

Jefferson Parkway Public Highway Authority

Annual Financial Report

December 31, 2017

Table of Contents

	Page
Independent Auditor's Report	i
Management's Discussion and Analysis	iii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and Reconciliation to the Statement of Activities	4
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	5
Notes to Financial Statements	6



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

Independent Auditor's Report

Members of the Board of Directors
Jefferson Parkway Public Highway Authority

We have audited the accompanying financial statements of the governmental activities and the major funds of Jefferson Parkway Public Highway Authority (the "Authority") 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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 the major funds of Jefferson Parkway Public Highway Authority, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the general fund 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Haynie & Co.

Littleton, Colorado
September 20, 2019

Jefferson Parkway Public Highway Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

This section of the Jefferson Parkway Public Highway Authority 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 Jefferson Parkway Public Highway Authority.

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 Financial 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 and liabilities. The difference between assets and liabilities are 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 have 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 only result in cash flows in future periods (e.g. uncollected taxes).

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

Fund Financial Statements. Traditional users of the Authority's financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than fund types.

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. A major fund should generally meet the both of the following criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities or expenditures/expenses) for that fund type (i.e. governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund, its General Fund. By rule, this fund is categorized as major.

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

The basic governmental fund financial statements can be found on pages 3-4 of this report.

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. The notes to the financial statements can be found on pages 6-12 of this report.

Government-wide Financial Analysis

At the close of December 31, 2017, the Authority's assets exceeded liabilities by \$4,509,234.

For more detailed information, see the Statement of Net Position on page 1 of this report.

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.

Government 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, unreserved 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 fund reported assets in excess of liabilities by \$489,560. This was made up of a \$38,572 emergency reserves and a \$450,988 unassigned balance.

Budgetary Highlights

- **General Fund**

- Actual 2017 professional services expenditures were above budgeted expenditures due to accruals at the end of year.

Capital Assets and Debt Administration

The Authority currently has one capital asset, commonly referred to as Rocky Flats Transportation Corridor, that was purchased in late 2012. This will be used as part of the development of the highway.

The Authority has no debt.

Current Economic Factors

The first preliminary engineering study for a circumferential beltway for the Denver Metro area was funded by Congress in 1968. More than forty five years later, approximately 80% has been pieced together by the efforts of the State and combinations of various local entities, and several original segments are adding new capacity.

Of the 20 miles remaining, portions of US 6, Highway 93 on the south end, and Interlocken Boulevard on the north end provide some functional transportation capacity, but there is an approximate 10 mile gap where there is no existing transportation infrastructure between Highway 93 north of West 64th Avenue to the intersection of Highway 128 and Simms Street. It is the purpose of the Jefferson Parkway Public Highway Authority (JPPHA) to design, build, operate, maintain, and finance this final un-built portion of the beltway via a public-private partnership.

Between 2003 and 2008, the Colorado Department of Transportation undertook a \$15 million Environmental Impact Statement process to determine the most efficacious way to connect the terminus of the Northwest Parkway in Broomfield to the terminus of C-470 by the Jefferson County Courthouse. Having reached the draft EIS stage in early 2008, CDOT determined that it could not reach a Record of Decision, since the EIS process requires a source of funding to implement the preferred alternative. Instead, it released the draft EIS materials as the Northwest Transportation and Environmental Study and invited any and all interested parties to utilize the information and analysis thus far generated.

In response, the City of Arvada, the City and County of Broomfield, and Jefferson County jointly created the Jefferson Parkway Public Highway Authority on May 22, 2008. Since that time, JPPHA has assembled a team via contracts for legal services, project management, financial advisory services, environmental review, and records management. JPPHA does not have any paid employees. In 2010, the Jefferson Parkway was added to the fiscally constrained regional transportation plan, which indicated that DRCOG and the State Air Quality Commission have determined that the Parkway will not degrade regional air quality over the next 25 years.

In 2011 JPPHA entered into a preferred private partner arrangement with Isolux Corisan, an international company specializing in public private partnership (P3) construction projects. Preliminary investigation has examined of several different financial and operating models though no final decisions have been made at this time. The preferred private partnership relationship lapsed in the spring of 2015.

The Authority completed the purchase of the Rocky Flats Transportation Corridor for \$2.8 million in 2012. The Federal actions that led to that sales were challenged by the City of Golden, the Town of Superior and two environmental groups in January 2013 and that challenged was dismissed in December of that year. Superior and the environmental groups appealed to the 10th Circuit Court of Appeals and oral arguments were made in November 2013. In the spring of 2015 that appeal was also dismissed, confirming the acquisition of the Rocky Flats transportation corridor.

Meanwhile, the Authority has continued to acquire the remaining land needed for the right of way, including the land in private ownership. The Candelas development has dedicated right of way through the development, as well as the Leyden Rock development. The City of Arvada has sought and received approval from Jefferson County Open Space to allow reversion of land originally purchased for open space in the Pattridge property as right of way.

In the spring of 2015, the Authority reached an agreement to purchase an approximate 4 acre parcel from the Hotchkiss family and has acquired a 2.42 acre parcel from the Consolidated Mutual Water Company in November 2016. A recent redesign of the Highway 72 interchange, made at the request of the Jefferson Center Metro District, will require some trading of land and easements between the Authority and JCMD to accommodate the redesign. This may also require the additional acquisition of one acre more or less from a third party. The Authority now has ownership of 100% of the main line right of way, through either outright acquisition or ownership by one of the member jurisdictions. A portion of land at the Rocky Mountain Metro Airport, owned by Jefferson County, is subject to the jurisdiction of the Federal Aviation Administration.

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 care of the Executive Director at the following address:

Jefferson Parkway Public Highway Authority
Attention: Executive Director
8101 Ralston Road
Arvada, CO 80001

Basic Financial Statements

Jefferson Parkway Public Highway Authority
Statement of Net Position
December 31, 2017

Assets	Governmental Activities
Cash and investments - unrestricted	\$ 892,687
Accounts receivable	390
Capital assets	4,019,674
Total Assets	<u>\$ 4,912,751</u>
Liabilities	
Accounts payable	\$ 403,517
Total Liabilities	<u>403,517</u>
Net Position	
Net investment in capital assets	4,019,674
Restricted for:	
Emergencies	38,572
Unrestricted	<u>450,988</u>
Total Net Position	<u>4,509,234</u>
Total Liabilities and Net Position	<u>\$ 4,912,751</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Statement of Activities
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 1,285,736	\$ -	\$ 1,200,040	\$ -	\$ (85,696)
	<u>1,285,736</u>	<u>-</u>	<u>1,200,040</u>	<u>-</u>	<u>(85,696)</u>
General revenues:					
				10,794	
				<u>10,794</u>	
					(74,902)
					<u>4,584,136</u>
					<u>\$ 4,509,234</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2017

	General Fund
Assets	
Cash and investments - unrestricted	\$ 892,687
Accounts receivable	390
Total assets	<u>\$ 893,077</u>
Liabilities	
Accounts payable	<u>\$ 403,517</u>
Total liabilities	<u>403,517</u>
Fund Balances	
Restricted for emergencies	38,572
Unassigned	<u>450,988</u>
Total Fund Balances	<u>489,560</u>
Total Liabilities and Fund Balance	<u>\$ 893,077</u>
Total governmental fund balance per above	\$ 489,560
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:	
Other long-term assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.	
Total Capital Assets	<u>4,019,674</u>
Net position of governmental activities	<u>\$ 4,509,234</u>

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
and Reconciliation to the Statement of Activities
For the Year Ended December 31, 2017

	Total
Revenues:	
Member advances	\$ 1,200,000
Interest income	10,794
Other	40
Total General Revenues	1,210,834
Expenses:	
General government	
Professional services	1,283,822
Dues and subscriptions	759
Travel, trainings and meetings	846
Office and other expenses	309
Total Expenditures	1,285,736
Excess of Revenues	
over expenditures	(74,902)
Fund Balance—Beginning of year	564,462
Fund Balance—End of Year	\$ 489,560

There were no reconciling items between fund balance and change in net position.

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Member advances	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ -
Interest income	4,000	4,000	10,794	6,794
Total Revenue	1,204,000	1,204,000	1,210,834	6,834
Expenditures:				
General government				
Professional services	1,156,500	1,156,500	1,283,822	(127,322)
Insurance	3,000	3,000	-	3,000
Dues and subscriptions	3,000	3,000	759	2,241
Travel, trainings and meetings	1,000	1,000	846	154
Office and other expenses	5,500	5,500	309	5,191
Start-up costs	300,000	300,000	-	300,000
Total Expenditures	1,469,000	1,469,000	1,285,736	183,264
Excess Revenue Over (Under)				
Expenditures	(265,000)	(265,000)	(74,902)	190,098
Fund Balance—Beginning of year	665,337	665,337	564,462	(100,875)
Fund Balance—End of Year	\$ 400,337	\$ 400,337	\$ 489,560	\$ 89,223

The accompanying notes are an integral part of these financial statements.

Jefferson Parkway Public Highway Authority

Notes to Financial Statements

December 31, 2017

1. Definition of Reporting Entity

Jefferson Parkway Public Highway Authority (the Authority), a municipal corporation, was organized in May 2008. The Authority was formed to facilitate the financing, construction, operation and maintenance of a public highway located on the northern and western perimeters of the Denver metropolitan area.

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

The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity.

The Authority has no employees and contracts for all of its management and professional services.

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for capital outlay are shown as increases in assets and redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The Authority reports the following major governmental fund:

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

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

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

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Fund Equity

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

- *Nonspendable fund balance* — The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* — The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* — The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* — The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* — The residual portion of fund balance that does not meet any of the criteria described above.

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

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments

Cash as of December 31, 2017 in the accompanying financial statements consists of the following:

	2017
Investments	\$ 892,687
Total cash and investments	\$ 892,687

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

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

At December 31, 2017, the District's cash deposits had a bank balance of \$3,490 and a carrying balance of \$(14,531), which is presented in the financial statements as a current liability.

Investments

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

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

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

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

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

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

As of December 31, 2017, the Authority had invested in the Colorado Local Government Liquid Asset Trust (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST records its investments at fair market value, and the Authority records its investment in COLOTRUST based on net asset value. As of December 31, 2017, the Authority had \$892,687 invested in COLOTRUST PLUS+.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

3. Cash and Investments (continued)

For investments, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. The investments in ColoTrust may be categorized as follows: (1) insured, registered, or securities held by the Trust or the custodian bank in the Trust's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Trust's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in the Trust's name. Investment securities are categorized to give an indication of the level of risk, including credit risk. All investments of the Trust, including the repurchase agreements, are classified in Category 1. COLOTRUST has a current credit rating of AAA from Standard and Poor's Rating Agency.

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2017 follows:

	Balance at December 31, 2016	Additions	Retirements/ Conveyances	Balance at December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 4,019,674	\$ -	\$ -	\$ 4,019,674

5. Long-Term Liabilities

Effective April 2014, the Authority entered into Advance and Reimbursement Agreements with each of the member entities. The agreements establish the terms and conditions upon which member entities make advances to the Authority and upon which the Authority may make reimbursement to the member entities. Advances include (a) contribution of real property for right-of-way, (b) cash advances, and (c) in-kind contributions. Reimbursement of these advances is contingent upon the Authority issuing bonds; or entering into a concession and lease agreement or similar agreement. In the event that bonds are not issued or an agreement is not entered into, the Authority will reimburse the member entities from available funds not otherwise required for operations, capital improvements, debt service, or other expenses of the Authority. As of December 31, 2017, the total amount advanced to the Authority under these agreements was \$11,074,919. The Authority is obligated to reimburse the member entities for the Advances made to the Authority pursuant to the Advance and Reimbursement Agreements as funds are available.

Jefferson Parkway Public Highway Authority
Notes to Financial Statements (continued)
December 31, 2017

6. Net Position

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

As of December 31, 2017, the Authority had \$4,019,674 in net investment in capital assets, \$38,572 designated as restricted for emergencies and unrestricted net position of \$450,988.

7. Tax, Spending and Debt Limitations

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2017, the Authority had \$38,572 in emergency reserves. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Authority's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.