenses for other taxing entities increased by \$319,649, or .8%. By intergovernmental agreement, the Authority passes through property tax increment collected from other taxing entities and records this as a project expense.
  - Administration expenses represent 2.0% of total governmental activities expenses and decreased by \$160,589, or 4.2%.

*Business-type activities* of the Authority consist of federal 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.

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Business-type activities decreased the Authority's business-type activities net position by \$747,654, or 13.1%, in 2022. The decrease in net position is due to the use of prior earned and available program income to fund program activity that was expensed in 2022. In 2021, these activities reported a decrease in net position of \$214,978, or 3.6%.

## **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. *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 \$102,563,281 compared to \$101,663,663 in 2021. This was an increase of \$899,618 in 2022, compared to a decrease of \$72,557,883 in 2021 and an increase of \$5,667,478 in 2020. Unassigned fund balance for 2022 was \$2,225,037, or 2.2%, of the 2022 combined fund balance of \$102,563,281. 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 2022, the *unassigned fund balance* of the general fund was \$2,225,037, of which \$89,775 was non-spendable. On December 31, 2021, unassigned fund balance was \$2,219,873, of which \$94,939 was non-spendable.

The *capital projects fund* is used to account for the financial activity of various redevelopment project obligations. At December 31, 2022, the capital projects fund balance was \$71,427,070, a net increase of \$5,627,160. 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 \$65,799,910 and \$131,794,916 on December 31, 2021 and 2020, 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 \$28,821,399, a net decrease of \$4,727,542 on December 31, 2022. All fund balance of the debt service fund is restricted. The Authority's debt service fund balance was \$33,548,941 and \$40,021,564 on December 31, 2021 and 2020, respectively.



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**Proprietary Funds**

The *enterprise fund* is used to account for operations related to the Authority's federal revolving rehabilitation loan programs, historically a major program for Single Audit purposes consistent with the provisions of the *Single Audit Act of 1996*. The Authority was not subject to compliance testing in accordance with Uniform Guidance for the year ended December 31, 2022, because the Authority's total expenditures of federal funds were less than \$750,000. On December 31, 2022, the proprietary fund has an ending net position of \$4,977,518, a net decrease of \$747,654 from the prior year. The decrease in fund balance is due to the use of prior earned and available program income to fund program activity that was expensed in 2022. On December 31, 2021 and 2020, fund balances were \$5,725,172 and 5,940,150, respectively.

**New Accounting Standards**

In June 2017, the GASB issued Statement No. 87, *Leases*. Effective January 1, 2021, the Authority implemented the provisions of GASB Statement No. 87. The statement requires recognition of lease assets and liabilities for certain leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are the financing of the right to use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of Statement No. 87 had no impact on the financial statements as all leases were considered immaterial, and therefore no otherwise required entries were made. This could change in future years.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Agreements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The impact of applying this statement has not been determined.

**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 2022, there were no changes made to the general fund budget as approved by the Authority Board of Commissioners.

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**Debt Administration**

On December 31, 2022, the Authority had total bond debt outstanding of \$144,650,000 as compared to \$171,145,000 at the end of the prior year and \$206,750,000 in 2020. 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, 2022, the Stapleton Senior bonds are rated AA- (stable outlook) by Fitch, Inc. Additionally, as of December 31, 2022, 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).

**Investment Policies and Practices**

In accordance with the Authority's Investment Policy, cash not necessary to meet near term operating expenses during the year was invested in local government investment pools (LGIPs), including the Colorado Statewide Investment Pool (CSIP), and Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST invests in U.S. Treasury, U.S. Agency Securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency Securities, and Commercial Paper. The maturities of the investments range from one day to one year, and as of December 31, 2022, had a weighted average maturity of approximately 27 days and a seven-day yield of 4.51%. As of December 31, 2021, the weighted average maturity was 44 days and the yield was .05%.

In 2014, the Authority engaged the services of the Investment Advisory firm, PFM Asset Management LLC (PFM). At fiscal year ended December 31, 2022, \$122.5 million was under management at PFM, including CSIP. CSIP invests in U.S. Treasury, U.S. Agency Securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency Securities, and Corporate notes. The maturities of both the managed investment portfolios and CSIP range from one day to five years and as of December 31, 2022, had weighted average maturities of 31 days to 2.48 years and yields ranging from 4.27 to 4.72. As of December 31, 2021, average weighted maturities ranged from 36 days to 2.49 years and yields ranged from .04% to .92%. (See Note 2 of the financial statements for more detailed information regarding the Authority's investments).

The Authority's cash balance as of December 31, 2022 was \$151,757,753, including amounts held with trustees for the Authority's bond-funded projects. Of this cash balance, \$143,542,296 was restricted, primarily for future expenditures on capital projects and associated debt service. Projects with significant restricted cash balances include 9<sup>th</sup> and Colorado (\$5.3 million), Stapleton (\$29.4 million), and Downtown (\$52.3 million). Per the project funding agreement, for Downtown Denver Improvements, the Authority's obligation to reimburse project costs terminates on December 31, 2027. See Note 2 of the financial statements that follow this report for more detailed information regarding the Authority's "Cash and Investments."

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## **Economic Factors Impacting the Authority's Financial Position**

The information presented in the financial statements is best understood in the context of the national state and local economies in which we operate. The Authority is heavily reliant on property and sales tax activity in the City and County of Denver, therefore state and local economies and policies that affect them are analyzed and considered when projecting revenue growth in 2023 and future years.

### **COVID -19 Recovery**

Beginning in March 2020, the U.S., state, and local economies were significantly impacted by the emergence of the COVID-19 pandemic. As described in the Management Discussion and Analysis, tax increment revenue of all types increased in 2022, with both property and sales tax increment revenues exceeding pre-pandemic levels and Lodgers tax increment approaching almost 90% of 2019 year-end levels. While tax increment revenues showed recovery, both office and retail vacancy rates, particularly in the downtown areas, remain above pre-pandemic levels.

### **National, Regional and Local Key Economic Indicators**

The Metro Denver EDC, the University of Colorado Boulder, Leeds School of Business, Denver Economic Development and Opportunity and the Department of Finance of Denver publish national, regional and local economic indicators. Below, we note some of the key indicators reported by these organizations that may be relevant to the local economy in which the Authority's redevelopment and housing projects occur.

#### **National Indicators**

Through February 2023, the unemployment rate was at 3.90%, a year-over-year decrease of 1.20%. With respect to total retail sales, national sales increased 8.1% from January 2022 to 2023. Office vacancy rates for Q1 2023 were at 14.8%. This is a .90% increase from one year ago. Retail space vacancy rates decreased .5% from one year ago to 4.1%.

#### **Regional Indicators**

According to the Leeds School of Business, First Quarter 2023 Confidence Index Report, Colorado's per capita personal income increased 7.9% year-over-year in Q3 2022. Personal income increased 8.5%. Personal income growth is projected at 6.2% in 2023. National real gross domestic product (GDP) increased at a rate of 3.2% in Q3 2022 and 1.9% year-over-year. Colorado's GDP increased at a rate of 3.5% in Q3 and 3.2% year-over-year. State real GDP is projected to increase 2% in 2023. State unemployment as of February 2023 was at 2.90%.

#### **Local Indicators**

Locally, in their latest published economic overview of Denver, DEDO reported Denver's annual GDP growth at 8.80% through 2021. Unemployment in Denver as of February 2023 was at 3.40%, slightly

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higher than the state but below the national rate. Additionally, sales and use tax revenue growth in 2022 and 2021 was reported at 11.96% and 32.63%, respectively. Last, the overview reported headline inflation at 6.4% and core inflation at 5.9%, a year-over-year decrease that brings the rate of change down to mid-late 2021 levels.

**2023 Operations**

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. On December 31, 2022, the unassigned fund balance in the general fund was \$2,225,037 and \$2,219,873 in 2021. 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). The Authority also expects 2023 tax increment revenue to meet debt service obligations to bondholders. Based on strong fund balances and anticipated economic activity, the Authority expects to maintain a strong financial position through 2023. (See "Supplementary Information" in the Financial Statements that follow this report.)

**Request for Information**

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

## **Basic Financial Statements**

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**Denver Urban Renewal Authority**  
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**STATEMENT OF NET POSITION**

**December 31, 2022**

**(With Comparative Summarized Information as of December 31, 2021)**

			<b>Total Primary Government</b>	
	<b>Governmental</b>	<b>Business-type</b>	<b>2022</b>	<b>2021</b>
	<b>Activities</b>	<b>Activities</b>		
<b>Assets</b>				
Cash and investments	\$ 3,427,867	\$ 4,787,590	\$ 8,215,457	\$ 6,936,279
Restricted cash and investments	143,542,296	-	143,542,296	153,896,967
Accounts receivable	122,979	8,228	131,207	326,860
Interest receivable	250,257	-	250,257	166,017
Due from the City and County of Denver	136,045,118	36,605	136,081,723	129,581,493
Prepaid items	89,775	902	90,677	95,484
Notes receivable (net of allowance of \$7,397,745 and \$7,498,683 2022 and 2021, respectively)	1,295,830	-	1,295,830	1,395,763
Loans receivable (net of allowance of \$379,424 and \$404,322 for 2022 and 2021, respectively)	-	845,576	845,576	992,090
Internal balances	1,364	(1,364)	-	-
Capital assets, net	56,651	-	56,651	83,808
Total assets	284,832,137	5,677,537	290,509,674	293,474,761
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding	5,991,034	-	5,991,034	8,040,343
	5,991,034	-	5,991,034	8,040,343
<b>Liabilities</b>				
Accrued liabilities	50,314,678	681,089	50,995,767	60,281,995
Accrued interest	1,309,812	-	1,309,812	1,367,912
Deposits	516,757	-	516,757	187,813
Due to the other governments	-	18,930	18,930	49,367
Noncurrent liabilities				
Due within one year	28,275,000	-	28,275,000	25,495,000
Due in more than one year	129,271,791	-	129,271,791	162,152,361
Total liabilities	209,688,038	700,019	210,388,057	249,534,448
<b>Deferred Inflows of Resources</b>	130,326,455	-	130,326,455	124,297,054
<b>Net Position (Deficit)</b>				
Investment in capital assets	56,651	-	56,651	83,808
Restricted for				
Capital projects	31,816,802	-	31,816,802	27,759,742
Debt service	28,821,399	-	28,821,399	33,548,941
Housing program loans	-	4,977,518	4,977,518	5,725,172
Unrestricted (deficit)	(109,886,174)	-	(109,886,174)	(139,434,061)
Total net position (deficit)	\$ (49,191,322)	\$ 4,977,518	\$ (44,213,804)	\$ (72,316,398)

The accompanying notes are an integral part of these financial statements

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**STATEMENT OF NET POSITION**  
**December 31, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
<b>Assets</b>			
Cash and investments	\$ 1,582,681	\$ 5,353,598	\$ 6,936,279
Restricted cash and investments	153,896,967	-	153,896,967
Accounts receivable	302,405	24,455	326,860
Interest receivable	166,017	-	166,017
Due from the City and County of Denver	129,397,023	184,470	129,581,493
Prepaid items	94,939	545	95,484
Notes receivable (net of allowance of \$7,387,451)	1,395,763	-	1,395,763
Loans receivable (net of allowance of \$589,456)	-	992,090	992,090
Internal balances	212,069	(212,069)	-
Capital assets, net	<u>83,808</u>	<u>-</u>	<u>83,808</u>
Total assets	<u>287,131,672</u>	<u>6,343,089</u>	<u>293,474,761</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	<u>8,040,343</u>	<u>-</u>	<u>8,040,343</u>
	<u>8,040,343</u>	<u>-</u>	<u>8,040,343</u>
<b>Liabilities</b>			
Accrued liabilities	59,713,445	568,550	60,281,995
Accrued interest	1,367,912	-	1,367,912
Deposits	187,813	-	187,813
Due to the other governments	-	49,367	49,367
Noncurrent liabilities			
Due within one year	25,495,000	-	25,495,000
Due in more than one year	<u>162,152,361</u>	<u>-</u>	<u>162,152,361</u>
Total liabilities	<u>248,916,531</u>	<u>617,917</u>	<u>249,534,448</u>
<b>Deferred Inflows of Resources</b>	<u>124,297,054</u>	<u>-</u>	<u>124,297,054</u>
<b>Net Position (Deficit)</b>			
Investment in capital assets	83,808	-	83,808
Restricted for			
Capital projects	27,759,742	-	27,759,742
Debt service	33,548,941	-	33,548,941
Housing program loans	-	5,725,172	5,725,172
Unrestricted (deficit)	<u>(139,434,061)</u>	<u>-</u>	<u>(139,434,061)</u>
Total net position (deficit)	<u><u>\$ (78,041,570)</u></u>	<u><u>\$ 5,725,172</u></u>	<u><u>\$ (72,316,398)</u></u>



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

**STATEMENTS OF FINANCIAL POSITION –**  
**DENVER NEIGHBORHOOD REVITALIZATION, INC.**

**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash	\$ 1,150,442	\$ 1,154,038
Prepaid items	<u>2,662</u>	<u>9,770</u>
Total assets	<u>1,153,104</u>	<u>1,163,808</u>
<b>Liabilities</b>		
Accounts payable - related party	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	<u>\$ 1,153,104</u>	<u>\$ 1,163,808</u>

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

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2022**

**(With Comparative Summarized Information  
for the year ended December 31, 2021)**

<b><u>Function/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues Operating Grants and Contributions</u></b>
<b>Governmental activities</b>		
General government	\$ 3,840,485	\$ 270,203
Redevelopment projects	71,360,012	-
Project expense - other taxing entities	45,782,743	-
Interest expense	7,223,471	-
Total governmental activities	<u>128,206,711</u>	<u>270,203</u>
<b>Business-type activities</b>		
Loan programs	<u>1,904,885</u>	<u>1,145,504</u>
Total business-type activities	<u>1,904,885</u>	<u>1,145,504</u>
Total	<u><u>\$ 130,111,596</u></u>	<u><u>\$ 1,415,707</u></u>
<b>General revenues</b>		
Tax increment financing		
Investment income (loss)		
Other revenues		
Total general revenues		
<b>Change in net position (deficit)</b>		
<b>Net position (deficit), beginning of year</b>		
<b>Net position (deficit), end of year</b>		

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

**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2022**  
**(With Comparative Summarized Information**  
**for the year ended December 31, 2021)**

<b>Net (Expense) Revenue and Changes in Net Position</b>		<b>Total Primary Government</b>	
<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>2022</b>	<b>2021</b>
\$ (3,570,282)	\$ -	\$ (3,570,282)	\$ (3,414,402)
(71,360,012)	-	(71,360,012)	(125,134,178)
(45,782,743)	-	(45,782,743)	(41,986,767)
(7,223,471)	-	(7,223,471)	(8,879,902)
(127,936,508)	-	(127,936,508)	(179,415,249)
-	(759,381)	(759,381)	(412,960)
-	(759,381)	(759,381)	(412,960)
(127,936,508)	(759,381)	(128,695,889)	(179,828,209)
155,619,179	-	155,619,179	143,035,031
(1,454,722)	11,727	(1,442,995)	(113,040)
2,622,299	-	2,622,299	1,171,359
156,786,756	11,727	156,798,483	144,093,350
28,850,248	(747,654)	28,102,594	(35,734,859)
(78,041,570)	5,725,172	(72,316,398)	(36,581,539)
<u>\$ (49,191,322)</u>	<u>\$ 4,977,518</u>	<u>\$ (44,213,804)</u>	<u>\$ (72,316,398)</u>

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2021**

<b><u>Function/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues Operating Grants and Contributions</u></b>
<b>Governmental activities</b>		
General government	\$ 3,635,893	\$ 221,491
Redevelopment projects	125,134,178	-
Project expenses - other taxing entities	41,986,767	-
Interest expense	8,879,902	-
	<hr/>	<hr/>
Total governmental activities	179,636,740	221,491
	<hr/>	<hr/>
<b>Business-type activities</b>		
Loan programs	2,654,143	2,241,183
	<hr/>	<hr/>
Total business-type activities	2,654,143	2,241,183
	<hr/>	<hr/>
Total	\$ 182,290,883	\$ 2,462,674
	<hr/>	<hr/>
<b>General revenues</b>		
Tax increment financing		
Investment income		
Other revenues		
Total general revenues		
<b>Change in net position (deficit)</b>		
<b>Net position (deficit), beginning of year</b>		
<b>Net position (deficit), end of year</b>		

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2021**

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total Primary Government</b>
\$ (3,414,402)	\$ -	\$ (3,414,402)
(125,134,178)	-	(125,134,178)
(41,986,767)	-	(41,986,767)
<u>(8,879,902)</u>	<u>-</u>	<u>(8,879,902)</u>
<u>(179,415,249)</u>	<u>-</u>	<u>(179,415,249)</u>
<u>-</u>	<u>(412,960)</u>	<u>(412,960)</u>
<u>-</u>	<u>(412,960)</u>	<u>(412,960)</u>
<u>(179,415,249)</u>	<u>(412,960)</u>	<u>(179,828,209)</u>
143,035,031	-	143,035,031
(311,022)	197,982	(113,040)
<u>1,171,359</u>	<u>-</u>	<u>1,171,359</u>
<u>143,895,368</u>	<u>197,982</u>	<u>144,093,350</u>
(35,519,881)	(214,978)	(35,734,859)
<u>(42,521,689)</u>	<u>5,940,150</u>	<u>(36,581,539)</u>
<u>\$ (78,041,570)</u>	<u>\$ 5,725,172</u>	<u>\$ (72,316,398)</u>

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

**STATEMENTS OF ACTIVITIES –**  
**DENVER NEIGHBORHOOD REVITALIZATION, INC.**

**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Developer fee revenue	\$ -	\$ -
	<u>-</u>	<u>-</u>
Total operating revenues	<u>-</u>	<u>-</u>
<b>Operating expenses</b>		
Program services	-	-
Support services	10,993	2,707
	<u>10,993</u>	<u>2,707</u>
Total operating expenses	<u>10,993</u>	<u>2,707</u>
<b>Operating revenues over (under)</b> <b>operating expenses</b>	<u>(10,993)</u>	<u>(2,707)</u>
<b>Nonoperating revenues</b>		
Investment income	289	347
	<u>289</u>	<u>347</u>
Total nonoperating revenues	<u>289</u>	<u>347</u>
<b>Decrease in net assets</b>	(10,704)	(2,360)
<b>Net assets - unrestricted, beginning of year</b>	<u>1,163,808</u>	<u>1,166,168</u>
<b>Net assets - unrestricted, end of year</b>	<u><u>\$ 1,153,104</u></u>	<u><u>\$ 1,163,808</u></u>

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2022**  
**(With Comparative Summarized Information as of December 31, 2021)**

				<b>Total Governmental Funds</b>	
	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>					
Cash and investments	\$ 3,427,867	\$ -	\$ -	\$ 3,427,867	\$ 1,582,681
Restricted cash and investments	-	119,821,414	23,720,882	143,542,296	153,896,967
Accounts receivable	107,733	15,246	-	122,979	302,405
Interest receivable	-	217,224	20,459	237,683	152,838
Due from the City and County of Denver	-	131,738,006	4,307,112	136,045,118	129,397,023
Prepaid items	89,775	-	-	89,775	94,939
Advances to other funds	343,398	1,570,100	4,934,834	6,848,332	4,843,468
Total assets	<u>\$ 3,968,773</u>	<u>\$ 253,361,990</u>	<u>\$ 32,983,287</u>	<u>\$ 290,314,050</u>	<u>\$ 290,270,321</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued liabilities	\$ 83,861	\$ 49,975,458	\$ -	\$ 50,059,319	\$ 59,490,392
Deposits	-	516,757	-	516,757	187,813
Due to the City and County of Denver	-	-	-	-	-
Advances from other funds	1,570,100	5,276,868	-	6,846,968	4,631,399
Total liabilities	<u>1,653,961</u>	<u>55,769,083</u>	<u>-</u>	<u>57,423,044</u>	<u>64,309,604</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>126,164,567</u>	<u>4,161,888</u>	<u>130,326,455</u>	<u>124,297,054</u>
<b>Fund balances</b>					
Nonspendable - prepaid items	89,775	-	-	89,775	94,939
Restricted					
Capital projects	-	31,816,802	-	31,816,802	27,759,742
Debt service	-	-	28,821,399	28,821,399	33,548,941
Committed	-	39,610,268	-	39,610,268	38,040,168
Unassigned	2,225,037	-	-	2,225,037	2,219,873
Total fund balances	<u>2,314,812</u>	<u>71,427,070</u>	<u>28,821,399</u>	<u>102,563,281</u>	<u>101,663,663</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,968,773</u>	<u>\$ 253,360,720</u>	<u>\$ 32,983,287</u>	<u>\$ 290,312,780</u>	<u>\$ 290,270,321</u>

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2021**

	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 1,582,681	\$ -	\$ -	\$ 1,582,681
Restricted cash and investments	-	124,843,450	29,053,517	153,896,967
Accounts receivable	286,355	16,050	-	302,405
Interest receivable	-	145,213	7,625	152,838
Due from the City and County of Denver	-	125,580,187	3,816,836	129,397,023
Prepaid items	94,939	-	-	94,939
Advances to other funds	418,831	-	4,424,637	4,843,468
	<u>418,831</u>	<u>-</u>	<u>4,424,637</u>	<u>4,843,468</u>
Total assets	<u>\$ 2,382,806</u>	<u>\$ 250,584,900</u>	<u>\$ 37,302,615</u>	<u>\$ 290,270,321</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accrued liabilities	\$ 67,994	\$ 59,422,398	\$ -	\$ 59,490,392
Deposits	-	187,813	-	187,813
Due to the City and County of Denver	-	-	-	-
Advances from other funds	-	4,631,399	-	4,631,399
	<u>-</u>	<u>4,631,399</u>	<u>-</u>	<u>4,631,399</u>
Total liabilities	<u>67,994</u>	<u>64,241,610</u>	<u>-</u>	<u>64,309,604</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>120,543,380</u>	<u>3,753,674</u>	<u>124,297,054</u>
<b>Fund balances</b>				
Nonspendable - prepaid items	94,939	-	-	94,939
Restricted				
Capital projects	-	27,759,742	-	27,759,742
Debt service	-	-	33,548,941	33,548,941
Committed	-	38,040,168	-	38,040,168
Unassigned	2,219,873	-	-	2,219,873
	<u>2,219,873</u>	<u>-</u>	<u>-</u>	<u>2,219,873</u>
Total fund balances	<u>2,314,812</u>	<u>65,799,910</u>	<u>33,548,941</u>	<u>101,663,663</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,382,806</u>	<u>\$ 250,584,900</u>	<u>\$ 37,302,615</u>	<u>\$ 290,270,321</u>



**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**RECONCILIATIONS OF THE BALANCE SHEETS – GOVERNMENTAL**  
**FUNDS TO THE STATEMENTS OF NET POSITION**  
**December 31, 2022 and 2021**

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

	<u><b>2022</b></u>	<u><b>2021</b></u>
Total fund balances - governmental funds	\$ 102,563,281	\$ 101,663,663
Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds		
Notes receivable, net	1,295,830	1,395,763
Interest receivable	12,574	13,179
Capital assets, net	56,651	83,808
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	5,991,034	8,040,343
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	(144,650,000)	(171,145,000)
(Premiums)/discount on bonds payable	(9,154,900)	(12,356,904)
Notes payable	(3,740,621)	(4,145,457)
Accrued interest	(1,309,812)	(1,367,912)
Compensated absences	<u>(255,359)</u>	<u>(223,053)</u>
Net position (deficit) of governmental activities	<u><u>\$ (49,191,322)</u></u>	<u><u>\$ (78,041,570)</u></u>

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

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

**Year Ended December 31, 2022**  
**(With Comparative Summarized Information**  
**for the year ended December 31, 2021)**

				<b>Total Governmental Funds</b>	
	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>					
Intergovernmental	\$ 270,203	\$ -	\$ -	\$ 270,203	\$ 221,491
Tax increment financing	-	150,744,266	4,874,913	155,619,179	143,035,031
Investment income (loss)	19,312	(1,635,594)	161,560	(1,454,722)	(311,022)
Other income	1,709,970	1,012,261	-	2,722,231	1,292,060
Total revenues	1,999,485	150,120,933	5,036,473	157,156,891	144,237,560
<b>Expenditures</b>					
Current					
Administration	3,685,706	81,997	22,097	3,789,800	3,586,726
Redevelopment projects	-	12,124,371	59,631,070	71,755,441	125,529,607
Project expense - other taxing ent	-	45,782,743	-	45,782,743	41,986,767
Debt service					
Principal	-	-	26,495,000	26,495,000	35,605,000
Interest	-	-	8,434,289	8,434,289	10,087,343
Capital outlay	-	-	-	-	-
Total expenditures	3,685,706	57,989,111	94,582,456	156,257,273	216,795,443
<b>Revenues over (under) expenditures</b>	(1,686,221)	92,131,822	(89,545,983)	899,618	(72,557,883)
<b>Other financing sources (uses)</b>					
Transfers in	3,256,321	1,570,100	85,368,441	90,194,862	96,693,374
Transfers out	(1,570,100)	(88,074,762)	(550,000)	(90,194,862)	(96,693,374)
Total other financing sources (uses)	1,686,221	(86,504,662)	84,818,441	-	-
<b>Net change in fund balances</b>	-	5,627,160	(4,727,542)	899,618	(72,557,883)
<b>Fund balances, beginning of year</b>	2,314,812	65,799,910	33,548,941	101,663,663	174,221,546
<b>Fund balances, end of year</b>	\$ 2,314,812	\$ 71,427,070	\$ 28,821,399	\$ 102,563,281	\$ 101,663,663

**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, 2021**

	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental	\$ 221,491	\$ -	\$ -	\$ 221,491
Tax increment financing	-	139,371,970	3,663,061	143,035,031
Investment income	562	(217,286)	(94,298)	(311,022)
Other income	783,944	508,116	-	1,292,060
	<u>1,005,997</u>	<u>139,662,800</u>	<u>3,568,763</u>	<u>144,237,560</u>
Total revenues	<u>1,005,997</u>	<u>139,662,800</u>	<u>3,568,763</u>	<u>144,237,560</u>
<b>Expenditures</b>				
Current				
Administration	3,481,661	91,165	13,900	3,586,726
Redevelopment projects	-	67,436,500	58,093,107	125,529,607
Project expense - other taxing entities	-	41,986,767	-	41,986,767
Debt service				
Principal	-	-	35,605,000	35,605,000
Interest	-	-	10,087,343	10,087,343
Capital outlay	-	-	-	-
	<u>3,481,661</u>	<u>109,514,432</u>	<u>103,799,350</u>	<u>216,795,443</u>
Total expenditures	<u>3,481,661</u>	<u>109,514,432</u>	<u>103,799,350</u>	<u>216,795,443</u>
<b>Revenues over (under) expenditures</b>	<u>(2,475,664)</u>	<u>30,148,368</u>	<u>(100,230,587)</u>	<u>(72,557,883)</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,385,410	-	94,307,964	96,693,374
Transfers out	-	(96,143,374)	(550,000)	(96,693,374)
	<u>2,385,410</u>	<u>(96,143,374)</u>	<u>93,757,964</u>	<u>-</u>
Total other financing sources (uses)	<u>2,385,410</u>	<u>(96,143,374)</u>	<u>93,757,964</u>	<u>-</u>
<b>Net change in fund balances</b>	(90,254)	(65,995,006)	(6,472,623)	(72,557,883)
<b>Fund balances, beginning of year</b>	<u>2,405,066</u>	<u>131,794,916</u>	<u>40,021,564</u>	<u>174,221,546</u>
<b>Fund balances, end of year</b>	<u>\$ 2,314,812</u>	<u>\$ 65,799,910</u>	<u>\$ 33,548,941</u>	<u>\$ 101,663,663</u>

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**RECONCILIATIONS OF STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2022 and 2021**

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

	<u>2022</u>	<u>2021</u>
Net change in fund balances, total governmental funds	\$ 899,618	\$ (72,557,883)
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	26,495,000	35,605,000
Change in note payable	404,825	395,429
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	59,381	69,280
Change in compensated absences	(32,306)	(18,086)
Amortization of loss on refundings	(2,049,308)	(2,049,308)
Amortization of bond discount	(21,885)	(35,161)
Amortization of bond premium	3,222,630	3,222,630
Depreciation on capital assets	(27,157)	(30,292)
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	-	-
Change in note receivable	(99,933)	(120,701)
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	(617)	(800)
Change in net position (deficit) of governmental activities	<u>\$ 28,850,248</u>	<u>\$ (35,519,892)</u>

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**STATEMENTS OF NET POSITION – PROPRIETARY FUND**  
**December 31, 2022 and 2021**

	<b>Total Enterprise Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,787,590	\$ 5,353,598
Accounts receivable	8,228	24,455
Prepays	902	545
Due from the City and County of Denver	36,605	184,470
Total current assets	4,833,325	5,563,068
<b>Noncurrent assets</b>		
Loans receivable (net of allowance of \$379,424 and \$404,322 for 2022 and 2021, respectively)	845,576	992,090
Total assets	<u>\$ 5,678,901</u>	<u>\$ 6,555,158</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 681,089	\$ 568,550
Due to other governments	18,930	49,367
Total current liabilities	700,019	617,917
<b>Noncurrent liabilities</b>		
Advances from other funds	1,364	212,069
Total liabilities	<u>701,383</u>	<u>829,986</u>
<b>Net Position</b>		
Restricted - Housing program loans	<u>\$ 4,977,518</u>	<u>\$ 5,725,172</u>

**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, 2022 and 2021**

	<b>Total Enterprise Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>		
Contract revenue	\$ 73,586	\$ 672,173
Investment income	11,727	197,982
Other operating revenues	<u>1,071,918</u>	<u>1,569,010</u>
Total operating revenues	<u>1,157,231</u>	<u>2,439,165</u>
<b>Operating expenses</b>		
Programs	1,929,783	2,638,512
Bad debt expense	<u>(24,898)</u>	<u>15,631</u>
Total operating expenses	<u>1,904,885</u>	<u>2,654,143</u>
<b>Operating income (loss)</b>	<u>(747,654)</u>	<u>(214,978)</u>
<b>Change in net position</b>	(747,654)	(214,978)
<b>Net position, beginning of year</b>	<u>5,725,172</u>	<u>5,940,150</u>
<b>Net position, end of year</b>	<u><u>\$ 4,977,518</u></u>	<u><u>\$ 5,725,172</u></u>

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

**STATEMENTS OF CASH FLOWS – PROPRIETARY FUND**

**Years Ended December 31, 2022 and 2021**

	<b>Total Enterprise Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Cash received from loan payments, interest and other revenues	\$ 1,113,043	\$ 1,553,975
Cash received from contracts	221,451	1,480,509
Cash payments for loans and administration fees	(1,671,087)	(2,700,103)
Net cash provided by (used in ) operating activities	(336,593)	334,381
<b>Cash flows from noncapital financing activities</b>		
Decrease in due to other governments	(30,437)	(139,648)
Advances from other funds	(210,705)	(190,191)
Net cash used in noncapital financing activities	(241,142)	(329,839)
<b>Cash flows from investing activities</b>		
Cash received from investment income	11,727	197,982
<b>Net increase (decrease) in cash and cash equivalents</b>	(566,008)	202,524
<b>Cash and cash equivalents, beginning of year</b>	5,353,598	5,151,074
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,787,590</u>	<u>\$ 5,353,598</u>
<b>Reconciliation of operating gain to net cash provided by operating activities</b>		
Operating income (loss)	\$ (747,654)	\$ (214,978)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Bad debt expense	(24,898)	15,631
Investment income included in operating revenues	(11,727)	(197,982)
Changes in assets and liabilities		
Accounts receivable	16,227	596
Due from the City and County of Denver	147,865	808,336
Prepays	(357)	493
Loans receivable	171,412	210,766
Accrued liabilities	112,539	(288,481)
Net cash provided by operating activities	<u>\$ (336,593)</u>	<u>\$ 334,381</u>

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**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**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. There are no separately issued financial statements for DNRI.

# **Denver Urban Renewal Authority**

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

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

#### ***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.

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

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

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

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

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

***Assets, Liabilities and Fund Balances***

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

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

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

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

# Denver Urban Renewal Authority

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

### NOTES TO FINANCIAL STATEMENTS

**December 31, 2022 and 2021**

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 and Lease 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.

Right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease asset into service, in accordance with GASB 87, *Leases*. The capitalization threshold is \$15,000.

Capital assets and lease assets are depreciated using a straight-line approach over the following useful lives:

<b>Capital Asset Class</b>	<b>Estimated Useful Life</b>
Computers and equipment	3 - 7 years
Furniture and fixtures	10 years
Leasehold improvements	Lesser of 10 years or remainder of lease
Right-to-use assets	Lesser of useful life or remainder of the 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

# **Denver Urban Renewal Authority**

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

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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, 2022 and 2021 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 represent 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.

**Lease Liability** – Lease liabilities are reported in the government-wide financial statements and propriety fund financial statements (as applicable) as a result of implementing GASB Statement No. 87, *Leases*. The lease liability is calculated at the present value of the remaining lease payments expected to be paid/received during the lease term. The Authority recognizes lease liabilities with an initial individual value of \$15,000 or more.

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.

# **Denver Urban Renewal Authority**

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

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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.

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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

***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 2022, there were no changes made to the General Fund budget as approved by the Authority Board of Commissioners.

***Risk Management***

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

**Note 2: Cash and Investments**

A summary of cash and investments follows:

	<b>2022</b>	<b>2021</b>
Petty cash	\$ 300	\$ 300
Cash deposits	5,562,483	12,688,149
Investments	<u>146,194,970</u>	<u>148,144,797</u>
Total cash and investments	<u><u>\$ 151,757,753</u></u>	<u><u>\$ 160,833,246</u></u>

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

	<b>2022</b>	<b>2021</b>
Cash and investments	\$ 8,215,457	\$ 6,936,279
Restricted cash and investments	<u>143,542,296</u>	<u>153,896,967</u>
Total cash and investments	<u><u>\$ 151,757,753</u></u>	<u><u>\$ 160,833,246</u></u>

# **Denver Urban Renewal Authority**

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

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

#### ***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, 2022 and 2021, state regulatory commissioners 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, 2022 and 2021, the Authority had deposits with financial institutions with a carrying amount of \$5,562,483 and \$12,688,149, respectively. The bank balances with the financial institutions were \$6,125,330 as of December 31, 2022 and \$12,979,721 as of December 31, 2021. Of these balances, \$250,000 was covered by Federal Depository Insurance for 2022 and 2021 and \$5,875,300 for 2022 and \$12,729,721 for 2021 was covered by collateral held by authorized financial institutions in the Authority’s name (PDPA).

#### ***Investments***

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

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



**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

As of December 31, 2022 and 2021, the Authority has the following investments subject to interest rate risk:

	<b>2022</b>		
	<b>Investment Maturity (Years)</b>		
	<b>Fair Value</b>	<b>Less than One Year</b>	<b>1 to 5 Years</b>
U.S. Treasury Notes	\$ 67,874,809	\$ 55,464,598	\$ 12,410,211
Federal Agency Collateralized Mortgage Obligation	10,099,223	9,084,205	1,015,018
Federal Agency Bond/Notes	17,155,953	11,977,060	5,178,893
Corporate Notes	3,263,338	-	3,263,338
Supra-National Agency Bond/Notes	5,571,366	1,451,203	4,120,163
Municipal Bond/Notes	4,766,254	429,108	4,337,146
Commercial Paper	2,922,722	2,922,722	-
Total	<u>\$ 111,653,665</u>	<u>\$ 81,328,896</u>	<u>\$ 30,324,769</u>

	<b>2021</b>		
	<b>Investment Maturity (Years)</b>		
	<b>Fair Value</b>	<b>Less than One Year</b>	<b>1 to 5 Years</b>
U.S. Treasury Notes	\$ 50,866,729	\$ 2,811,234	\$ 48,055,495
Federal Agency Collateralized Mortgage Obligation	898,930	236,210	662,720
Federal Agency Bond/Notes	21,903,487	5,880,007	16,023,480
Corporate Notes	286,250	-	286,250
Supra-National Agency Bond/Notes	9,316,071	2,728,371	6,587,700
Municipal Bond/Notes	6,943,448	1,454,342	5,489,106
Commercial Paper	8,580,572	8,580,572	-
Total	<u>\$ 98,795,487</u>	<u>\$ 21,690,736</u>	<u>\$ 77,104,751</u>

The local government investment pools of \$17,736,125 and \$8,604,896 for the years ended December 31, 2022 and 2021, respectively, \$15,511,740 and \$25,113,703 of money market funds for the years ended December 31, 2022 and 2021, respectively, and \$1,293,440 and \$15,628,363 of certificates of deposit for the years ended December 31, 2022 and 2021, 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

# Denver Urban Renewal Authority

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

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

- 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, 2022 and 2021, the Authority held invested \$1,704,787 and \$744,878, respectively, in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and \$16,031,338 and \$7,860,018, respectively, in the Colorado Statewide Investment Program (CSIP). 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. CSIP is a local government investment pool in which the underlying investments are measured at the investments' net asset value.

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.

<b>Investment</b>	<b>S &amp; P Rating</b>	<b>Moody's Rating</b>
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

# Denver Urban Renewal Authority

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

### NOTES TO FINANCIAL STATEMENTS

**December 31, 2022 and 2021**

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.

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***Restricted Cash and Investments***

At December 31, 2022 and 2021, the Authority had restricted cash and investments totaling \$143,542,296 and \$153,896,967, respectively, for debt service payments or reimbursements under certain Redevelopment Agreements. Approximately \$371,811 and \$223,308 of cash restricted for future disbursement relates to the National Western Center, for the years ended December 31, 2022 and 2021, 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, 2022:

- \* U.S. Treasury securities of \$67,874,809, Federal Agency Securities of \$23,288,437, and Corporate Notes of \$1,890,563 are valued using quoted market prices (Level 1 inputs)
- \* Federal Agency Securities of \$3,966,738, Supra-National Agency Bond/Notes of \$5,571,366, Municipal Bonds/Notes of \$4,766,254, Corporate Notes of \$1,372,775, and Commercial Paper of \$2,922,722 are valued using a matrix pricing model (Level 2 inputs)

The Authority has the following recurring fair value measurements as of December 31, 2021:

- \* U.S. Treasury securities of \$50,866,729 and Corporate Notes of \$286,250 are valued using quoted market prices (Level 1 inputs)
- \* Federal agency securities of \$22,802,417, Supra-National Agency Bond/Notes of \$9,316,071, Municipal Bonds/Notes of \$6,943,448, and Commercial Paper of \$8,580,572 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, 2022 and 2021.

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.

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**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:

<b>2022</b>					
<b>Payable Fund</b>					
<b>Receivable Fund</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
General Fund	\$ -	\$ 342,034	\$ -	\$ 1,364	\$ 343,398
Capital Projects Fund	1,570,100	-	-	-	1,570,100
Debt Service Fund	-	4,934,834	-	-	4,934,834
Enterprise Fund	-	-	-	-	-
Total	<u>\$ 1,570,100</u>	<u>\$ 5,276,868</u>	<u>\$ -</u>	<u>\$ 1,364</u>	<u>\$ 6,848,332</u>

<b>2021</b>					
<b>Payable Fund</b>					
<b>Receivable Fund</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
General Fund	\$ -	\$ 206,762	\$ -	\$ 212,069	\$ 418,831
Capital Projects Fund	-	-	-	-	-
Debt Service Fund	-	4,424,637	-	-	4,424,637
Enterprise Fund	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 4,631,399</u>	<u>\$ -</u>	<u>\$ 212,069</u>	<u>\$ 4,843,468</u>

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At the end of each year, the General Fund transfers any fund revenues in excess of expenditures to the Capital Projects Fund to be used for future projects.

<b>2022</b>				
<b>Transfers Out</b>				
<b>Transfers In</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
General Fund	\$ -	\$ 2,706,321	\$ 550,000	\$ 3,256,321
Capital Projects Fund	1,570,100	-	-	1,570,100
Debt Service Fund	-	85,368,441	-	85,368,441
Enterprise Fund	-	-	-	-
Total	<u>\$ 1,570,100</u>	<u>\$ 88,074,762</u>	<u>\$ 550,000</u>	<u>\$ 90,194,862</u>

<b>2021</b>				
<b>Transfers Out</b>				
<b>Transfers In</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
General Fund	\$ -	\$ 1,835,410	\$ 550,000	\$ 2,385,410
Capital Projects Fund	-	-	-	-
Debt Service Fund	-	94,307,964	-	94,307,964
Enterprise Fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 96,143,374</u>	<u>\$ 550,000</u>	<u>\$ 96,693,374</u>

**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.

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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, 2022 and 2021. Repayment of the notes is doubtful and the receivable has been fully allowed for in the financial statements due to the uncertainty of the timing of the sale of the building and resulting proceeds.

#### ***Dunkeld-14 Co LLC***

In 2014, the Authority, as lender, entered into a loan agreement for \$1,900,000 with Dunkeld-14 Co LLC, as borrower, for purposes of rehabilitating and developing the 414 14<sup>th</sup> 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, 2022 and 2021 totaled \$1,295,830 and \$1,395,763, 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 \$3,382,581 and \$617,419 as of December 31, 2022, for Westwood Crossing LLLP and Westwood Crossing 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.

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**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, 2022, 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, 2022 and 2021 totaled \$82,500 and \$58,997, 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, 2022 and 2021:

<b>Balance 1/1/2022</b>	<b>Additions</b>	<b>Payments/ Write-offs</b>	<b>Change in Allowance</b>	<b>Balance 12/31/2022</b>
<u>\$ 992,090</u>	<u>\$ 82,500</u>	<u>\$ (253,912)</u>	<u>\$ 24,898</u>	<u>\$ 845,576</u>
<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Payments/ Write-offs</b>	<b>Change in Allowance</b>	<b>Balance 12/31/2021</b>
<u>\$ 1,218,487</u>	<u>\$ 58,997</u>	<u>\$ (489,200)</u>	<u>\$ 203,806</u>	<u>\$ 992,090</u>

***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 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, 2022 and 2021 totaled \$1,196,124 and \$1,718,511, respectively. Deferred loans outstanding at December 31, 2022 and 2021 totaled 27,045,554 and \$26,846,878, respectively. Because these amounts are payable only upon the conditions discussed above, they are not recorded in the financial statements.



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**Note 6: Capital Assets**

As of December 31, 2022 and 2021, capital assets of the Authority consisted of the following:

	<b>Balance 1/1/2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2022</b>
Capital assets being depreciated				
Computers and equipment	\$ 166,195	\$ -	\$ -	\$ 166,195
Furniture and fixtures	54,131	-	-	54,131
Leasehold improvements	94,300	-	-	94,300
Less: accumulated depreciation	<u>(230,818)</u>	<u>(27,157)</u>	<u>-</u>	<u>(257,975)</u>
Capital assets, net	<u><u>\$ 83,808</u></u>	<u><u>\$ (27,157)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56,651</u></u>

	<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2021</b>
Capital assets being depreciated				
Computers and equipment	\$ 166,195	\$ -	\$ -	\$ 166,195
Furniture and fixtures	54,131	-	-	54,131
Leasehold improvements	94,300	-	-	94,300
Less: accumulated depreciation	<u>(200,526)</u>	<u>(30,292)</u>	<u>-</u>	<u>(230,818)</u>
Capital assets, net	<u><u>\$ 114,100</u></u>	<u><u>\$ (30,292)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 83,808</u></u>

Depreciation expense of \$27,157 and \$30,292 for the years ended December 31, 2022 and 2021, 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 20 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:

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## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

### ***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 64<sup>th</sup> 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, 2022, 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, 2022 was 10,305, and the cumulative number of apartment units built was 4,765.

### ***9<sup>th</sup> and Colorado Project***

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

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

A \$22,544,340 portion of the proceeds of the Series 2018A Bonds (representing the net proceeds of the "Restricted Proceeds Term Bond") was deposited to the Restricted Amounts Subaccount of the Project Fund. Such proceeds were expected as of the date of issuance of the 2018A Bonds to be subsequently transferred to the Unrestricted Amounts Subaccount and released to 9<sup>th</sup> Avenue Land LLC in accordance with the Bond Proceeds Holdback and Release Agreement upon the satisfaction of certain development milestones with respect to the 9<sup>th</sup> Avenue Project, but subject to the requirement that if such milestones were not met by September 18, 2021 with respect to all or any portion of such proceeds, the amount remaining on deposit therein on such date would instead be applied, together with a pro rata portion of the amount then on deposit in the Series 2018A Senior Bond Reserve Account, to the extraordinary mandatory redemption of an equivalent amount of the Series 2018A Bonds on October 18, 2021.

On September 18, 2021, the applicable development milestones had not been satisfied with respect to a portion of the Project, with the result that the \$12,186,923 then on deposit in the Restricted Amounts Subaccount, together with \$1,023,077 then on deposit in the Series 2018A Senior Bond Reserve Account, were applied to the redemption of a \$13,210,000 principal amount portion of the Restricted Proceeds Term Bond on October 18, 2021. The balance in the Restricted Amounts Subaccount of the Project Fund as of December 31, 2021, was \$0.

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Pursuant to the trust indenture governing the Series 2018A Bonds, following the extraordinary mandatory redemption of such portion of the Restricted Proceeds Term Bond, all remaining development costs that would have been payable upon approval by the Authority from the proceeds of the Restricted Proceeds Term Bond which were used for such redemption automatically became an obligation of the Authority in the form of a Junior Subordinate Bond issued to the redeveloper and subject to repayment including interest under the terms, and subject to the limitations, of such indenture.

A summary of redevelopment agreement obligations is provided in Note 11.

**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:

	<b>2022</b>	<b>2021</b>
Deferred outflows of resources		
Deferred loss on refundings	\$ 5,991,034	\$ 8,040,343
Total deferred outflows of resources	<u>\$ 5,991,034</u>	<u>\$ 8,040,343</u>
	<b>2022</b>	<b>2021</b>
Deferred inflows of resources		
Property taxes not yet received or for which levy pertains to subsequent year	\$ 130,326,455	\$ 124,297,054
Total deferred inflows of resources	<u>\$ 130,326,455</u>	<u>\$ 124,297,054</u>

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.

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**Note 9: Long-term Liabilities**

The following is a summary of debt transactions of the Authority for the years ended December 31, 2022 and 2021:

	<b>Balance 1/1/2022</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Balance 12/31/2022</b>	<b>Due Within One Year</b>
Bonds payable	\$ 171,145,000	\$ -	\$ (26,495,000)	\$ 144,650,000	\$ 28,275,000
Premium on bonds payable	12,750,847	-	(3,222,630)	9,528,217	-
Discount on bonds payable	(393,932)	-	21,885	(372,047)	-
Notes payable	4,145,446	-	(404,825)	3,740,621	-
Compensated absences	223,053	121,650	(89,344)	255,359	-
<b>Total</b>	<b>\$ 187,870,414</b>	<b>\$ 121,650</b>	<b>\$ (30,189,914)</b>	<b>\$ 157,802,150</b>	<b>\$ 28,275,000</b>

	<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Balance 12/31/2021</b>	<b>Due Within One Year</b>
Bonds payable	\$ 206,750,000	\$ -	\$ (35,605,000)	\$ 171,145,000	\$ 25,495,000
Premium on bonds payable	15,973,477	-	(3,222,630)	12,750,847	-
Discount on bonds payable	(429,093)	-	35,161	(393,932)	-
Notes payable	4,540,875	-	(395,429)	4,145,446	-
Compensated absences	204,967	100,090	(82,004)	223,053	-
<b>Total</b>	<b>\$ 227,040,226</b>	<b>\$ 100,090</b>	<b>\$ (39,269,902)</b>	<b>\$ 187,870,414</b>	<b>\$ 25,495,000</b>

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, 2022 and 2021 to the principal and interest requirements of the Bonds for those periods is as follows:

	<b>2022</b>	<b>2021</b>
<b>Stapleton Series 2010B, 2013A-1, and 2014D-2</b>		
TIF revenues recognized, net of priority fees	\$ 90,375,734	\$ 83,489,846
Principal and interest requirements	30,898,630	28,232,781
<b>9th and Colorado</b>		
TIF revenues recognized, net of priority fees	4,324,913	3,113,061
Principal and interest requirements*	3,972,163	17,459,564

- \* No capitalized interest was used to meet principal and interest requirements on outstanding bonds in 2022. Capitalized interest, as defined by the bond agreements, of \$17,459,564 was used to meet 2021 principal and interest requirements on the 9th and Colorado bonds.

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**Bonds Payable**

**Tax Increment Revenue Bonds**

The Authority has outstanding tax increment revenue bonds and notes from direct borrowings totaling \$126,970,000 and \$17,680,000, respectively.

Bonds payable as of December 31, 2022 are:

	Balance 1/1/2022	Additions	Payments/ Reductions	Balance 12/31/2022	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.	\$ 31,165,000	\$ -	\$ 6,190,000	\$ 24,975,000	\$ 6,010,000
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.	66,075,000	-	12,275,000	53,800,000	13,440,000
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.	49,565,000	-	1,370,000	48,195,000	1,555,000
Total	146,805,000	-	19,835,000	126,970,000	21,005,000

**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.	24,340,000	-	6,660,000	17,680,000	7,270,000
Total	\$ 171,145,000	\$ -	\$ 26,495,000	\$ 144,650,000	\$ 28,275,000

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**Tax Increment Revenue Bonds (continued)**

Bonds payable as of December 31, 2021 are:

	<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Balance 12/31/2021</b>	<b>Due Within One Year</b>
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.	\$ 36,330,000	\$ -	\$ 5,165,000	\$ 31,165,000	\$ 6,190,000
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.	77,720,000	-	11,645,000	66,075,000	12,275,000
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.	<u>63,760,000</u>	<u>-</u>	<u>14,195,000</u>	<u>49,565,000</u>	<u>1,370,000</u>
Total	<u>177,810,000</u>	<u>-</u>	<u>31,005,000</u>	<u>146,805,000</u>	<u>19,835,000</u>

**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.	<u>28,940,000</u>	<u>-</u>	<u>4,600,000</u>	<u>24,340,000</u>	<u>5,660,000</u>
Total	<u>\$ 206,750,000</u>	<u>\$ -</u>	<u>\$ 35,605,000</u>	<u>\$ 171,145,000</u>	<u>\$ 25,495,000</u>

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.

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

<b>Year Ending December 31, 2022</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 28,275,000	\$ 7,186,701	\$ 35,461,701
2024	31,560,000	5,860,243	37,420,243
2025	41,680,000	4,340,646	46,020,646
2026	1,970,000	2,264,588	4,234,588
2027	2,070,000	2,161,163	4,231,163
2028-2032	12,105,000	9,056,250	21,161,250
2033-2037	15,625,000	5,528,250	21,153,250
2038-2042	<u>11,365,000</u>	<u>1,002,488</u>	<u>12,367,488</u>
	<u>\$ 144,650,000</u>	<u>\$ 37,400,329</u>	<u>\$ 182,050,329</u>

**Notes Payable**

Notes payable activity for the years ended December 31, 2022 and 2021 consists of the following:

	<b>Balance 1/1/2022</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Balance 12/31/2022</b>	<b>Due Within One Year</b>
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	<u>\$ 4,145,446</u>	<u>\$ -</u>	<u>\$ 404,825</u>	<u>\$ 3,740,621</u>	<u>\$ -</u>

	<b>Balance 1/1/2021</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Balance 12/31/2021</b>	<b>Due Within One Year</b>
Note payable to the City and County of Denver, for Marycrest, to be paid over a 25-year period, with interest accruing at a rate of 2% per annum. The maturity date is May 11, 2037.	<u>\$ 4,540,875</u>	<u>\$ -</u>	<u>\$ 395,429</u>	<u>\$ 4,145,446</u>	<u>\$ -</u>

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

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***Stapleton Obligations***

The Authority has outstanding tax increment revenue bonds and notes from direct borrowings totaling \$97,240,000 and \$24,340,000, 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.



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**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 flow 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.

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**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.

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#### **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 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

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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).

Construction has been completed on the North Fire Station and the actual development costs thereof did not exceed the \$9,400,000 advanced therefor by DPS pursuant to the Third Supplement to School Funding Agreement. Consequently, the Authority does not expect that any excess actual development costs will need to be advanced by the City under the City Second Supplemental Infrastructure Funding Agreement, and as a result, the Authority does not expect to be required to make any reimbursements represented by the Series 2017D-3 City Junior Subordinate Bond.

Additionally, construction has been completed on the CPB Bridge and the actual development costs thereof did not exceed the \$8,400,000 advanced therefor by the City. Consequently, the Authority does not expect that any excess actual development costs will need to be advanced by Park Creek under the Fifth Master Redevelopment Agreement Supplement, and as a result, the Authority does not expect to be required to make any reimbursements represented by the Series 2017D-4 Park Creek Junior Subordinate Bond.

The holders of the outstanding Junior Subordinate Bonds 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 the completion of the City Second Supplemental Infrastructure Funding Agreement and the Fifth Master Redevelopment Agreement Supplement, 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) were no longer necessary. Accordingly, the contingent obligations to reimburse the City and Park Creek via the Junior Subordinate Bonds, Series 2017D-3, 2017D-4, and 2017D-5, respectively, to fund these costs no longer exists.

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***9th and Colorado Tax Increment Revenue Bonds Series 2018A***

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 includes residential and commercial land uses planned for completion over a multi-year period.

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.

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 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.

As of September 18, 2021, certain development milestones were not satisfied with respect to the Project. Accordingly, any proceeds of the Restricted Proceeds Term Bond that were on deposit in the Restricted Amounts Subaccount or the Unrestricted Amounts Subaccount on such date, were used, together with a pro-rata amount from the Series 2018A Senior Bond Reserve Account, to redeem the Restricted Proceeds Term Bond on October 18, 2021. On that date, \$13,210,000 of the \$63,720,000 outstanding 2018A Bonds were duly called for extraordinary redemption. The balance in the Restricted Amounts Subaccount of the Project Fund as December 31, 2022, was \$0.

Following the extraordinary mandatory redemption of the bonds, any development costs that would have been payable from the Restricted Proceeds Term Bond, upon approval by the Authority, became an obligation of the Authority in the form of a Junior Subordinate Bond issued to the redeveloper and subject to repayment, including interest, under the terms of the Supplemental Trust Indenture.

A summary of redevelopment agreement obligations is provided in Note 11.

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**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, 2022 and 2021, the Authority's contribution to the plan totaled \$131,344 and \$143,114, respectively, and the employee contributions totaled \$65,672 and \$71,557, respectively, which are equal to the required contributions. There is no retirement plan liability related to the plan for the year ended December 31, 2021. The plan investments are administered by Mission Square Retirement Corporation, formerly known as ICMA-RC.

**Note 11: 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, 2022 of \$2,108,954. In addition, the Authority has guaranteed all obligations of the Denver Dry Development Corporation as general partner, under the terms and conditions of the limited partnership agreement of DBH, Ltd. No amounts have been recorded as a liability in these financial statements as management believes the possibility of having to make payments under these guarantees is remote.

***Contracts***

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

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***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 2022 and 2021, the Authority returned \$43,048,149 and \$43,248,872 of retained amounts not used for debt service, respectively.

**Stapleton City Retained Taxes as a  
Percentage of Annual Incremental Taxes**

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<b>Years</b>		
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%
	January 1-June 30, 2025	20%

***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. In the case of the Downtown Projects, the City is considered the Developer.

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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, 2022 and 2021, \$49,620,861 and \$59,372,928, 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, 2022	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2022	Accrued TIF Reimbursement Obligation as of December 31, 2022
9th & Colorado	\$ 13,210,000	\$ 24,000	\$ 13,210,000	\$ -	\$ 13,210,000	\$ 24,000
101 Broadway	2,800,000	-	1,838,286	-	1,838,286	9,366
2300 Welton	769,000	-	769,000	528,258	240,742	-
2460 Welton	1,350,000	-	1,350,000	325,830	1,024,170	-
2560 Welton	4,200,000	-	4,200,000	-	4,200,000	11,919
2801 Welton	350,000	-	350,000	-	350,000	-
414 14th Street	1,900,000	-	1,900,000	551,086	1,348,914	-
Colorado National Bank	10,000,000	-	10,000,000	6,649,440	3,350,560	234,615
Downtown Projects	-	-	42,451,830	42,451,830	-	49,095,318
Emily Griffith Opportunity School	21,800,000	91,547,149	21,800,000	952,087	20,847,913	7,791
I-25 and Broadway	89,438,030	-	19,691,480	-	-	-
Lowry Boulevard 1	3,539,223	-	3,539,223	3,503,619	-	35,605
Marycrest - Subordinate	650,000	-	-	-	-	13,397
Source - 3330 Brighton Blvd	6,500,000	-	6,500,000	1,517,091	4,982,909	69,246
South Broadway	13,000,000	-	13,000,000	7,308,806	-	65,000
St. Anthony - Sloans Block 3	6,995,000	-	6,995,000	1,539,023	5,455,977	21,438
St. Anthony - Sloans Block 7 West	3,400,000	-	3,400,000	2,946,212	453,788	33,166
St. Anthony - Sloans Block 9	5,555,555	-	5,501,089	-	5,501,089	-
The Point	1,504,183	-	1,504,183	1,504,183	-	-
Fox Park	157,729,666	-	-	-	-	-
<b>Total</b>	<b>\$ 344,690,657</b>	<b>\$ 91,571,149</b>	<b>\$ 158,000,091</b>	<b>\$ 69,777,465</b>	<b>\$ 62,804,348</b>	<b>\$ 49,620,861</b>

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, 2022. Amounts arising from the Stapleton Junior Subordinate bonds are included, as these obligations are payable



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### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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, 2022.

	Maximum Reimbursable Project Costs per IGA/Cooperation Agreement	Reimbursable Project Costs Approved as of December 31, 2022	Cumulative Principal Payments Made	Unpaid Eligible Maximum Reimbursable Project Costs as of December 31, 2022	Accrued TIF Reimbursement Obligation as of December 31, 2022
4201 E. Arkansas - DPS Agreement	\$ 1,228,800	\$ 1,228,800	\$ -	\$ 1,228,800	\$ -
9th & Colorado - City Services	6,300,000	1,500,000	1,500,000	-	-
Fox Park - DPS Agreement	1,840,000	1,840,000	-	-	-
Sun Valley - DPS Agreement	4,000,000	4,000,000	-	-	-
27th & Larimer - DPS Agreement	3,365,000	3,365,000	1,900,000	600,000	-
National Western Center - RTA	121,500,000	-	33,916,297	23,558,403	-
St. Anthony DPS School Support	2,500,000	2,500,000	-	-	-
Stapleton - 2013 D-2 Junior Subordinate Bond	58,715,000	57,474,700	6,877,449	9,470,784	-
Stapleton - 2014 D-2 Junior Subordinate Bond	16,000,000	-	14,004,367	9,635,964	-
Stapleton - 2017 D-1 DPS Junior Subordinate Bond	16,450,000	16,348,234	-	-	-
Stapleton - 2017 D-2 DPS Junior Subordinate Bond	23,640,331	23,640,331	-	-	-
Stapleton - 2017 D-5 City Junior Subordinate Bond	8,400,000	-	-	-	-
Total	<u>\$ 263,939,131</u>	<u>\$ 111,897,065</u>	<u>\$ 58,198,113</u>	<u>\$ 44,493,951</u>	<u>\$ -</u>

### **Undisbursed Loan Commitments**

The Authority has committed to fund loans and grants during the year that were not fully disbursed as of year-end. The total undisbursed loan and grant commitments as of December 31, 2022 were \$441,768, of which \$390,489 is attributable to deferred payment loans as discussed in Note 5 and \$50,727 is attributable to grant commitments.

### **2975 Quebec Street**

The Authority has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the Authority will have to make payment in settlement of any claims. The Authority and the owner of a residence at 2975 Quebec Street are working to resolve concerns about prior work on the home undertaken by various contractors pursuant to various Authority community development home loan programs. While a final amount has not been determined, an estimate of the required corrective work provided by an independent representative of the owner, in the amount of \$223,000, has been recorded as a contingent liability and included in accrued liabilities of the Enterprise Fund. In the opinion of management, the Authority's current available funds are adequate to pay all known or pending costs related to this matter.

### **Note 12: Tabor Amendment**

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

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**Note 13: Implementation of New Accounting Standard**

Effective January 1, 2021, the Authority implemented GASB 87, *Leases* (Statement No. 87). Statement No. 87 revises and establishes new financial reporting requirements for all state and local governments for leases by lessees and lessors. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right -to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of Statement No. 87 had no impact to the financial statements of the Authority as all leases were considered immaterial. This could change in future years.

## **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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Intergovernmental	\$ 281,750	\$ 281,750	\$ 270,203	\$ (11,547)
Investment income	700	700	19,312	18,612
Other income	<u>1,313,500</u>	<u>1,313,500</u>	<u>1,709,970</u>	<u>396,470</u>
Total revenues	<u>1,595,950</u>	<u>1,595,950</u>	<u>1,999,485</u>	<u>403,535</u>
<b>Expenditures</b>				
Current				
Administration	4,000,300	4,000,300	3,685,706	314,594
Capital outlay	<u>49,000</u>	<u>49,000</u>	<u>-</u>	<u>49,000</u>
Total expenditures	<u>4,049,300</u>	<u>4,049,300</u>	<u>3,685,706</u>	<u>363,594</u>
Excess of revenues over (under) expenditures	<u>(2,453,350)</u>	<u>(2,453,350)</u>	<u>(1,686,221)</u>	<u>767,129</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,547,500	3,547,500	3,256,321	(291,179)
Transfers out	<u>(1,094,150)</u>	<u>(1,094,150)</u>	<u>(1,570,100)</u>	<u>(475,950)</u>
Total other financing sources (uses)	<u>2,453,350</u>	<u>2,453,350</u>	<u>1,686,221</u>	<u>(767,129)</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>2,405,066</u>	<u>2,405,066</u>	<u>2,314,812</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 2,405,066</u></u>	<u><u>\$ 2,405,066</u></u>	<u><u>\$ 2,314,812</u></u>	<u><u>\$ -</u></u>

**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, 2022**

**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, 2022, administration expenditures were lower than budget by \$314,594, due to vacancy savings in labor and benefits. Other income was higher than budget by \$396,470, which represents the difference between an unbudgeted receipt of a participating interest payment and budgeted but unrealized origination fees.

## **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, 2022**

	Stapleton 2013A-1		Stapleton 2010B-1	
Mill Levy				
General Fund, Denver	9.820		9.820	
Affordable Housing	0.415		0.415	
Public Welfare, Denver	2.586		2.586	
Denver Schools/General Fund	37.413		37.413	
Denver Schools/Bond Fund	11.085		11.085	
Bond Sinking Fund, Denver	5.500		5.500	
Bond Interest, Denver	1.000		1.000	
Fire Pension Fund	1.039		1.039	
Urban Drainage/Flood Control	1.000		1.000	
Police Pension Fund	1.238		1.238	
Capital Improvement	-		-	
Capital Maintenance	2.513		2.513	
	73.609		73.609	
Property Tax Base Amount (Assessed Value)	60,918,421		-	
Sales Tax Base Amount (Revenue)	856,917		-	
Property Tax Increment Revenue	63,189,584		-	
Sales Tax Increment Revenue	27,818,204		-	
Debt Service Reserve Earnings	138,225		-	
Other Interest Earnings	876,854		-	
Capitalized Interest			-	
Net Revenues	92,022,867		-	
<b>BONDS &amp; PRIORITY EXPENSE</b>				
Debt Service	15,578,750	(1)	7,664,263	(1)
DURA Priority Fee	632,055		-	
Other Expenses	9,725		-	
Annual Coverage Ratio	5.87	(2)	3.93	(3)

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**ANNUAL 15c2-12 DISCLOSURE**  
**Year Ended December 31, 2022**

**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, 2022**

	9th and Colorado	2018A	(1)
<b>Fund Balances</b>			
Senior Bond Fund		26,816	
Senior Bond Reserve Fund		4,402,585	
Restricted Amounts Subaccount		-	
Supplemental Reserve Fund		995,497	
<b>Assessed Value</b>			
Current Assessed Value of Property in the URA		53,544,350	(2)
<b>Tax Increment Base and Revenue</b>			
Property Tax Base Amount (Assessed Value)		-	
Property Tax Increment Revenue		3,753,824	(3)
Sales Tax Base Amount (Revenue)		-	
Sales Tax Increment Revenue		1,039,027	(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, 2022.

(3) Includes all property and sales tax increment revenue collected by the Authority  
between January 1, 2022 and December 31, 2022.

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, 2021**

	Stapleton 2013A-1		Stapleton 2010B-1	
Mill Levy				
General Fund, Denver	7.897		7.897	
Public Welfare, Denver	2.627		2.627	
Affordable Housing	0.417		0.417	
Denver Schools/General Fund	38.443		38.443	
Denver Schools/Bond Fund	9.568		9.568	
Bond Sinking Fund, Denver	5.500		5.500	
Bond Interest, Denver	1.000		1.000	
Fire Pension Fund	1.041		1.041	
Urban Drainage/Flood Control	1.000		1.000	
Police Pension Fund	1.242		1.242	
Capital Maintenance	2.528		2.528	
Capital Improvements	1.921		1.921	
	73.184		73.184	
Property Tax Base Amount (Assessed Value)	60,918,421		-	
Sales Tax Base Amount (Revenue)	856,917		-	
Property Tax Increment Revenue	58,776,723		-	
Sales Tax Increment Revenue	34,208,244		-	
Debt Service Reserve Earnings	155,351		-	
Other Interest Earnings	5,855		-	
Capitalized Interest	-		-	
Net Revenues	93,146,173		-	
<b>BONDS &amp; PRIORITY EXPENSE</b>				
Debt Service	15,531,000	(1)	6,852,319	(1)
DURA Priority Fee	607,745		-	
Other Expenses	9,400		-	
Annual Coverage Ratio	5.96	(2)	4.13	(3)

**Denver Urban Renewal Authority**  
**(A Component Unit of the City and County of Denver)**  
**ANNUAL 15c2-12 DISCLOSURE**  
**Year Ended December 31, 2021**

**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, 2021**

	9th and Colorado	
	<b>2018A</b>	<b>(1)</b>
<b>Fund Balances</b>		
Senior Bond Fund	288,212	
Senior Bond Reserve Fund	4,315,381	
Restricted Amounts Subaccount	-	
Supplemental Reserve Fund	-	
<b>Assessed Value</b>		
Current Assessed Value of Property in the URA	51,509,870	(2)
<b>Tax Increment Base and Revenue</b>		
Property Tax Base Amount (Assessed Value)	-	
Property Tax Increment Revenue	3,299,645	(3)
Sales Tax Base Amount (Revenue)	-	
Sales Tax Increment Revenue	322,010	(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 2021.

(3) Includes all property and sales tax increment revenue collected by the Authority between January 1, 2021 and December 31, 2021.

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

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund, of Denver Urban Renewal Authority (the Authority), a component unit of the City and County of Denver, which comprises the statements of financial position as of December 31, 2022, 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 May 1, 2023.

***Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Board of Commissioners  
Denver Urban Renewal Authority

### ***Report on 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 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*.

### ***Purpose of this Report***

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

**FORVIS, LLP**

Denver, Colorado  
May 1, 2023