

Colorado High Performance Transportation Enterprise
Financial Statements and Independent Auditor's Reports
Financial Audit
Years Ended June 30, 2024 and 2023
Compliance Audit
Year Ended June 30, 2024



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Members of the Legislative Audit Committee
Colorado Department of Transportation
High Performance Transportation Enterprise

We have completed the financial statement and compliance audit of the Colorado Department of Transportation's High Performance Transportation Enterprise (the Enterprise or HPTE) as of and for the year ended June 30, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of State government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 2, 2024

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Colorado High Performance Transportation Enterprise

June 30, 2024 and 2023

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Colorado High Performance Transportation Enterprise

Report Summary

Year Ended June 30, 2024

Purposes and Scope of Audit

The Office of the State Auditor engaged CliftonLarsonAllen (CLA), LLP to conduct a financial and compliance audit of the Colorado High Performance Transportation Enterprise for the fiscal year ended June 30, 2024. CLA performed the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The audit of the Colorado High Performance Transportation Enterprise (the Enterprise or HPTE) was performed under authority of Section 2-3-103, C.R.S.

The purposes and scope of this audit were to:

- Express opinions on the financial statements of the Enterprise as of and for the years ended June 30, 2024 and 2023, including consideration of internal control over financial reporting as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the year ended June 30, 2024.
- Review the Enterprise's compliance with rules and regulations governing the expenditure of federal and state funds for the year ended June 30, 2024.
- Issue a report on the Enterprise's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audit of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2024.

Audit Opinions and Reports

The independent auditor's reports included herein expressed an unmodified opinion on the Enterprise's financial statements as of and for the years ended June 30, 2024 and 2023.

No instances of noncompliance considered material to the financial statements were disclosed by the audit.

Summary of Key Findings and Recommendations

There were no findings for the years ended June 30, 2024 and June 30, 2023.

Significant Audit Adjustments

There were no significant audit adjustments proposed.

Colorado High Performance Transportation Enterprise

Report Summary

Year Ended June 30, 2024

Auditor's Communication to Legislative Audit Committee

The auditor's communication to the Legislative Audit Committee describes the auditor's responsibility under auditing standards generally accepted in the United States of America and significant management judgments and estimates. This communication is located on page 93.

Colorado High Performance Transportation Enterprise

Background

Year Ended June 30, 2024

On March 2, 2009, former Governor Ritter signed into law Colorado SB 09-108, *Funding Advancement for Surface Transportation and Economic Recovery Act*, otherwise known as FASTER, creating the High Performance Transportation Enterprise (HPTE or the Enterprise) as a government-owned business within the Colorado Department of Transportation (CDOT). The new law created the High Performance Transportation Enterprise, replacing the Colorado Tolling Enterprise (CTE) that had been established in 2002. With the passage of the new legislation, the CTE ceased to exist on March 2, 2009, and CTE's activities for the remainder of the fiscal year were assumed by HPTE. Any residual funds available from the original CTE were consolidated into HPTE.

The HPTE has the legal responsibility to aggressively seek out opportunities for innovative and efficient means of financing and delivering important surface transportation infrastructure projects in the State. It has the statutory power, among others, to impose tolls and other user fees, to issue revenue bonds secured by those fees, and to enter into contracts with public and private entities to facilitate Public Private Partnerships (P3s), which are partnerships between a government and a private sector company that can be used to finance, build, and operate projects.

The law also introduced a new governance structure, creating a HPTE Board of Directors (the HPTE Board), which includes a mix of State Transportation Commissioners and external stakeholders appointed by the Governor to provide expertise, guidance, and oversight in analyzing P3s and other creative financings mechanisms.

The revised Colorado High Performance Transportation Enterprise statute, Section 43-4-806 C.R.S., requires two separate funds to manage the Enterprise. The Statewide Transportation Special Revenue Fund is referred to in statute and herein as the Transportation Special Fund. The Transportation Special Fund receives revenues collected from tolls, fees, and other fines with the intent to separately account for authorized projects. The principal revenue for this fund comes from the I-70 Eastbound and Westbound Mountain Express Lanes (MEXL), the I-25 North U.S. 36 to 120th Avenue Express Lanes, the I-25 North 120th to Northwest Parkway/E-470 Express Lanes, the C-470 I-25 to Wadsworth Boulevard Express Lanes, I-25 South Monument to Castle Rock Express Lanes, and the Central 70 Express Lanes. Before March 7, 2014, HPTE collected revenue from the I-25 Central Reversible Lanes. However, revenues from those lanes ceased when Plenary Roads Denver (PRD) commenced operations under the U.S. 36 Managed Lanes Concession Agreement.

The second fund, the Enterprise Operating Fund, referred to as the Operating Fund, was created to house the monies loaned by the Transportation Commission from the State Highway Fund. These monies are intended to defray expenses incurred by the Enterprise prior to the receipt of revenues either from bond proceeds or user fees. Beginning in 2016, HPTE's fees earned for providing services pursuant to the Fee for Service Interagency Agreement are also deposited into the Operating Fund. Statutes require that the Operating Fund is to be maintained and reported separately from the Transportation Special Fund. Therefore, the financial information for each fund is separately presented with combined totals in the accompanying financial statements for the Enterprise.

Colorado High Performance Transportation Enterprise

Background

Year Ended June 30, 2024

The Enterprise retains the status of an enterprise for purposes of Section 20 of Article X of the State Constitution (commonly referred to as “TABOR”), and accordingly, is not subject to the revenue and spending limitations of TABOR as long as it receives less than 10 percent of its total revenues in grants from the State and local governments. Management did not identify any violations of this enterprise status for Fiscal Years 2023-2024 or 2022-23.

In 2021, at the direction of the HPTE Board of Directors, HPTE underwent a rebranding effort. There was consensus that the HPTE office needs a complementary but separate identity from CDOT. Board members felt that our name should communicate progress, trust, and a focus on the state’s critical infrastructure projects. The Board formally approved the new Colorado Transportation Investment Office (CTIO) name and rebranding in November 2021. While HPTE remains the name for the enterprise in all legal, contractual, and legislative documents, the Colorado High Performance Transportation Enterprise is now doing business as the Colorado Transportation Investment Office (CTIO).

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INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee
Colorado Department of Transportation
High Performance Transportation Enterprise

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Colorado High Performance Transportation Enterprise (the Enterprise or HPTE), an enterprise fund of the State of Colorado, Department of Transportation, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Enterprise's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Enterprise, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 – Nature of Operations and Summary of Significant Accounting Policies, the financial statements of the Enterprise are intended to present the financial position and the changes in financial position, and cash flows for only that portion of the financial reporting entity, State of Colorado, Department of Transportation, that is attributable to the transactions of the Enterprise. They do not purport to, and do not, present fairly the financial position of the State of Colorado, Department of Transportation as of June 30, 2024 and 2023, the changes in its financial position, or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 Enterprise's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information 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.

Other Information

Management is responsible for the other information included in the annual financial and compliance report. The other information comprises the background of the Colorado High Performance Transportation Enterprise, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Enterprise's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Enterprise's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
December 2, 2024

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Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Management's Discussion and Analysis (MD&A) was prepared by the Colorado High Performance Transportation Enterprise (the Enterprise or HPTE) and is designed to provide an analysis of the Enterprise's financial condition and operating results for the fiscal years ended June 30, 2024 and 2023. The MD&A also informs the reader of the financial issues and activities related to the Enterprise. It should be read in conjunction with the Enterprise's financial statements.

Program Overview

The revised Colorado High Performance Transportation Enterprise statute requires two separate funds for the management of the Enterprise. The Statewide Transportation Special Fund is referred to in statute and herein as the Transportation Special Fund. The principal revenues of the Enterprise are deposited into this fund and include all toll revenue generated from the Express Lanes Network on I-25, I-70, and C-470. The fund is statutorily authorized to separately account for authorized projects as well as to repay loans made to the HPTE Operating Fund (see below) when sufficient revenues are generated to do so.

In May 2015, HPTE entered into a tolling services agreement with E-470 Public Highway Authority (E-470), which allowed E-470 to perform back-office services for HPTE. Those services include collection and remittance of the tolls that are earned in HPTE's express lanes, general maintenance of tolling equipment, use of the Express Toll website, toll billing and collections, license plate image review, transponder mailing and inventory management, and customer service. HPTE and E-470 entered into an amendment to the Tolling Services Agreement in January 2022 to extend the term of the TSA from June 30, 2023 to June 30, 2028.

The second fund is the Enterprise Operating Fund, referred to herein as the Operating Fund. The Operating Fund was initially funded with monies loaned by the Transportation Commission to HPTE from the State Highway Fund (such monies were intended to defray expenses incurred by the Enterprise prior to the receipt of revenues either from bond proceeds or fees). Beginning in 2016, HPTE's fees earned for providing services pursuant to the Fee for Service Interagency Agreement are also deposited into the Operating Fund. Statutes require that the Operating Fund be maintained and reported separately from the Transportation Special Fund. Therefore, the financial information for each fund is presented with combined totals in the accompanying financial statements for the Enterprise.

Including the Director, the Enterprise presently has sixteen staff for the administration of the program. The time that CDOT staff works for the Enterprise is billed to and paid by the Enterprise. Program areas supported by CDOT staff include: Accounting, Communications, Budget, and Contracts and Procurement.

The Enterprise retains the status of an enterprise for purposes of Section 20 of Article X of the State Constitution (TABOR) so long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues in grants from the State and local governments. Management has not identified any violations of this enterprise status for Fiscal Years 2023-24 or 2022-23.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Program Planning and Future Project Development

Fee For Service

A study in early 2015 was completed and concluded that HPTE provides a necessary benefit to CDOT and assigned values for HPTE services and tasks. In June 2015, HPTE entered into its first Fee for Service Interagency Agreement (IAA) with CDOT, which compensates HPTE for providing CDOT direct benefits by accelerating infrastructure projects that ordinarily would not have been undertaken due to the constrained fiscal environment. HPTE's status as an enterprise under Section 20 of Article X of the Colorado Constitution, also known as TABOR, has allowed HPTE to accelerate the development and delivery of critical transportation infrastructure projects using innovative financing, public-private partnerships, user fees, revenue bonds, and private commercial loan agreements.

This and subsequent IAA's divide HPTE's tasks into categories linked to the stage of development of the various surface transportation projects and require HPTE and CDOT to create an annual scope of work. HPTE is required to provide CDOT a progress report every January 15th and July 15th of each fiscal year. The progress reports are used by CDOT and HPTE to recognize revenue and expenses, respectively. Per the agreement, HPTE will invoice CDOT for services that will be provided under the scope of work and the agreement will be renewed annually (or as often as additional work arises). HPTE's fees earned for providing services pursuant to the IAA are deposited into the Operating Fund.

Memorandum of Understanding (MOU)

A MOU between HPTE and CDOT was originally signed in 2013. At the direction of the HPTE Board, the MOU was updated in Fiscal Year 2020-21 and approved by both HPTE and CDOT in January 2021. The revised MOU concentrates on the services HPTE and CDOT offer and how they work together to improve the state surface transportation system. The MOU also acknowledges that as HPTE has grown into a successful tolling operator, challenges and growing pains have emerged around the operations and maintenance of Express Lanes, and through the MOU, HPTE and CDOT developed a new IAA for Tolling Operations and Maintenance, which is discussed below.

Tolling Operations and Maintenance

In recognition of the specialized operations and maintenance expertise that CDOT provides to HPTE, HPTE and CDOT have determined a new structure that will provide an upfront payment to CDOT to cover Express Lane operation and maintenance (O&M) costs for the upcoming year through a new annual Tolling Operations and Maintenance (TOMs) IAA. This IAA documents the terms of the overall business relationship between CDOT and HPTE. It includes the scope of work HPTE wants CDOT to provide for the upcoming fiscal year, the cost calculations to deliver the work, and the process by which CDOT charges HPTE for the fair market value of the services provided. It ensures a proactive approach to determining O&M costs and will ensure equity in O&M cost sharing as the network of Express Lanes grows. Three key areas of work addressed under the scope of work include 1) Roadway Maintenance such as snow and ice removal, guardrail, and pothole repair, 2) Operational Support such as monitoring and response to traffic and incident management, and 3) Intelligent Transportation Systems (ITS) maintenance and monitoring of the electronic tolling equipment. The IAA for Fiscal Year 2023-24 was approved by HPTE and the Transportation Commission in May 2023.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Express Lanes Master Plan (ELMP)

In February 2020, HPTE completed an ELMP to assist in planning for future projects. The goal of the ELMP is to 1) identify and prioritize corridors that have the potential to benefit from Express Lanes in the future, 2) identify the potential revenue-generating capacity of those corridors, 3) estimate the potential cost and level of construction impact of various Express Lanes design alternatives, 4) identify whether HOV travel should be a component of the corridor, and 5) engage with stakeholders to inform technical analysis, project approach, and ultimate recommendations. HPTE is working with CDOT to implement identified projects, including I-270.

Commercial Back Office System (CBOS) Procurement

HPTE started discussing the CBOS procurement in mid 2021 and an HPTE Board subcommittee on the CBOS Procurement was formed in October 2021. The first draft of the RFP was released on April 28, 2023, with the final RFP released on November 3, 2023. Following an extensive proposal review process, HPTE issued a Notice of Intent to Award on July 12, 2024 to Emovis US, Inc. This Notice of Intent to Award is subject to execution of written contract and HPTE is in final negotiations with the selected vendor. HPTE anticipates issuing Notice to Proceed expected in Winter 2024. Emovis US, Inc. is a leading provider of all electric tolling and smart mobility solutions as a part of the Abertis Mobility Services with offices in the US, Spain, and France. Emovis has been active in tolling worldwide for more than 40 years, delivering and operating tolling systems (roadside and back office) for clients in the US (e.g., Rhode Island Turnpike and Bridge Authority, Golden Gate Bridge, Richmond Municipal Authority, Puerto Rico Highway Transportation Authority), and abroad (e.g., Dartford Crossing, Mersey Gateway Bridge, orbital toll roads of Dublin-M50 and London-M25).

The selected vendor will provide a full suite of services of tolling back office services including processing of roadside transactions, customer service and billing. The design, buildout, and implementation of the system will take two years with service commencing in the fall of 2026.

Express Lane Safety Enforcement Enabling Legislation

In 2022, the Colorado legislature passed a new bill (House Bill 22-1074: Traffic Violation on the I-70 Shoulder Lanes) to reinforce the rules of using Express Lanes to improve safety and allow the HPTE to enforce these rules using civil penalties. The rules include the following:

- Drivers cannot drive in the Peak Period Shoulder Lane (also known as the Mountain Express Lanes) when signage indicates that it is closed in all cases except in an emergency or an authorized emergency vehicle.
- A driver cannot weave in and out of toll lanes and general purpose lanes over the solid white line. This constitutes a failure to adhere to Express Lane rules and failure to pay a toll.
- If the Peak Period Shoulder Lane is open, a person cannot drive in it if their vehicle has more than two axles or exceeds 25 feet in length.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

HPTE is authorized by law to enforce these rules for violations in accordance with new legislation and establish an administrative toll enforcement process (civil penalty). Enforcement began in August 2023, proceeded by a robust and extensive communications outreach plan to inform the public.

When enforcement began, violators were identified using a sophisticated, first in the nation technology that includes sensors, cameras, and software. These elements work together to identify vehicles that are weaving in and out of the lane, using the lane when it is closed, driving an oversized vehicle in the lane, and attempting to conceal their license plates through tampering or reflective materials.

The penalty for these infractions is a \$75 civil penalty sent via mail based on the registered address of the vehicle's license plate. Violations not paid within 20 days of issuance will increase to \$150 civil penalty. The Express Lanes Safety Enforcement Program is active on I-70 Mountain Express Lanes, C-470, and I-25 North (U.S.36 to E-470/Northwest Parkway), with plans to roll the program out across the remaining corridors in Fiscal Year 2024-25.

Supporting Surface Transportation Development

During the 2024 Legislative Session, the Colorado General Assembly passed Senate Bill 24-184, titled "Supporting Surface Transportation Development". The bill clarifies the scope of the High Performance Transportation Enterprise's powers and duties to expand its capacity to execute its charge and, more explicitly, prioritize mitigation of traffic congestion and traffic related pollution through the completion of multimodal surface transportation infrastructure projects.

The bill, which was signed into law by Governor Polis on May 16, 2024, contained the following key elements:

- Authorizes HPTE to impose a congestion impact fee, as a new user fee, in maximum amounts of up to \$3 per day.
- Clarifies the providing diverse multimodal transportation options, including rail projects, that reduce traffic congestion and degradation of existing surface transportation infrastructure is part of the transportation enterprises' statutory charge.
- Requires the HPTE to develop a new multimodal strategic capital plan that aligns with CDOT's 10 year transportation plan and statewide greenhouse gas pollution reduction goals and priorities, complies with specified environmental standards adopted by the Transportation Commission, and prioritizes benefits to user fee payers and the reduction of adverse impacts on highways.
- Requires HPTE to complete an initial assessment of opportunities available through 2030 to leverage federal money made available to the state and to thereafter assess such opportunities on an ongoing basis.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

- Requires HPTE to detail its work to reduce traffic congestion and greenhouse gas emissions and support the expansion of public transit in its annual report to the legislative committees with oversight over transportation.
- Modifies an existing definition of “surface transportation infrastructure” to more clearly include multimodal transportation options and transportation of freight.
- Requires the Front-Range Rail District (Rail District), in cooperation with RTD, CDOT and HPTE, to provide to the Transportation Legislation Review Committee and the Governor an implementation plan for construction and operations of the northwest corridor from Denver to Ft. Collins and may also consider the creation of a Colorado Rail Authority.

Burnham Yard

For close to 150 years, Burnham Yard was a central agent of economic activity for the Denver Metro region. The land was acquired and developed by the railroad in 1871, five years before Colorado became a state. Throughout the latter part of the 19th century and for most of the 20th century, Burnham Yard was a driving force of economic activity, vitality, and commerce. It served as a repair, refueling, maintenance, manufacturing, and storage facility for Denver and Rio Grande Western Railroad (DRG&W), Southern Pacific (SP), and then Union Pacific Railroad (UPRR) activities over the past century and a half and employed hundreds of individuals in the Denver Metro area. With the turn of the 21st century, Burnham Yard's importance as an economic engine became less pronounced and other modes of freight and individual transportation rose to primacy.

Burnham Yard is located in central Denver between four of Denver's main road arteries: I-25, Colfax Avenue, Speer Boulevard, and 6th Avenue, and is less than a mile from Mile High Stadium, the Denver Art Museum, and Denver's Central Business District.

UPRR decommissioned Burnham Yard in 2016, leaving it mostly unused. HPTE purchased the property in 2021.

To acquire the Burnham property, HPTE borrowed \$55.8 million through loans from Bank of America, and J.P. Morgan Chase Bank, (\$22.9 million each) and a loan from CDOT for \$10 million. Additionally, CDOT contributed \$5 million to HPTE, that HPTE will set aside to cover environmental, land use planning, and/or other costs to be spent during the next three to five years on improvements to the property, which would be expected to increase property value and facilitate a disposition to a developer. CDOT and HPTE anticipate retaining approximately 17 acres for future transportation use and will be working with the City and County of Denver and stakeholders on a two to three-year study to determine specific mobility needs and a purpose and need for other potential projects.

To make the project creditworthy for the bank market, HPTE entered into an IAA with CDOT that documents the substantive terms of how CDOT and HPTE work together and allocate rights and responsibilities on the Burnham Yard project. Under the Burnham Yard IAA, HPTE is responsible for acquiring the Burnham Yard Property, which includes negotiating the Purchase and Sale Agreement with

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

the UPRR, reviewing title and survey, and undertaking short-term financing to cover the remainder of the purchase price. In exchange, CDOT will reimburse HPTE for the financing related costs. During the next five years (2021-2026), CDOT and HPTE will:

- Determine boundaries for the transportation related parcels, HPTE will start the process to dispose of the remnant or non-transportation related parcels.
- Undertake the necessary environmental studies to determine the location and quantity of the transportation related parcels.
- Coordinate with other state agencies, such as the Colorado Office of Economic Development and International Trade (OEDIT), the Department of Local Affairs (DOLA), and other state agencies regarding the mitigation of CDOT's risk on non-transportation related parcels.
- Negotiate and enter into a Memorandum of Understanding with the City and County of Denver for the development of a Small Area Plan by the Denver Department of Community Planning and Development (CPD), which will include engagement with community members, stakeholders, the Partnering Agencies, and development of an Infrastructure Master Plan for the Burnham Yard, in accordance with the standard CPD Large Development Review process.
- Coordinate with CDOT to possibly advance conceptual land use and infrastructure planning either through the use of a consultant or through a possible developer, and engage with the Colorado Department of Public Health and Environment regarding environmental remediation of the Property through enrollment in the Voluntary Cleanup Program (VCUP).
- Support the entitlement process for property, including possible re-zoning to allow for the highest and best use of the Remnant property.
- Engage the Denver Urban Renewal Authority (DURA) on blight studies and/or the establishment of an urban renewal area, in order to make available tax increment financing revenues to support the cost of public infrastructure and environmental remediation for development of the Remnant Property.

In October 2022, HPTE kicked off the Burnham Yard Transportation Planning Study that will focus on:

- Track alignment for the Consolidated Main Line (CML), RTD light rail lines, and the future right of way needed for Front Range Passenger Rail (FRPR).
- Meeting facilitation with stakeholders and the neighborhood.
- Noise, vibration, and dust analysis for each track alignment option.
- Leveraging parallel efforts occurring with FRPR.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

The study is anticipated to be completed in the Winter of 2024.

Express Lane Projects

I-70 Mountain Express Lane (MEXL)

The MEXL Eastbound project opened for tolling on December 19, 2015. The 12 lane miles of existing shoulders on I-70 between the Twin Tunnels located east of the city of Idaho Springs to Empire Junction were expanded to allow tolled traffic on the eastbound shoulders during peak travel times. Prior to the lanes opening, HPTE and CDOT negotiated agreements for the details of this project with Clear Creek County, Federal Highway Administration (FHWA), and the City of Idaho Springs. Since the opening in 2015, the express lanes have shown success in both the winter and summer seasons in reducing congestion and improving travel times and safety. Given the benefits of the eastbound Mountain Express Lanes, CDOT and HPTE constructed a westbound Mountain Express Lane from the Veterans Memorial Tunnel to Empire Junction that opened for tolling in August 2022.

To deliver the initial eastbound project, HPTE arranged financing for the construction of the I-70 MEXL project through a \$25 million construction loan with Banc of America Preferred Funding Corporation in 2014. This original loan was always intended to be an interim financing tool, with a refinancing to be completed between 2020 and 2021. HPTE completed the refinancing process and entered into a new loan agreement with Wells Fargo in January 2021. HPTE selected a three-year term to secure a favorable interest rate of .76 percent, saving a significant amount on interest costs over the initial term of the loan. Payments are due annually in December. Under the 2021 loan, after the initial fixed rate period, the interest rate would have increased to 7 percent through January 29, 2027.

With the term out provisions commencing on January 29, 2024 (Through the increased interest rate and principal amortization commencing in 2024), HPTE decided to refinance the 2021 loan with Wells Fargo and closed in January 2024. HPTE's goal is to retain maximum flexibility under the new 2024 loan agreement as it works to close the TIFIA loan for the Floyd Hill project and save on interest costs where possible. With these goals in mind, HPTE selected a 36 month variable rate loan that is callable at any time.

HPTE anticipates that the toll revenues generated from both the current I-70 MEXL eastbound lanes as well as the westbound lanes will be pledged as part of the larger Floyd Hill to Veterans Memorial Tunnels project on I-70 west of the Denver Metro Area in Clear Creek and Jefferson Counties.

Floyd Hill

The \$700 million I-70 Floyd Hill Project will improve eight miles of the I-70 Mountain Corridor, from west of Evergreen to eastern Idaho Springs. It includes three main sources of improvements (West section- approximately Idaho Springs to Hidden Valley, Central Section -approximately Hidden Valley to U.S. 6, East Section-approximately U.S. 6 to County Road 65), as well as early projects developed through the National Environmental Policy Act (NEPA) process.

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CDOT has identified \$460 million in combined enterprise financing from the Bridge and Tunnel Enterprise (BTE) and HPTE. In January 2020, HPTE initiated a funding gap study to determine its share of toll revenue backed financing. The study was finished in Spring 2022 and identified that HPTE could contribute an estimated \$165 million through the United States Department of Transportation (USDOT) Build America Bureau (BAB) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program.

HPTE began work on the TIFIA loan process in Summer of 2022 and is targeting a loan close in Spring 2025. Floyd Hill project construction began in Summer 2023 and be completed in mid 2027.

I-25 Corridor, Segment 6 (Berthoud to Johnstown)

The next phase of the I-25 North improvements along the Front Range adds 13 lane miles of Express Lanes between Berthoud and Johnstown. This project, which broke ground in September 2019 and is anticipated to be completed by end of calendar year 2023, with tolling commencing in Spring of 2024. The improvements provided by this project will provide the traveling public better connections between the Denver area and the Northern Front Range and link drivers to safer, time saving mobility choices. The project will add an Express Lane in each direction of I-25, replace aging bridges, make interchanges safer and more efficient, and improve infrastructure for bus transit along the I-25 corridor. The project will also add carpool and transit facilities, create new pedestrian and bicycle accesses, improve drainage systems, and improves the alignment of I-25 for safer travel. Funding sources for Segment 6 include a federal Better Utilizing Investments to Leverage Development (BUILD) grant, Senate Bill (SB) 09-267 transfers, BTE funds and more than \$13 million in contributions from the communities and counties served by this corridor.

I-25 North (Johnstown to Fort Collins)

In conjunction with the project underway between Berthoud and Johnstown, improvements at the northern most portion of the corridor between Johnstown and Fort Collins will add 34 lane miles of Express Lanes. This \$600 million project, which broke ground in the fall of 2018, is anticipated to be completed in Spring 2025, and will bring significant structural investment to one of the fastest growing areas of the State. The planned improvements will add an Express Lane in each direction of I-25, construct a new park-n-ride facility, mobility hub, and replace aging bridges. Funding sources included a federal Transportation Investment Generating Economic Recovery (TIGER) grant, SB09-267 transfers, SB09-228 transfers allocated to the project in Fiscal Year 2017-18, BTE funds, HPTE financing and more than \$52 million in contributions from the communities and counties served by this corridor.

In August 2020, HPTE began working with the BAB TIFIA program to secure toll revenue backed financing for the I-25 Segment 7 and 8 project. The TIFIA loan closed in August 2023 for \$501 million with an interest rate of 4.26 percent.

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I-25 Gap: Monument to Castle Rock

Widening I-25 from four to six lanes for the 18 miles between Monument and Castle Rock has long been a focus for corridor travelers and elected officials. Improvements include the construction of 36 lane miles of Express Lanes, bridge replacements and the construction of wildlife crossings. In 2017, CDOT was able to accelerate the environmental planning for this project by redirecting \$15 million of flexible state funds from the C-470 project that were originally allocated to serve as a “backstop” for loans that would be financing the project in order to allow the project to progress. The accelerated environmental study examined opportunities to improve operations, reduce congestion and provide more predictable travel times for users. The I-25 South environmental study was also funded in part by \$3.75 million in Responsible Acceleration of Maintenance and Partnerships (RAMP) Development funds. This project was awarded a \$65 million Infrastructure for Rebuilding America (INFRA) grant by USDOT in June 2018. Construction started in the fall of 2018 and tolling commenced in January 2024.

C-470: I-25 to Wadsworth Boulevard

The C-470 I-25 to Wadsworth Express Lanes project broke ground in August 2016 and opened for tolling in August 2020. In addition to the 30 lane miles of new Express Lanes, the project reconstructed a portion of the existing pavement, added auxiliary lanes between interchanges, improved portions of on- and off-ramps, widened the existing bridges through the project area, replaced the bridges over the South Platte River, installed water quality features, noise barriers, installed Intelligent Transportation Systems elements and tolling equipment, and added grade separations for the multi-use trail at Quebec Street and Colorado Boulevard. The new Express Lanes offer improved traffic flow, trip reliability, and safety to the corridor. To deliver the project, HPTE received credit assistance from TIFIA in the amount of \$106 million and \$176.5 million toll revenue backed bonds, which closed in June 2017. Tolling commenced in August 2020.

Public Private Partnerships (P3)

Central 70: Brighton Boulevard to Chambers Road

HPTE is working closely with CDOT and the Statewide Bridge and Tunnel Enterprise (BTE) on the Central 70 project. In February 2015, the Transportation Commission approved using a Design, Build, Finance, Operate and Maintain (DBFOM) availability payment Public-Private Partnership (P3) procurement. The P3 DBFOM structure was selected as the delivery method because of its ability to transfer more risk to the private sector in several key areas including the long-term costs of maintaining the corridor. In this model, the concessionaire is given annual performance payments and must meet strict operations and maintenance standards. Central 70 is HPTE's second major P3 project.

In November 2017, HPTE and BTE reached commercial close with Kiewit Meridiam Partners LLC (KMP). The financial close of the project agreement between HPTE and KMP was completed in December 2017. The construction started in the summer of 2018.

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The full project scope included removing the elevated section of I-70 between Brighton and Colorado Boulevards, lowering this portion of the highway below ground, constructing a cover over a portion of the lowered highway, and installing one additional Express Lane in each direction along the length of the project from Brighton Boulevard to Chambers Road.

This project includes a 1.8-mile viaduct bridge, which ranks as the highest priority project for BTE to complete. CDOT, in collaboration with HPTE and BTE, identified a total project delivery cost of approximately \$1.2 billion to construct the 10-mile project. Funding sources committed to the Central 70 Project included \$850 million from BTE, \$50 million from Denver Regional Council of Governments (DRCOG), transfers from SB16-228 funds totaling \$180 million, HPTE toll revenues, and \$37 million from the City and County of Denver.

A Settlement Agreement was executed on May 9, 2019 between BTE, HPTE and KMP, to resolve four Supervening Events (potential claims). The Settlement Agreement involved amendments to the project documents, including a settlement payment of \$7.6 million and a time extension to address these events, which was paid BTE and CDOT. The payment of \$7.6 million was made at substantial completion, in February 2023.

Certain challenges related to the Union Pacific Railroad (UPRR) crossing began in late 2018 affecting the Project timeline. Despite all parties' best intentions and a sincere desire to wholly alleviate and eliminate the potential for those delays, project schedule impacts continued beyond the original project timeline. Because of additional eligible costs incurred by KMP due to the delays and a lower interest rate environment, a unique opportunity exists to refinance the Developer's TIFIA loan amount. Doing so allowed the project to generate additional financing proceeds, to defray increases in Project costs, to restructure debt to minimize delays costs, and greatly minimize future risk to the project.

The parties' efforts to refinance the KMP's existing TIFIA loan (\$416 million) and raise additional TIFIA debt of \$49 million, was successful due to the P3 structure of the project. The HPTE Board approved the debt restructuring during the April 2021 meeting and the transaction closed in September 2021.

Central 70 Globeville and Elyria Swansea Tolling Equity Program (GES)

As part of the Central 70 Record of Decision (ROD) in 2017, a range of environmental justice concerns were acknowledged. One issue identified was how the project might impact low income populations living in the areas adjacent to the project. To mitigate this potential equity impact, the ROD included a commitment that HPTE would develop a program that would provide some type of discounted access to the Express Lanes for eligible populations in these neighborhoods. Ten months of work and engagement with stakeholders, Denver council members, and GES residents resulted in a preferred program option being identified in December 2021 and approved by the HPTE Board in April 2022. The preferred program identifies an initial one time Express Lanes transponder and toll credit totaling \$100, plus an additional annual pool for funds (15 percent of net revenue) for GES residents to spend on either transit passes or adding credit to Express Lanes accounts.

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Since the program launched in March 2023, program participants have used over 20,260 RTD 10 ride local ticket books, and 37 monthly passes have been issued within the community, costing \$116,000 over eight months. (July and August were free transit months, and no passes were issued then). Almost 60 vehicles have been registered for the toll credits, at a total cost of \$7,000. HPTE staff continue to evaluate how to increase program participation, particularly for the toll credits element.

U.S. 36: I-25 to Table Mesa

Plenary Roads Denver (PRD) was responsible for the design and construction of Phase 2 of the project and operations and maintenance of the Phase 1 and Phase 2 of U.S.36 Express Lanes and the Central I-25 Express Lanes that connect U.S. 36 to downtown Denver. PRD's obligations include routine and lifecycle maintenance (replacement and rehabilitation) of U.S. 36 Express Lanes and the existing I-25 Central Express Lanes, as well as routine maintenance in the four general purpose lanes and the bus on shoulder lanes. Routine maintenance includes minor repairs and snow and ice removal. PRD is also responsible for tolling operations on the U.S. 36 and I-25 Central Express Lanes. PRD and HPTE employed a sophisticated financial agreement, consisting of four tranches of debt on two liens, in addition to PRD's equity. As part of this financing package, PRD assumed HPTE's existing obligations from the project's first phase, a \$54 million TIFIA loan, and issued approximately \$20 million of additional parity Private Activity Bonds (PABs). PRD also entered into a new \$60 million TIFIA loan. Finally, PRD issued approximately \$20 million of subordinate debt, with HPTE acting as a conduit issuer.

The PABs are not a liability of the HPTE and will be repaid by the concessionaire with future toll revenues. HPTE does not receive any toll revenue generated from the U.S. 36 Express Lanes project.

In May 2019, the CDOT Transportation Commission provided funding to complete a package of repair work that was originally agreed to be done before PRD took over maintenance of the U.S. 36 corridor (referred to as Initial Works). The concession agreement allowed for PRD to procure a contractor and oversee construction management on the project. The Initial Works are being completed in three phases. Phase I and 2 (referred to as the U.S. 36 Initial Works Pavement Repairs) were completed in May 2020. Work for Phase 3 began in Summer 2021 and completed in Summer 2022. The scope of work included:

- Bridge repair and maintenance for 20th Street Bridge and Baseline Road Bridge.
- Pavement and shoulder repairs identified in the five year lifecycle plan between the U.S. 36/I-25 interchange to the U.S.36/Pecos Street interchange, including replacement and rehabilitation of large pavement gaps in the general purpose lanes.
- Vegetation Management on the eastbound side of U.S. 36 between Baseline and Table Mesa.
- Erosion repair along eastbound Pecos ramps.
- Traffic sign renewal and lighting repair.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Using This Annual Report

This annual report consists of a series of financial statements.

The Enterprise reports two major funds, the Transportation Special Fund and the Operating Fund.

The statements of net position includes the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position and provides information about HPTE's assets and liabilities and reflect the financial position of HPTE as of June 30, 2024 and 2023. Over time, increases or decreases in the net position continue to serve as a useful indicator of whether the financial position of the Enterprise is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred for the years ended June 30, 2024 and 2023. Revenues and expenses are reported on the accrual basis. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal years.

The statements of cash flows present information of cash inflows and outflows related to the Enterprise's activities for the years ended June 30, 2024 and 2023.

Revenues and expenses of the Enterprise are accounted for on a fiscal year basis and are presented herein.

Net Position Analysis

Condensed Statements of Net Position

As of June 30	Transportation Special Fund			Operating Fund		
	2024	2023	2022	2024	2023	2022
Assets						
Current Assets	\$ 54,918,536	\$ 42,506,416	\$ 52,680,710	\$ 2,104,745	\$ 2,292,202	\$ 3,153,589
Noncurrent Assets	79,555,722	33,664,104	32,312,185	-	-	-
Capital Assets	1,190,996,077	565,946,050	568,646,872	283,939	1,132,719	-
Total Assets	1,325,470,335	642,116,570	653,639,767	2,388,684	3,424,921	3,153,589
Deferred Outflows of Resources	174,169	207,058	319,082	209,882	337,512	139,320
Liabilities						
Current Liabilities	21,337,339	6,441,269	1,259,141	860,376	1,316,824	540,058
Noncurrent Liabilities	541,446,478	381,234,532	405,129,424	2,874,696	4,096,140	1,473,167
Total Liabilities	562,783,817	387,675,801	406,388,565	3,735,072	5,412,964	2,013,225
Deferred Inflows of Resources	119,126,066	122,038,339	125,073,167	85,623	168,404	556,217
Net Position (Deficit)						
Net Investment in Capital Assets	545,132,821	64,365,939	65,293,203	97,655	94,454	-
Unrestricted (Deficit)	98,601,800	68,243,549	57,203,914	(1,319,784)	(1,913,389)	723,467
Total Net Position (Deficit)	\$ 643,734,621	\$ 132,609,488	\$ 122,497,117	\$ (1,222,129)	\$ (1,818,935)	\$ 723,467

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Fiscal Year 2023-24 Analysis

Transportation Special Fund

Assets

The Transportation Special Fund total assets increased by \$683.4 million.

Current Assets

Current assets increased by \$12.4 million primarily due to an increase in receivables totaling \$11.6 million. This increase is due to unpaid civil penalties from the safety enforcement program.

Noncurrent Assets

Noncurrent assets, excluding capital assets increased by \$46 million. There was an increase in restricted cash due to the I-25 TIFIA Loan agreement. The I-25 TIFIA loan closed in Fiscal Year 2023-24, which required revenues earned on the I-25 corridor to be held by the Trustee. C-470 revenues are also held by the Trustee.

Capital Assets

In Fiscal Year 2023-24, HPTE capital assets increased by \$625.1 million. Non depreciable capital assets were increased \$156.2 million due to the construction on I-25 North. Depreciable assets increased by \$468.8 million, due to the Central 70 managed lanes being transferred to HPTE and being placed into service.

Liabilities

Liabilities increased by \$175.1 million due to HPTE closing on the I-25 TIFIA loan. Additionally, the interest on the C-470 and I-25 TIFIA loans is added to the principal balance per the terms of the loan agreement, which caused an increase to accrued interest totaling \$616,787. Accounts payable and accrued liabilities increased by \$17.7 million due to HPTE having an increase in payables related to the opening of the Central 70 managed lanes, the safety enforcement program, and the tolling back office implementation.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources decreased by \$32,889 due to pensions and OPEB. Deferred inflows of resources decreased by \$2.9 million due to a decrease in the U.S. 36 Concession agreement.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Net Position

The net effect of these changes was an increase in net position for the Transportation Special Fund of \$511.1 million. Of the total net position, \$545.1 million represents the net investment in capital assets.

In Fiscal Year 2023-24 pension expense recognized was \$45,326 and in Fiscal Year 2022-23, pension expense recognized totaled \$194,737. OPEB expense (credit) recognized under GASB 75 in Fiscal Years 2023-2024 was (\$2,228) and in 2022-23 was (\$2,272). The credit for pension and OPEB was the result of the change in HPTE's proportional share of the net pension liability and also the State's contribution to the Trust Fund in accordance with C.R.S. §24-51-413, during 2023-24 and 2022-23.

Operating Fund

Assets

The operating fund total assets decreased by \$1 million from Fiscal Year 2023-24 to Fiscal Year 2022-23 due to a decrease in SBITA totaling \$848,780. This decrease is due to an adjustment in the SBITA due to a contract amendment.

Liabilities

As explained below, total current liabilities decreased by \$456,448 primarily due to the amendment of a SBITA contract totaling \$456,448. The SBITA is related to software that is used to monitor projects. Additionally, unearned revenue was reduced by \$1,677,892 due to revenue being recognized on the Floyd Hill IAA.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources decreased by \$127,630 and deferred inflows of resources decreased by \$82,781. Both decreases of deferred outflows of resources and deferred inflows of resources were due to pensions and OPEB.

Net Position

The effect of these changes was an increase in the net position of the operating fund of \$596,806 from the previous fiscal year. Of the total net position, \$97,655 represents the net investment in capital assets. The increase is associated with a decrease in liabilities due to the amendment of the SBITA.

In Fiscal Years 2023-24 and 2022-23, pension expense (credit) recognized in accordance with GASB 68 totaled (\$113,276) and (\$103,843) respectively. OPEB expense (credit) recognized under GASB 75 in Fiscal Years 2023-24 and 2022-23 totaled (\$4,203) and (\$3,106) respectively.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Transportation Special Fund

Assets

The Transportation Special Fund total assets decreased by \$11.5 million.

Current Assets

Current assets decreased by \$10.2 million primarily due to a decrease in cash and pooled cash investments of \$10.3 million. The decrease in cash is due to the use of toll revenue to repay the I-25 Segment III loan.

Noncurrent Assets

Noncurrent assets, excluding capital assets increased by \$1.4 million. There was an increase in restricted cash due to interest being earned on cash that is being held by the trustee. Additionally, due to an increase in C-470 toll revenue which is held by the Trustee, due to the TIFIA loan agreement.

Capital Assets

In Fiscal Year 2022-23, HPTE capital assets decreased by \$2.7 million. Non depreciable capital assets were reduced by \$819,857 and depreciable assets decreased by \$1.9 million. The decrease in capital assets is due to not having any new corridors placed into service during Fiscal Year 2022-23 and the depreciation of existing assets.

Liabilities

Liabilities decreased by \$18.7 million due to HPTE repaying the I-25 North Segment III loan of \$23.6 million. This was offset by an increase of \$3 million to the C-470 TIFIA loan. Additionally, the interest on the C-470 TIFIA loan is added to the principal balance per the terms of the loan agreement, which caused an increase to accrued interest totaling \$545,943. Accounts payable and accrued liabilities increased by \$1.6 million due to HPTE having an increase in payables due to preparation of the closing of the I-25 TIFIA loan.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources increased by \$112,024 due to pensions and OPEB. Deferred inflows of resources decreased by \$3 million due to a decrease in the U.S. 36 Concession agreement of \$2.9 million.

Net Position

The net effect of these changes was an increase in net position for the Transportation Special Fund of \$10.1 million. Of the total net position, \$64.4 million represents the net investment in capital assets.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis

(Unaudited)

June 30, 2024 and 2023

In Fiscal Year 2022-23 pension expense recognized was \$194,737 and in Fiscal Year 2021-22, pension expense recognized in accordance with GASB 68 totaled \$170,165. OPEB expense (credit) recognized under GASB 75 in Fiscal Years 2023-22 was (\$2,272) and in Fiscal Year (\$2,191). The credit for pension and OPEB was the result of the change in HPTE's proportional share of the net pension liability and also the State's contribution to the Trust Fund in accordance with C.R.S. §24-51-413, during 2022-23 and 2021-22. As a result, total pension and OPEB liabilities decreased.

Operating Fund

Assets

The operating fund total assets increased by \$271,332 from Fiscal Year 2022-23 to Fiscal Year 2021-22 due to a decrease in cash of \$768,784, offset by the recording of a right to use asset totaling \$1.1 million due to the implementation of GASB 96. Refer to Note 1 for the adoption of GASB 96.

Liabilities

As explained below, total liabilities increased by \$3.4 million primarily due to HPTE signing a new agreement with CDOT for Floyd Hill totaling \$2.8 million. This agreement was recorded as unearned revenue in Fiscal Year 2022-23. \$828,000 of this agreement was recognized in Fiscal Year 2022-23, and the remaining balance will be recognized as it is earned.

Current Liabilities

Current liabilities increased by \$776,766 due to a subscription based information technology arrangement (SBITA), caused by the implementation of GASB 96.

Noncurrent Liabilities

Noncurrent liabilities increased by \$2.6 million primarily due to an increase in unearned revenue totaling \$1.6 million related to the Floyd Hill agreement with CDOT. The increase is also due to the recording of SBITA liability. The SBITA is related to software being used to monitor projects.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources increased by \$198,192 and deferred inflows of resources decreased by \$387,813. Both the increase of deferred outflows of resources and the decrease of deferred inflows of resources were due to pensions and OPEB.

Net Position

The effect of these changes was a decrease in the net position of the operating fund of \$2.5 million from the previous fiscal year. Of the total net position, \$94,454 represents the net investment in capital assets. The decrease is associated with an increase in liabilities due to the implementation of GASB 96.

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In Fiscal Years 2022-23 and 2021-22, pension expense (credit) recognized in accordance with GASB 68 totaled (\$103,843) and (\$284,305) respectively. OPEB expense (credit) recognized under GASB 75 in Fiscal Years 2022-23 and 2021-22 totaled (\$3,106) and (\$832) respectively.

Revenue and Expense Analysis

Condensed Statements of Revenues, Expenses, and Changes in Net Position

For Year Ended June 30	Transportation Special Fund			Operating Fund		
	2024	2023	2022	2024	2023	2022
Operating Revenues						
Charges for Tolls and Services	\$ 87,514,108	\$ 38,158,352	\$ 29,899,483	\$ 4,487,200	\$ 4,828,000	\$ 4,219,000
Other Operating Revenues	12,821,313	3,063,363	1,303,584	-	4,970	4,400
Total Operating Revenues	100,335,421	41,221,715	31,203,067	4,487,200	4,832,970	4,223,400
Operating Expenses						
Salaries and Benefits	695,669	458,175	403,175	629,287	913,411	593,729
Operating and Travel	32,501,579	8,955,131	7,683,651	2,022,263	1,674,411	1,114,761
Professional Services	7,081,715	4,147,989	2,860,323	1,365,199	4,242,063	3,499,808
Depreciation and Amortization Expense	27,087,431	15,591,034	14,891,608	309,751	640,233	-
Total Operating Expenses	67,366,394	29,152,329	25,838,757	4,326,500	7,470,118	5,208,298
Operating Income (Loss)	32,969,027	12,069,386	5,364,310	160,700	(2,637,148)	(984,898)
Nonoperating Revenues (Expenses)						
Investment Income (expense)	4,441,693	1,898,179	(2,444,584)	120,529	118,276	(124,564)
Interest Expense and bond premium	(15,756,947)	(13,202,173)	(9,788,293)	(3,450)	(23,530)	-
Cost of issuance for Burnham Yard and MEXL program loans	(48,653)		(115,000)	-	-	-
Gain/Loss on RTU-SBITA	(11,052)	-	-	319,027	-	-
Net Nonoperating Revenues (Expenses)	(11,374,959)	(11,303,994)	(12,347,877)	436,106	94,746	(124,564)
Transfer of I-25 North Segment II and III managed lanes to HPTE	-	9,346,979	991,872	-	-	-
Transfer of Central 70 Managed lanes to HPTE	370,585,896	-	-	-	-	-
Transfer of I-25 S. Gap Managed lanes to HPTE	118,945,169	-	-	-	-	-
Change in Net Position	511,125,133	10,112,371	(5,991,695)	596,806	(2,542,402)	(1,109,462)
Beginning Net Position (Deficit)	132,609,488	122,497,117	128,488,812	(1,818,935)	723,467	1,832,929
Net Position, End of Year	\$ 643,734,621	\$ 132,609,488	\$ 122,497,117	\$ (1,222,129)	\$ (1,818,935)	\$ 723,467

Colorado High Performance Transportation Enterprise

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June 30, 2024 and 2023

Variances for Fiscal Year 2023-24

Transportation Special Fund

Revenues

Total operating revenues increased by \$59.1 million. This increase in operating revenues is primarily a result of an increase in toll revenue totaling \$49.4 million. The increase in toll revenue is due to the opening of the Central 70 managed lanes and also collections from the safety enforcement program. Additionally, other operating revenues increased by \$10 million due to revenue recognized related to the safety enforcement program.

Expenses

Total operating expenses increased in Fiscal Year 2023-24 by \$38.2 million. Operations and travel increased by \$23.5 million due to expenses related to the opening of the Central 70 managed lanes and the administration of the newly created safety enforcement program. Depreciation and amortization expense also increased by \$11.5 million due to the Central 70 managed lanes.

Net operating income increased by \$70,965. The TIFIA loan issued in 2023-2024 caused an increase in nonoperating interest expenses of \$2,554,774 as compared to the prior year. This was offset by an increase in interest income of \$2,543,514 related to investing the bond proceeds as compared to prior year.

Net Position

The outcome of these changes was an increase in net position of \$511.1 million in Fiscal Year 2023-24.

Operating Fund

Revenues

Total operating revenues decreased by \$345,770. BTE increased their staff in Fiscal Year 2023-24, thus not having HPTE staff assist with BTE tasks. This resulted in HPTE staff not needing to charge time to BTE.

Expenses

Total operating costs decreased by \$3.1 million due, in part to a decrease in professional services totaling \$2.9 million. The decrease in professional services was due to a reduction in consultants needed for assistance with the CBOS. There was an increase to operating and travel totaling \$347,854, due to the procurement of CBOS. There was also a decrease in depreciation and amortization expense due to the SBITA amendment.

Colorado High Performance Transportation Enterprise

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June 30, 2024 and 2023

Net nonoperating revenues increased by \$341,360 due to an increase in gain/loss on RTU-SBITA, which was related to the contract amendment.

Net Position

The outcome of these changes was an increase in net position of \$596,806 million in Fiscal Year 2023-24.

Variances for Fiscal Year 2022-23

Transportation Special Fund

Revenues

Total operating revenues increased by \$10 million. This increase in operating revenues is primarily a result of an increase in toll revenue totaling \$8.3 million. The increase in toll revenue is due to the increase of traffic since the COVID pandemic. Additionally, other operating revenues increased by \$1.8 million due to revenue recognized from the IAA related to the Central 70 tolling equity program.

Expenses

Total operating expenses increased in Fiscal Year 2022-23 by \$3.3 million. Operations and travel increased by \$1.3 million due to COVID restrictions being reduced and staff being able to attend more in person events. Additionally, there was an increase of \$1.3 million in professional services due to HPTE requesting assistance on the preparation and closing of the I-25 TIFIA loan. Depreciation and amortization expense also increased by \$699,426.

Net nonoperating expenses decreased by \$1 million due to an increase in investment income of \$4.3 million offset by an increase in interest expense and bond premium totaling \$3.4 million. Interest expense increased due to interest accrued on the C-470 TIFIA loan.

Net Position

The outcome of these changes was an increase in net position of \$10.1 million in Fiscal Year 2022-23.

Operating Fund

Revenues

Total operating revenues increased by \$609,570 due to an increase in charges for tolls and services. This increase was due to the revenue recognized from the Floyd Hill agreement with CDOT.

Expenses

Total operating costs increased by \$2.3 million due, in part to an increase in operating and travel totaling

Colorado High Performance Transportation Enterprise

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\$559,650. The increase of operating costs was also due to an increase in salary and benefits totaling \$319,682 and an increase in depreciation and amortization expense totaling \$640,233. The increase in depreciation and amortization expense is related to the recording of a SBITA.

Net nonoperating revenues increased by \$219,310 due to an increase to investment income totaling \$242,840, offset by an increase in interest expense related to the recording of a SBITA.

Net Position

The outcome of these changes was a decrease in net position of \$2.5 million in Fiscal Year 2022-23.

Capital Assets and Debt Administration

Transportation Special Fund

Capital Assets

As of June 30	2024	2023	2022
Land	\$ 50,046,670	\$ 50,046,670	\$ 50,046,670
Right to use asset, (SBITA), Net of Accumulated Amortization	-	44,151	-
Assets Under Construction	159,879,307	3,631,346	4,451,203
Capital Assets Being Depreciated	<u>981,070,100</u>	<u>512,223,883</u>	<u>514,148,999</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,190,996,077</u>	<u>\$ 565,946,050</u>	<u>\$ 568,646,872</u>

In Fiscal Year 2023-24, capital assets increased overall by \$625.1 million due to the amount of assets under construction increasing by \$156.2 million and capital assets being depreciated increased by \$468.8 million. Depreciation expense on existing assets was \$27.1 million.

In Fiscal Year 2022-23, capital assets decreased overall by \$2.7 million due to the amount of assets under construction decreasing by \$819,857, while depreciation expense on existing assets was \$15.6 million.

Colorado High Performance Transportation Enterprise

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Operating Fund

As of June 30	2024	2023	2022
Right to use asset, (SBITA), Net of Accumulated Amortization	283,939	1,132,719	-
Right to use asset, Net of Accumulated Amortization	<u>\$ 283,939</u>	<u>\$ 1,132,719</u>	<u>\$ -</u>

In Fiscal Year 2023-24, the operating fund's assets decreased by 848,780 due to an amendment of the SBITA contract.

In Fiscal Year 2022-23, the operating fund assets increased by \$1.1 million, due to recording of a SBITA due to the implementation of GASB 96.

Debt Outstanding

HPTE has one commercial loan for MEXL totaling \$25.2 million through Wells Fargo. HPTE also borrowed \$45.8 million through Bank of America and J.P. Morgan Chase (totaling \$22.9 million each) for the Burnham Yard transaction. Additionally, HPTE received a CDOT loan totaling \$10 million for the Burnham Yard transaction as well.

The financing for the C-470 Express Lanes Project consists of a TIFIA loan totaling \$112.9 million and revenue backed bonds totaling \$175.5 million including a bond premium of \$13.3 million. As of June 30, 2024, HPTE has received \$101.7 million of the C-470 TIFIA loan proceeds.

Financing for the I-25 North Express Lanes Project closed in August 2023. The financing of a TIFIA loan totaling up to \$501 million will rely upon pledged revenue from the I-25 North Express Lanes on Segments 2 and 3. HPTE received \$154.2 million in I-25 TIFIA loan proceeds in Fiscal Year 2023-24.

Additionally, HPTE received an operations and maintenance loan totaling up to \$4 million from CDOT in Fiscal Year 2022-23. This loan is to assist HPTE with the operations and maintenance of the C-470 corridor. The \$4 million loan acts as a line of credit and will be drawn down in increments when needed to fund the operations and maintenance of C-470. In Fiscal Year 2022-23, HPTE received \$750,000 of proceeds from this loan. There were no funds received by HPTE in Fiscal Year 2023-24 from this loan.

In May 2019 HPTE and CDOT entered into the Tolling Equipment Financing Agreement (TEFA). This agreement was created to allow CDOT to loan HPTE funds to purchase tolling equipment and software for the express lanes. The agreement acts as a line of credit for HPTE. In Fiscal Year 2020-21, HPTE completed its first draw in January 2021 totaling \$2.9 million to purchase tolling equipment and software for the MEXL westbound project and the development of a cloud based tolling system. In Fiscal Year 2021-22 HPTE completed two more draws totaling \$8 million to purchase tolling equipment and software for the Central 70 and South Gap projects. There were no additions to the TEFA in Fiscal Year 2022-23 or Fiscal Year 2023-24.

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(Unaudited)
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For more information regarding outstanding debt for the Transportation Special Fund, see Note 6.

As HPTE becomes a mature Express Lanes operator, it will naturally see increasing revenues in its Special Revenue Fund which was created to be funded by user fees, in this case, tolls. There are several factors driving this. First, the existing Express Lanes will bring in additional revenue as the number of Express Lane users increases. Second, HPTE will have more Express Lanes reaching toll commencement in the next year and continue to generate additional revenue in the Special Revenue Fund. Revenues in the Operating Fund will generally fluctuate depending on the project development work being assigned by CDOT via the annual Fee for Service IAA.

Financial Contact

If you have questions about this report please contact:

High Performance Transportation Enterprise
2829 West Howard Place
Denver, Colorado 80204
Attn: Kay Hruska, Enterprise Controller

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Colorado High Performance Transportation Enterprise

Statement of Net Position

June 30, 2024

	Transportation Special Fund	Operating	Total
Assets			
Current assets:			
Cash and pooled cash investments	\$ 42,238,331	\$ 2,089,645	\$ 44,327,976
Receivables	12,398,782	-	12,398,782
Prepaid items	281,423	15,100	296,523
Total current assets	54,918,536	2,104,745	57,023,281
Noncurrent assets:			
Restricted cash	79,555,722	-	79,555,722
Land	50,046,670	-	50,046,670
Capital assets, nondepreciable	159,879,307	-	159,879,307
Capital assets, net of accumulated depreciation	981,070,100	-	981,070,100
Right to use asset, (SBITA), net of amortization	-	283,939	283,939
Total noncurrent assets	1,270,551,799	283,939	1,270,835,738
Total assets	1,325,470,335	2,388,684	1,327,859,019
Deferred Outflows of Resources			
Related to pensions	158,369	203,607	361,976
Related to postemployment benefits	15,800	6,275	22,075
Total deferred outflows of resources	174,169	209,882	384,051
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	20,587,339	674,092	21,261,431
Subscription based information technology arrangement (SBITA)	-	186,284	186,284
C-470 TIFIA loan	750,000	-	750,000
Total current liabilities	21,337,339	860,376	22,197,715
Noncurrent liabilities			
TEFA Loan	10,950,000	-	10,950,000
C-470 Bonds, including bond premium	175,098,461	-	175,098,461
C-470 TIFIA loan	112,540,332	-	112,540,332
I-25 TIFIA loan	156,922,704	-	156,922,704
MEXL program loan	25,205,000	-	25,205,000
Burnham Yard program loan	45,810,000	-	45,810,000
Burnham Yard CDOT loan	10,000,000	-	10,000,000
C-470 O&M loan	750,000	-	750,000
Accrued interest	1,214,803	-	1,214,803
Unearned revenue	2,330,723	1,084,800	3,415,523
Net pension liability	610,054	1,748,255	2,358,309
Net other postemployment benefits	14,401	41,641	56,042
Total noncurrent liabilities	541,446,478	2,874,696	544,321,174
Total liabilities	562,783,817	3,735,072	566,518,889
Deferred Inflows of Resources			
Related to pensions	3,437	61,984	65,421
Related to postemployment benefits	4,650	23,639	28,289
Concession agreement	119,117,979	-	119,117,979
Total Deferred Inflows of Resources	119,126,066	85,623	119,211,689
Net Position			
Net investment in capital assets	545,132,821	97,655	545,230,476
Unrestricted	98,601,800	(1,319,784)	97,282,016
Total net position	\$ 643,734,621	\$ (1,222,129)	\$ 642,512,492

The accompanying notes are an integral part of these financial statements

Colorado High Performance Transportation Enterprise

Statement of Net Position

June 30, 2023

	Transportation Special Fund	Operating	Total
Assets			
Current assets:			
Cash and pooled cash investments	\$ 41,100,202	\$ 2,275,785	\$ 43,375,987
Receivables	793,999	805	794,804
Prepaid items	612,215	15,612	627,827
Total current assets	42,506,416	2,292,202	44,798,618
Noncurrent assets:			
Restricted cash	33,664,104	-	33,664,104
Land	50,046,670	-	50,046,670
Capital assets, nondepreciable	3,631,346	-	3,631,346
Capital assets, net of accumulated depreciation	512,223,883	-	512,223,883
Right to use asset, (SBITA), net of amortization	44,151	1,132,719	1,176,870
Total noncurrent assets	599,610,154	1,132,719	600,742,873
Total assets	642,116,570	3,424,921	645,541,491
Deferred Outflows of Resources			
Related to pensions	191,871	323,627	515,498
Related to postemployment benefits	15,187	13,885	29,072
Total deferred outflows of resources	207,058	337,512	544,570
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	2,875,304	661,566	3,536,870
Subscription based information technology arrangement (SBITA)	15,965	655,258	671,223
C-470 TIFIA loan	375,000	-	375,000
MEXL program loan	3,175,000	-	3,175,000
Total current liabilities	6,441,269	1,316,824	7,758,093
Noncurrent liabilities			
TEFA Loan	10,950,000	-	10,950,000
C-470 Bonds, including bond premium	175,224,894	-	175,224,894
C-470 TIFIA loan	111,702,698	-	111,702,698
MEXL program loan	22,030,000	-	22,030,000
Burnham Yard program loan	45,810,000	-	45,810,000
Burnham Yard CDOT loan	10,000,000	-	10,000,000
C-470 O&M loan	750,000	-	750,000
SBITA	17,135	571,915	589,050
Accrued interest	598,016	-	598,016
Unearned revenue	3,544,500	1,572,000	5,116,500
Net pension liability	593,040	1,906,140	2,499,180
Net other postemployment benefits	14,249	46,085	60,334
Total noncurrent liabilities	381,234,532	4,096,140	385,330,672
Total liabilities	387,675,801	5,412,964	393,088,765
Deferred Inflows of Resources			
Related to pensions	8,627	137,396	146,023
Related to postemployment benefits	6,416	31,008	37,424
Concession agreement	122,023,296	-	122,023,296
Total Deferred Inflows of Resources	122,038,339	168,404	122,206,743
Net Position			
Net investment in capital assets	64,365,939	94,454	64,460,393
Unrestricted	68,243,549	(1,913,389)	66,330,160
Total net position	\$ 132,609,488	\$ (1,818,935)	\$ 130,790,553

The accompanying notes are an integral part of these financial statements

Colorado High Performance Transportation Enterprise
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	Transportation Special Fund	Operating	Total
Operating Revenues			
Charges for tolls and services	\$ 87,514,108	\$ 4,487,200	\$ 92,001,308
Other operating revenues	12,821,313	-	12,821,313
Total operating revenues	100,335,421	4,487,200	104,822,621
Operating Expenses			
Salaries and benefits	695,669	629,287	1,324,956
Operating and travel	32,501,579	2,022,263	34,523,842
Professional services	7,081,715	1,365,199	8,446,914
Depreciation and amortization expense	27,087,431	309,751	27,397,182
Total operating expenses	67,366,394	4,326,500	71,692,894
Operating income (loss)	32,969,027	160,700	33,129,727
Nonoperating Revenues (Expenses)			
Investment income	4,441,693	120,529	4,562,222
Interest expense and bond premium	(15,756,947)	(3,450)	(15,760,397)
Gain/Loss on RTU-SBITA	(11,052)	319,027	307,975
Cost of issuance-MEXL loan	(48,653)	-	(48,653)
Gain on acquisition of Central 70 Managed Lanes	370,585,896	-	370,585,896
Gain on acquisition of I-25 S. Gap Managed Lanes	118,945,169	-	118,945,169
Net nonoperating revenues (expenses)	478,156,106	436,106	478,592,212
Change in Net Position	511,125,133	596,806	511,721,939
Beginning Net Position	132,609,488	(1,818,935)	130,790,553
Net Position, End of the Year	\$ 643,734,621	\$ (1,222,129)	\$ 642,512,492

The accompanying notes are an integral part of these financial statements

Colorado High Performance Transportation Enterprise
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

	Transportation Special Fund	Operating	Total
Operating Revenues			
Charges for tolls and services	\$ 38,158,352	\$ 4,828,000	\$ 42,986,352
Other operating revenues	3,063,363	4,970	3,068,333
Total operating revenues	41,221,715	4,832,970	46,054,685
Operating Expenses			
Salaries and benefits	458,175	913,411	1,371,586
Operating and travel	8,955,131	1,674,411	10,629,542
Professional services	4,147,989	4,242,063	8,390,052
Depreciation and amortization expense	15,591,034	640,233	16,231,267
Total operating expenses	29,152,329	7,470,118	36,622,447
Operating income (loss)	12,069,386	(2,637,148)	9,432,238
Nonoperating Revenues (Expenses)			
Investment income (expense)	1,898,179	118,276	2,016,455
Interest expense and bond premium	(13,202,173)	(23,530)	(13,225,703)
Net nonoperating revenues (expenses)	(11,303,994)	94,746	(11,209,248)
Transfer of I-25 North Segment III managed lanes	9,346,979	-	9,346,979
Change in Net Position	10,112,371	(2,542,402)	7,569,969
Beginning Net Position	122,497,117	723,467	123,220,584
Net Position, End of the Year	\$ 132,609,488	\$ (1,818,935)	\$ 130,790,553

The accompanying notes are an integral part of these financial statements

Colorado High Performance Transportation Enterprise

Statement of Cash Flows

Year Ended June 30, 2024

	June 30, 2024		
	Transportation Special Fund	Operating	Total
Cash Flows from Operating Activities			
Cash received from users and grants	\$ 87,516,861	\$ (486,395)	\$ 87,030,466
Cash payments for salaries and benefits of goods and services	(3,557,891) (26,612,430)	(726,657) (3,064,053)	(4,284,548) (29,676,483)
Net cash provided by (used in) operating activities	57,346,540	(4,277,105)	53,069,435
Cash Flows from Noncapital Financing Activities			
Payments from intergovernmental agreement	-	4,487,200	4,487,200
Net cash provided by noncapital noncapital financing activities	-	4,487,200	4,487,200
Cash Flows from Capital and Related Financing Activities			
Interest paid on debt	(14,087,058)	-	(14,087,058)
Proceeds from issuance of long-term debt	156,922,704	-	156,922,704
Payment of debt issuance fees	(48,653)	-	(48,653)
Acquisition and construction of capital assets	(157,545,479)	(516,765)	(158,062,244)
Net cash used in capital and related financing activities	(14,758,486)	(516,765)	(15,275,251)
Cash Flows from Investing Activities			
Investment income (expense)	4,441,693	120,530	4,562,223
Net cash provided by investing activities	4,441,693	120,530	4,562,223
Net increase (decrease) in cash and cash equivalents	47,029,747	(186,140)	46,843,607
Cash and cash equivalents, beginning of year	74,764,306	2,275,785	77,040,091
Cash and cash equivalents, end of year	\$ 121,794,053	\$ 2,089,645	\$ 123,883,698

Colorado High Performance Transportation Enterprise

Statement of Cash Flows (continued)

Year Ended June 30, 2024

	Transportation Special Fund	Operating	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 32,969,027	\$ 160,700	\$ 33,129,727
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense and amortization	27,087,431	640,233	27,727,664
Adjustment to net pension and net other postemployment benefit liability	17,165	(162,328)	(145,163)
Deferred inflows of resources - pension and net other postemployment benefits related	(2,912,272)	(82,781)	(2,995,053)
Deferred outflows of resources - pension and net other postemployment benefits related	32,888	127,631	160,519
Changes in assets and liabilities			
Receivables, net	(11,604,782)	(4,486,395)	(16,091,177)
Prepaid items	330,792	512	331,304
Accounts payable and accrued liabilities	12,640,069	12,523	12,652,592
Unearned revenue	(1,213,777)	(487,200)	(1,700,977)
Net cash provided by operating activities	\$ 57,346,540	\$ (4,277,105)	\$ 53,069,435
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets, on account	\$ 5,328,088	\$ -	\$ 5,328,088
Transfer of managed lanes	\$ 489,531,065	\$ -	\$ 489,531,065
Unrealized gain (loss)	\$ (76,656)	\$ 24,162	\$ (52,494)

The accompanying notes are an integral part of these financial statements

Colorado High Performance Transportation Enterprise

Statement of Cash Flows

Year Ended June 30, 2023

	Transportation Special Fund	Operating	Total
Cash Flows from Operating Activities			
Cash received from users and grants	\$ 40,353,123	\$ 1,571,964	\$ 41,925,087
Cash payments for salaries and benefits of goods and services	(3,171,027) (12,047,572)	(1,022,557) (5,700,128)	(4,193,584) (17,747,700)
Net cash provided by (used in) operating activities	25,134,524	(5,150,721)	19,983,803
Cash Flows from Noncapital Financing Activities			
Payments from intergovernmental agreement	-	4,832,969	4,832,969
Net cash provided by (used in) noncapital noncapital financing activities	-	4,832,969	4,832,969
Cash Flows from Capital and Related Financing Activities			
Interest paid on debt	(7,908,204)	-	(7,908,204)
Principal paid on debt	(25,000,000)	-	(25,000,000)
Proceeds from issuance of long-term debt	-	-	-
Payment of debt issuance fees	244,653	-	244,653
Acquisition and construction of capital assets	(3,331,663)	(569,308)	(3,900,971)
Net cash used in capital and related financing activities	(35,995,214)	(569,308)	(36,564,522)
Cash Flows from Investing Activities			
Investment income (expense)	1,898,179	118,276	2,016,455
Net cash provided by investing activities	1,898,179	118,276	2,016,455
Net increase (decrease) in cash and cash equivalents	(8,962,511)	(768,784)	(9,731,295)
Cash and cash equivalents, beginning of year	83,726,817	3,044,569	86,771,386
Cash and cash equivalents, end of year	\$ 74,764,306	\$ 2,275,785	\$ 77,040,091

Colorado High Performance Transportation Enterprise

Statement of Cash Flows (continued)

Year Ended June 30, 2023

	Transportation Special Fund	Operating	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 12,069,386	\$ (2,637,148)	\$ 9,432,238
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	15,591,034	640,233	16,231,267
Adjustment to net pension and net other postemployment benefit liability	209,952	479,057	689,009
Deferred inflows of resources - pension and net other postemployment benefits related	(129,511)	(387,814)	(517,325)
Deferred inflows of resources - concession agreement	(2,905,317)	-	(2,905,317)
Deferred outflows of resources - pension and net other postemployment benefits related	112,025	(198,192)	(86,167)
Changes in assets and liabilities			
Receivables, net	208,910	(4,833,005)	(4,624,095)
Prepaid items	(349,046)	92,638	(256,408)
Accounts payable and accrued liabilities	1,404,591	121,510	1,526,101
Unearned revenue	(1,077,500)	1,572,000	494,500
Net cash provided by (used in) operating activities	\$ 25,134,524	\$ (5,150,721)	\$ 19,983,803
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets, on account	\$ 256,124	\$ -	\$ 256,124
Transfer of managed lanes	\$ (9,346,979)	\$ -	\$ (9,346,979)
Unrealized gain (loss)	\$ (350,942)	\$ (22,507)	\$ (373,449)

The accompanying notes are an integral part of these financial statements

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Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The High Performance Transportation Enterprise (the Enterprise or HPTE, or CTIO) is a self-supporting enterprise fund of the State of Colorado. It was established as an entity of the Colorado Department of Transportation (CDOT) under the provisions of Colorado Revised Statutes (C.R.S.) Section 43-4-806. The Enterprise is tasked with pursuing innovative means to more efficiently finance infrastructure projects that will improve the safety, capacity, and accessibility of the transportation system. Financing projects may come through, among other means, public-private partnerships with other entities, user fee-based revenues and debt issuance. The Enterprise is under the direction of its Board, consisting of seven members. The Enterprise was statutorily established with two distinct funds, the Transportation Special Revenue Fund and the Transportation Enterprise Operating Fund.

Transportation Special Fund

The Transportation Special Fund is referred in statute and herein as the Transportation Special Fund. The Fund is authorized to receive monies from any tolling projects. Currently those revenues come primarily from the I-25 Managed Lane tolls, I-25 South Gap Managed Lanes, I-70 Mountain Express Lane tolls, C-470 Managed Lane tolls, and Central 70 Managed Lane tolls. In addition I-25 Managed Lanes, I-70 Mountain Express Lanes, C-470 Managed Lanes, and Central 70 Managed Lanes Safety Tolling Program also provides revenue for the Transportation Special Fund. Through an intergovernmental agreement with Regional Transportation District (RTD), revenues generated from I-25 Central Reversible Lanes cannot be used for purposes other than the operation and maintenance of the I-25 Central Reversible Lanes and of the U.S. 36 corridor.

Operating Fund

The Statewide Transportation Enterprise Operating Fund, referred to herein as the Operating Fund, accounts for the administration of non-fee supported activities of the Enterprise. The Operating Fund is currently funded through an interagency agreement (IAA) with the Colorado Department of Transportation (CDOT). These proceeds from the interagency agreement continue to be drawn upon for general administrative activities of the Enterprise that do not involve the operations and administration of HPTE's Express Lanes.

Basis of Accounting and Presentation

For financial reporting purposes, the Enterprise is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the Enterprise uses the accrual basis of accounting to summarize its activities. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

The financial statements of the Enterprise have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Enterprise uses self-balancing accounting funds to record its financial accounting transactions. The guidelines further require that intra-fund accounting transactions be eliminated. The Enterprise reports two major funds, the Transportation Special Fund and the Operating Fund.

The basic financial statements of the Enterprise present the financial position, results of operations, and, where applicable, cash flows for only the Enterprise. They do not purport to, and do not present, the financial position of CDOT as of June 30, 2024 or 2023, or the results of operations, or cash flows where applicable, thereof for the years then ended.

Use of Estimates in Preparation of Financial Statements

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

Cash and Pooled Cash Investments

Cash and pooled cash investments consist of cash on deposit with the State Treasurer. For purposes of the statements of cash flows, cash and pooled cash investments are defined as instruments with maturities of three months or less at date of acquisition, and pooled cash held by the Colorado State Treasurer.

Receivables

Receivables are recorded for charges for services as well as funds due from other governments. Enterprise receivables are discussed in Note 3.

Capital Assets

The Enterprise records property and equipment at historical cost. Contributed capital assets are valued at their estimated acquisition value on the date donated. Maintenance and repairs are charged to current period operating expense; additions and improvements are capitalized. Prior to July 1, 2021, interest cost related to construction was capitalized. Subsequent to the adoption of GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest is expensed as occurred beginning with the year ending June 30, 2022. Certain applicable labor costs are also capitalized. The Enterprise's capitalization level is \$500,000 for infrastructure and \$5,000 for other capital assets. Tolling software and equipment are depreciated using a straight-line methodology over a useful life of five to seven years. Toll lanes are depreciated over a useful life of 40 to 50 years, also using a straight-line methodology. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation will be removed from the respective accounts and any gains or losses will be included in operating expenses.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

Liabilities

Amounts due within one year are reported as current liabilities. Amounts owed after one year are reported as noncurrent liabilities. Current liabilities include amounts that are payable to contractors and vendors as well as an amount recorded for accrued wages as discussed in Note 5. Noncurrent liabilities include outstanding debt and debt service, compensated absences, amounts due to other funds, and unearned revenue.

Compensated Absences

Employees of the Enterprise are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. The Enterprise has recorded the amount of compensation for future absences as an accrued liability in the accompanying financial statements. The estimated liability is based on hours earned up to assigned maximums. One-fourth of unused sick days or a maximum of 520 hours may be paid to employees upon retirement or death. Unused vacation days are paid to employees upon termination.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and so will not be recognized as outflows of resources (expense or reduction of liability) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as inflows of resources (revenue) until that time.

HPTE's deferred outflows of resources and deferred inflows of resources consist of pension and OPEB related items. These amounts will be amortized to pension and OPEB expense in a later period, or in the case of the deferred outflows of resources relating to contributions made subsequent to the measurement date, will be recognized as a reduction of the net pension or OPEB liability in the subsequent year. Also included in deferred inflows of resources are items related to the service concession agreement. This amount is being amortized to revenue over the duration of the agreement.

Net Position

The net position of the Enterprise is classified as follows:

Net Investment in Capital Assets

Net investment in capital assets represents capital assets, less accumulated depreciation and amortization reduced by the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets.

Restricted Net Position

Restricted net position represents resources in which HPTE is contractually obligated to spend or reserve in accordance with restrictions imposed by external parties.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

Unrestricted Net Position

Unrestricted net position represents resources that are not restricted for any project or other purpose. These resources are used to pay the operating costs of the Enterprise.

Classification of Revenues and Expenses

The Enterprise has classified its revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services or incurring expenses in connection with the Enterprise's principal activities. Nonoperating revenues and expenses include transactions such as interest earned on deposits and interest expense.

Budgets and Budgetary Accounting

The Enterprise prepares an annual operating budget as set by the Board with periodic reviews and changes. By statute, the Enterprise is continuously funded through user service charges. Therefore, the budget is not legislatively adopted and budgetary comparison information is not a required part of these financial statements.

Application of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available to pay an expense, the Enterprise's policy is to first use unrestricted resources per State policy.

Implementation of New Accounting Principles

Effective for Fiscal Year 2023-24, the Enterprise adopted GASB Statement 100, *Accounting Changes and Error Corrections*. The implementation of GASB 100 did not have any affect in the Enterprise's financial statements.

Effective for Fiscal Year 2022-23, the Enterprise adopted GASB Statement 91, *Conduit Debt Obligations*, and GASB Statement 96, *Subscription-Based Information Technology Arrangements*. (SBITA). The implementation of GASB 91 regarding the disclosure of conduit debt is located in Note 7. The implementation of GASB Statement 96 is in Note 8.

Effective for Fiscal Year 2022-23, the Enterprise adopted GASB Statement 94, *Public-Private, and Public-Public Partnerships and Availability Arrangements*. The implementation of GASB 94 had no impact on the financial statements for the year ended June 30, 2023.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 – CASH AND POOLED CASH INVESTMENTS

The Enterprise deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.) The State Treasurer pools these deposits and invests them in securities authorized by C.R.S. 24-75-601.1. The State Treasury acts as a bank for all State agencies and institutions of higher education, with the exception of the University of Colorado. Monies deposited in the Treasury are invested until the cash is needed. As of June 30, 2024 and 2023, the Enterprise had cash on deposit with the State Treasurer of \$44,327,976 and \$43,375,987 respectively, which represented less than one percent of the total \$18,095 million fair value of investments in the State Treasurer's Pool (Pool). As of June 30, 2024, the Pool's resources included \$38.5 million of cash on hand and \$18,056.6 million of investments.

On the basis of the Enterprises' participation in the Pool, the Enterprise reports as an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2024.

As of June 30, 2024, HPTE had \$79,555,722 of restricted cash in the Transportation Special Fund and a balance of \$33,664,104 as of June 30, 2023. The restricted cash in the Transportation Special Fund is related to the C-470 Transportation infrastructure Finance and Innovation Act (TIFIA) Loan, C-470 revenue bond proceeds, I-25 North TIFIA Loan, and the Burnham Yard transaction.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the HPTE deposits may not be returned to it. To manage custodial risk, deposits with financial institutions are made in accordance with the Colorado Public Deposit Protection Act (PDPA) of 1975. PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having a market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under PDPA are considered to be collateralized with securities held by the pledging institutions in the System's name. Deposits held in money market funds are not PDPA eligible deposits. The deposits held in money market funds are AAA-rated and regulated by the Office of the Comptroller of the Currency (OCC). The OCC requires, the Bank to pledge securities as collateral in an amount that exceeds all uninvested cash balances and deposits.

NOTE 3 – ACCOUNTS RECEIVABLE

The Enterprise expects to receive matching funds from local governments remitted for approved projects. The amounts are recorded in the financial statements directly from CDOT's Federal Aid Billing system based on the project status.

The Enterprise also records receivables from CDOT, Colorado Bridge Enterprise (BTE), and for services provided and toll revenue.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

The amounts recorded as receivables as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Tolling revenues receivable	\$ 2,139,315	\$ 793,999
Safety enforcement program	<u>10,259,467</u>	<u>805</u>
Total accounts receivable	<u>\$ 12,398,782</u>	<u>\$ 794,804</u>

No allowance has been recorded as all amounts above are believed to be collectible. The increase in the receivable balance is due to the Safety Enforcement Program. Currently, HPTE has no accounts that have been sent to collections due to the program being in its first year. Additionally, HPTE believes that the balance is deemed collectable, due to vehicle registrations holds being placed on individual's who do not pay the fee.

NOTE 4 – CAPITAL AND RIGHT-TO-USE-ASSETS

A summary of changes in capital assets and also right to use assets is as follows for the years ended June 30, 2024 and 2023:

	2024-Capital Assets				
	Balance at June 30, 2023	Additions	Disposals	Transfers	Balance at June 30, 2024
Capital assets, not being depreciated					
Land	\$ 50,046,670	\$ -	\$ -	\$ -	\$ 50,046,670
Assets under construction	<u>3,631,346</u>	<u>162,594,912</u>	<u>(6,346,951)</u>	<u>-</u>	<u>159,879,307</u>
Total capital assets, not being depreciated	<u>53,678,016</u>	<u>162,594,912</u>	<u>(6,346,951)</u>	<u>-</u>	<u>209,925,977</u>
Capital assets, being depreciated					
Tolling software	7,615,045	-	-	3,169,308	10,784,353
Tolling equipment	6,323,842	55,632	-	3,091,194	9,470,668
Toll lanes	<u>582,847,766</u>	<u>-</u>	<u>-</u>	<u>489,617,514</u>	<u>1,072,465,280</u>
Capital assets, being depreciated	<u>596,786,653</u>	<u>55,632</u>	<u>-</u>	<u>495,878,016</u>	<u>1,092,720,301</u>
Right to use assets (SBITA)					
Information technology subscriptions	<u>1,821,908</u>	<u>-</u>	<u>(892,654)</u>	<u>-</u>	<u>929,254</u>
Right to use assets, being amortized	<u>1,821,908</u>	<u>-</u>	<u>(892,654)</u>	<u>-</u>	<u>929,254</u>
Less accumulated depreciation					
Tolling software and equipment	(4,010,853)	(1,582,265)	-	-	(5,593,118)
Toll lanes	(80,551,917)	(25,505,166)	-	-	(106,057,083)
Information technology subscriptions	<u>(645,038)</u>	<u>(309,751)</u>	<u>309,474</u>	<u>-</u>	<u>(645,315)</u>
Total accumulated depreciation	<u>(85,207,808)</u>	<u>(27,397,182)</u>	<u>309,474</u>	<u>-</u>	<u>(112,295,516)</u>
Total capital assets, being depreciated, net	<u>513,400,753</u>	<u>(27,341,550)</u>	<u>(583,180)</u>	<u>495,878,016</u>	<u>981,354,039</u>
Total capital assets, net	<u>\$ 567,078,769</u>	<u>\$ 135,253,362</u>	<u>\$ (6,930,131)</u>	<u>\$ 495,878,016</u>	<u>\$ 1,191,280,016</u>

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

	2023-Captial Assets				Balance at June 30, 2023
	Balance at June 30, 2022	Additions	Disposals	Transfers	
Capital assets, not being depreciated					
Land	\$ 50,046,670	\$ -	\$ -	\$ -	\$ 50,046,670
Assets under construction	4,451,203	3,494,278	-	(4,314,135)	3,631,346
Total capital assets, not being depreciated	54,497,873	3,494,278	-	(4,314,135)	53,678,016
Capital assets, being depreciated					
Tolling software	4,064,294	-	-	3,550,751	7,615,045
Tolling equipment	5,627,219	-	-	696,623	6,323,842
Toll lanes	573,434,026	-	-	9,413,740	582,847,766
Capital assets, being depreciated	583,125,539	-	-	13,661,114	596,786,653
Right to use assets (SBITA)					
Information technology subscriptions	-	1,821,908	-	-	1,821,908
Right to use assets, being amortized	-	1,821,908	-	-	1,821,908
Less accumulated depreciation					
Tolling software and equipment	(2,929,860)	(1,080,993)	-	-	(4,010,853)
Toll lanes	(66,046,680)	(14,505,237)	-	-	(80,551,917)
Information Technology subscriptions	-	(645,038)	-	-	(645,038)
Total accumulated depreciation	(68,976,540)	(16,231,268)	-	-	(85,207,808)
Total capital assets, being depreciated, net	514,148,999	(14,409,360)	-	13,661,114	513,400,753
Total capital assets, net	<u>\$ 568,646,872</u>	<u>\$ (10,915,082)</u>	<u>\$ -</u>	<u>\$ 9,346,979</u>	<u>\$ 567,078,769</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Current liabilities include amounts payable to contractors and vendors as well as an amount recorded for accrued wages. Under C.R.S. Section 24-75-201, salaries and wages earned during the month of June are paid in July of the following year. An accrued liability was recorded on June 30 for these earned wages.

The amounts recorded as current liabilities as of June 30 are as follows:

	2024	2023
Vendors payable	\$ 9,929,177	\$ 2,682,347
Contractors payable	11,223,132	256,124
Other payables, including accrued compensation and compensated absences	109,122	598,399
Total current accounts payable and accrued liabilities	<u>\$ 21,261,431</u>	<u>\$ 3,536,870</u>

NOTE 6 – LONG-TERM LIABILITIES

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

C-470 TIFIA Loan and Revenue Bonds

In June 2017, HPTE closed a \$106 million loan with TIFIA and \$176.5 million revenue backed bonds which included a premium and interest rate of five percent, for the C-470 project to make up the difference in funding that is needed to complete construction. Payment for the C-470 bonds begin in December 2045, with a maturity date of December 2056. Both the TIFIA loan and revenue bonds will be repaid with toll revenues earned from the C-470 managed lanes. The TIFIA loan accrues interest at the rate of 2.81 percent and principal payments began in June 2024. The TIFIA loan interest is added to the outstanding loan balance per the terms of the loan agreement. Through Fiscal Year 2022-23, HPTE received \$101.7 million of TIFIA loan proceeds. In Fiscal Year 2023-24 HPTE requisitioned \$84,465 of bond proceeds, leaving \$13.2 million unspent bond proceeds. Both the TIFIA loan balance and bonds debt service would be paid by CDOT if HPTE was to default.

Mountain Express Lanes (MEXL Program Loan)

To assist CDOT with traffic management on I-70 between the Twin Tunnels and Empire Junction, the existing shoulders would be expanded to allow tolled traffic during peak travel times under the Mountain Express Lanes (MEXL) project. To fund the MEXL project, HPTE entered into a \$25 million loan with Banc of America Preferred Funding Corporation in December 2014. This loan is to be repaid from toll revenues earned from the MEXL. Interest accrues at the rate of 2.79 percent and is due each December. Principal payment started in December 2022 with a maturity date in December 2024.

In Fiscal Year 2020-21, HPTE refinanced the Banc of America loan, paying the principal balance of \$25 million with proceeds from a new loan with Wells Fargo totaling \$25.2 million. The additional \$205,000 was to cover the cost of issuance for the new loan with Wells Fargo, thus there was no gain or loss from the refinancing of this loan. The new MEXL program loan with Wells Fargo accrues at a rate of .76 percent. The payments are due annually in June, with principal payments starting in June 2024. The MEXL loan will be repaid with toll revenue from the eastbound and westbound MEXL Express Lanes. If HPTE is to default on this loan, CDOT will take over the debt service payments.

In Fiscal Year 2023-24, HPTE refinanced the existing Wells Fargo loan with a new loan from Wells Fargo, totaling \$25.2 million in January 2024. The new loan with Wells Fargo has a 36 month variable rate loan that is callable at any time. Interest payments are due each July and January, with principal payment starting in July 2027.

I-25 North Segment III Commercial Loan

To close the funding gap on the I-25 North Segment III project (120th Avenue to E-470), HPTE entered into a \$23.6 million construction loan with Banc of America Preferred Funding Corporation during Fiscal Year 2015-16. In Fiscal Year 2022-23, this loan was repaid using toll revenues earned from I-25 North Segment III. Interest accrued at the rate of 1.99 percent.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

I-25 TIFIA Loan

In August 2020, HPTE began working with the Build America Bureau (BAB) Transportation Infrastructure Finance Innovation Act program to secure toll revenue backed financing for the I-25 Segment 7 and 8 project. The TIFIA loan relies upon pledged revenues generated from the Express Lanes on Segments 2 and 3, which are open and operational. Preliminary financial analysis indicated that revenues from both segments would be more than sufficient to support a TIFIA loan far exceeding standard debt service coverage ratios.

In August 2023 HPTE closed a \$501 million loan with an interest rate of 2 percent with TIFIA. The TIFIA loan interest is added to the outstanding loan balance per the terms of the loan agreement. Through Fiscal Year 2023-24, HPTE received \$154.2 million of TIFIA loan proceeds. The TIFIA loan balance would be paid by CDOT if HPTE was to default.

Burnham Yard Program Loans

In May 2021, HPTE borrowed \$45.8 million through loans from Bank of America and JP Morgan Chase bank (\$22.9 million each), and a loan from CDOT totaling \$10 million. The two commercial loans accrue interest at a rate of 3.90 percent with payments due each May. Principal payments start in Fiscal Year 2026-27, maturing in Fiscal Year 2028-29. Both the Bank of America and JP Morgan Chase loans will be repaid by HPTE through the proceeds of the sale of the Burnham Yard property.

The \$10 million CDOT loan was used to assist HPTE to purchase the Burnham Yard property. After five years, HPTE will transfer approximately 17 acres to CDOT, which will be used for future transportation projects and the loan will be considered paid in full.

CDOT Tolling Equipment Financing Agreement (TEFA)

In May 2019, HPTE and CDOT entered into the TEFA to allow CDOT to loan funds to HPTE to purchase tolling equipment and software for corridors under construction. In Fiscal Year 2020-21, HPTE completed its first draw in January 2021 totaling \$2.9 million to purchase tolling equipment and software for the MEXL westbound project and to develop a cloud based tolling system. The \$2.9 million loan from CDOT has an interest rate of two percent, with payments due in February. Principal payments starting in February 2028, maturing in February 2031. Toll revenue from the express lane corridors will repay the loan to CDOT.

In Fiscal Year 2021-22, HPTE completed its second and third draw of the TEFA funds for the I-25 South Gap and Central 70 projects totaling \$4 million for each project. These two draws have an interest rate of two percent with payments due in July for the South Gap project and March for the Central 70 project. The principal payments for the South Gap project start in July 2028 and the principal payments for the Central 70 project start in March 2029. Toll revenue from the South Gap and Central 70 will be used to repay the loans to CDOT. There were no additional draws for Fiscal Year 2023-24.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

C-470 Operations and Maintenance (O&M) Loan

In 2017, HPTE secured \$176 million in revenue bonds and a \$107 million TIFIA loan to support the C-470 Express Lane project. The financing will be repaid by gross revenues generated by the Express Lanes. Tolling on the project commenced in August 2020, over two years late and in the middle of the COVID-19 pandemic. While C-470 volumes have generally recovered to pre-COVID and 2016 pre-construction levels, the normal traffic growth and rate of toll revenue collection expected between 2016 and 2022 has not materialized.

To meet operations and maintenance (O&M) obligations and required financial metrics (coverage tests) on the project, CDOT approved a \$4 million loan to HPTE in June 2023. HPTE will draw down the loan over the next year, and the first draw of \$750,000 was completed in June 2023. The term of the loan is 40 years, it accrues at an interest rate of 3.5 percent and interest only until the last year when principal is repaid.

The ability to request an O&M loan from CDOT is contemplated under the C-470 financing documents and the form of the Backup Loan Agreement was approved in March 2017 by the HPTE Board of Directors and the Transportation Commission as part of the financing document approval for the project. There were no additional draws on this loan for Fiscal Year 2023-24.

Other long-term liabilities include net pension liability of \$2.4 million and OPEB liability of \$56,041. The changes in the total liabilities for Fiscal Year 2023-24 and for Fiscal Year 2022-23 are as follows:

	Balance at June 30, 2023	Increase	Decrease	Balance at June 30, 2024	Due Within One Year
C-470 Bonds	\$ 161,795,000	\$ -	\$ -	\$ 161,795,000	\$ -
Premium on C-470 Bonds	13,429,894	-	(126,433)	13,303,461	-
C-470 TIFIA Loan	112,077,698	1,587,634	(375,000)	113,290,332	750,000
I-25 TIFIA Loan	-	156,922,704	-	156,922,704	-
MEXL Program Loan	25,205,000	20,205,000	(20,205,000)	25,205,000	-
Burnham Yard Program Loan	45,810,000	-	-	45,810,000	-
Burnham Yard CDOT Loan	10,000,000	-	-	10,000,000	-
TEFA loan	10,950,000	-	-	10,950,000	-
C-470 O&M Loan	750,000	-	-	750,000	-
SBITA	1,260,273	-	(1,073,989)	186,284	186,284
Accrued Interest	598,016	803,804	(187,017)	1,214,803	-
Net Pension Liability	2,499,180	17,043	(157,914)	2,358,309	-
Other Postemployment Benefits	60,334	151	(4,443)	56,042	-
Total liability	<u>\$ 384,435,395</u>	<u>\$ 179,536,336</u>	<u>\$ (22,129,796)</u>	<u>\$ 541,841,935</u>	<u>\$ 936,284</u>

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

	Balance at June 30, 2022	Increase	Decrease	Balance at June 30, 2023	Due Within One Year
C-470 Bonds	\$ 161,795,000	\$ -	\$ -	\$ 161,795,000	\$ -
Premium on C-470 Bonds	13,674,547	-	(244,653)	13,429,894	-
C-470 TIFIA Loan	108,993,467	3,084,231	-	112,077,698	375,000
MEXL Program Loan	25,205,000	-	-	25,205,000	3,175,000
I-25 North Segment III Loan	23,630,000	-	(23,630,000)	-	-
Burnham Yard Program Loan	45,810,000	-	-	45,810,000	-
Burnham Yard CDOT Loan	10,000,000	-	-	10,000,000	-
TEFA loan	10,950,000	-	-	10,950,000	-
C-470 O&M Loan	-	750,000	-	750,000	-
SBITA	-	589,050	-	589,050	671,223
Accrued Interest	52,073	545,943	-	598,016	-
Net Pension Liability	1,801,183	702,299	(4,302)	2,499,180	-
Other Postemployment Benefits	69,321	-	(8,987)	60,334	-
Total liability	<u>\$ 401,980,591</u>	<u>\$ 5,671,523</u>	<u>\$ (23,887,942)</u>	<u>\$ 383,764,172</u>	<u>\$ 4,221,223</u>

Total future debt service payments over the life of the C-470 bonds and TIFIA loan as follows:

C-470 Bonds

Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025	\$ 8,089,750	-	\$ 8,089,750
2026	8,089,750	-	8,089,750
2027	8,089,750	-	8,089,750
2028	8,089,750	-	8,089,750
2029	8,089,750	-	8,089,750
2030-2034	40,448,750	-	40,448,750
2035-2039	40,448,750	-	40,448,750
2040-2044	40,448,750	-	40,448,750
2045-2049	36,320,875	42,795,000	79,115,875
2050-2054	21,549,500	68,510,000	90,059,500
2055-2058	<u>3,871,750</u>	<u>50,490,000</u>	<u>54,361,750</u>
Total payments	<u>\$ 223,537,125</u>	<u>\$ 161,795,000</u>	<u>\$ 385,332,125</u>

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

C-470 TIFIA Loan

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 3,173,848	\$ 750,000	\$ 3,923,848
2026		3,157,158	750,000	3,907,158
2027		3,136,083	750,000	3,886,083
2028		3,119,291	750,000	3,869,291
2029		3,089,664	750,000	3,839,664
2030-2034		15,153,554	3,750,000	18,903,554
2035-2039		13,523,582	23,945,960	37,469,542
2040-2044		9,660,604	29,906,506	39,567,110
2045-2049		5,808,421	24,161,308	29,969,729
2050-2054		<u>2,193,171</u>	<u>27,776,558</u>	<u>29,969,729</u>
Total payments		<u>\$ 112,299,506</u>	223,995,332	<u>\$ 336,294,838</u>
Less: Future Interest			<u>(110,705,000)</u>	
Outstanding Principal Balance			<u>\$ 113,290,332</u>	

I-25 North TIFIA Loan

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 9,508,277	\$ -	\$ 9,508,277
2026		14,950,314	-	14,950,314
2027		19,490,828	-	19,490,828
2028		23,183,891	-	23,183,891
2029		21,427,755	271,707	21,699,462
2030-2034		106,242,171	13,539,159	119,781,330
2035-2039		101,628,068	32,766,218	134,394,286
2040-2044		92,314,390	57,097,728	149,412,118
2045-2049		78,040,815	78,467,969	156,508,784
2050-2054		58,853,365	102,984,414	161,837,779
2055-2059		35,602,100	119,009,664	154,611,764
2060-2063		<u>8,672,388</u>	<u>99,555,846</u>	<u>108,228,234</u>
Total payments		<u>\$ 569,914,362</u>	503,692,705	<u>\$ 1,073,607,067</u>
Less: Future Interest			<u>(346,770,001)</u>	
Outstanding Principal Balance			<u>\$ 156,922,704</u>	

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

Interest accrued on the TIFIA loans is added to the outstanding TIFIA loan balance per the terms of the loan agreement. Therefore, the principal balance is not the total of the completed draws for both the C-470 TIFIA loan and I-25 North TIFIA loan.

Total future debt service payments over the remaining life of the MEXL program loan is as follows:

MEXL Loan

Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025	\$ 1,222,443	\$ -	\$ 1,222,443
2026	1,222,443	-	1,222,443
2027	1,222,443	-	1,222,443
2028	1,627,325	7,830,000	9,457,325
2029	1,069,425	8,390,000	9,459,425
2030	471,803	8,985,000	9,456,803
Total payments	<u>\$ 6,835,882</u>	<u>\$ 25,205,000</u>	<u>\$ 32,040,882</u>

Total future debt service payments over the remaining life of the Burnham Yard program loans are as follows:

Burnham Yard Notes A and B

Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025	\$ 1,094,859	\$ -	\$ 1,094,859
2026	1,094,859	-	1,094,859
2027	3,197,817	15,270,000	18,467,817
2028	2,436,432	15,270,000	17,706,432
2029	1,370,493	15,270,000	16,640,493
Total payments	<u>\$ 9,194,460</u>	<u>\$ 45,810,000</u>	<u>\$ 55,004,460</u>

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Total future debt service payments over the remaining life of the TEFA Loans is as follows:

TEFA: MEXL and Cloud Software

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 63,863	\$ -	\$ 63,863
2026		65,141	-	65,141
2027		66,444		66,444
2028		67,773	822,161	889,934
2029		51,329	838,604	889,933
2030-31		52,007	1,289,235	1,341,242
Total payments		<u>\$ 366,557</u>	<u>\$ 2,950,000</u>	<u>\$ 3,316,557</u>

TEFA: South Gap

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 86,595	\$ -	\$ 86,595
2026		88,326	-	88,326
2027		90,093	-	90,093
2028		91,895	1,114,794	1,206,689
2029		69,599	1,137,090	1,206,689
2030-2032		70,518	1,748,116	1,818,634
Total payments		<u>\$ 497,026</u>	<u>\$ 4,000,000</u>	<u>\$ 4,497,026</u>

TEFA: Central 70

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 84,897	\$ -	\$ 84,897
2026		86,595	-	86,595
2027		88,326	-	88,326
2028		90,093	-	90,093
2029		91,895	1,114,794	1,206,689
2030-32		140,117	2,885,206	3,025,323
Total payments		<u>\$ 581,923</u>	<u>\$ 4,000,000</u>	<u>\$ 4,581,923</u>

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C-470 O&M

	Fiscal Year	Interest Due	Principal Due	Debt Service Payment
2025		\$ 26,250	\$ -	\$ 26,250
2026		140,000	-	140,000
2027		140,000	-	140,000
2028		140,000	-	140,000
2029		140,000	-	140,000
2030-2034		700,000	-	700,000
2035-2039		700,000	-	700,000
2040-2044		700,000	-	700,000
2045-2049		700,000	-	700,000
2050-2054		700,000	-	700,000
2055-2059		700,000	-	700,000
2060-2063		560,000	4,000,000	4,560,000
Total payments		<u>\$ 5,346,250</u>	<u>\$ 4,000,000</u>	<u>\$ 9,346,250</u>

NOTE 7 – CONDUIT DEBT

In 2014 HPTE entered into a concession agreement with Plenary Roads Denver (PRD). PRD constructed Phase II of the U.S. 36 project and now operates and maintains Phase I, Phase II and the existing I-25 express lanes. As part of the concession agreement, Public Activity Bonds (PABs) totaling \$20 million were issued by PRD with HPTE as a conduit issuer. As part of the financing for the U.S. 36 project, HPTE issued a \$54 million TIFIA loan for the Phase I of the project, which was transferred to PRD at the closing of the U.S. 36 agreement with PRD. The \$54 million TIFIA loan was increased to \$60.1 million. For Phase II of the U.S. 36 project, PRD issued another TIFIA loan totaling \$71 million. The TIFIA loans and the PABs are to be repaid by PRD with toll revenue earned on the U.S. 36 corridor. If PRD defaults on the debt, their parent company CDPQ is required to cover the debt service payments. HPTE has no debt service obligations under the PABs or TIFIA loans. As of June 30, 2024 the outstanding principal balances were as follows: PABS \$20,360,000, TIFIA Phase I \$59,856,837, and TIFIA Phase II \$71,032,104. The concession agreement expires in Fiscal Year 2064-2065.

NOTE 8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

HPTE leases software to assist with the storage of project documents. The total SBITA liability as of June 30, 2024 is \$186,284. An amendment was completed to the SBITA reducing the contract due to a reduced scope of work. The SBITA term expires in fiscal year 2026. There is no significant residual payments excluded from the measurement of the SBITA liability. There are no significant outflows of resources recognized in Fiscal Year 2023-24 or in Fiscal Year 2022-23 for other payments including residual value guarantees, or termination penalties, not previously included in the measurement of the subscription liability. Interest expense on leases recognized in Fiscal Year 2023-24 is \$3,450 and in Fiscal Year 2022-23 is \$23,819.

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The following table presents the SBITA principal and interest requirements to maturity:

Fiscal Year	Interest Due	Principal Due	SBITA Payment Total
2025	\$ 290	\$ 186,284	\$ 186,574
Total payments	\$ 290	\$ 186,284	\$ 186,574

There were not significant commitments under SBITAs that existed before the commencement of the subscription term; nor were there significant losses associated with impairments.

Refer to Note 4 for additional information on the total amount of right to use assets by major class and related accumulated amortization.

NOTE 9 – COMMITMENTS

The Enterprise has commitments at the end of Fiscal Year 2023-2024 totaling \$44.4 million related to professional services and construction for the Transportation Special Fund and for consulting services in the amount of \$1.8 million for the Operating Fund.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

The Enterprise participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Plan Description

Eligible employees of the HPTE are provided with pensions through the SDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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B. Benefits Provided as of December 31, 2023

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of the highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413 eligible benefit recipients under PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of one percent unless adjust by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the one percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Colorado High Performance Transportation Enterprise

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C. Contributions Provisions as of June 30, 2024

Eligible employees of HPTE are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq and § 24-51-413. Employee contribution rates are for the period of July 1, 2023 through June 30, 2024 are summarized in the table below:

	July 1, 2023 through December 31, 2023	January 1, 2024 through June 30, 2024
Employee Contribution Rate (all employees except Safety Officers)	11.00%	11.00%

**Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees except Safety Officers are summarized in the summarized in the table below:

	July 1, 2022 through June 30, 2023	July 1, 2023 through December 31, 2023	January 1, 2024 through June 30, 2024
Employer Contribution Rate**	11.40%	11.40%	11.40%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount Apportioned to the SDTF	10.38%	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-415	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S 24-51-415	0.10%	0.17%	0.21%
Total Employer Contribution Rate to the SDTF	20.48%	20.55%	20.59%

**Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Enterprise is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Enterprise were \$205,604 and \$232,006 for the year ended June 30, 2024 and 2023, respectively.

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For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerate payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) provided compensatory payment of \$14.56 million for 2023 only.

D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The HPTE proportion of the net pension liability was based on HPTE's contributions to the SDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2024 and 2023, the HPTE reported a liability of \$2,358,309 and \$2,499,180 for its proportionate share of the net pension liability, respectively.

At December 31, 2023, the HPTE proportion was .023 percent, which there was no change from its proportion measured as of December 31, 2022.

At December 31, 2022 the proportion was .023 percent, which was a decrease of .01 percent from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, the HPTE recognized pension expense of \$137,654 and \$322,900, respectively. At June 30, 2024 and 2023, the Enterprise reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to Financial Statements

June 30, 2024 and 2023

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,549	\$ 12,522	\$ 12,256	\$ 2,506
Changes in assumptions or other inputs	-	-	64,219	-
Net difference between projected and actual earnings on pension plan investments	171,284	-	-	619,385
Changes in proportion and differences between contributions recognized and proportionate share of contributions	41,316	52,899	267,058	37,318
Contributions subsequent to the measurement date	110,826	-	78,498	-
Total	<u>\$ 361,975</u>	<u>\$ 65,421</u>	<u>\$ 422,031</u>	<u>\$ 659,209</u>

\$110,826 was reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2025	\$ (1,168)
2026	89,421
2027	143,992
2028	(46,517)
2029	-
	<u>\$ 185,728</u>

E. Actuarial Assumptions

The TPL in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial cost method, actuarial assumptions and other inputs:

	2022	2021
Actuarial cost method	Entry age	Entry age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation		
Members other than Safety Officers	3.30%-10.90%	3.30%-10.90%
Safety Officers	3.20%-12.40%	3.20%-12.40%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Post-retirement benefit increases:		
PERA Benefit Structure hired prior to January 1, 2007 and DPS Benefit Structure (compounded annually)	1.00%	1.00%
PERA Benefit Structure hired after December 31, 2006	Financed by the AIR	Financed by the AIR

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¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to monies being available; therefore, liabilities related to the increases for member of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions from members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to at 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational project using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjust as follows:

- **Males:** 97 percent of the rates for all ages with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the 2020 experience dated October 28, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

F. Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate applied to the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessment. Employee contributions for the future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessment. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reached 103 percent, at which point the AED and SAED will drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

G. Sensitivity of the HPTE Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

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June 30, 2024 and 2023

	June 30, 2024		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 308,232	\$ 2,358,309	\$ 1,749,525

H. Pension Plan Fiduciary Net Position

Detailed information about the SDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investment/pera-financial-reports.

NOTE 11 – DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program (PERAPlus 401 (k) Plan)

A. Plan Description

Employees of HPTE that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan) an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

B. Funding Policy

The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings.

Defined Contribution Retirement Plan (PERA DC Plan)

A. Plan Description

Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Service Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's ACFR as referred to above.

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B. Funding Policy

All participating employees in the PERA DC Plan and the HPTE are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 2023 through June 2024 are summarized in the table below:

	July 1, 2023 through December 31, 2023	January 1, 2024 through June 30, 2024
Employer Contribution Rate:		
All employees other than Safety Officers	11.00%	11.00%
Employer Contribution Rate:		
On behalf of all employees other than Safety Officers	10.15%	10.15%

Contribution rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42)

Additionally, the employers are required to contribute to AED and SAED to the SDTF as follows:

	July 1, 2023 through December 31, 2023	January 1, 2024 through June 30, 2024
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.17%	0.21%
Total Employer Contribution Rate to the SDTF	11.42%	11.46%

Contribution rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42)

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Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. The Enterprise did not recognize pension expense and no employees contributed to the plan in Fiscal Years 2023-24 and 2022-23.

Defined Contribution Retirement Plan (PERA DC Plan)

A. Plan Description

Employees of the HPTE may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provision to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

B. Funding Policy

The PERAPlus 457 Plan is funded by voluntary member contribution up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended, June 30, 2024, there were no HPTE participants on this plan.

NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

A. OPEB

The HPTE participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

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B. Plan Description

Eligible employees of the HPTE are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

C. Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

D. PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a five percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

E. Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the HPTE is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from HPTE were \$9,478 and \$8,611 for the year ended June 30, 2024 and 2023, respectively.

F. OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024 and 2023, the HPTE reported a liability of \$56,042 and \$60,334, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023 and 2022 and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The HPTE proportion of the net OPEB liability was based on the HPTE contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employees to the HCTF.

At December 31, 2023 the HPTE proportion was .008 percent which was a .001 increase from its proportion measured as of December 31, 2022.

At December 31, 2022, the HPTE proportion was .007 percent which was a decrease of .001 percent from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, the HPTE recognized OPEB expense (credit) of \$3,047 and (\$5,377), respectively. At June 30, 2024, the HPTE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,487	\$ 8	\$ 14,591
Changes of assumptions or other inputs	660	5,942	970	6,659
Net difference between projected and actual earnings on OPEB plan investments	1,733	-	3,685	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,483	10,860	20,084	16,174
Contributions subsequent to the measurement date	5,199		4,325	-
Total	<u>\$ 22,075</u>	<u>\$ 28,289</u>	<u>\$ 29,072</u>	<u>\$ 37,424</u>

\$5,199 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30

2025	\$ (6,453)
2026	(1,739)
2027	(422)
2028	(2,703)
2029	(280)
	<u>184</u>
Total	<u>\$ (11,413)</u>

G. Actuarial Assumptions

The total OPEB liability in the December 31, 2022 and 2021, actuarial valuations were determined using the following actuarial cost method, actuarial assumptions and other inputs:

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Notes to Financial Statements

June 30, 2024 and 2023

	2022	2021
Actuarial cost method	Entry age	Entry age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation		
Members other than Safety Officers	3.20 % to 10.90%	3.20 % to 10.90%
Safety Officers	3.20%-12.40%	3.20% to 12.40%
Long-term investment Rate of Return, net of OPEB		
plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Health care cost trend rates		
PERA benefit structure:		
Service based premium subsidy	0.00%	0.00%
PERACare Medicare plans ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035	3.75% in 2022, gradually increasing to 4.50% in 2029

¹ UnitedHealthCare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthCare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the United HeathCare MAPD PPO Plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant	Annual Increase	Annual Increase
Age	(Male)	(Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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Notes to Financial Statements

June 30, 2024 and 2023

Sample Age	MAPD PPO #1 With Medicare Part A		MAPD PPO#2 With Medicare Part A		MAPD HMO (Kaiser) With Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

Sample Age	MAPD PPO #1 Without Medicare Part A		MAPD PPO#2 Without Medicare Part A		MAPD HMO (Kaiser) Without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,581
70	\$ 7,266	\$ 6,011	\$ 4,715	\$ 3,900	\$ 7,546	\$ 6,243
75	\$ 8,026	\$ 6,319	\$ 5,208	\$ 4,101	\$ 8,336	\$ 6,563

The 2023 Medicare Part A premium is \$506 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health cost trend rates used to measure the total OPEB liability are summarized in the table below:

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates of ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trends for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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Notes to Financial Statements

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The PERA Board first adopted the 7.25 percent long-term, expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

H. Sensitivity of the HPTE Proportionate Share of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 54,433	\$ 56,042	\$ 57,791

¹For the January 1, 2024, plan year.

I. Discount Rate

The discount rate used to measure the total OPEB liability 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1 million and \$24.9 million, respectively.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior year measurement date.

J. Sensitivity of the HPTE Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 74,322	\$ 56,042	\$ 55,374

K. OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 13 – RISK MANAGEMENT

The State of Colorado currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. That includes general liability, motor vehicle liability, worker's compensation, and medical claims. Property claims are not self-insured; rather the State has purchased insurance. HPTE participates in the Risk Management Fund of the State of Colorado through the Department of Transportation. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. There were no significant reductions or changes in insurance coverage from the prior year in any of the above mentioned risk management arrangements and had no settlements that exceeded insurance coverage for the past three years.

NOTE 14 – CONCESSION AGREEMENT

On February 25, 2014, HPTE and Plenary Roads Denver (PRD) completed the financial close of a concession agreement. The commercial close of the concession agreement finalized the terms of the agreement. The concession agreement with PRD transferred the operations, maintenance, and revenues from the I-25 High Occupancy Toll lanes and the U.S. 36 Phase I project to PRD from HPTE for the next 50 years. The concession agreement was HPTE and CDOT's first public-private partnership (P3) project, where public and private sectors work together to provide transportation improvements.

The concession agreement meets the criteria of a service concession arrangement under the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (SCA), and now Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and upon the financial close of the concession agreement the Enterprise adopted and implemented GASB 60 and now GASB 94. The standard addresses SCAs concession agreements between a government and a governmental or nongovernmental entity in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The statement also includes required disclosures about SCAs. The adoption of GASB 60 which was superseded by GASB 94 did not

Colorado High Performance Transportation Enterprise

Notes to Financial Statements

June 30, 2024 and 2023

result in any effect on beginning net position. In accordance with the standard, the Enterprise recorded the U.S. 36 Phase II construction as an asset at acquisition value upon being placed in operation and being transferred to the Enterprise from PRD in the spring of 2016.

Under the agreement, the Enterprise received from PRD a transfer of capital assets and the assumption of the TIFIA loan. In accordance with GASB 60 (as amended) the Enterprise recorded the capital assets consisting of tolling software and toll lanes at the acquisition value of \$88,716,505. The book value of the TIFIA loan assumed by PRD was \$54 million. These amounts were included in deferred inflows of resources on the statements of net position, and are being amortized over the life of the agreement. As of June 30, 2024 and 2023 the amount of deferred inflow related to the concession agreement recorded was \$119,117,979 and \$122,023,296, respectively.

NOTE 15 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment excludes from its provision Enterprise operations. Enterprises are defined as government-owned businesses authorized to issue revenue bonds, which receive less than 10 percent of their annual revenue in grants from all state and local governments combined. HPTE qualifies as an Enterprise pursuant to C.R.S. 43-4-806(2)(d).

NOTE 16 – BURNHAM YARD

In May 2021 HPTE purchased the Burnham Yard property from Union Pacific Railroad for \$45.8 million through two commercial loans from Bank of America and J.P. Morgan Chase Bank and a loan from CDOT totaling \$10 million. Additionally, CDOT contributed \$5 million to HPTE that will be set aside to cover environmental, land use planning, and/or other costs to be spend during the next five years on improvements to the property, which would be expected to increase property value and facilitate a disposition to a developer. CDOT and HPTE anticipate retaining around 17 acres for future transportation use and will be working with the City and County of Denver and stakeholders on a two or three-year study to determine specific mobility needs and a purpose and need for other potential projects.

NOTE 17–SUBSEQUENT EVENTS-COMMERICAL BACK OFFICE SYSTEM (CBOS) PROCUREMENT

Following an extensive Request for Proposal (RFP) review and consensus scoring process, HPTE issued a Notice of Intent to Award notice on July 12, 2024 to Emovis US, Inc. An executed contract with the selected vendor is expected in the Fall/Winter of 2024.

Required Supplementary Information

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Colorado High Performance Transportation Enterprise
Required Supplementary Information
Schedule of HPTE's Proportionate Share of the Net Pension Liability
June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
HPTE's proportion of the net pension liability	0.023%	0.022%	0.024%	0.022%	0.020%	0.022%	0.016%	0.02%	0.02%	0.02%
HPTE's proportionate share of the net pension liability	\$ 2,358,309	\$ 2,499,180	\$ 1,801,183	\$ 2,042,037	\$ 1,951,632	\$ 2,471,384	\$ 3,130,107	\$ 3,057,963	\$ 2,139,258	\$ 1,914,042
HPTE's covered payroll	\$ 843,525	\$ 821,473	\$ 755,584	\$ 706,817	\$ 632,064	\$ 747,535	\$ 459,041	\$ 474,500	\$ 555,546	\$ 581,304
HPTE's proportionate share of the net pension liability as a percentage of its covered payroll	279.58%	304.23%	238.38%	288.91%	308.77%	330.60%	681.88%	644.46%	385.07%	329.27%
Plan fiduciary net position as a percentage of the total pension liability	64.37%	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	42.60%	56.10%	59.84%

Note: Information presented in this schedule has been determined as of the measurement date (December 31) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Colorado High Performance Transportation Enterprise
Required Supplementary Information
Schedule of HPTE Pension Contributions
June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 205,604	\$ 232,006	\$ 176,441	\$ 141,741	\$ 146,779	\$ 135,075	\$ 118,854	\$ 75,338	\$ 91,834	\$ 97,049
Contributions in relation to the statutorily required contribution**	205,604	232,006	176,441	141,741	146,779	135,075	118,854	75,338	91,834	97,049
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HPTE's covered payroll	\$ 929,259	\$ 844,258	\$ 738,595	\$ 718,965	\$ 632,064	\$ 624,532	\$ 621,296	\$ 403,308	\$ 516,614	\$ 609,247
Contributions as a percentage of covered payroll	22.13%	27.48%	23.89%	19.68%	21.79%	21.63%	19.13%	18.68%	17.78%	15.93%

Note: Information presented in this schedule has been determined as of HPTE's fiscal year-end (June 30) in accordance with Governmental Accounting Standards Board Statement No. 68.

** Total contributions include the additional contributions from State per SB18-200. Thus causing the ratio to be higher than the statutory contribution rate as noted in the Notes to the Financial Statements

Colorado High Performance Transportation Enterprise
Required Supplementary Information
Schedule of HPTE's Proportionate Share of the Net OPEB Liability
June 30

	2024	2023	2022	2021	2020	2019	2018*
HPTE's proportion of the net OPEB liability	0.008%	0.007%	0.008%	0.007%	0.007%	0.008%	0.006%
HPTE's proportionate share of the net OPEB liability	\$ 56,042	\$ 60,334	\$ 69,321	\$ 70,406	\$ 76,908	\$ 104,315	\$ 71,597
HPTE's covered payroll	\$843,525	\$ 750,044	\$ 846,245	\$ 706,817	\$ 632,064	\$ 747,535	\$ 459,041
HPTE's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.64%	8.04%	8.19%	9.72%	12.09%	13.95%	15.60%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

*Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date (December 31) of the collective net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Colorado High Performance Transportation Enterprise
Required Supplementary Information
Schedule of HPTE OPEB Contributions
June 30

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 9,478	\$ 8,612	\$ 7,534	\$ 7,818	\$ 6,872	\$ 6,368	\$ 6,337
Contributions in relation to the statutorily required contribution	9,478	8,612	7,534	7,818	6,872	6,368	6,337
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HPTE's covered payroll	\$ 929,259	\$ 844,258	\$ 738,595	\$ 766,470	\$ 682,055	\$ 624,314	\$ 925,166
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.01%	1.02%	0.68%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of HPTE's fiscal year-end (June 30) in accordance with Governmental Accounting Standards Board Statement No. 75.

Colorado High Performance Transportation Enterprise

Notes to Required Supplementary Information

June 30, 2022 and 2021

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUAL INFORMATION

A. Defined Benefit Pension Plan

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.6 million.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a “State Trooper” for the purpose of determining their service retirement eligibility.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service for certain members, from a “12 pay” method to a “non 12 pay” method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) received a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50 percent.
 - Employer contribution rates increase by 0.50 percent.
 - Annual increase (AI) cap is lowered from 1.25 percent per year to 1.00 percent per year.

Colorado High Performance Transportation Enterprise

Notes to Required Supplementary Information

June 30, 2022 and 2021

2020 Changes in Assumptions or Other Inputs Since 2019

- House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The postretirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018:

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

2018 Changes in Assumptions or Other Inputs Since 2017:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Colorado High Performance Transportation Enterprise

Notes to Required Supplementary Information

June 30, 2022 and 2021

2017 Changes in Assumptions or Other Inputs Since 2016:

- The discount rate was lowered from 5.26% to 4.72%.

2016 Changes in Assumptions or Other Inputs Since 2015:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 Changes in Assumptions or Other Inputs Since 2014:

- There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

2014 Changes in Assumptions or Other Inputs Since 2013:

- There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

2013 Changes in Assumptions or Other Inputs Since 2012:

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.
- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

B. Defined Benefit Other Postemployment Benefit Plan

- There were no changes made to plan provisions.

Colorado High Performance Transportation Enterprise

Notes to Required Supplementary Information

June 30, 2022 and 2021

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

A. Defined Benefit Pension Plan

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions

2022 Changes in Assumptions or Other Inputs Since 2021

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Assumption or Other Inputs Since 2020

- The assumption used to value the AI cap benefit provision was change from 1.25 percent to 1.00 percent.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The postretirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

Colorado High Performance Transportation Enterprise

Notes to Required Supplementary Information

June 30, 2022 and 2021

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018:

- There were no changes in terms or assumptions for the December 31, 2019 measurement period for pension compared to the prior year.

2018 Changes in Assumptions or Other Inputs Since 2017:

- There were no changes in terms or assumptions for the December 31, 2018 measurement period for pension compared to the prior year.

2017 Changes in Assumptions or Other Inputs Since 2016:

- There were no changes in terms or assumptions for the December 31, 2017 measurement period for pension compared to the prior year.

B. Defined Benefit Other Postemployment Benefit Plan

- There were no changes made to actuarial plans or assumptions.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Legislative Audit Committee
Colorado Department of Transportation
High Performance Transportation Enterprise

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Colorado High Performance Transportation Enterprise (the Enterprise or HPTE), an enterprise fund of the State of Colorado, Department of Transportation, as of and for the year then ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Enterprise's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control. Accordingly, we do not express an opinion on the effectiveness of the Enterprise's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
December 2, 2024



Members of the Legislative Audit Committee
Colorado Department of Transportation
High Performance Transportation Enterprise

As part of our audits of the financial statements and compliance of Colorado High Transportation Enterprise (the Enterprise or HPTE) as of and for the year ended June 30, 2024, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget, (OMB) *Uniform Guidance* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

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

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

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

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Depreciation and useful lives of capital assets
- Net pension liability and related items
- Net OPEB liability and related items

Financial Statement Disclosures

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

- Revenue recognition
- Defined benefit pension plan
- OPEB plan

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- No matters are reportable

Proposed Audit Adjustments Not Recorded

- No passed audit adjustments

Auditor's Judgments About the Quality of the Enterprise's Accounting Principles

During the course of the audit, we made the following observations regarding the Enterprise's application of accounting principles:

- No matters are reportable

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- Matters related to Central 70. The other accountants provided assistance with the recording of the Central 70 transactions.

Significant Issues Discussed with Management Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

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

- Management representation letter

This communication is intended solely for the information and use of management, Legislative Audit Committee, the Office of the State Auditor, Board of Directors, and management of HPTE and is not intended to be and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
December 2, 2024



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