

URBAN RENEWAL AUTHORITY OF DACONO

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

URBAN RENEWAL AUTHORITY OF DACONO
SUMMARY
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 31,815	\$ 2,327,813	\$ 2,585,399
REVENUES			
Incremental property taxes - Plan Area I	410,975	797,106	932,739
Incremental property taxes - Plan Area II	-	18,421	12,590,160
Interest income	418	700	500
Royalties	-	35,000	35,000
Transfer from City	-	3,303	-
Bond proceeds - series 2020	16,043,000	-	-
Total revenues	<u>16,454,393</u>	<u>854,530</u>	<u>13,558,399</u>
TRANSFERS IN	-	166,312	1,230,096
Total funds available	<u>16,486,208</u>	<u>3,348,655</u>	<u>17,373,894</u>
EXPENDITURES			
General			
Accounting	21,016	45,000	50,000
Auditing	-	5,750	7,000
County Treasurer's fee	6,164	12,233	202,843
Legal services	45,823	40,000	60,000
Professional services	60,250	50,000	100,000
Staffing	-	135,000	185,000
Contingency	-	1,000	9,009
Property tax increment payments	-	7,461	5,037,979
Debt Service			
Trustee fees	-	3,000	3,000
Bond interest	-	-	2,171,804
Bond principal	-	-	5,100,000
Capital Projects			
Bond issue costs - Series 2020	525,142	-	-
Capital outlay - Plan Area I	-	70,000	1,250,000
Capital outlay - Plan Area II	13,500,000	227,500	1,791,976
Total expenditures	<u>14,158,395</u>	<u>596,944</u>	<u>15,968,611</u>
TRANSFERS OUT	-	166,312	1,230,096
Total expenditures and transfers out requiring appropriation	<u>14,158,395</u>	<u>763,256</u>	<u>17,198,707</u>
ENDING FUND BALANCES	<u>\$ 2,327,813</u>	<u>\$ 2,585,399</u>	<u>\$ 175,187</u>

No assurance provided. See summary of significant assumptions.

URBAN RENEWAL AUTHORITY OF DACONO
PROPERTY TAX SUMMARY INFORMATION
PLAN AREA I
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION - WELD COUNTY			
TIF Increment	\$ 3,017,862	\$ 5,921,051	\$ 6,866,308
Total TIF Certified Assessed Value	<u>\$ 3,017,862</u>	<u>\$ 5,921,051</u>	<u>\$ 6,866,308</u>
MILL LEVY			
General Fund	136.181	136.069	135.843
Total mill levy	<u>136.181</u>	<u>136.069</u>	<u>135.843</u>
PROPERTY TAXES			
General Fund	410,975	\$ 805,672	\$ 932,739
Levied property taxes	<u>410,975</u>	<u>805,672</u>	<u>932,739</u>
Refunds and abatements	-	(8,566)	-
Budgeted property taxes	<u>\$ 410,975</u>	<u>\$ 797,106</u>	<u>\$ 932,739</u>
BUDGETED PROPERTY TAXES			
General Fund	\$ 410,975	\$ 797,106	\$ 932,739
	<u>\$ 410,975</u>	<u>\$ 797,106</u>	<u>\$ 932,739</u>

No assurance provided. See summary of significant assumptions.

URBAN RENEWAL AUTHORITY OF DACONO
PROPERTY TAX SUMMARY INFORMATION
PLAN AREA II
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION - WELD COUNTY			
TIF Increment	\$ -	\$ 159,460	\$ 109,686,180
Total TIF Certified Assessed Value	<u>\$ -</u>	<u>\$ 159,460</u>	<u>\$ 109,686,180</u>
MILL LEVY			
Debt Service	-	115.521	114.783
Total mill levy	<u>-</u>	<u>115.521</u>	<u>114.783</u>
PROPERTY TAXES			
Debt Service	\$ -	\$ 18,421	\$ 12,590,160
Levied property taxes	<u>-</u>	<u>18,421</u>	<u>12,590,160</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 18,421</u>	<u>\$ 12,590,160</u>
BUDGETED PROPERTY TAXES			
Debt Service	\$ -	\$ 18,421	\$ 12,590,160
	<u>\$ -</u>	<u>\$ 18,421</u>	<u>\$ 12,590,160</u>

No assurance provided. See summary of significant assumptions.

**URBAN RENEWAL AUTHORITY OF DACONO
GENERAL FUND
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 31,815	\$ 309,537	\$ 686,850
REVENUES			
Incremental property taxes - Plan Area I	410,975	797,106	932,739
Royalties	-	35,000	35,000
Total revenues	<u>410,975</u>	<u>832,106</u>	<u>967,739</u>
TRANSFERS IN			
Debt Service Fund - administration fees	-	113	76,295
Total transfers in	<u>-</u>	<u>113</u>	<u>76,295</u>
Total funds available	<u>442,790</u>	<u>1,141,756</u>	<u>1,730,884</u>
EXPENDITURES			
Accounting	21,016	45,000	50,000
Auditing	-	5,750	7,000
County treasurer's fee	6,164	11,957	13,991
Legal services	45,823	40,000	60,000
Professional Services	60,250	50,000	100,000
Staffing	-	135,000	185,000
Contingency	-	1,000	9,009
Total expenditures	<u>133,253</u>	<u>288,707</u>	<u>425,000</u>
TRANSFERS OUT			
Capital Projects Fund - Plan Area I	-	70,000	1,042,530
Capital Projects Fund - Plan Area I (Mountain View Fire)	-	96,199	111,271
Total transfers out	<u>-</u>	<u>166,199</u>	<u>1,153,801</u>
Total expenditures and transfers out requiring appropriation	<u>133,253</u>	<u>454,906</u>	<u>1,578,801</u>
ENDING FUND BALANCES	<u>\$ 309,537</u>	<u>\$ 686,850</u>	<u>\$ 152,083</u>

No assurance provided. See summary of significant assumptions.

**URBAN RENEWAL AUTHORITY OF DACONO
DEBT SERVICE FUND
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 10,874
REVENUES			
Incremental property taxes - Plan Area II	-	18,421	12,590,160
Transfer from City	-	3,303	-
Total revenues	-	21,724	12,590,160
Total funds available	-	21,724	12,601,034
EXPENDITURES			
Trustee fees	-	3,000	3,000
County Treasurer's fee	-	276	188,852
Property tax increment payment - AIMS Junior College	-	92	93,743
Property tax increment payment - School Dist RE1J	-	4,417	2,871,405
Property tax increment payment - School Dist RE8	-	93	112,915
Property tax increment payment - St Vrain Sanitation	-	71	46,886
Property tax increment payment - Weld County	-	1,181	812,360
Property tax increment payment - Mountain View Fire	-	1,455	1,000,544
Property tax increment payment - Northern Colorado Water	-	152	100,126
Bond interest	-	-	2,171,804
Bond principal	-	-	5,100,000
Total expenditures	-	10,737	12,501,635
TRANSFERS OUT			
General Fund - Administration fees	-	113	76,295
Total transfers out	-	113	76,295
Total expenditures and transfers out requiring appropriation	-	10,850	12,577,930
ENDING FUND BALANCES	\$ -	\$ 10,874	\$ 23,104

No assurance provided. See summary of significant assumptions.

**URBAN RENEWAL AUTHORITY OF DACONO
 CAPITAL PROJECTS FUND - PLAN AREA I
 2021 BUDGET
 WITH 2020 ACTUAL AND 2021 ESTIMATED
 For the Years Ended and Ending December 31,**

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 96,199
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
General Fund	-	166,199	1,153,801
Total transfers in	-	166,199	1,153,801
Total funds available	-	166,199	1,250,000
EXPENDITURES			
I-25 Corridor (market analysis)	-	50,000	100,000
URAD Property (site planning)	-	20,000	65,000
County Road 12 (design/survey)	-	-	100,000
County Road 12 (construction)	-	-	985,000
Total expenditures	-	70,000	1,250,000
Total expenditures and transfers out requiring appropriation	-	70,000	1,250,000
ENDING FUND BALANCES	\$ -	\$ 96,199	\$ -

No assurance provided. See summary of significant assumptions.

**URBAN RENEWAL AUTHORITY OF DACONO
CAPITAL PROJECTS FUND - PLAN AREA II
2021 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ 2,018,276	\$ 1,791,476
REVENUES			
Bond proceeds - Series 2020	16,043,000	-	-
Interest income	418	700	500
Total revenues	<u>16,043,418</u>	<u>700</u>	<u>500</u>
Total funds available	<u>16,043,418</u>	<u>2,018,976</u>	<u>1,791,976</u>
EXPENDITURES			
Bond issue costs - Series 2020	525,142	-	-
Capital outlay	13,500,000	227,500	1,791,976
Total expenditures	<u>14,025,142</u>	<u>227,500</u>	<u>1,791,976</u>
Total expenditures and transfers out requiring appropriation	<u>14,025,142</u>	<u>227,500</u>	<u>1,791,976</u>
ENDING FUND BALANCES	<u>\$ 2,018,276</u>	<u>\$ 1,791,476</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**URBAN RENEWAL AUTHORITY OF DACONO
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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

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

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

The Authority prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Incremental Property Taxes

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

The calculation of the incremental property taxes budgeted is displayed on the Property Summary Information pages the budget at the estimated mill levies for each project area.

Interest Income

Interest earned on the Authority's available funds has been estimated based on the current average interest rate.

**URBAN RENEWAL AUTHORITY OF DACONO
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, audit, contractual, and professional services, and other administrative expenses for the Authority.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of the incremental property taxes.

Property Tax Increment Payment

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

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

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

**URBAN RENEWAL AUTHORITY OF DACONO
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (Continued)

Property Tax Increment Payment (Continued)

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

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

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

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

**URBAN RENEWAL AUTHORITY OF DACONO
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (Continued)

Property Tax Increment Payment (Continued)

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

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

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

Debt and Leases

City Loan

Between 2016 and 2019, the City of Dacono General Fund loaned the Authority \$877,677 to implement plan objectives. These objectives include eliminating and preventing the spread of blight within the Plan Area and to stimulate growth and investment within the Area boundaries. The funds were used for property acquisition and public improvements in the Plan Area. Currently, the Authority is to retain all of the TIF funds collected. In future years, the Authority anticipates TIF revenues to increase and the loan will be repaid at that time.

Tax Increment Revenue Bonds, Series 2020

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

The bonds bear interest rate of 6.250% per annum and are payable annually on December 1, beginning on December 1, 2020 from and to the extent of available pledged revenue. The bonds mature on December 1, 2039 and are subject to mandatory redemption on December 1 of each year to the extent

**URBAN RENEWAL AUTHORITY OF DACONO
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Tax Increment Revenue Bonds, Series 2020 (Continued)

of available pledged revenue. The bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

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

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

The District has no capital or operating leases.

This information is an integral part of the accompanying budget.