

**URBAN RENEWAL AUTHORITY OF
DACONO
WELD COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**URBAN RENEWAL AUTHORITY OF DACONO
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YEAR ENDED DECEMBER 31, 2021**

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Board of Directors
Urban Renewal Authority of Dacono
Weld County, Colorado

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Authority of Dacono (the "Authority"), as of and for the year ended December 31, 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 and each major fund of Urban Renewal Authority of Dacono as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinion.

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 one year after the date the financial statements are available to be issued.

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 opinion. 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 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, 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.

Other Matters

The management's discussion and analysis information on pages IV through VII is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

May 9, 2022

**URBAN RENEWAL AUTHORITY OF DACONO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

As management of the Urban Renewal Authority of Dacono (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2021.

Financial Highlights

- Liabilities and deferred inflows of resources exceed assets by \$14,250,475 at the close of the fiscal year. This is primarily due to the accrued interest related to Series 2020 Tax Increment Revenue Bonds and dedication of capital assets to other governments.
- Cash and investments at the close of the fiscal year were \$2,716,686 including a restricted amount of \$1,924,721, from bond proceeds to be used for capital projects.
- As of the close of the current fiscal year, the Authority governmental funds reported combined ending fund balances of \$2,656,373.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of the three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position represents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position.

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 a government's near-term financing requirements.

**URBAN RENEWAL AUTHORITY OF DACONO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

The Authority maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds – General Fund, Debt Service Fund, and Capital Projects Fund.

The Authority adopts an annual budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

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

Supplementary information. The report includes individual fund schedules. Budgetary comparison schedules have been provided in this section for the capital projects fund to demonstrate compliance with the budget.

Government-Wide Financial Analysis

**URBAN RENEWAL AUTHORITY OF DACONO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Statement of Net Position

	December 31,	
	2021	2020
ASSETS		
Current Assets	\$ 16,246,463	\$ 3,156,955
Capital Assets	325,785	13,500,000
Total Assets	16,572,248	16,656,955
 LIABILITIES		
Current Liabilities	1,256,824	180,519
Long-Term Liabilities	16,043,000	16,043,000
Total Liabilities	17,299,824	16,223,519
 DEFERRED INFLOWS OF RESOURCES		
Incremental Property Tax Revenue	13,522,899	824,093
Total Deferred Inflows of Resources	13,522,899	824,093
 NET POSITION		
Net Investment in Capital Assets	(13,925,744)	-
Restricted For:		
Capital Projects	96,199	-
Unrestricted	(420,930)	(390,657)
Total Net Position	\$ (14,250,475)	\$ (390,657)

**URBAN RENEWAL AUTHORITY OF DACONO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

As noted earlier, net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2021 ended with total assets valued at \$16,572,248, with outstanding liabilities and deferred inflows of resources of \$30,822,723. The Authority's assets consist primarily of cash and investments, taxes receivable and capital assets. The Authority's liabilities consist of current payables and bonds payable.

Statement of Activities

	December 31,	
	2021	2020
REVENUES		
Incremental Property Taxes	\$ 810,560	\$ 410,975
Royalties	44,135	-
Transfer from City	3,303	-
Net Investment Income	695	418
Total Revenues	858,693	411,393
EXPENSES		
General Government	201,348	133,253
Interest and Related Costs on Long-Term Debt	1,017,163	700,612
Dedication of Capital Assets to other Governments	13,500,000	-
Total Expenses	14,718,511	833,865
CHANGE IN NET POSITION	(13,859,818)	(422,472)
Net Position - Beginning of Year	(390,657)	31,815
NET POSITION - END OF YEAR	\$ (14,250,475)	\$ (390,657)

The Authority's net position decreased \$13,859,818 from prior year, mainly due to the interest costs associated with the Series 2020 bonds and dedication of assets to another government. General revenues consist primarily of incremental property taxes, which was \$810,560.

Financial Analysis of the Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$2,656,373. Of this balance, \$1,887,670 is restricted for capital projects, \$11,027 is restricted for debt service, \$534,767 is assigned to subsequent year's expenditures, and \$222,209 constitutes the unassigned fund balance, which is available for spending at the government's discretion within the parameters established for the general fund.

**URBAN RENEWAL AUTHORITY OF DACONO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Long-Term Debt

At the end of the current fiscal year, the Authority had total outstanding long-term obligations of \$16,043,000. The Authority's Series 2020 Tax Increment Revenue Bonds mature on December 1, 2039 and pay interest at the rate of 6.250% each December 1 from and to the extent of available pledged revenue. The bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

Additional information on the Authority's long-term debt can be found in Note 5.

Requests for Information

This financial report is designed to provide a general overview of the Urban Renewal Authority of Dacono 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:

Urban Renewal Authority of Dacono
512 Cherry Street
Dacono, Colorado 80514

BASIC FINANCIAL STATEMENTS

**URBAN RENEWAL AUTHORITY OF DACONO
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 791,965
Cash and Investments - Restricted	1,924,721
Accounts Receivable - Other	6,679
Accounts Receivable - County Treasurer	199
Incremental Property Taxes Receivable	13,522,899
Capital Assets, Not Being Depreciated	<u>325,785</u>
Total Assets	<u>16,572,248</u>
LIABILITIES	
Accounts Payable	26,375
Due to Other Governments	40,816
Accrued Interest Payable	1,189,633
Noncurrent Liabilities:	
Due in More Than One Year	<u>16,043,000</u>
Total Liabilities	<u>17,299,824</u>
DEFERRED INFLOWS OF RESOURCES	
Incremental Property Tax Revenue	<u>13,522,899</u>
Total Deferred Inflows of Resources	<u>13,522,899</u>
NET POSITION	
Net Investment in Capital Assets	(13,925,744)
Restricted For:	
Capital Projects	96,199
Unrestricted	<u>(420,930)</u>
Total Net Position	<u><u>\$ (14,250,475)</u></u>

See accompanying Notes to Basic Financial Statements.

**URBAN RENEWAL AUTHORITY OF DACONO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 201,348	\$ -	\$ 44,135	\$ -	\$ (157,213)
Interest and Related Costs on Long-Term Debt	1,017,163	-	3,303	-	(1,013,860)
Dedication of Capital Assets to Other Governments	13,500,000	-	-	-	(13,500,000)
Total Governmental Activities	\$ 1,218,511	\$ -	\$ 47,438	\$ -	(14,671,073)
GENERAL REVENUES					
					810,560
					695
					811,255
CHANGE IN NET POSITION					(13,859,818)
					(390,657)
NET POSITION - END OF YEAR					\$ (14,250,475)

See accompanying Notes to Basic Financial Statements.

**URBAN RENEWAL AUTHORITY OF DACONO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects - Plan Area I	Capital Projects - Plan Area II	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 791,965	\$ -	\$ -	\$ -	\$ 791,965
Cash and Investments - Restricted	-	14,648	118,602	1,791,471	1,924,721
Accounts Receivable - Other	5,723	956	-	-	6,679
Accounts Receivable - County Treasurer	199	-	-	-	199
Incremental Property Taxes Receivable	932,739	12,590,160	-	-	13,522,899
Total Assets	\$ 1,730,626	\$ 12,605,764	\$ 118,602	\$ 1,791,471	\$ 16,246,463
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,972	\$ -	\$ 22,403	\$ -	\$ 26,375
Due to Other Governments	36,239	4,577	-	-	40,816
Total Liabilities	40,211	4,577	22,403	-	67,191
DEFERRED INFLOWS OF RESOURCES					
Incremental Property Tax Revenue	932,739	12,590,160	-	-	13,522,899
Total Deferred Inflows of Resources	932,739	12,590,160	-	-	13,522,899
FUND BALANCES					
Restricted for:					
Debt Service	-	11,027	-	-	11,027
Capital Projects	-	-	96,199	1,791,471	1,887,670
Assigned to:					
Subsequent Year's Expenditures	534,767	-	-	-	534,767
Unassigned:					
General Government	222,909	-	-	-	222,909
Total Fund Balances	757,676	11,027	96,199	1,791,471	2,656,373
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,730,626	\$ 12,605,764	\$ 118,602	\$ 1,791,471	\$ 16,246,463

See accompanying Notes to Basic Financial Statements.

**URBAN RENEWAL AUTHORITY OF DACONO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Fund Balances - Total Governmental Funds	\$	2,656,373
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.		
Capital Assets, Not Being Depreciated		325,785
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable		(16,043,000)
Accrued Interest Payable		(1,189,633)
		(1,189,633)
Net Position of Governmental Activities	\$	(14,250,475)

See accompanying Notes to Basic Financial Statements.

URBAN RENEWAL AUTHORITY OF DACONO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Capital Projects - Plan Area I	Capital Projects - Plan Area II	Total Governmental Funds
REVENUES					
Incremental Property Taxes	\$ 792,141	\$ 18,419	\$ -	\$ -	\$ 810,560
Royalties	44,135	-	-	-	44,135
Transfer from City	-	3,303	-	-	3,303
Net Investment Income	-	-	-	695	695
Total Revenues	<u>836,276</u>	<u>21,722</u>	<u>-</u>	<u>695</u>	<u>858,693</u>
EXPENDITURES					
Current:					
Accounting	32,680	-	-	-	32,680
Auditing	5,750	-	-	-	5,750
County Treasurer's Fees	11,882	274	-	-	12,156
Staffing	133,057	-	-	-	133,057
Legal	9,696	-	-	-	9,696
Contingency	701	-	-	-	701
Debt Service:					
Trustee Fees	-	3,000	-	-	3,000
Property Tax Increment Payment - AIMS Junior College	-	90	-	-	90
Property Tax Increment Payment - Northern Colorado Water	-	149	-	-	149
Property Tax Increment Payment - School Dist RE1J	-	4,326	-	-	4,326
Property Tax Increment Payment - School Dist RE8	-	91	-	-	91
Property Tax Increment Payment - St. Vrain Sanitation	-	70	-	-	70
Property Tax Increment Payment - Weld County	-	1,157	-	-	1,157
Property Tax Increment Payment - Mountain View Fire	-	1,425	-	-	1,425
Capital Outlay	-	-	98,285	227,500	325,785
Total Expenditures	<u>193,766</u>	<u>10,582</u>	<u>98,285</u>	<u>227,500</u>	<u>530,133</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	642,510	11,140	(98,285)	(226,805)	328,560
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	113	-	194,484	-	194,597
Transfers to Other Funds	(194,484)	(113)	-	-	(194,597)
Total Other Financing Sources (Uses)	<u>(194,371)</u>	<u>(113)</u>	<u>194,484</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	448,139	11,027	96,199	(226,805)	328,560
Fund Balances - Beginning of Year	<u>309,537</u>	<u>-</u>	<u>-</u>	<u>2,018,276</u>	<u>2,327,813</u>
FUND BALANCES - END OF YEAR	<u>\$ 757,676</u>	<u>\$ 11,027</u>	<u>\$ 96,199</u>	<u>\$ 1,791,471</u>	<u>\$ 2,656,373</u>

See accompanying Notes to Basic Financial Statements.

**URBAN RENEWAL AUTHORITY OF DACONO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 328,560

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	325,785
Dedication of Capital Assets to Other Governments	(13,500,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds Payable - Change in Liability	<u>(1,014,163)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (13,859,818)</u></u>
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**URBAN RENEWAL AUTHORITY OF DACONO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Property Taxes	\$ 810,424	\$ 792,141	\$ (18,283)
Royalties	-	44,135	44,135
Total Revenues	<u>810,424</u>	<u>836,276</u>	<u>25,852</u>
EXPENDITURES			
Accounting	50,000	32,680	17,320
Auditing	7,000	5,750	1,250
County Treasurer's Fees	12,156	11,882	274
Legal	60,000	9,696	50,304
Staffing	70,000	133,057	(63,057)
Professional Services	100,000	-	100,000
Contingency	10,844	701	10,143
Total Expenditures	<u>310,000</u>	<u>193,766</u>	<u>116,234</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>500,424</u>	<u>642,510</u>	<u>142,086</u>
OTHER FINANCING SOURCES (USES)			
Transfers to Other Fund - Plan Area I	(219,765)	(98,285)	121,480
Transfers to Other Fund - Plan Area I (Mountain View Fire)	(95,235)	(96,199)	(964)
Transfers from Other Funds	111	113	2
Total Other Financing Sources (Uses)	<u>(314,889)</u>	<u>(194,371)</u>	<u>120,518</u>
NET CHANGE IN FUND BALANCE	185,535	448,139	262,604
Fund Balance - Beginning of Year	<u>267,291</u>	<u>309,537</u>	<u>309,537</u>
FUND BALANCE - END OF YEAR	<u>\$ 452,826</u>	<u>\$ 757,676</u>	<u>\$ 572,141</u>

See accompanying Notes to Basic Financial Statements.

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

The Economic Development Authority of Dacono (the Authority) was formed by resolution passed March 23, 2015, by the City Council of the City of Dacono, Colorado (the City) pursuant to the Colorado Urban Renewal Law, Colorado Revised Statutes. On June 8, 2020, a resolution was passed to change the name of the organization to the Urban Renewal Authority of Dacono (Authority). The purpose of the Authority is to acquire and develop certain blighted areas in the City to maintain the public welfare.

The Authority currently has two outstanding project plans; they are identified as follows:

- 1) Dacono I Urban Renewal Plan – The Plan Area was approved in 2015 which includes 352 non-residential parcels comprising of approximately 4,480 total acres, including rights-of-ways. The purpose of this Plan is to reduce, eliminate and prevent the spread of blight and to stimulate and catalyze growth and investment within the Area boundaries.
- 2) Dacono II Urban Renewal Plan – The Plan Area was approved in November 2019 for 19 non-residential parcels comprising approximately 1,278 acres, as well as rights-of-ways, located between State Highway 52 on the north and County Road 6 on the south. The purpose of this Plan is to reduce and remove blighting conditions adversely impacting properties and businesses in the Area. In addition, it is the Authority's intention to finance, install, construct, reconstruct and cooperate with others to complete capital improvements to infrastructure and utilities in the Area, in an effort to further local and regional economic growth, and facilitate the development of the community.

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority has no employees, and all administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority is considered a component unit of the City since the Authority's tax increment financing indicates financial accountability with the City, due to the benefits redevelopment will provide the City. The Mayor appoints the Authority board members and the City Council reviews the Urban Renewal Plans and any changes thereto. Legal counsel is of the opinion that under state statutes, the City is not liable with respect to the bonds issued by the Authority.

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The more significant accounting policies of the Authority are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by incremental property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the Authority is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 collectible 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. The major sources of revenue susceptible to accrual are incremental property taxes. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The Authority reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Authority's administrative function and various other functions of the Authority. Elimination of these charges would distort the direct costs and program revenues reported for the various functions covered.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all incremental taxes received by the Authority.

Budgets

In accordance with the State Budget Law, the Authority's Board of Commissioners holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The Authority's Board of Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The Authority follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incremental Property Taxes

The Authority receives incremental property tax revenue for each of the active Urban Renewal areas. Incremental property tax revenues are the property tax revenues in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Urban Renewal area upon a valuation for assessment equal to the property tax base amount. The property tax base amount is certified by the County Assessor as the valuation for assessment of all taxable property within the Urban Renewal area last certified by the County Assessor prior to the adoption of the Urban Renewal plan. The base amount may be proportionately adjusted for general reassessments in accordance with Colorado law.

Property taxes are levied by various taxing entities in each of the project areas by certification to the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the incremental taxes collected monthly to the Authority.

Incremental property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The incremental property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets component of the Authority's net position.

It is the policy of the City to accept maintenance responsibility for all major public infrastructure within the City upon the Authority's completion and conveyance of such improvements provided they meet the City's specifications.

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. Accordingly, the item, *incremental property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Equity

Net Position

For government-wide presentation purposes 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.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Commissioners to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Authority’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 791,965
Cash and Investments - Restricted	1,924,721
Total Cash and Investments	\$ 2,716,686

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 925,215
Investments	1,791,471
Total Cash and Investments	\$ 2,716,686

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the Authority’s cash deposits had a bank balance and a carrying balance of \$925,215.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the Authority is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Commissioners. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2021, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 1,791,471</u>

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Authority records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 13,500,000	\$ 325,785	\$ 13,500,000	\$ 325,785
Total Capital Assets, Not Being Depreciated	13,500,000	325,785	13,500,000	325,785
Governmental Activities Capital Assets, Net	<u>\$ 13,500,000</u>	<u>\$ 325,785</u>	<u>\$ 13,500,000</u>	<u>\$ 325,785</u>

During 2021, a significant portion of the capital assets constructed or acquired by the Authority were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the Authority's financial records.

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the Authority's long-term obligations for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Due Within One Year
Bonds Payable:					
Tax Increment Revenue Bonds					
Series 2020	\$ 16,043,000	\$ -	\$ -	\$ 16,043,000	\$ -
Total Bonds Payable	16,043,000	-	-	16,043,000	-
Total Long-Term Obligations	<u>\$ 16,043,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,043,000</u>	<u>\$ -</u>

The details of the Authority's long-term obligations are as follows:

Tax Increment Revenue Bonds, Series 2020

On October 28, 2020, the Authority issued \$16,043,000 in Tax Increment Revenue Bonds, Series 2020. Proceeds from the bonds will be used to: (i) acquire certain water rights known as the Windy Gap Units for use in the Tax Increment Financing (TIF) Area and elsewhere within the City, (ii) finance a portion of the costs of the design, construction, acquisition, and equipping of certain water and sewer infrastructure within the TIF Area and elsewhere within the City, and (iii) pay costs of issuing the bonds.

The bonds bear interest rate of 6.250% per annum and are payable annually on December 1, beginning on December 1, 2020 from and to the extent of available pledged revenue. The bonds mature on December 1, 2039 and are subject to mandatory redemption on December 1 of each year to the extent of available pledged revenue. The bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

Pledged revenue consists of pledged property tax revenues and any other legally available moneys, which the Authority determines, in its absolute discretion, to transfer to the Trustee for application as pledged revenue. Pledged property tax revenues are generally defined as that portion of the property tax increment revenues that is derived solely from property classified as oil and gas real property or oil and gas personal property as certified by the County Assessor in the TIF Area, net of any costs of collection of the City and/or County and any tax refunds or abatements authorized by or on behalf of the City and/or County. Property tax increment revenues generated from other taxable property in the TIF Area are not pledged to the payment of the bonds.

To the extent principal of any bonds is not paid when due, such principal shall remain outstanding until the termination date of December 2, 2044 and shall continue to bear interest at the rate then borne by the bonds. To the extent interest on any bonds is not paid when due, such interest shall compound annually on each interest payment date at the rate then borne by the bonds. The bonds will be deemed discharged on the termination date.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS

City Cooperation Agreement

On December 16, 2019, the Authority entered into a Cooperation Agreement (Dacono II Urban Renewal Plan) with the City (the City Cooperation Agreement). Pursuant to the City Cooperation Agreement, the parties agreed that, in furtherance of carrying out the purposes of the Plan, the Authority may retain and expend, 100% of the following revenue: (a) incremental property tax revenues derived from the City's mill levy and transferred by the County Treasurer to the Authority for deposit into the Special Fund (the City Property Tax Increment) and (b) the incremental sales and use tax revenues from the portion of the City's 3.0% general fund sales and use tax which are in excess of the sales tax base amount which revenues are deposited into the Special Fund by the City (the City Sales Tax Increment and together with the City Property Tax Increment, the City Increment). Under the City Cooperation Agreement, the Authority agreed to use the City Increment to pay eligible costs of the redevelopment of the TIF Area. The City Sales Tax Increment is not pledged to the Bonds and will be used by the Authority for other uses. The City presently imposes a debt service mill levy for the payment of general obligation indebtedness (2.62 of its 25.082 mills imposed in 2019, all of which will contribute to the Pledged Revenues) with a final maturity date of December 1, 2025.

County Tax Increment Revenue Sharing Agreement

On December 16, 2019, the Authority entered into a Tax Increment Revenue Sharing Agreement with the County (the County Sharing Agreement). The parties agreed that the Authority may retain 50% of the net property tax increment revenues generated from the County's mill levy during the TIF Period (the County Increment) and the Authority will remit to the County the remaining 50% of the net property tax increment revenues.

St. Vrain Valley School District IGA

On December 16, 2019, the Authority and St. Vrain Valley School District RE-1J (the St. Vrain School District) entered into an Intergovernmental Agreement for Tax Increment Revenue Sharing By And Between the Economic Development Authority of Dacono and St. Vrain Valley School District (the St. Vrain School District IGA). The parties agreed that the Authority may retain the property tax increment revenues generated from the St. Vrain School District's mill levy (currently in the amount of 24.995 mills) established by the Colorado Public School Finance Act, Section 22-54-106, C.R.S. (the St. Vrain Total Program Mill Levy Increment) and the Authority will remit to the St. Vrain School District all of the property tax increment revenues derived from the St. Vrain School District's other mill levies and any future mill levies. The parties agreed that the Authority may retain an annual administrative fee equal to 1% of property tax increment revenues received by the Authority to pay the administrative costs of the Authority.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Weld RE-8 School District IGA

On December 11, 2019, the Authority and Weld RE-8 School District (the Weld School District) entered into an Intergovernmental Agreement for Tax Increment Revenue Sharing By And Between the Economic Development Authority of Dacono and Weld RE-8 School District (the Weld School District IGA). The parties agreed that the Authority may retain the property tax increment revenues generated from the Weld School District's mill levy (currently in the amount of 12.143 mills) established by the Colorado Public School Finance Act, Section 22-54-106, C.R.S. (the Weld Total Program Mill Levy Increment) and the Authority will remit to the Weld School District all of the property tax increment revenues derived from the Weld School District's other mill levies and any future mill levies.

Carbon Valley Parks and Recreation District IGA

On November 19, 2019, the Authority and Carbon Valley Parks and Recreation District (the Parks and Recreation District) entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing (Carbon Valley Parks and Recreation District) (Dacono II Urban Renewal Plan) (the Parks and Recreation District IGA). The parties agreed that the Authority may retain and expend in furtherance of the Urban Renewal Project 100% of the property tax increment revenues generated from the Parks and Recreation District's mill levy (the Parks and Recreation District Increment). The parties agreed that the Authority may retain an annual administrative fee equal to 1% of the incremental property tax revenue received by the Authority to pay the administrative costs of the Authority.

Mountain View Fire Rescue District IGA

On December 9, 2019, the Authority and Mountain View Fire Rescue District (the Fire District" entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing (Mountain View Fire Rescue District) (Dacono II Urban Renewal Plan) (the Fire District IGA). The parties agreed that the Authority may retain and expend in furtherance of the Urban Renewal Project 42% of the property tax increment revenues generated from the Fire District's mill levy (the Fire District Increment), subject to a limit of \$16,000,000 (the Fire District Increment Cap). If the Authority collections hit the Fire District Increment Cap prior to expiration of the TIF Period, then the Authority will not be entitled to retain the Fire District Increment and will remit it to the Fire District. The parties agreed that the Authority may retain an annual administrative fee equal to 1% of the property tax increment revenues received by the Authority to pay the administrative costs of the Authority. The Authority agreed to use the Fire District Increment solely for transportation infrastructure projects identified in the Plan. Given the restrictions on the use of the Fire District Increment in the Fire District IGA, the Fire District Increment is not pledged to the payment of the Bonds.

High Plains Library District IGA

On December 16, 2019, the Authority entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing (High Plains Library District) (Dacono II Urban Renewal Plan) with High Plains Library District (the Library District) (the Library District IGA). The parties agreed that the Authority will remit to the Library District all of the property tax increment revenues derived from the Library District's mill levy allocated to the Special Fund, except that the Authority may retain an annual administrative fee equal to 1% of such property tax increment revenues to pay the administrative costs of the Authority.

**URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

St. Vrain Sanitation District IGA

On November 20, 2019, the Authority and St. Vrain Sanitation District (as previously defined, the Sanitation District) entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing (St. Vrain Sanitation District) (Dacono II Urban Renewal Plan) (the Sanitation District IGA). The parties agreed that the Authority will remit to the Sanitation District all of the property tax increment revenues derived from the Sanitation District's mill levy allocated to the Special Fund, except that the Authority may retain an annual administrative fee equal to 1% of property tax increment revenues received by the Authority to pay the administrative costs of the Authority.

Aims Junior College District IGA

On December 3, 2019, the Authority and Aims Junior College District (the College District) entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing (Aims Junior College District) (Dacono II Urban Renewal Plan) (the College District IGA). The parties agreed that the Authority will remit to the College District all of the property tax increment revenues derived from the College District's mill levy allocated to the Special Fund.

Northern Colorado Water Conservancy District

On November 25, 2019, the Authority sent a letter to the Northern Colorado Water Conservancy District (the Water District) to notify the Water District that the Authority would remit to the Water District all of the property tax increment revenues derived from the Water District's mill levy. Accordingly, the Authority did not enter into an intergovernmental agreement with the Water District governing the sharing of incremental property tax revenues.

NOTE 7 NET POSITION

The Authority has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 325,785
Add:	
Unspent Portion of Bond Proceeds	1,791,471
Less Capital Related Debt:	
Long-Term Portion of Obligations	(16,043,000)
Net Investment in Capital Assets	<u>\$ (13,925,744)</u>

URBAN RENEWAL AUTHORITY OF DACONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 NET POSITION (CONTINUED)

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had restricted net position as of December 31, 2021, as follows:

Restricted Net Position:

Capital Projects Fund Reserve	\$ 96,199
Total Restricted Net Position	<u>\$ 96,199</u>

The Authority's has a deficit in unrestricted net position. The deficit was a result of the Authority being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the Authority's financial records.

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor have any claims been submitted.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

In 2002, the Colorado Court of Appeals determined that TABOR does not apply to urban renewal authorities such as the Authority. The application of TABOR to the City, however, could impact the amount of Sales Tax Revenues received by the Authority, and the application of TABOR to the School District and other local governments which overlap the Urban Renewal Area could impact the amount of Property Tax Revenues received by the Authority.

SUPPLEMENTARY INFORMATION

**URBAN RENEWAL AUTHORITY OF DACONO
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Property Taxes	\$ 18,807	\$ 18,419	\$ (388)
Transfer from City	3,000	3,303	303
Total Revenues	<u>21,807</u>	<u>21,722</u>	<u>(85)</u>
EXPENDITURES			
Trustee Fees	3,000	3,000	-
County Treasurer's Fees	282	274	8
Property Tax Increment Payment - AIMS Junior College	94	90	4
Property Tax Increment Payment - Northern Colorado Water	154	149	5
Property Tax Increment Payment - School Dist RE1J	4,567	4,326	241
Property Tax Increment Payment - School Dist RE8	88	91	(3)
Property Tax Increment Payment - St. Vrain Sanitation	74	70	4
Property Tax Increment Payment - Weld County	1,179	1,157	22
Property Tax Increment Payment - Mountain View Fire	1,457	1,425	32
Total Expenditures	<u>10,895</u>	<u>10,582</u>	<u>313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,912	11,140	228
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(111)	(113)	(2)
Total Other Financing Sources (Uses)	<u>(111)</u>	<u>(113)</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCE	10,801	11,027	226
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 10,801</u>	<u>\$ 11,027</u>	<u>\$ 226</u>

**URBAN RENEWAL AUTHORITY OF DACONO
CAPITAL PROJECTS FUND PLAN AREA I
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
I-25 Corridor (Market Analysis)	150,000	84,840	65,160
URAD Property (Site Planning)	65,000	13,445	51,555
County Road 12 (Design/Survey)	100,000	-	100,000
Total Expenditures	<u>315,000</u>	<u>98,285</u>	<u>216,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(315,000)	(98,285)	216,715
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	315,000	194,484	(120,516)
Total Other Financing Sources (Uses)	<u>315,000</u>	<u>194,484</u>	<u>(120,516)</u>
NET CHANGE IN FUND BALANCE	-	96,199	96,199
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 96,199</u>	<u>\$ 96,199</u>

**URBAN RENEWAL AUTHORITY OF DACONO
CAPITAL PROJECTS FUND PLAN AREA II
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 500	\$ 695	\$ 195
Total Revenues	<u>500</u>	<u>695</u>	<u>195</u>
EXPENDITURES			
Capital Outlay	2,000,900	227,500	1,773,400
Total Expenditures	<u>2,000,900</u>	<u>227,500</u>	<u>1,773,400</u>
NET CHANGE IN FUND BALANCE	(2,000,400)	(226,805)	1,773,595
Fund Balance - Beginning of Year	<u>2,000,400</u>	<u>2,018,276</u>	<u>17,876</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 1,791,471</u></u>	<u><u>\$ 1,791,471</u></u>

**URBAN RENEWAL AUTHORITY OF DACONO
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND
INCREMENTAL PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy				Total Incremental Property Taxes		Percent Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation	Combined Mills Levied	Levied	Collected	
2019 Plan Area I	\$ 34,533,460	\$ 33,733,772	\$ 799,688	138.256	\$ 110,562	\$ 111,272	100.64%
2020 Plan Area I	35,774,960	32,757,098	3,017,862	136.407	413,985	410,975	99.27%
2021 Plan Area I	35,433,460	29,512,409	5,921,051	136.069	810,424	792,141	97.74%
Estimated for the Year Ending December 31, 2022 Plan Area I	\$ 35,626,450	\$ 28,760,142	\$ 6,866,308	135.843	\$ 932,739		

NOTE:

Incremental property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**URBAN RENEWAL AUTHORITY OF DACONO
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND
INCREMENTAL PROPERTY TAXES COLLECTED (CONTINUED)
DECEMBER 31, 2021**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy				Total Incremental Property Taxes		Percent Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation	Combined Mills Levied	Levied	Collected	
2021 Plan Area II	1,160,620	1,001,160	159,460	117.942	18,807	18,419	97.94%
Estimated for the Year Ending December 31, 2022 Plan Area II	119,959,920	10,273,740	109,686,180	114.783	12,590,160		

NOTE:

Incremental property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.