ARVADA URBAN RENEWAL AUTHORITY

**REGULAR MEETING OF THE AURA BOARD OF COMMISSIONERS**
**5601 Olde Wadsworth Boulevard, Ste. 210, Arvada, Colorado**
**5:30 p.m., Wednesday, May 2, 2018**

**AGENDA**

**REGULAR MEETING – 5:30 P.M.**

1. Call to Order

2. Moment of Reflection and Pledge of Allegiance

3. Roll Call of Members
   A. Oath of Office for Commissioner Alan Parker
   B. Election of Officers
   C. Oath of Office for Elected Officers

4. Approval of the Summary of Minutes

5. Public Comment of Issues not scheduled for Public Hearing – Three Minute Limit

6. Public Hearing – None

7. Study Session

8. Old Business

9. New Business
   A. 2017 Auditor Report and Financial Statements – Steve Sauer, BKD and Lisa Yagi, Assistant Finance Director, City of Arvada

10. Development Update

11. Public Comment – Five Minute Limit

12. Comments from Commissioners

13. Committee Reports
   A. Communications Committee

14. Staff Reports

15. Executive Session
   A. Legal Advice, Pursuant to CRS 24-6-402 (4)(b) Relating to Olde Town Residences
   B. Instructions to Negotiators, Pursuant to CRS 24-6-402(4)(e) Relating to property in Olde Towne Station URA
   C. Personnel Matters, Pursuant to CRS 24-6-402(4)(f) Relating to the Executive Director

16. Adjournment

**REGULAR MEETING**

1. **Call to Order** – Chair Fred Jacobsen called the meeting to order at 5:30 p.m.

2. **Moment of Reflection and Pledge of Allegiance**

3. **Roll Call of Members:** Chair Fred Jacobsen, Vice Chair Alan Parker, Treasurer Tony Cline, Commissioners Michelle DeLaria, Moni Piz Wilson, Sue Dolan, Marc Williams

AURA staff present: Maureen Phair, Executive Director; Mike Polk, Legal Counsel; Clark Walker, Deputy Director; Carrie Briscoe, AURA Coordinator; Peggy Salazar, Administrative Specialist

Also present: Bill Mosher and David Smith, Trammell Crow Companies; Hilary Graham and Corey Hoffman, Special Legal Counsel, Hoffmann, Parker, Wilson and Carberry PC; and, Two guests.

**4. Approval of Minutes**

The Summary of Minutes of the AURA Board meeting on March 7, 2018, stands approved as submitted.

**5. Public Comment on Issues Not Scheduled for Public Hearing – Three Minute Limit**

None.

**6. Public Hearing**

None.

**7. Study Session**

None.

**8. New Business**

Maureen Phair introduced Corey Hoffman and Hilary Graham with Hoffmann, Parker, Wilson and Carberry PC (HPWC) as AURA's new legal counsel. Mike Polk, long-time Deputy City Attorney for the City of Arvada and Legal Counsel for AURA, is retiring in mid-April 2018.

**9. Old Business**

A. First Amended and Restated Disposition and Development Agreement: Trammell Crow Companies
   1. Executive Session
      a. Land Sales, Pursuant to CRS 24-7-402(4)a
      b. Instructions to Negotiators, Pursuant to CRS 24-6-402(4)e

Vice Chair Parker moved to convene into Executive Session to discuss land sales and negotiations and to review the Summary of Minutes of the Executive Session of March 7, 2018.

Mike Polk said that the topics for discussion are provided for in CRS 24-6-402(4)(a,e). He also stated that members of Trammell Crow would be included in the executive session.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None
**The Motion was approved.**

The AURA Board convened into the Executive Session at 5:15 p.m. and reconvened into the Regular Meeting at 6:28 p.m.

**Regular Meeting**
Commissioner Williams moved that the Arvada Urban Renewal Authority Board of Commissioners approve AURA legal counsel to prepare and finalize, consistent with the directions given in executive session, the First Amended and Restated Disposition and Development Agreement between the Arvada Urban Renewal Authority and Trammell Crow Company LLC, and that the AURA Board Chair, Fred Jacobsen, is authorized to execute the amendment once finalized.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None
**The Motion was approved.**

Commissioner Williams moved that the Arvada Urban Renewal Authority Board of Commissioners authorize legal counsel to prepare a Performance Reimbursement Agreement pursuant to directions provided to legal counsel in executive session, and once finalized, authorize AURA Board Chair, Fred Jacobsen, to execute the agreement.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None
**The Motion was approved.**

Commissioner Parker moved that the Arvada Urban Renewal Authority Board of Commissioners approve the Summary of Minutes for the Executive Session of March 7, 2018.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None.
**The Motion was approved.**

B. Resolution AR-18-02 Sixth Amendment to an Employment Agreement by and Between the Arvada Urban Renewal Authority and Maureen C. Phair as Secretary and Executive Director

Legal Counsel, Mike Polk, noted that the resolution will be subject to approval at the April 16, 2018 Arvada City Council meeting.

Maureen Phair requested that the finalization of her review discussion happen in executive session at the May 2, 2018 AURA Board meeting.

Commissioner DeLaria moved that the Arvada Urban Renewal Authority Board of Commissioners approve the Sixth Amendment to an Employment Agreement by and Between the Arvada Urban Renewal Authority and Maureen C. Phair as Secretary and Executive Director.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None.
**The Motion was approved.**

## 10. Development Update

Maureen Phair announced that the Trammell Crow project was approved 6-1 at the March 19, 2018 Arvada City Council meeting. She thanked the AURA Board Commissioners, Tony Cline and Alan Parker, that attended the City Council meeting.

## 11. Public Comment – Five Minute Limit

None.

## 12. Comments from Commissioners

Treasure Cline expressed his appreciation of Mike Polk's contribution to the City and AURA Board.

Chair Jacobsen, Vice Chair Parker, and Commissioners Dolan, DeLaria, and Williams also expressed their gratitude of Mr. Polk's service over the years.

Commissioner Williams also reported that the Colorado Public Utilities Commission approved the commencement of testing for the RTD G Line. Additionally, waivers have been prepared for the Federal Railroad Authority in advance to be able to respond to their request as quickly as possible.

Chair Jacobsen also thanked Vice Chair Parker and Treasure Cline's attendance at the March 19, 2018 City Council meeting. He was out of town, but was able to watch the meeting online.

## 13. Committee Reports

Commissioner Cline reported that the first Communications Committee meeting was held on April 4, 2018. The framework for AURA's communication strategy is in progress.

Vice Chair Parker reported on his involvement with the Arvada Economic Development Association.

## 14. Staff Reports

Maureen Phair – Board elections will be held at the next AURA Board meeting in May.

The engagement letter with Special Legal Counsel, Hoffman, Parker, Wilson and Carberry was provided to the AURA Board.

Commissioner Williams moved to approve the engagement letter with Counsel, Hoffman, Parker, Wilson and Carberry PC.

The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None
**The Motion was approved.**

The Board was directed to the Flash Report and Social Media Report. The latest AURA produced video was shown to the Board. This will be posted on AURA's various media sites.

Commissioner Williams moved to cancel the April 18, 2018 AURA Board Workshop.
The following votes were cast on the Motion:
Voting yes: Jacobsen, Parker, Cline, Dolan, DeLaria, Piz Wilson, Williams
Absent: None
**The Motion was approved.**

Mike Polk expressed his gratitude for the nice comments from the Board.

## 15. Adjournment

The meeting was adjourned by Chair Jacobsen at 6:51 p.m.

Fred Jacobsen, Chair

ATTEST:

Maureen Phair, Executive Director

Carrie Briscoe, Recording Secretary

ARVADA URBAN RENEWAL AUTHORITY

To: AURA BOARD OF COMMISSIONERS

From: Carrie Briscoe, AURA Coordinator

Date: April 27, 2018

**SUBJECT: 2018 Annual Disclosure Statements**

## MEMORANDUM

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Attached are: 1) the Disclosure Policy; 2) the Disclosure Statement; and, 3) the Affidavit which must be signed and notarized.

Please bring your completed Disclosure Statement and signed Affidavit to the May 2nd Board meeting. If you wish, Peggy Salazar can notarize the Affidavit for you.

If you need clarification on any item or have questions regarding the statement, please let us know2018.

Thank you.

# AURA DISCLOSURE POLICY

1. Each Commissioner of the Arvada Urban Renewal Authority (AURA) shall complete a Disclosure Statement in the form attached hereto and file it with the Secretary of AURA on or **before May 15 of each year** during which he/she is a Commissioner of AURA. Each newly appointed Commissioner shall complete and file a Disclosure Statement within two weeks from the date of said appointment. Each Commissioner who resigns from the AURA Board of Commissioners or whose term expires without reappointment may complete and file a Disclosure Statement simultaneously with said resignation or expiration date.

2. A Commissioner, or any immediate family member of a Commissioner, shall not hold any interest, direct or indirect, in any real property located within the urban renewal area which interest was acquired prior to the appointment of said Commissioner to the AURA Board, nor shall a Commissioner acquire any interest, direct or indirect, in any real property located within the urban renewal area while serving on the AURA Board; UNLESS said Commissioner shall disclose in writing to AURA the nature of any such interest, and such disclosure shall be entered upon the minutes of AURA. Upon such disclosure, said Commissioner shall not participate in any action by AURA affecting the carrying out of the urban renewal project planning or the undertaking of the urban renewal project unless the AURA Board determines that, in light of such personal interest, the participation of such Commissioner in any such act would not be contrary to the public interest. Acquisition or retention of any such interest without such determination by the AURA Board that is not contrary to the public interest, or willful failure to disclose any such interest, constitutes misconduct in office. See the Colorado Urban Renewal Law, Section 31-25-104(3), CRS.

3. No Commissioner of AURA, or any immediate family member of a Commissioner, shall have any known interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any AURA project. See the Colorado Urban Renewal Law, Section 31-25-104(3).

4. No Commissioner, or any immediate family member of a Commissioner, shall accept any gift or benefit having a value in excess of $25 from any developer or other entity under contract with AURA to perform work, services, or provide materials for any AURA project. This prohibition shall not include meals, beverages, and travel expenses if directly related to AURA business.

5. No AURA Commissioner shall undertake negotiations of any business transactions on behalf of AURA without the prior authorization of the AURA Board. Furthermore, no AURA Commissioner shall divulge confidential information regarding AURA=s business affairs to parties who are not legally entitled to said information.

6. No Transaction undertaken by AURA shall be rendered invalid by virtue of any interest or conflict of interest, disclosure or non-disclosure of any AURA Commissioner unless it can be shown that said undertaking of AURA was unduly influenced as a result of said Commissioner=s interest or action.

ARVADA URBAN RENEWAL AUTHORITY
ANNUAL DISCLOSURE STATEMENT
2018

Each of the requests for information listed in Paragraphs 10 through 18 **applies to you and members of your immediate family.** These include your parents, your children, your spouse's children, but does not include the employers of said family members. You may summarize disclosures as described in Section A or Section B, if applicable. Otherwise, fill out the form entirely.

1. Name of Commissioner _____

2. Home Address: _____

3. Home Telephone: _____

4. Occupation: _____

5. Employer: _____

6. Business Address: _____

7. Business Telephone: _____

8. Date of Appointment to AURA Board: _____

9. Expiration Date of Term on AURA Board: _____

**Instructions**: Complete answers to questions 10 through 18 if you have not previously filled out a disclosure statement, or there have been material changes to all of your answers since your last disclosure. If there have been no material changes since you last filled out a disclosure statement, and you do not wish to fill out the entire disclosure statement, you may certify that there have been no changes by initialing next to Certification A, immediately below. If there have been material changes to some, but not all of the statements previously disclosed, you may certify that there have been changes by initialing Certification B, and then answer the question disclosing the change or changes since the last certification. Sign the affidavit on the last page for all responses.

A. I HEREBY STATE AND AFFIRM THAT THERE ARE NO MATERIAL CHANGES TO THE ANNUAL AURA DISCLOSURE STATEMENT SINCE LAST EXECUTED BY MYSELF.

_____
(Initial)

OR

B. I HEREBY STATE AND AFFIRM THAT THERE ARE NO MATERIAL CHANGES TO THE ANNUAL AURA DISCLOSURE STATEMENT SINCE LAST EXECUTED BY MYSELF EXCEPT AS EXPLAINED THE BELOW.

_____
(Initial)

10. List any real property in which you hold any interest, direct or indirect, which is located within the urban renewal area. Describe your interest in said property and the date on which you acquired said interest.

11. List any property in which your employer holds any interest, direct or indirect, which is located within the urban renewal area. Describe your employer's interest in said property and the date on which your employer acquired said interest.

12. List any contracts or proposed contracts for materials or services to be furnished or used in connection with any AURA project in which you have any interest, direct or indirect. Describe the nature of said interest and the date on which you acquired it.

13. List any contracts or proposed contract for materials or services to be furnished or used in connection with any AURA project in which your employer may have any interest, direct or indirect. Describe the nature of said interest and the date on which your employer acquired it.

14. List any gifts or other benefits having a value in excess of $25, which you have received from any entity doing business with or seeking to do business with AURA, excluding meals, beverages, or travel expenses directly related to AURA business.

15. List any business or professional association that you or your employer have with any property owners, tenants, or businesses located within the urban renewal area.

16. List any investments which you or your employer may have in AURA bonds or in any other financial investments or interests which may be affected by AURA's business.

17. Describe any interest, direct or indirect, which you or your employer may have had or currently have in any lawsuit to which AURA is a party.

18. List any persons or entities currently under contract with AURA or which have been under contract with AURA in the past twelve months with which you and/or your employer also have a contract.

AFFIDAVIT

I, _____, hereby swear and affirm that the information contained herein is true and accurate to the best of my knowledge, and, further, that I shall immediately report any changes in any of the information contained herein as said changes occur.

Signature _____

Date _____

STATE OF COLORADO )
) ss
COUNTY OF JEFFERSON )

This instrument was acknowledged before me this _____ day of_____, 2018, by

_____.

WITNESS my hand and official seal.

SEAL

Notary Public: _____

My Commission expires: _____

# AURA Flash Report

***Balances as of March 31, 2018***

FOR DISCUSSION PURPOSES ONLY

UNOFFICIAL & UNAUDITED

| CASH & INVESTMENTS | | Account Balance | Change from previous month | Net to AURA |
|---|---|---|---|---|
| Wells Fargo Bank | | | | |
| | General - Checking (0193) | 323,939 | 108.54% | 323,938 |
| | Ralston Fields - Checking (4061) | 1,105,683 | 31.97% | 1,105,683 |
| | Ralston Fields Investments (9353) | 344,744 | 0.12% | 344,744 |
| First Bank of Arvada | | | | |
| 1.50% | CD Maturity 10/11/2022 (4548) | 320,000 | 0.37% | 320,000 |
| Vectra Bank Colorado | | | | |
| 0.90% | General Fund 04/08/19 (6319) | 1,033,452 | 0.07% | 1,033,452 |
| 0.65% | General Fund 09/03/18 (6202) | 1,016,355 | 0.05% | 1,016,355 |
| 0.65% | Ralston Fields Fund 09/03/18 (6210) | 1,016,355 | 0.05% | 1,016,355 |
| 0.65% | Ralston Fields Fund 09/03/18 (6228) | 1,016,355 | 0.05% | 1,016,355 |
| | | **NET CASH AVAILABLE TO AURA** | | **6,176,883** |

**REAL ESTATE OWNED**

| Date Acq. | Name | Address | Purchase Price | Debt/Discount | Net Value |
|---|---|---|---|---|---|
| 2013 | TOD Parcel | 5580 Vance Street | 660,000 | 659,990 | 10 |
| 2004 | Water Tower | Lot K | 0 | 0 | 0 |
| 2015 | Ralston Road Café | 9543 Ralston Road | 800,000 | 500,000 | 300,000 |
| 2016 | Arvada Square | 9465 Ralston Road | 4,963,065 | 3,865,808 | 1,097,257 |
| 2017 | TOD Parcel - Gun Club | | 10 | 0 | 10 |
| | | | **NET VALUE OF REAL ESTATE OWNED** | | **1,397,277** |

| GENERAL FUND SOURCES OF GROSS INCOME As of March 31, 2018 | | 2018 Budget | Actual Collected YTD |
|---|---|---|---|
| | Ralston Fields | 946,500 | 233,548 |
| | Olde Town Station | 72,000 | 44,314 |
| | Jefferson Center | 106,351 | - |
| | Northwest Arvada | 165,000 | 218,061 |
| | Village Commons | 126,654 | 105,735 |
| | Interest & Misc. | 14,000 | 5,100 |
| | **TOTAL SOURCES OF INCOME** | **$1,430,505** | **$606,758** |

| GENERAL FUND EXPENSES As of March 31, 2018 | | 2018 Budget | Expended YTD |
|---|---|---|---|
| | Operating Expenses | 920,883 | 138,824 |
| | **TOTAL EXPENSES** | **$920,883** | **$138,824** |

Board of Commissioners and Management
Arvada Urban Renewal Authority
Arvada, Colorado

As part of our audit of the financial statements of Arvada Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2017, we wish to communicate the following to you.

## AUDIT SCOPE AND RESULTS

### Auditor's Responsibility Under 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

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

## Qualitative Aspects of Significant Accounting Policies and Practices

*Significant Accounting Policies*

The Authority's significant accounting policies are described in Note 1 of the audited financial statements.

*Alternative Accounting Treatments*

- No matters are reportable

*Management Judgments and Accounting Estimates*

- Property held for resale
- Commitments and contingencies, particularly related to developer agreements

*Financial Statement Disclosures*

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Property held for resale
- Deficit net position
- Revenue recognition
- Developer agreements
- Related-party transactions
- Commitments and contingencies
- Budgetary comparison schedules

## Audit Adjustments

- No matters are reportable

## Auditor's Judgments About the Quality of the Authority's Accounting Principles

- No matters are reportable

**Significant Issues Discussed with Management**

- No matters are reportable

**Other Material Communications**

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)

* * * * *

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

DRAFT 04/16/2018

# Arvada Urban Renewal Authority

Independent Auditor's Reports and Financial Statements

December 31, 2017

DRAFT 04/16/2018

# Arvada Urban Renewal Authority

**December 31, 2017**

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# Independent Auditor's Report

Board of Commissioners
Arvada Urban Renewal Authority
Arvada, Colorado

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Arvada Urban Renewal Authority, a component unit of the City of Arvada, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

Board of Commissioners
Arvada Urban Renewal Authority

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Arvada Urban Renewal Authority as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 Arvada Urban Renewal Authority's basic financial statements. The budgetary comparison schedule supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Commissioners
Arvada Urban Renewal Authority

## Other Reporting Required by *Government Auditing Standards*

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

Denver, Colorado

_____

DRAFT 04/16/2018

# Management's Discussion and Analysis

# Arvada Urban Renewal Authority

## Management's Discussion and Analysis (Unaudited)

## December 31, 2017

This section of the Arvada Urban Renewal Authority (the Authority) Annual Financial Report provides readers with a narrative overview and analysis of the Authority's financial performance during the fiscal year that ended on December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements and notes to the financial statements to enhance their understanding of the activities and financial health of the Arvada Urban Renewal Authority.

### *Financial Highlights*

- Government-wide total net position improved $116,400 during the current year resulting in a deficit net position of $888,190.
- Government-wide expenses decreased by $1,414,493. This decrease was largely caused by the write-down of property held for resale in 2016, which did not occur in 2017.

### *Overview of 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 consist of the following two components:

- Government-wide and Fund Financial Statements
- Notes to the Financial Statements

**Government-wide Financial Statements.** The government-wide statements are designed to provide readers with a broad overview of the Authority's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the Authority's assets, liabilities and deferred inflows of resources. The difference between assets, liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the Authority's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the Authority's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying activity occurs. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows only in future periods (*e.g.*, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements report information on all of the activities of the Authority.

# Arvada Urban Renewal Authority
## Management's Discussion and Analysis (Unaudited)
## December 31, 2017

**Fund Financial Statements.** The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of the Authority's financial statements will find the fund financial statement presentation more familiar. 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. Of the three possible fund types, the Authority presents only governmental funds. The focus is on major funds rather than fund types.

**Governmental Funds.** Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items, which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for all funds. The General Fund, Jefferson Center District (JCD) Fund, Ralston Fields Fund, and Northwest Arvada Fund are required to be shown as major funds. The Olde Town Fund and Village Commons are not required to be presented as major funds; yet, management elects to present them as major for emphasis of all renewal areas.

The Authority adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for the Authority's funds to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes to the basic financial statements are considered an integral part of the financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements.

### *Government-wide Financial Analysis*

At the close of December 31, 2017, the Authority's liabilities exceeded assets by $888,190. The following summaries of net position and changes in net position are presented for the current year and the previous year for comparative purposes.

# Arvada Urban Renewal Authority

## Management's Discussion and Analysis (Unaudited)

## December 31, 2017

### *Statement of Net Position*

The following table reflects the condensed Statement of Net Position:

| | Total Primary Government 2017 | Total Primary Government 2016 |
|---|---|---|
| **Assets** | | |
| Current and other assets | $ 19,212,623 | $ 14,578,418 |
| Property available for sale | 300,021 | 2,300,010 |
| Total assets | 19,512,644 | 16,878,428 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | | |
| **Liabilities** | | |
| Other liabilities | 505,446 | 2,480,300 |
| Due in more than one year | 6,831,338 | 6,976,654 |
| Total liabilities | 7,336,784 | 9,456,954 |
| **Deferred Inflows of Resources** | 13,064,050 | 8,426,064 |
| **Net Position** | | |
| Restricted for capital projects | 44,134 | 44,295 |
| Unrestricted deficit | (932,324) | (1,048,885) |
| Total deficit net position | $ (888,190) | $ (1,004,590) |

Total assets as of December 31, 2017 increased $2,634,216 when compared to the prior year-end. This change was primarily due to an increase in cash, investments and taxes receivable of $4,634,205 and a decrease in property held for sale of $1,999,989. The increase in taxes receivable was due to a 66% increase in Northwest Arvada as this area continues to grow. New commercial properties also increased taxes receivable in Olde Town and Village Commons. The collection of sales tax in Olde Town and Village Commons and the public improvement fee in Ralston Fields also resulted in the increase of fees receivable. The decrease in property held for resale was from the sale of property in the Ralston Creek project area that was sold to a developer.

Total liabilities decreased by $2,120,170. This decrease was primarily due to a pay-off of one note payable to the City of Arvada in connection with the property sale, noted above.

In summary, these variances resulted in an increase in net position for the Authority in 2017 of $116,400.

# Arvada Urban Renewal Authority

## Management's Discussion and Analysis (Unaudited)

## December 31, 2017

### *Changes in Net Position*

The following table reflects a summary of activities and changes in net position:

| | Total Primary Government 2017 | Total Primary Government 2016 |
|---|---|---|
| **Revenues** | | |
| Program revenues | | |
| Charges for services | $ 200,204 | $ 219,080 |
| General revenues | | |
| Incremental property taxes | 9,367,700 | 7,931,581 |
| Public improvement fees | 1,333,086 | 739,253 |
| Sales taxes | 373,674 | 66,554 |
| Lodging taxes | 74,247 | - |
| Investment income | 33,021 | 26,668 |
| Miscellaneous revenues | - | 1,029 |
| Gain (loss) on sale of investments | - | 80,000 |
| Total revenue | 11,381,932 | 9,064,165 |
| **Expenses** | | |
| General government | 1,112,955 | 1,231,562 |
| Redevelopment costs | 9,938,539 | 11,353,277 |
| Interest expense | 214,038 | 95,186 |
| Total expenses | 11,265,532 | 12,680,025 |
| **Change in Net Position** | 116,400 | (3,615,860) |
| **Net Position, Beginning of Year** | (1,004,590) | 2,611,270 |
| **Deficit Net Position, End of Year** | $ (888,190) | $ (1,004,590) |

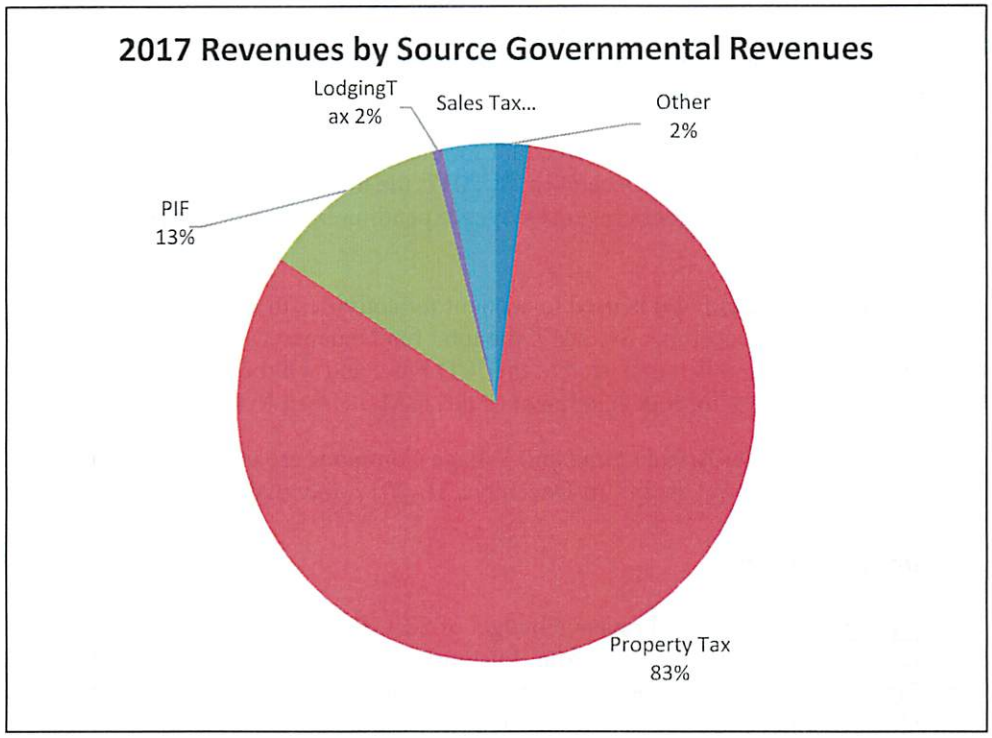
The above condensed summary of the Authority's government-wide activities for the year ended December 31, 2017, reflects a deficit net position of $888,190, which has improved $116,400 from 2016. Revenues were up in 2017 primarily due to an increase in property tax revenues of $1,436,119, and an increase in public improvement fees of $593,833.

The decrease in expenses was primarily due to a decrease in redevelopment costs from fiscal year 2016 to fiscal year 2017 of $1,414,738. This was due to the write-down of property held for resale in 2016, which did not occur in 2017.

# Arvada Urban Renewal Authority
## Management's Discussion and Analysis (Unaudited)
## December 31, 2017

### *Governmental Activities*

The following presents the distribution of revenues by source for 2017:




### *Financial Analysis of the Authority's Funds*

As noted previously, 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 spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of year.

At the end of December 31, 2017, the Authority's governmental funds reported combined ending fund balances of $6,102,877, a decrease of $1,976,044 from the prior year. Unassigned fund balance is $2,495,685 (41%). The remainder of the fund balance is nonspendable to indicate that it is not available for spending because it has already been committed to property held for resale ($300,021), restricted by external legal purposes ($44,134), or assigned for an intended use ($3,263,037).

# Arvada Urban Renewal Authority

## Management's Discussion and Analysis (Unaudited)

## December 31, 2017

The General Fund is the main operating fund of the Authority. At December 31, 2017, the unassigned fund balance of the General Fund was $2,495,685, while the total fund balance was $6,102,877. The fund balance of the General Fund increased $1,402,260 due to transfers from the other funds to be used for future redevelopment.

The Jefferson Center District Fund is another major fund of the Authority. At December 31, 2017, the total fund balance of the JCD Fund was $0, a decrease of $44,295. Excess revenues over expenditures are transferred to the General Fund for future redevelopment.

The Ralston Fields Fund is used to account for the activities in the Kipling Ridge area and is considered a major fund. At December 31, 2017, the total fund balance was $0, a decrease of $3,334,009 over 2016. Excess revenues over expenditures are transferred to the General Fund for future redevelopment.

The Northwest Arvada Fund is used to account for activities in the Northwest Arvada Urban Renewal areas. At December 31, 2017, the total fund balance was $0. At the end of the year, revenue from this fund is transferred to the JCD Fund and will be used by the JCMD Corporation in the upcoming years for redevelopment of the JCMD Urban Renewal Area.

Lastly, the Olde Town Arvada Fund and Village Commons are used to account for activities in the respective urban renewal areas. At December 31, 2017, the total fund balance was $0.

### *Budgetary Highlights*

**General Fund.** The original revenue budget of $2,176,990 increased to $2,259,250. The majority of the increase is due to a transfer from Ralston Fields, as the fund balance of this fund was transferred to the General Fund for future redevelopment. There were no changes to the original expenditure budget of $4,906,807 to the final expenditure budget.

### *Debt Administration*

**Long-term Debt.** At the end of December 31, 2017, the Authority had total debt outstanding of $6,971,945. This debt is made up of two notes with the City of Arvada. See Notes to the Financial Statements for more information.

| | Total Primary Government 2017 | Total Primary Government 2016 |
|---|---|---|
| Notes payable | $ 6,971,945 | $ 9,109,496 |

### *Current Economic Factors*

The Authority and the City continue to work on the redevelopment plans for the Northwest Arvada, Ralston Fields, Olde Town Arvada, Village Commons and Jefferson Center urban renewal project areas.

# Arvada Urban Renewal Authority

## Management's Discussion and Analysis (Unaudited)

## December 31, 2017

**Northwest Arvada**

The Northwest Arvada urban renewal area is the site of a 1,451 acre mixed-use development now called Candelas. In 2007 the infrastructure of the area, including roads, water, sewer and stormwater lines, was constructed. The first building permits were issued in 2013, with steady growth each year. There are now 810 single family detached units. The first grocery store in this area is expected to open in the second quarter 2018. When completed, this area is estimated to have 1,489 single-family detached homes, 2,200-3,100 single-family attached homes, 425 acres of commercial development and 269 acres of retail development.

**Olde Town Arvada Station**

The Olde Town Arvada Station area surrounds the Regional Transportation District's future commuter rail transit line stop, called the G Line, in Olde Town. The G Line will connect Arvada to Denver Union Station. Although the G line did not open as expected in 2016, Park Place, an upscale multi-family apartment project with 153 units, is fully leased. Solana, a state-of-the-art apartment development offering high-end amenities located across the street from the Olde Town Station opened a portion of its 352 units in 2017. Both apartment projects are close to the retail shops and services in Olde Town and will have access to the Denver metro area when the G Line is operational in 2018. This area also has an existing movie theater which was sold to Harkins Theatres in 2017. The newly renovated theater with upgraded amenities including leather reclining seats, reserved and paperless ticketing, in-lobby bar, an expanded concession stand with hot food offerings and laser projection will open in April 2018. The City of Arvada and the Authority are also working with a developer for a transit-oriented development on the nine acre site just south of Olde Town. This development called "Olde Town Residences" will add 252 additional units to this area. The preliminary development plan was approved by Arvada City Council in March 2018.

**Ralston Fields**

Within the Ralston Fields urban renewal area are two areas that have been undergoing significant redevelopment. The first area is called Ralston Creek. This area consists of three shopping centers that were built in the 1960s which are old and outdated. One shopping center is now anchored by Walmart, which opened August of 2017. The Authority is working with a developer on the second and third shopping centers. Phase 1 includes four retail buildings totaling 30,000 square feet. Toyko Joes, Five Guys, Arvada Liquor Mart, Wing Stop and Tropical Smoothie Cafe all opened in December 2017 with additional businesses opening in 2018. The Ralston streetscape completed in 2017 brings a fresh new look and encourages pedestrian walkability to this area. The Authority will continue to work with the developer on phase 2 which will add multi-family residential to the area.

The second area is the Arvada Ridge development. Phase 1 of this area is the Arvada Ridge Market place which is a retail center anchored by a Super Target that opened in 2006. Phase 2 was a 380 unit market-rate, multi-family development located across the street from the Arvada Ridge commuter rail station of the G Line that opened in 2011. Phase 3 of Arvada Ridge is currently underway and is expected to be completed in 2018. It is within walking distance of the Arvada Ridge commuter rail station and Red Rocks Community College. This development will be 298 market-rate multi-family units. A public park will also be completed as part of the development. This park will help residents become active participants in their health providing opportunities for

fitness and recreation. It will also act as an outdoor classroom and research laboratory for students at Red Rocks Community College.

**Village Commons**

The Village Commons project area lies within a quarter mile of the G Line. In 2015, the Authority sold a parcel of land in this project area for the first hotel in the Olde Town area. Hilton Garden Inn opened in March of 2017 and has 136 rooms and a small conference center. The hotel has been a welcome addition to the City of Arvada accommodating visitors to the Arvada Center and Stenger/Lutz and APEX athletic facilities. The conference center is also a new venue for weddings, reunions, charity events and business meetings.

**Jefferson Center**

The Jefferson Center urban renewal area was established in 2003 and generates property tax revenues to support Northwest Arvada.

### *Financial Contact*

The Authority's financial statements are designed to provide users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. Questions concerning any of the information presented in this report or requests for additional information should be sent in care of the Executive Director at the following address:

Arvada Urban Renewal Authority
Attention: Executive Director
5601 Olde Wadsworth Boulevard, Suite 210
Arvada, Colorado 80002

DRAFT 04/16/2018

# Financial Statements

# Arvada Urban Renewal Authority

## Statement of Net Position

## December 31, 2017

| | |
|---|---|
| **Assets** | |
| Cash and investments | $ 5,886,332 |
| Fees receivable | 262,241 |
| Taxes receivable | 13,064,050 |
| Property held for resale | 300,021 |
| Total assets | 19,512,644 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | |
| **Liabilities** | |
| Accounts payable | 215,148 |
| Accrued liabilities | 29,454 |
| Security deposits | 101,115 |
| Due in one year | 159,729 |
| Due in more than one year | 6,831,338 |
| Total liabilities | 7,336,784 |
| **Deferred Inflows of Resources** | |
| Unavailable revenue - property taxes | 13,064,050 |
| **Net Position** | |
| Restricted for capital projects | 44,134 |
| Unrestricted deficit | (932,324) |
| Total deficit net position | $ (888,190) |

# Arvada Urban Renewal Authority

## Statement of Activities

## Year Ended December 31, 2017

| | Expenses | Program Revenues: Charges for Services | Net Revenue (Expense) and Change in Net Position: Governmental Activities 2017 |
|---|---|---|---|
| **Functions/Programs** | | | |
| Primary government | | | |
| Governmental activities | | | |
| General government | $ 1,112,955 | $ - | $ (1,112,955) |
| Redevelopment projects | 9,938,539 | 200,204 | (9,738,335) |
| Interest expense | 214,038 | - | (214,038) |
| Total primary government | $ 11,265,532 | $ 200,204 | (11,065,328) |
| **General Revenues** | | | |
| Incremental property taxes | | | 9,367,700 |
| Public improvement fees | | | 1,333,086 |
| Sales taxes | | | 373,674 |
| Lodging taxes | | | 74,247 |
| Investment income | | | 33,021 |
| Total general revenues | | | 11,181,728 |
| **Change in Net Position** | | | 116,400 |
| **Deficit Net Position, Beginning of Year** | | | (1,004,590) |
| **Deficit Net Position, End of Year** | | | $ (888,190) |

# Arvada Urban Renewal Authority

## Balance Sheet

## Governmental Funds

## December 31, 2017

| | General | Jefferson Center District | Ralston Fields | Northwest Arvada | Olde Town | Village Commons | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and investments | $ 2,778,381 | $ 44,134 | $ 2,932,915 | $ - | $ 6,067 | $ 124,835 | $ 5,886,332 |
| Due from other funds | 3,307,171 | - | - | - | - | - | 3,307,171 |
| Fees receivable | 2,816 | - | 251,698 | - | - | 7,727 | 262,241 |
| Taxes receivable | - | 2,494,128 | 1,272,697 | 8,844,992 | 252,249 | 199,984 | 13,064,050 |
| Property held for resale | 300,021 | - | - | - | - | - | 300,021 |
| Total assets | 6,388,389 | 2,538,262 | 4,457,310 | 8,844,992 | 258,316 | 332,546 | 22,819,815 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | |
| **Liabilities** | | | | | | | |
| Accounts payable | 154,943 | - | 54,981 | - | - | 5,224 | 215,148 |
| Accrued liabilities | 29,454 | - | - | - | - | - | 29,454 |
| Due to general fund | - | 44,134 | 3,129,632 | - | 6,067 | 127,338 | 3,307,171 |
| Security deposits | 101,115 | - | - | - | - | - | 101,115 |
| Total liabilities | 285,512 | 44,134 | 3,184,613 | - | 6,067 | 132,562 | 3,652,888 |
| **Deferred Inflows of Resources** | | | | | | | |
| Unavailable revenue - property taxes | - | 2,494,128 | 1,272,697 | 8,844,992 | 252,249 | 199,984 | 13,064,050 |
| **Fund Balances** | | | | | | | |
| Nonspendable for property held for sale | 300,021 | - | - | - | - | - | 300,021 |
| Restricted | 44,134 | - | - | - | - | - | 44,134 |
| Assigned | 3,263,037 | - | - | - | - | - | 3,263,037 |
| Unassigned | 2,495,685 | - | - | - | - | - | 2,495,685 |
| Total fund balances | $ 6,102,877 | $ - | $ - | $ - | $ - | $ - | 6,102,877 |

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

| | |
|---|---|
| Long-term liabilities including notes payable ($6,971,945) and compensated absences ($19,122) are not due and payable with current economic resources and, therefore, are not reported in the funds. | (6,991,067) |
| Deficit net position of governmental activities | $ (888,190) |

# Arvada Urban Renewal Authority

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

## Year Ended December 31, 2017

| | General | Jefferson Center District | Ralston Fields | Northwest Arvada | Olde Town | Village Commons | Total |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Incremental property taxes | $ - | $ 2,864,587 | $ 1,073,782 | $ 5,317,896 | $ 111,435 | $ - | $ 9,367,700 |
| Public improvement fees | - | - | 1,333,086 | - | - | - | 1,333,086 |
| Sales taxes | - | - | - | - | 246,162 | 127,512 | 373,674 |
| Lodging taxes | - | - | - | - | - | 74,247 | 74,247 |
| Rent | 200,204 | - | - | - | - | - | 200,204 |
| Investment income | 17,254 | - | 15,767 | - | - | - | 33,021 |
| Recovered costs | 2,048,334 | - | - | - | - | - | 2,048,334 |
| Total revenues | 2,265,792 | 2,864,587 | 2,422,635 | 5,317,896 | 357,597 | 201,759 | 13,430,266 |
| **Expenditures** | | | | | | | |
| Current | | | | | | | |
| General government | 793,041 | 43,130 | 21,247 | 79,769 | 105,368 | 74,421 | 1,116,976 |
| Redevelopment projects | 3,156,271 | 7,690,709 | 1,090,765 | - | - | - | 11,937,745 |
| Debt service | | | | | | | |
| Principal payments | 2,137,551 | - | - | - | - | - | 2,137,551 |
| Interest and fiscal charges | 214,038 | - | - | - | - | - | 214,038 |
| Total expenditures | 6,300,901 | 7,733,839 | 1,112,012 | 79,769 | 105,368 | 74,421 | 15,406,310 |
| Excess of revenues over (under) expenditures | (4,035,109) | (4,869,252) | 1,310,623 | 5,238,127 | 252,229 | 127,338 | (1,976,044) |
| **Other Financing Sources (Uses)** | | | | | | | |
| Transfers in | 5,437,369 | 5,238,127 | - | - | - | - | 10,675,496 |
| Transfers out | - | (413,170) | (4,644,632) | (5,238,127) | (252,229) | (127,338) | (10,675,496) |
| Total other financing sources (uses) | 5,437,369 | 4,824,957 | (4,644,632) | (5,238,127) | (252,229) | (127,338) | - |
| **Net Change in Fund Balances** | 1,402,260 | (44,295) | (3,334,009) | - | - | - | (1,976,044) |
| **Fund Balances, Beginning of Year** | 4,700,617 | 44,295 | 3,334,009 | - | - | - | 8,078,921 |
| **Fund Balances, End of Year** | $ 6,102,877 | $ - | $ - | $ - | $ - | $ - | $ 6,102,877 |

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

| | |
|---|---|
| Loan receivable is deferred in the governmental funds. This amount represents net collections and write-downs during the year. | $ (49,128) |
| Payment of long-term obligations is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This amount represents the net decrease in compensated absences ($4,021) and decrease in notes payable ($2,137,551). | 2,141,572 |
| Change in net position of governmental activities | $ 116,400 |

# Arvada Urban Renewal Authority

## Notes to Financial Statements

## December 31, 2017

## Note 1: Nature of Operations and Summary of Significant Accounting Policies

### *Nature of Operations*

The Arvada Urban Renewal Authority (the Authority or AURA) was created in 1981 by the City of Arvada (the City) pursuant to the Urban Renewal Law of the State of Colorado. The Authority was created for the development, redevelopment and rehabilitation of identified blighted areas within the City, and to provide necessary, greater and reasonable economic utilization of such areas. Specifically, the Authority promotes adequate public facilities and improved traffic patterns to eliminate traffic and pedestrian hazards within the areas; ensures sound social, physical and economic growth within the City; and provides a sound economic base for the community. The Authority is governed by a seven-member Board of Commissioners whose members are appointed by the Mayor of the City.

The initial urban renewal area covered 433 acres of land on either side of Wadsworth Boulevard from downtown to U.S. Interstate 70. The debt and incremental revenues related to this area concluded during 2006.

During 2003, the City Council established two additional urban renewal areas known as Ralston Fields and Jefferson Center District. During 2008 and 2009, the City Council established the urban renewal areas known as Village Commons, Northwest Arvada, and Olde Town Station. Separate funds were established for the Northwest Arvada renewal area in 2011, the Olde Town renewal area in 2013, and the Village Commons renewal area in 2017. The 25-year urban renewal plans intend to enhance, redevelop, and revitalize these areas.

### *Accounting Principles*

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

### *Reporting Entity*

In accordance with governmental accounting standards, the Authority has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Authority would be financially accountable for organizations that make up its legal entity. It would also be financially accountable for legally separate organizations if the Authority officials appoint a voting majority of the organization's governing body and is able to impose its will on that organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority. The Authority may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of the above criteria, the Authority does not include additional organizations in its reporting entity. For financial reporting purposes, the Authority is a component unit of the City.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

### *Government-wide and Fund Financial Statements*

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

Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Authority.

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.

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.

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

- General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. Beginning in 2017, the Authority began closing all end-of-year fund balances to the General Fund. The classifications of fund balances, after transfer to the General Fund, retained their respective designations.
- Jefferson Center District – The Jefferson Center District Fund is a capital projects fund used to account for the financial activities related to this urban renewal area.
- Ralston Fields – The Ralston Fields Fund is a capital projects fund used to account for the financial activities of this urban renewal area, which includes the Arvada Ridge public improvement area.
- Northwest Arvada – The Northwest Arvada Fund is a capital projects fund used to account for the financial activities of this urban renewal area.
- Olde Town – The Olde Town Fund is a capital projects fund used to account for the financial activities of this urban renewal area.
- Village Commons – The Village Commons Fund is a capital projects fund used to account for the financial activities of this urban renewal area.

### *Assets, Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position*

Investments – Investments in money market funds are reported at fair value based upon quoted market prices.

Property Held for Resale – The Authority holds land and buildings that are available for resale. The property is reported at the lower of cost or net realizable value. In the fund financial statements, property held for resale is offset by an unspendable fund balance to indicate that it is not available for appropriation and is not an expendable available financial resource.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues primarily from property taxes, loans receivable, grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences – Employees of the Authority are allowed to accumulate unused vacation and sick time. Upon termination of employment from the Authority, an employee will be compensated for accrued vacation time.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

These compensated absences are recognized as current salary costs when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued vacation time.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Fund Balances – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of December 31, 2017 fund balances of governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The Authority had $300,021 for property held for sale.

Restricted – Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. As of December 31, 2017, $44,134 has been classified as restricted, based on the restricted use of property taxes, for redevelopment activity in the Jefferson Center urban renewal area.

Committed – Amounts that are subject to a purpose constraint imposed by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified or rescinded only through resolutions approved by the Board. The Authority does not have any committed fund balance.

Assigned – Amounts that are subject to a purpose constraint that represents an intended use established by the Authority, but are not considered restricted or committed. The purpose of the assignment must be narrower than the purpose of the General Fund. As of December 31, 2017, $3,263,037 has been classified as assigned for redevelopment activity in the Ralston Fields, Olde Town and Village Commons urban renewal areas.

Unassigned – Represents the residual classification for the Authority's General Fund, which could report a surplus or deficit, and any other fund deficits. The Authority has $2,495,685 of unassigned fund balance in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered expended. For expenditures in which any unrestricted fund balance classification could be used, committed fund balance is considered first expended, then assigned, then unassigned.

### *Incremental Property Taxes*

As allowed by state statute, the Authority receives revenue from incremental property taxes that are collected from a designated geographical area as defined in the urban renewal plan by the City. Property tax revenue is earned from the geographical area based upon the increase in assessed valuation of taxable property within the area.

### *Property Taxes*

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits them to the Authority on a monthly basis. 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.

### *Risk Management*

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Authority participates in the City's risk programs.

### *Use of Estimates in Preparation of Financial Statements*

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

## Note 2: Cash and Investments

Cash and investments of the Authority as of December 31, 2017, are as follows:

| | | |
|---|---|---|
| Petty cash | $ | 250 |
| Cash deposits | | 1,148,261 |
| Certificates of deposit, short-term | | 4,394,163 |
| Money market funds | | 343,658 |
| | $ | 5,886,332 |

# Arvada Urban Renewal Authority

## Notes to Financial Statements

## December 31, 2017

The Authority considers investments described above as being held at cost. At December 31, 2017, there were no restricted cash or investments reflected on the statement of net position.

### *Cash Deposits*

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017, the Authority had bank deposits with a carrying balance of $5,886,082. The bank balances were $5,916,517, of which $851,115 was covered by the federal deposit insurance and $5,065,402 was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

### *Investments*

The Authority is required to comply with state statutes that specify instruments, meeting defined rating, maturity, and concentration risk criteria in which units of local government may invest. In addition, the Authority has an investment policy that seeks to ensure the preservation of capital in the overall portfolio.

Per the Authority's investment policy, funds of the Authority may be invested in:

- U.S. Treasury Securities.
- Obligations of U.S. government agencies (including FDIC and FSLIC insured transactions up to $100,000).
- Certificates of deposit and other evidences of deposit or investment at banks, savings and loan associations, and other state or federally regulated financial institutions subject to PDPA (5%) and a minimum net worth of any bank of $10,000,000 and a minimum net worth of any savings and loan association of $15,000,000.
- Repurchase agreements made in compliance with Revised Colorado State Statute 24-36-113. Repurchase collateral will be perfected and delivered to the Trustee.
- Repurchase agreements must be collateralized at a minimum of 100% of the purchase price of the repurchase agreement and market-to-market on a weekly basis. All repurchase agreements shall be evidenced by a master repurchase agreement between the Authority and securities dealer.
- Money market funds – Investments with any financial institutions that have appeared in any published watch list during a 12-month period preceding the investment date in an amount greater than $100,000 are specifically prohibited.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

The Authority's investment policy follows state statutes, but places additional limits on investment maturities and custodial credit risk.

Interest Rate Risk – The Authority's investment policy limits the maturity of investment instruments or fixed-income securities to a maximum of three years, except for reserve funds, which are invested subject to agreements tailored to bond indentures, when applicable.

Investments in the Dreyfus Government Cash Management money market fund of $343,658 have a weighted average maturity of less than one year.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and have either assets of one billion dollars or the highest rating issued by a nationally recognized organization that regularly rates such obligations. At December 31, 2017, the Authority's investment in the Dreyfus Government Cash Management money market fund of $343,658 was rated Aaa by Moody's.

Custodial Credit Risk – The Authority's investment policy requires that investments be placed with two or more financial institutions and in such amounts or proportions of total investments or assets as may be reasonable and prudent.

Concentration of Credit Risk – State statutes generally do not limit the amount the Authority may invest in one issuer.

## Note 3: Loan Receivable

Following is a summary of the loan receivable for the year ended December 31, 2017.

| | Balance December 31, 2016 | Additions | Deletions | Balance December 31, 2017 |
|---|---|---|---|---|
| UDI's development loan | $ 49,128 | $ - | $ (49,128) | $ - |

As of December 31, 2016, the Authority was notified of the closure of the UDI's restaurant and wrote-down the balance of the loan to the estimated net realizable amount of certain restaurant equipment. During 2017, the Authority received approximately $25,000 for sale of the equipment and wrote-off the remaining receivable balance.

# Arvada Urban Renewal Authority

## Notes to Financial Statements

## December 31, 2017

### Note 4: Long-term Debt

Following is a summary of long-term debt transactions for the year ended December 31, 2017:

| | Balance December 31, 2016 | Additions | Deletions | Balance December 31, 2017 | Due Within One Year |
|---|---|---|---|---|---|
| City of Arvada notes payable | $ 9,109,496 | $ - | $ (2,137,551) | $ 6,971,945 | $ 139,628 |
| Compensated absences | 23,143 | 22,835 | (26,856) | 19,122 | 20,101 |
| | $ 9,132,639 | $ 22,835 | $ (2,164,407) | $ 6,991,067 | $ 159,729 |

#### *City of Arvada Notes Payable*

In February 2010, the City and the Authority entered into an intergovernmental agreement in which the City loaned the Authority $2,745,000 at a simple interest rate of 3.5% through April 2012. Interest payments are due monthly with the principal balance due upon maturity. The agreement required that upon the sale of the related property held for resale, the note would become due and payable in full. The Authority obtained previous one-year amendments extending the maturity date through April 2015. During 2015, the property was sold and the note with the City was amended. Under the amended note, the Authority made a lump sum payment of $500,000 at the time of the sale and the remaining balance of $2,245,000 will be paid in monthly installments beginning January 2016 and continuing through November 2030 at a simple interest rate of 1.5%. The loan is unsecured, though the City shall be authorized to withhold payment to the Authority derived from incremental sales tax or public improvement fees in the event of default.

In November 2013, the City and the Authority entered into a second intergovernmental agreement in which the City loaned the Authority $2,000,000 at a simple interest rate of 3.0% through November 2016. In October 2016, the Authority exercised its option to extend the term of the loan to November 2017. Interest payments were due monthly. The loan was collateralized with a parcel of land. This loan was paid in full during 2017 following the sale of the related land.

In June 2016, the City and the Authority entered into a third intergovernmental agreement in which the City loaned the Authority $5,000,000 at a simple interest rate of 3.0% through June 2028. Interest payments are due monthly beginning in June 2017 through 2018. Principal and interest will be payable monthly thereafter until maturity. The loan is unsecured, though the City shall be authorized to withhold payment to the Authority derived from incremental sales tax or public improvement fees in the event of default.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

The following schedule reflects the debt service requirements of the Authority's long-term debt payable to the City of Arvada as of December 31, 2017:

| Date | Amount |
|---|---|
| 2018 | $ 139,628 |
| 2019 | 391,737 |
| 2020 | 600,987 |
| 2021 | 617,264 |
| 2022 | 633,607 |
| 2023-2027 | 3,479,392 |
| 2028-2032 | 1,109,330 |
| | $ 6,971,945 |

### *Compensated Absences*

Compensated absences are expected to be liquidated with revenues of the General Fund.

## Note 5: Interfund Receivables, Payables and Transfers

Interfund receivables and payables at December 31, 2017, were as follows:

| Receivable Fund | Payable Fund | Balance |
|---|---|---|
| General | Jefferson Center District | $ 44,134 |
| General | Ralston Fields | 3,129,632 |
| General | Olde Town | 6,067 |
| General | Village Commons | 127,338 |
| | | $ 3,307,171 |

Interfund transfers for the year ended December 31, 2017, were as follows:

| Transfers In | Transfers Out | Balance |
|---|---|---|
| General | Jefferson Center District | $ 413,170 |
| General | Ralston Fields | 4,644,632 |
| General | Olde Town | 252,229 |
| General | Village Commons | 127,338 |
| Jefferson Center District | Northwest Arvada | 5,238,127 |
| | | $ 10,675,496 |

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

During the year ended December 31, 2017, the funds transferred various budgeted amounts to the General Fund to help cover operations and administrative costs as well as closing all end-of-year fund balances to the General Fund, as described in Note 1. See Note 11 regarding the redevelopment agreement with Jefferson Center District, the City and the Authority.

## Note 6: Related-party Transactions

The City provides legal services to the Authority. During the year ended December 31, 2017, the Authority incurred $42,000 for these services, which includes a payable due to the City related to fourth quarter legal fees of $6,600. Additionally, the Authority incurred $514,183 for other expenses paid by the City on behalf of the Authority.

The Authority is also indebted to the City in the amount of $6,971,945 (see Note 4). During the year ended December 31, 2017, the total interest expense incurred to the City was $214,038, all of which was paid in 2017.

## Note 7: Retirement Plans

Employees of the Authority are eligible to participate in the City's retirement plans. The City has adopted separate retirement plans (Plans) covering all employees, except those hired on a temporary basis.

Although it has not expressed any intention to do so, the City has the right under the Plans to discontinue its contribution or to terminate the Plans. Should the Plans terminate at some future date, their net assets will be used to provide participants' benefits. Upon such termination, the assets of the Plans are to be allocated for the benefit of each participant and the beneficiary in a manner approved by the Internal Revenue Service. The plan applicable to Authority employees is detailed in the following section.

### *City of Arvada Retirement Plan – Defined Contribution Plan*

Effective January 1, 1993, all eligible City employees participate in the City of Arvada Retirement Plan (CARP), a defined contribution plan.

All full-time and part-time City employees are eligible to participate in CARP, except for uniformed police officers, the City Manager and his staff, the City Attorney, and department heads (who elect to participate in the Executive Retirement Plan). Three employees of the Authority were participants in CARP as of December 31, 2017.

Employer contributions vest with the employee according to the following:

| Years of Service | Vesting Percentages |
|---|---|
| Less than 1 year | 0% |
| 1 year | 20% |
| 2 years | 40% |
| 3 years | 60% |
| 4 years | 80% |
| 5 or more years | 100% |

The plan requires covered employees to contribute 8% of their salary to the plan and the City to contribute 10% of the compensation of all participants hired after April 2, 2004. Employees hired on or before April 2, 2004 had a choice of receiving a flat rate 10% contribution or receiving an age-weighted, graduated retirement contribution up to a maximum of 15%. The maximum permissible contribution is the lesser of $54,000, or 100%, of the participant's earnings for the plan year.

Benefit payments are based upon the participant account balance as of the valuation date immediately preceding the date of distribution. The participant may elect to receive distribution in a lump sum; in substantially equal annual, semiannual, quarterly or monthly installments; through the purchase of an immediate or deferred single payment, non-transferable annuity contract; or by a combination of the above. Plan provisions and contribution requirements are established and may be amended by the City Council.

The required Authority contribution of $21,894 and employee contributions of $17,515 were paid during 2017. These contributions represent 11% of total covered payroll. The administration of the plan is provided by Empower Retirement.

### *City of Arvada Retirement Plan – Executive Retirement Plan*

The City provides retirement benefits for the City Manager, the City Attorney, the Municipal Judge and Department Heads through a separate defined contribution plan. Qualified employees are eligible to participate from the date of employment. One employee of the Authority was a participant in the Executive Plan as of December 31, 2017.

Under the plan, the City contributes an amount equal to 10.02% of the participant's base salary. The employee covered by this plan is required to make an 8% contribution in 2017. Employees covered under this plan are vested upon date of hire. Employees who leave employment with the City are entitled to all contributions and interest earnings. Plan provisions and contribution requirements are established and may be amended by City Council.

For the year ended December 31, 2017, the Authority contributed $15,194 for the benefit of one participant in the Plan and the employee contributed $12,130, as required. The plan is administered by Empower Retirement.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

### Note 8: Risk Management

The City has established a risk management program in which the Authority participates. The City is self-insured for medical coverage as well as occurrences of general liability and auto liability claims, which are subject to the Colorado Governmental Immunity Act, which limits recoveries to $350,000 per person and $990,000 per incident. Property damage is subject to a $100,000 deductible and liability claims to a $250,000 deductible. The workers' compensation program maintains a self-insured retention (SIR) limit of $500,000. There have been no settlements that exceed the governmental immunity limits for general or auto liability in the last three years. No loss has been recorded in the last three years for the property program that exceeds the $100,000 deductible. Additionally, no claim or settlement in workers' compensation has exceeded the SIR in the last three years. The City also provides dental insurance for employees. Dental claims are limited to $1,500 per year per person. As the City commits itself to funding any deficiencies in the risk management programs, no liability is recorded in the Authority's financial statements.

### Note 9: Commitments and Contingencies

#### *General Litigation*

The Authority is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the Authority.

#### *Property Held for Resale*

During 2017, the Authority sold property, having a December 31, 2016 net book value of $2,000,000, for that same amount.

As of December 31, 2017, the Authority had entered into various Disposition and Development Agreements (DDA) to sell all remaining property held for resale.

Included in one of the DDAs on a property that sold during 2015 was a commitment from the Authority to return approximately $93,000 upon the redeveloper's receipt of a certificate of occupancy from the City of Arvada. This commitment was fulfilled in March 2017 and the related payment was remitted and recorded upon fulfillment.

#### *Lessee Reporting*

The Authority entered into an operating lease for office space. Monthly lease payments of $4,390 are required through October 2018. Rent expense, including annual maintenance expenses, for the year ended December 31, 2017, was $55,118.

# Arvada Urban Renewal Authority
## Notes to Financial Statements
## December 31, 2017

Minimum rental commitments under this lease are as follows:

| | |
|---|---|
| 2018 | $ 43,903 |

### *Lessor Reporting*

During 2017 and prior, the Authority generated a portion of its revenue from the leasing of various parcels of its property held for resale. The rental payments received were based on a minimum monthly rental amount, plus charges related to the operating expenses of the subject property. As of December 31, 2017, the Authority no longer held rentable property held for resale.

### *Tabor Amendment*

In November 1992, Colorado voters passed Article X, Section 20 to the State Constitution, known as the Tabor Amendment, which limits state and local government tax powers and imposes spending limitations. The Authority believes it is not subject to the Tabor Amendment based upon *Marian L. Olson v. City of Golden, et al.,* 53 P.3d 747 (Co. App.), certiorari denied.

### *Developer Agreements*

The Authority, under the Urban Renewal Law of the State of Colorado, has entered into various DDAs with certain developers, the terms of which are scoped into the requirements of Governmental Accounting Standards Board Statement No. 77, *Tax Abatements*. These agreements generally stipulate that the Authority will sell property held for resale, typically at a discount, and provide certain types of property and sales tax rebates (in excess of a set "base" amount and up to a set maximum dollar threshold and/or maturity date), lodging tax rebates, public improvement fee (PIF) rebates and/or PIF in lieu of sales taxes in exchange for a commitment from the developer to purchase, develop and otherwise rehabilitate the related property within a specified period of time.

As of December 31, 2017, the Authority had entered into eight DDAs expiring from 2025 to 2035. During the year ended December 31, 2017, the Authority rebated property tax of $8,563,066, PIF of $333,368 and lodging tax of $74,247. These rebates are recorded in redevelopment project expenses/expenditures on the statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. Also during 2017, developers, referred to above, received $1,143,888 in PIF, which does not pass through the Authority's financial statements.

# Arvada Urban Renewal Authority

## Notes to Financial Statements

## December 31, 2017

### Note 10: Deficit Net Position

Throughout 2017, the Authority was in a deficit net position for governmental activities. This deficit is primarily due to the Authority's prior purchases of property held for resale, using loan funds from the City of Arvada (see Note 4), and subsequent sale or disposition of the related properties at a loss. While the Authority anticipates that the sold properties will result in incremental property tax revenues in future years, the Authority will continue to closely monitor and balance redevelopment activity and debt obligations.

# Required Supplementary Information

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
## General Fund and Related Note
## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Rent | $ 90,000 | $ 195,000 | $ 200,204 | $ 5,204 |
| Investment income | 16,250 | 16,250 | 17,254 | 1,004 |
| Recovered costs | 2,070,740 | 2,048,000 | 2,048,334 | 334 |
| Total revenues | 2,176,990 | 2,259,250 | 2,265,792 | 6,542 |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 1,056,311 | 1,056,311 | 793,041 | 263,270 |
| Redevelopment projects | 1,507,150 | 1,507,150 | 1,156,271 | 350,879 |
| Principal payments | 2,136,691 | 2,136,691 | 2,137,551 | (860) |
| Interest and fiscal charges | 206,655 | 206,655 | 214,038 | (7,383) |
| Total expenditures | 4,906,807 | 4,906,807 | 4,300,901 | 605,906 |
| Excess of revenues under expenditures | (2,729,817) | (2,647,557) | (2,035,109) | 612,448 |
| **Other Financing Sources** | | | | |
| Transfers in | 526,000 | 5,442,935 | 5,437,369 | (5,566) |
| **Net Change in Fund Balance** | (2,203,817) | 2,795,378 | 3,402,260 | 606,882 |
| **Fund Balance, Beginning of Year** | 4,700,617 | 4,700,617 | 4,700,617 | - |
| **Fund Balance, End of Year** | $ 2,496,800 | $ 7,495,995 | 8,102,877 | $ 606,882 |
| **Reconciliation to GAAP basis:** | | | | |
| Less: | | | | |
| Sale of property held for resale | | | (2,000,000) | |
| | | | $ 6,102,877 | |

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
## General Fund and Related Note (continued)
## Year Ended December 31, 2017

### 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 all governmental funds, except that activity related to purchases and write-downs on property held for sale have no effect on budgetary accounting. All appropriations lapse at fiscal year-end.

Not less than 60 days prior to the first day of the next fiscal year, the City Council accepts the Authority's budget by resolution and the annual appropriation by ordinance.

Both the adopted budget and the level of appropriation (by fund) can be amended during the budget year. This action requires Board approval in the form of a resolution for a budgetary amendment.

# Supplementary Information

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule
## Jefferson Center District Fund
## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Incremental property taxes | $ 3,286,000 | $ 3,286,000 | $ 2,864,587 | $ (421,413) |
| Total revenues | 3,286,000 | 3,286,000 | 2,864,587 | (421,413) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 62,000 | 103,000 | 43,130 | 59,870 |
| Redevelopment projects | 7,828,000 | 7,963,744 | 7,690,709 | 273,035 |
| Total expenditures | 7,890,000 | 8,066,744 | 7,733,839 | 332,905 |
| Excess of revenues (under) expenditures | (4,604,000) | (4,780,744) | (4,869,252) | (88,508) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 4,773,000 | 5,053,000 | 5,238,127 | 185,127 |
| Transfers out | (169,000) | (272,256) | (413,170) | (140,914) |
| Total other financing sources (uses) | 4,604,000 | 4,780,744 | 4,824,957 | 44,213 |
| **Net Change in Fund Balance** | - | - | (44,295) | (44,295) |
| **Fund Balance, Beginning of Year** | 44,295 | 44,295 | 44,295 | - |
| **Fund Balance, End of Year** | $ 44,295 | $ 44,295 | $ - | $ (44,295) |

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule

## Ralston Fields Fund

## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Incremental property taxes | $ 1,295,000 | $ 1,295,000 | $ 1,073,782 | $ (221,218) |
| Public improvement fee | 1,125,000 | 1,175,000 | 1,333,086 | 158,086 |
| Investment income | 6,500 | 6,500 | 15,767 | 9,267 |
| Total revenues | 2,426,500 | 2,476,500 | 2,422,635 | (53,865) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 25,000 | 25,000 | 21,247 | 3,753 |
| Redevelopment projects | 1,215,000 | 1,215,000 | 1,090,765 | 124,235 |
| Total expenditures | 1,240,000 | 1,240,000 | 1,112,012 | 127,988 |
| Excess of revenues over expenditures | 1,186,500 | 1,236,500 | 1,310,623 | 74,123 |
| **Other Financing Uses** | | | | |
| Transfers out | - | (4,570,509) | (4,644,632) | (74,123) |
| **Net Change in Fund Balance** | 1,186,500 | (3,334,009) | (3,334,009) | - |
| **Fund Balance, Beginning of Year** | 3,334,009 | 3,334,009 | 3,334,009 | - |
| **Fund Balance, End of Year** | $ 4,520,509 | $ - | $ - | $ - |

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# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule
## Northwest Arvada Fund
## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Incremental property taxes | $ 5,070,000 | $ 5,350,000 | $ 5,317,896 | $ (32,104) |
| Total revenues | 5,070,000 | 5,350,000 | 5,317,896 | (32,104) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 80,000 | 80,000 | 79,769 | 231 |
| Total expenditures | 80,000 | 80,000 | 79,769 | 231 |
| Excess of revenues over expenditures | 4,990,000 | 5,270,000 | 5,238,127 | (31,873) |
| **Other Financing Uses** | | | | |
| Transfers out | (4,990,000) | (5,270,000) | (5,238,127) | 31,873 |
| **Net Change in Fund Balance** | - | - | - | - |
| **Fund Balance, Beginning of Year** | - | - | - | - |
| **Fund Balance, End of Year** | $ - | $ - | $ - | $ - |

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule

## Olde Town Fund

## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Incremental sales taxes | $ 40,000 | $ 247,000 | $ 246,162 | $ (838) |
| Incremental property taxes | 125,000 | 125,000 | 111,435 | (13,565) |
| Total revenues | 165,000 | 372,000 | 357,597 | (14,403) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 125,000 | 125,000 | 105,368 | 19,632 |
| Total expenditures | 125,000 | 125,000 | 105,368 | 19,632 |
| Excess of revenues over expenditures | 40,000 | 247,000 | 252,229 | 5,229 |
| **Other Financing Uses** | | | | |
| Transfers out | (40,000) | (300,761) | (252,229) | 48,532 |
| **Net Change in Fund Balance** | - | (53,761) | - | 53,761 |
| **Fund Balance, Beginning of Year** | 53,761 | 53,761 | - | (53,761) |
| **Fund Balance, End of Year** | $ 53,761 | $ - | $ - | $ - |

# Arvada Urban Renewal Authority

## Budgetary Comparison Schedule
## Village Commons Fund
## Year Ended December 31, 2017

| | Original Budget | Final Budget | Actual | Variance |
|---|---|---|---|---|
| **Revenues** | | | | |
| Incremental sales taxes | $ 100,000 | $ 136,371 | $ 127,512 | $ (8,859) |
| Lodging taxes | 67,000 | 80,021 | 74,247 | (5,774) |
| Total revenues | 167,000 | 216,392 | 201,759 | (14,633) |
| **Expenditures** | | | | |
| Current | | | | |
| General government | 67,000 | 80,221 | 74,421 | 5,800 |
| Total expenditures | 67,000 | 80,221 | 74,421 | 5,800 |
| Excess of revenues over expenditures | 100,000 | 136,171 | 127,338 | (8,833) |
| **Other Financing Uses** | | | | |
| Transfers out | (100,000) | (136,171) | (127,338) | 8,833 |
| **Net Change in Fund Balance** | - | - | - | - |
| **Fund Balance, Beginning of Year** | - | - | - | - |
| **Fund Balance, End of Year** | $ - | $ - | $ - | $ - |

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

Board of Commissioners
Arvada Urban Renewal Authority
Arvada, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Arvada Urban Renewal Authority (the Authority), a component unit of the City of Arvada, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated _____.

## *Internal Control Over Financial Reporting*

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

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

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

Board of Commissioners
Arvada Urban Renewal Authority

### *Compliance and Other Matters*

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

### *Purpose of this Report*

The purpose of this communication 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 Authority's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denver, Colorado