

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY
Jefferson and Broomfield Counties, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2020

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson Parkway Public Highway Authority

Opinions

We have audited the financial statements of the governmental activities and each major fund of Jefferson Parkway Public Highway Authority (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of December 31, 2020, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VI be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fiscal Focus Partners, LLC

Arvada, Colorado
November 27, 2023

Jefferson Parkway Public Highway Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Jefferson Parkway Public Highway Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance

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 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 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

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 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 6-14 of this report.

Government-wide Financial Analysis

At the close of December 31, 2020, the Authority's assets exceeded liabilities by \$5,126,206. 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.

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, 2020, the Authority's governmental fund reported assets in excess of liabilities by \$7,671. This was made up of \$4,000 emergency reserves and a \$3,671 unassigned fund balance.

Budgetary Highlights

General Fund

- Capital outlay was greater than budgeted, due to an opportunity to acquire needed land for the Jefferson Parkway.
- All other expenditures were at or below budget.

Capital Assets and Debt Administration

The Authority's capital assets are currently made up of land holding, which 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 fifty 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 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 sale 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, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,807
Capital assets, not being depreciated	5,118,535
Total assets	5,126,342
 LIABILITIES	
Accounts and retainage payable	136
Total liabilities	136
 NET POSITION	
Net investment in capital assets	5,118,535
Restricted for:	
Emergencies	4,000
Unrestricted	3,671
Total net position	\$ 5,126,206

The accompanying Notes to Financial Statements are an integral part of these statements.

Jefferson Parkway Public Highway Authority
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Program Revenues				
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government					
Governmental activities:					
General government	\$ 136,637	\$ -	\$ 131,792	\$ -	\$ (4,845)
Total governmental activities	\$ 136,637	\$ -	\$ 131,792	\$ -	\$ (4,845)
		General Revenues:			
					815
					815
					(4,030)
					5,130,236
					\$ 5,126,206

The accompanying Notes to Financial Statements are an integral part of these statements.

Jefferson Parkway Public Highway Authority
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2020

	General Fund
ASSETS	
Cash and investments	\$ 7,807
Total assets	7,807
LIABILITIES	
Accounts and retainage payable	136
Total liabilities	136
FUND BALANCES	
Restricted for:	
Emergencies	4,000
Unassigned	3,671
Total fund balances	7,671
 Total liabilities and fund balance	 \$ 7,807
Total governmental fund balance per above	\$ 7,671
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Capital assets, net	5,118,535
Net position of governmental activities	\$ 5,126,206

The accompanying Notes to Financial Statements are an integral part of these statements.

Jefferson Parkway Public Highway Authority
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Fund

For the Year Ended December 31, 2020

	General Fund
REVENUES	
Member advances	\$ 131,792
Interest income	815
Total revenues	132,607
EXPENDITURES	
General government	
Professional services	135,605
Capital outlay	27,281
Dues and subscriptions	617
Office and other expenses	415
Total expenditures	163,918
Net change in fund balance	(31,311)
FUND BALANCES - Beginning of year	38,982
FUND BALANCES - End of year	\$ 7,671
Net change in fund balance per above	\$ (31,311)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital expenditures, net	27,281
Change in net position of governmental activities	\$ (4,030)

The accompanying Notes to Financial Statements are an integral part of these statements.

Jefferson Parkway Public Highway Authority
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Fund

For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Member advances	\$ 210,000	\$ 131,792	\$ (78,208)
Interest income	1,000	815	(185)
Total revenues	211,000	132,607	(78,393)
EXPENDITURES			
General government			
Professional services	163,300	135,605	27,695
Capital outlay	-	27,281	(27,281)
Dues and subscriptions	-	617	(617)
Office and other expenses	7,700	415	7,285
Emergency reserve	6,000	-	6,000
Contingency	28,500	-	28,500
Total expenditures	205,500	163,918	41,582
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
EXPENDITURES	5,500	(31,311)	(36,811)
FUND BALANCES - Beginning of year	12,854	38,982	26,128
FUND BALANCES - End of year	\$ 18,354	\$ 7,671	\$ (10,683)

The accompanying Notes to Financial Statements are an integral part of these statements.

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 1 – Reporting entity

Jefferson Parkway Public Highway Authority (the Authority), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 2008. The Authority was formed by its members, Jefferson County, City and County of Broomfield, and City of Arvada, to facilitate the financing, construction, operation and maintenance of a public highway located on the northern and western perimeters of the Denver metropolitan area.

In February 2020, the City of Broomfield City Council voted to withdraw its membership in the Authority. As stipulated by the Establishing Contract for the Authority, the withdrawal requires the consent of the City of Arvada and Jefferson County, along with approved provisions to discharge the City of Broomfield's financial obligations. The terms of a withdrawal have not been approved and therefore, any potential financial impact cannot yet be determined.

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.

Note 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 (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

The statement of net position reports all financial and capital resources of the Authority. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the Authority is reported as net position.

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

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for capital assets are shown as increases in assets and redemption of bonds is 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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, when applicable, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is paid.

The Authority reports the following major governmental fund:

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

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.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities of the government-wide financial statements at cost, net of accumulated depreciation. Capital assets are defined by the Authority as those assets with a cost of \$5,000 or greater and an estimated life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

The Authority had no depreciable capital assets at December 31, 2020.

Fund Balances

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

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

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Authority's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

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 above criteria.

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.

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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 – Cash and investments

Cash and investments as of December 31, 2020 in the accompanying financial statements consists of the following:

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

	<u>Governmental</u>
Cash and investments	\$ 7,807
Cash and investments - restricted	-
Total cash and investments	<u>\$ 7,807</u>

Cash and Investments as of December 31, 2020 consists of the following:

	<u>Governmental</u>
Deposits with financial institutions	\$ 1,077
Investments	6,730
Total cash and investments	<u>\$ 7,807</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2020, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of 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, 2020, the Authority's cash deposits had bank balances of \$7,218 and carrying balances of \$1,077.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has adopted a deposit policy, which follows state statutes, for custodial credit risk. As of December 31, 2020, all of the Authority's bank balances and carrying balances were fully insured or collateralized.

Investments

The Authority's investment policy follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Authority. Such actions are generally associated with a debt service reserve or sinking fund requirements.

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

The Authority primarily limits its investments to local government investment pools, 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 custodial credit risk for investments that are in the possession of another party.

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

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

Fair Value Measurement and Application

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which is recorded at amortized cost, and COLOTRUST which is recorded at net asset value.

As of December 31, 2020, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 6,730</u>

JEFFERSON PARKWAY PUBLIC HIGHWAY AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2020

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in three portfolios, two in which the Authority invests in from time to time, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the Authority records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2020, the Authority's investment was in COLOTRUST PLUS+.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Capital assets, not being depreciated				
Land	\$ 5,091,254	\$ 27,281	\$ -	\$ 5,118,535

Note 5 – Long-term obligations

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. 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, which will be contingent upon the Authority issuing

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NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

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, 2020, the total amount advanced to the Authority under these agreements was \$16,932,021.

Note 6 – Net position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the Authority had a net investment in capital assets of \$5,118,535.

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the Authority had net position restricted for emergencies in the amount of \$4,000.

The Authority had unrestricted net position of \$3,671 and total net position of \$5,126,206 as of December 31, 2020.

Note 7 – 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 or volunteers; and natural disasters. The Authority carries coverage for these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

The Authority is a member of the Colorado Intergovernmental Risk Sharing Agency (“CIRCA”) which provides sufficient liability and property coverage to protect against damage to the Authority’s property. Other coverage includes general liability coverage.

Note 8 – Tax, spending and debt limitation

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

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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). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2020, the Authority had \$4,000 restricted for emergency reserves.

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 interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

Note 9 – Subsequent Events

On February 25, 2020, the City and County of Broomfield adopted a resolution seeking to withdraw as a member of the Authority. On June 1, 2022, the Authority's other members, Jefferson County and the City of Arvada, filed a joint Complaint for Breach of Contract, Breach of Duty of Good Faith and Fair Dealing, Promissory Estoppel and Damages (the Complaint). Broomfield filed its Motion to Dismiss the Complaint on September 22, 2022 alleging that the Authority was an indispensable party. In the meantime, all three members of the Authority engaged in settlement discussions, which were still underway at the date these financial statements were available to be issued. The Court dismissed the Complaint for failure to join the Authority as an indispensable party in November of 2023. The Authority's Board of Directors voted on October 19, 2023 to join the litigation, and it is expected that, in the event settlement is not reached, the case will be refiled.

The Authority has evaluated subsequent events through November 27, 2023, the date the financial statements were available to be issued.